

Council budgets 2011-2012



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SECTION 1
GENERAL INFORMATION ON COUNCIL FINANCE

This section gives outlines of the Council's finances and financial procedures, the financial calendar, treasury policy, and employee numbers, together with brief information about the Finance Department and the Council's accounts. Further information on the Council's final accounts is published each year in the Statement of Accounts, available in September.

THE FINANCIAL CALENDAR, BUDGETS AND INTERACTION WITH THE COUNCIL'S BUSINESS PLANNING PROCESS

The Council's services are subject to four, largely separate, budget frameworks which are detailed in later sections of this book. These are the general revenue budgets, the Dedicated Schools Budget, the Council housing budgets, and the general capital budgets. These budget frameworks are driven by the Council's key service objectives as set out in the Corporate Business Plan (CBP).

The Executive, under the scrutiny of the Finance and Corporate Resources Committee, deals with the development and review of financial policies and procedures, and the allocation of financial resources to services within the broad limits defined by the budgets adopted by the Council shortly before each financial year (running from 1st April to 31st March). Net expenditure is planned from the start of the year to be contained within budgets, and monitored during the year by budget holders and senior managers. The service managers are generally expected to seek to finance any additional spending requirements from savings made elsewhere and also to eliminate any overspendings. If they are unable to comply with these requirements, any requests for additional resources (known as "budget variations") must be approved by the Executive. To give flexibility for minor departures from budget, the Director of Finance is authorised to make compensating adjustments between budgets in consultation with the relevant service director. Committees and the Executive are advised by the Director of Finance, or his representatives, on financial matters including the budgetary position.

The timing of the main events in the yearly financial cycle is indicated below, though some variations may occur. Key non-financial elements of the business planning process are shown in italics for completeness.

MARCH/APRIL	Council decides council tax and general revenue budget framework and treasury management policy Council tax and non-domestic rate bills despatched <i>Key issues and CPA priorities agreed</i>
JUNE	Previous year outturn reports to Committees Annual reports on treasury management, council tax and business rates collection <i>CBP agreed</i>
SEPTEMBER	Capital programme review, revenue budget reviews commence
NOVEMBER	Charges reviews
DECEMBER	Local authority grant proposals for next year announced by Government
JANUARY	Revenue budget reviews completed and development budget completed Council housing rent and Housing Revenue Account business plan review Additions to general capital programme decided by Executive Council tax-base and collection fund surplus/deficit calculated
FEBRUARY	Council decides Housing Revenue Account business plan and reviews rents Precepts and levies announced by other local government bodies Council decides general capital budget framework
MARCH	Council decides council tax and general revenue budget framework and treasury management policy Council tax and Non-domestic rate bills despatched

1. STATUS AND REVIEW OF FINANCIAL REGULATIONS

- 1.1. The Council expects the highest standards of propriety in the conduct of all its business, prudence in managing risks, and economy, efficiency and effectiveness in all its functions. Accordingly these Financial Regulations apply to every member and officer of the Council and anyone acting on its behalf.
- 1.2. The Financial Regulations identify the principal financial responsibilities of the full Council and its committees, the Executive and overview and scrutiny committee members, the Chief Executive, the Monitoring Officer, the Director of Finance and other chief officers. References to “chief officer” in these Financial Regulations should be read as referring to directors, heads of service and headteachers with full delegated responsibility for financial management.
- 1.3. The Director of Finance is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval.
- 1.4. The Director of Finance is responsible for issuing financial directives, practice-notes and advice as needed to underpin the Financial Regulations.
- 1.5. Chief Officers are responsible for ensuring that their staff are sufficiently aware of, and comply with, the Council’s Financial Regulations and financial directives and guidance issued by the Director of Finance, issuing further advice and instructions as appropriate for their own area.

2. FINANCIAL MANAGEMENT FRAMEWORK

- 2.1. The full Council is responsible for adopting the Authority’s Constitution and Members’ Code of Conduct and for approving the policy framework and budget within which the Executive and Chief Officers operate. It is also responsible for approving and monitoring compliance with the Council’s overall framework of accountability and control, set out in its Constitution, and for monitoring compliance with the policy framework and budget.
- 2.2. The Executive is responsible for proposing the policy framework and budget to the full Council, and for discharging Executive functions in accordance with the policy framework and budget. Executive decisions can be delegated to a committee of the Executive, an individual Cabinet member, an officer or a joint committee. The Executive is responsible for establishing protocols to ensure that individual Cabinet members consult with relevant officers before taking a decision within their delegated authority, having proper regard to the legal and financial liabilities and risk management issues that may arise from the decision. Also, the Executive is responsible for maintaining a Scheme of Delegations to officers.
- 2.3. Overview and scrutiny committees, and the Audit Committee, have functions of monitoring, advice, scrutiny and review of financial matters, in accordance with Article 6 of the Constitution.

FINANCIAL REGULATIONS

- 2.4. The General Purposes Committee are responsible for approving the statement of the Council's accounts for each financial year, on the basis of a report by the Director of Finance – as set out in Appendix D of Part 3 of this Constitution. The Audit Committee are responsible for consideration of the external auditor's opinions on financial statements and of other reports addressed to the Council at Member level from the Audit Commission and its appointees/representatives; deciding any required initial response; obtaining assurance that appropriate action is being taken on any issues raised; initiating any appropriate recommendations to the Executive for matters within their remit; and otherwise approving any action or matter that the Committee consider appropriate in relation to these opinions and reports;
- 2.5. The Chief Executive and the Monitoring Officer have special responsibilities within the Council's framework of accountability and control, as set out in provisions of the Constitution.
- 2.6. Chief officers are responsible for:-
- (a) ensuring that Council resources are used with the maximum degree of economy, efficiency and effectiveness;
 - (b) ensuring that Council resources are used only for the purpose intended to achieve the approved policies and objectives, are appropriately secured and maintained, and are properly accounted for;
 - (c) consulting with the Director of Finance in a timely manner and seeking Executive and/or the appropriate regulatory or other committee approval on any matter liable to affect the Council's finances materially, before any commitments are incurred;
 - (d) promoting sound financial practices in relation to the standards, performance and development of their staff, partnerships where the Council is the accountable body and other partnership-type organisations on which the Council is represented and has a lead-borough role, devolved management organisations such as schools, resident management organisations in respect of Council-owned housing property and voluntary organisations funded by the Council or in respect of which the Council has a contractual relationship, and commercial contractors, liaising as necessary with and having regard to advice of the Director of Finance and the Borough Solicitor;
 - (e) ensuring that they are properly advised of the financial implications of all proposals in relation to their services;
 - (f) ensuring that councillors are properly advised of the financial implications of all proposals they are known to be considering, and that the advice is endorsed by the Director of Finance, with such advice being sought from the Director of Finance in a timescale that allows for a full financial appraisal to be carried out;
 - (g) maximising levels of external funding for activities aimed at achieving the Council's approved policies;

- (h) ensuring that there are suitable exit strategies in place that minimise the effect on the Council's budget in the event of the withdrawal of any time-limited grants or external funding; and
- (i) working strategically with partners and external stakeholders to focus resources to secure shared objectives and maximise efficiency.

2.7. The Director of Finance is the officer appointed by the Council in accordance with Section 151 of the Local Government Act 1972 to be responsible for the proper administration of the Council's financial affairs. The Director of Finance is therefore responsible in particular for:

- (a) setting and monitoring compliance with financial management standards;
- (b) advising on the corporate financial position and monitoring compliance with the financial frameworks and Member exception reporting controls;
- (c) approving financial processes and arrangements including within operational systems;
- (d) providing financial advice on proposals before the Council;
- (e) determining the accounting policies and procedures for the Council;
- (f) presenting budgets and accounts for the Council's approval; and
- (g) treasury management.

3. FINANCIAL PLANNING

3.1. The full Council is responsible annually, in February/March, for setting revised capital and revenue budgets for the current financial year, the capital and revenue budgets for future financial years including allocation to different services and projects, and reserves for specified and general contingencies for the forthcoming financial year, the budget requirement, and basic amounts of tax.

3.2. The Executive is responsible for –

- (a) submitting to the Council annually, after having regard to the advice of the Director of Finance, its proposals regarding capital budgets; and
- (b) submitting to the Council annually in February or early March, after having regard to the advice of the Director of Finance, its estimates in relation to revenue budgets for the current financial year, the revenue budgets for future financial years including allocation to different services and projects, and reserves for specified and general contingencies for the forthcoming financial year, the budget requirement, and basic amounts of tax.

FINANCIAL REGULATIONS

3.3. The full Council in dealing with the matters referred to in paragraph 3.1 above normally determines the amounts of council tax for all categories of dwellings by aggregating the basic amounts of tax with the amounts stated by major precepting authorities; otherwise the full Council will direct that the amounts are to be determined by the Executive or by such other committee of the Council as it may appoint.

3.4. The Director of Finance is responsible:

- (a) for ensuring that budgets, estimates and advice including options and sensitivity modeling are prepared as required by the Executive for the purposes of paragraph 3.2 above;
- (b) for advising on appropriate levels of reserves for the Council having regard to the opportunity cost of maintaining balances;
- (c) for informing chief officers of the amounts of their budgets;
- (d) for authorising, with the agreement of any Directors concerned, the transfer of provision from one budget head to another to move resources to priority objectives;
- (e) for maintaining arrangements for chief officers to forecast expenditure and income in relation to budgets so that prompt reports are made to the Executive and the appropriate overview and scrutiny committee if forecast adverse variances exceed thresholds defined by the Council;
- (f) for carrying out statutory consultation with ratepayers' representatives in accordance with Section 65 of the Local Government Finance Act 1992;
- (g) for making statutory returns of budgets and of actual income and expenditure;
- (h) for making arrangements to meet statutory requirements for publishing accounts and making them available for inspection; and
- (i) for annual review of the Medium-Term Financial Strategy which integrates the detailed financial management processes with the key objectives in the corporate business plan.

3.5. It is the responsibility of chief officers –

- (a) to ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the chief officer, aligning budget responsibility as closely as possible to the decision-making that influences the income/expenditure concerned;
- (b) to ensure that budget managers prepare and implement realistic plans to deliver services within budget, and prepare and submit to the chief officer and the Director of Finance realistic forecasts of income and expenditure compared with budget in the form and at the frequency required by the Director of Finance;
- (c) to ensure that appropriate corrective action is taken where significant variations from the approved budget are forecast; and

- (d) to ensure that prior approval is given by the full Council or the Executive (as appropriate) for any measures that are likely to materially extend or reduce the Council's services, and for new commitments for which there would otherwise be no budget provision.

4. **RISK MANAGEMENT AND CONTROL OF RESOURCES**

Risk Management

- 4.1. It is the responsibility of chief officers –
- (a) to ensure that their corporate risk specialist reviews and their departmental risk reviews are carried out within the timescales and format prescribed by the Directors' Board;
 - (b) to ensure the regular identification, review and management of risk within their departments, having regard to the Council's risk management strategy and associated advice and instructions from the Director of Finance and other specialist officers (e.g. crime prevention, business continuity, health and safety);
 - (c) to notify the Director of Finance immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Director of Finance or the Council's insurers;
 - (d) to notify the Director of Finance immediately of any risks, properties, vehicles or other assets that require or cease to require insurance, and of any alterations affecting existing insurances;
 - (e) to consult the Director of Finance and the Borough Solicitor on the terms of any indemnity that the Council is requested to give, on appropriate contract conditions for contractors to indemnify the Council, and on suitable minimum insurance levels for inclusion in contracts; and
 - (f) to ensure that employees, councillors, school governors, or anyone else acting on behalf of the Council, is instructed not to make any admission of liability or offer of compensation that might prejudice the assessment of a potential liability of the Council or of its insurers.
- 4.2. The Director of Finance is responsible for reviewing risk management strategy and advising and instructing chief officers accordingly, and for procuring insurance cover where appropriate.

FINANCIAL REGULATIONS

Internal Control

- 4.3. It is the responsibility of chief officers to maintain and promote sound arrangements for internal control. These arrangements will be devised by management to help to ensure that the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded. The arrangements will have regard to the advice and instructions of the Director of Finance. The Director of Finance, through the Head of Audit, is responsible for reviewing systems of internal control and advising and instructing chief officers accordingly. Chief Officers are responsible for the timely implementation of all agreed recommendations in Internal Audit Reports.
- 4.4. The Audit Committee are responsible for approving the Annual Governance Statement in accordance with the applicable Accounts and Audit Regulations, the CIPFA/SOLACE Guidance and in the light of reviews of the effectiveness of risk management arrangements and the control environment.

Audit

- 4.5. The Director of Finance is responsible for ensuring –
- (a) the maintenance of an internal audit function that is sufficient in its coverage and independent in its planning and operation;
 - (b) that the Head of Audit has direct access to the Chief Executive, all levels of management and the Finance Sub-Committee of the General Purposes Committee and the Audit Committee; and
 - (c) that the internal auditors are trained to comply with professional good practice.
- 4.6. The Audit Commission is responsible for appointing external auditors to each local authority to review and report upon –
- (a) the financial aspects of the Council's corporate governance arrangements;
 - (b) the Council's financial statements, to be satisfied that the statement of accounts "presents fairly" the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements; and
 - (c) aspects of the Council's arrangements to manage its performance, including the preparation and publication of specified performance information and compliance in respect of the preparation and publication of the Best Value Performance Plan.
- 4.7. The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as H.M. Revenues and Customs, who have statutory rights of access.

- 4.8. It is the responsibility of chief officers –
- (a) to ensure that internal auditors, external auditors, and other authorised inspectors, are given access at all reasonable times to premises, personnel, documents and assets, and are provided with any information and explanations, that they consider necessary for the purposes of their work;
 - (b) to consider and respond promptly to recommendations in audit reports; and
 - (c) to ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 4.9. The full Council will maintain an Audit Committee, responsible for reviewing external auditor's reports and annual audit letter, the Council's Risk Management Strategy and the Head of Audit's annual report. This Committee can consult directly with internal and external auditors.

Preventing Fraud and Corruption

- 4.10. All Council Members and employees are personally responsible for ensuring integrity in the conduct of the Council's business, in particular by ensuring that they (and any subordinates) are aware of the Council's anti-fraud and anti-corruption policies and procedures, and by alerting the relevant chief officer or the Head of Audit to any suspected breach.
- 4.11. Chief officers are responsible for notifying the Head of Audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property, assets, resources or services.
- 4.12. The Director of Finance is responsible for advising the Audit Committee, Executive and chief officers on the maintenance and implementation of an anti-fraud and anti-corruption policy and associated arrangements for appropriate treatment and registration, by employees and members, of relevant interests, gifts and hospitality.

Assets

- 4.13. Chief officers, having regard to advice and instructions from the Director of Finance and any other relevant professional advisors employed by the Council, should ensure that:
- (a) resources are used only for the purposes of the Council and are properly accounted for;
 - (b) resources are available for use when required;
 - (c) resources no longer required are disposed of in accordance with the law and the procedure rules of the Council so as to maximise benefits;
 - (d) an asset register is maintained for the Council, assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset;

FINANCIAL REGULATIONS

- (e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act 1998, the Freedom of Information Act 2000 and software copyright legislation;
- (f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer and internet security policies; and
- (g) contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Treasury Management

- 4.14. The full Council is responsible for approving annually in February/March, and at other times should the circumstances require it the treasury management policy statement, including statutory limits on borrowing.
- 4.15. The Executive is responsible for proposing the treasury management policy statement to the full Council on the advice of the Director of Finance.
- 4.16. The Director of Finance is responsible for ensuring that the Council's treasury management is conducted in accordance with the Council's Treasury Policy Statement and the Treasury Systems Document (including the Treasury Management Practices), that these are prepared with due regard for good professional practice and relevant codes such as those issued by the Chartered Institute of Public Finance and Accountancy and the Financial Reporting Council (FRC) which is the United Kingdom's independent regulator for corporate reporting and governance, and that reports are made to the appropriate Overview and Scrutiny Committee on treasury management policies, practices, and activities, including strategy in advance of each year and a review after its close.
- 4.17. The Director of Finance is responsible for making arrangements for the Council's banking and cash handling arrangements. This includes the issuing of instructions with regard to the closing, opening and operation of bank accounts, the arrangements for retention of cash on Council premises and the issuing of instructions concerning the operation of any credit, debit or other payment cards.
- 4.18. It is the responsibility of chief officers:
 - (a) to establish and maintain banking and imprest accounts only as approved by, and in accordance with instructions issued by, the Director of Finance;
 - (b) to ensure that loans outside the terms of Council-approved schemes are not made to third parties, and that interests are not acquired in companies, joint ventures or other enterprises, without the approval of the Executive following consultation with the Director of Finance;

- (c) in relation to school funds, resident or user amenity funds, and any other funds held on behalf of third parties, to ensure secure administration in a manner approved by the Director of Finance; and
- (d) to ensure that leasing agreements and other credit arrangements are not entered into without the prior approval of the Director of Finance and, if applicable, approval of the scheme through the capital programme.

5. INCOME AND EXPENDITURE PROCEDURES

- 5.1. The Executive, having regard to the advice of the relevant chief officer and the Director of Finance, is responsible for determining discretionary charges for Council services, for writing off sums due to the Council, and for delegating authority to officers to determine discretionary charges and to write off sums due to the Council.
- 5.2. It is the responsibility of chief officers to ensure that:
 - (a) all income due to the Council is identified and charged correctly;
 - (b) all charges for Council services are reviewed at least once a year having regard to their appropriateness in relation to relevant Council policies;
 - (c) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
 - (d) all money received by an employee, contractor or agent on behalf of the Council is paid without delay to the Council's bank account, properly recorded, and reconciled to the bank account by a person who is not involved in the collection or banking process;
 - (e) cash collection duties are separated from those for identifying the amount due and those for reconciling the amount due to the amount received;
 - (f) effective action is taken to pursue non-payment within defined timescales;
 - (g) formal approval for debt write-off is obtained without delay;
 - (h) a scheme of delegation is operated effectively within their area identifying staff authorised to act on the chief officer's behalf in respect of placing orders, payments, income collection and preparation of write-offs for submission to the Director of Finance, together with the limits of their authority;
 - (i) all goods and services are ordered only by appropriate persons and are correctly recorded;
 - (j) goods and services received are checked to ensure they are in accordance with the order by someone different from the person who placed the order;

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- (k) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards;
 - (l) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
 - (m) for payments to employees and members, proper authorisation procedures are in place there is adherence to corporate timetables in relation to starters, leavers, variations, and enhancements, and payments are made on the basis of timesheets or claims;
 - (n) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales;
 - (o) information is provided for tax and other appropriate authorities within their stipulated timescale; and
 - (p) external funds are acquired only to meet Council policies, only if any matched funding requirements can be met within budgets, and only if the key conditions of external funding will be met.
- 5.3. The Director of Finance shall make a report under Section 114 of the Local Government Finance Act 1988 if it appears to him that the authority:-
- (a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,
 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or
 - (c) is about to enter an item of account the entry of which is 'unlawful'.

Expenditure. The Council's revenue expenditure includes those costs associated with the day to day running of services. This includes the salaries and wages of employees, premises costs, transport, supplies and services, payments to contractors, central, technical and departmental support, and a range of other expenses particular to each service. It also includes depreciation charges on assets where applicable.

Income. Government grants form a large part of the Council's revenue income. Specific grants relate to particular services, for example, housing benefits subsidy or early intervention grant for children and young people. Income is due from other local authorities in respect of pupils with special needs from their area. Rents received on housing properties are considered annually as part of the review of the income and expenditure on the statutory ring-fenced Housing Revenue Account. The budget for this account is reviewed in January/February each year and rents adjusted for the following year in the light of this and other factors (see Section 4). Fees and charges for services, where the Council has discretion, are generally reviewed in November/December. Interest received on the Council's balances held during the year (such as unused capital receipts) and interest on Council mortgages are also shown as revenue income.

Financing of Net Revenue Expenditure. The Council receives Formula Grant as general Government support towards its budget requirement. The budget requirement, less the Formula Grant, with the Council's share of any surplus or deficit on the previous year's Collection Fund, produces the Council's net requirement to be met from the council tax.

Collection Fund. The fund administered by a billing authority into which council taxes and business rates are paid, and from which payments are made to the General Funds of the Council and Greater London Authority and to the national business rate pool.

INCREMENTAL BUDGET CONSTRUCTION

The Council operates an incremental approach to budget construction: the budget used originally to set the last council tax forms the base for revising that budget and for setting budgets for the following three years, adjusted by changes for inflation and the effects of approved growth. Zero-based, and other reviews of budgets are undertaken, but their results are always expressed in terms of the net change to the current budget (a "budget variation"), for the purposes of constructing future budgets.

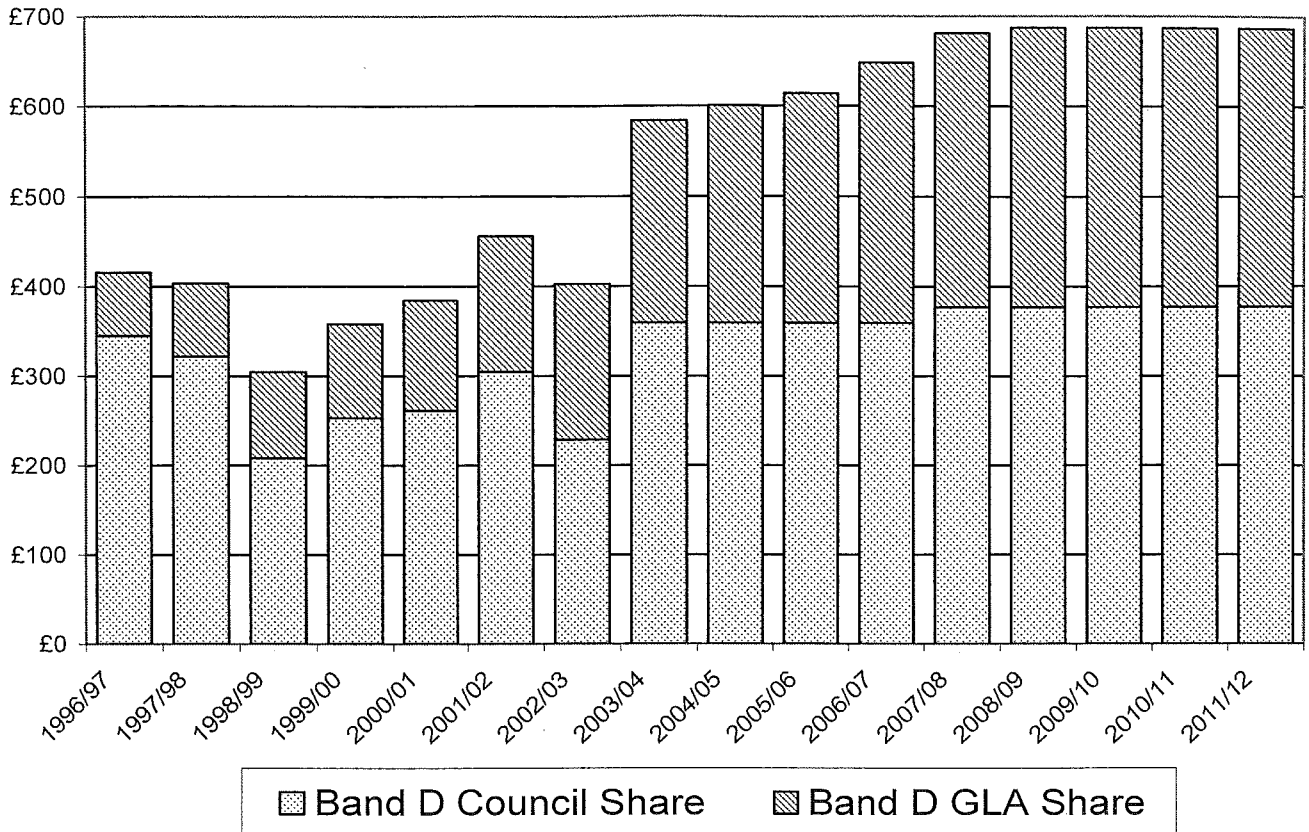
Inflation

- (a) Salaries and wages budgets are increased in line with pay awards when approved. Most awards are effective from April each year, so the amount added to the budget is generally similar for both the revised budget and subsequent years' budgets.
- (b) Budgets for service contracts are increased by the contractual inflation allowance and are usually effective from the anniversary date of the contract. Where this date is after 1st April, the amount added for the revised budget will only be for a part-year. The addition for subsequent years will, however, be the full year effect of the increase.
- (c) Most other running cost budgets are increased, for the revised budget, by the standard percentage considered appropriate when the council tax was set. This ensures that additions to detailed budgets are consistent with the general policy. Budget managers are required to stay within overall budgets, balancing those areas where inflation costs exceed the general rate with those where they are less. For the subsequent years' budgets, however, additions for inflation, for the twelve months to November of the revised budget year, reflect the measured changes in prices during this period.
- (d) Some running cost budgets are not increased for inflation, chiefly depreciation on buildings, infrastructure and equipment.
- (e) Budgets for charges are increased to reflect the reviews of charges made each year. Charges are reviewed in line with the Council's charging policy which is to maximise charges for specific services so as to minimise any indirect subsidy from the council tax payer, seeking wherever possible to recover the cost of the service provision as a minimum. In addition there are other income budgets which are not included in the charges report. Budgets for charges increased by statute or under delegated authorities (e.g. linked to the increase in costs) are adjusted accordingly. Government grant budgets are already at outturn prices in the original budgets.

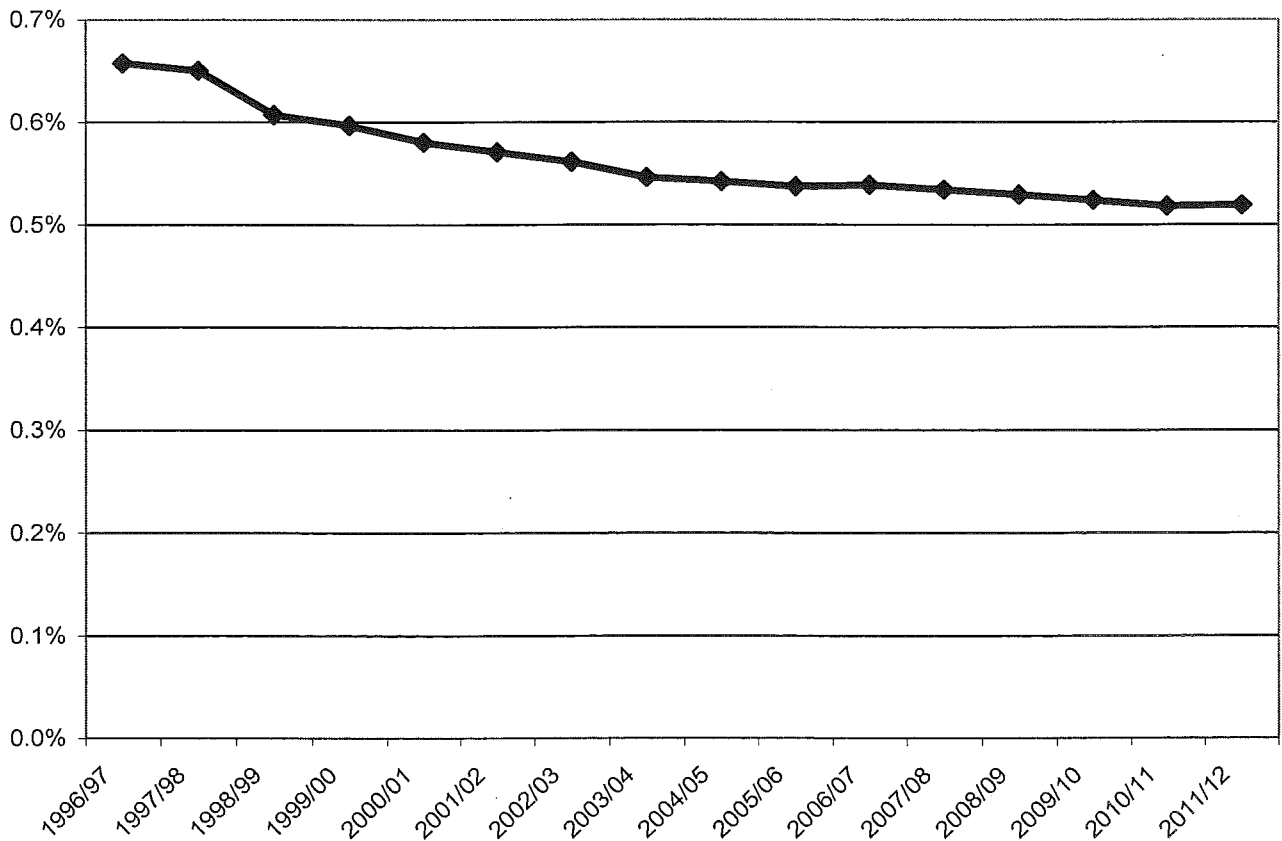
Developments

- (a) Budget variations. Whenever a report to Committee has financial implications, the Director of Finance advises either (i) that the additional cost can be met or saving retained within the budget, or (ii) that a request should be made to the Executive for a "budget variation". If a budget variation is approved, it is shown among the developments.
- (b) Revenue effects of the capital programme. Budgets for the financing costs of capital schemes are adjusted each year to reflect the latest approved programme for capital spending, including additions to the capital programme approved by the Executive. There are differing effects in each year depending when the capital expenditure is planned. Capital financing charges start in the year following the capital expenditure. When these are completed, budgets are reduced by the amount of capital financing charges ending.
- (c) Transfers within/between committee. Budget managers, with the approval of the Director of Finance, can move ("vire") budgets between service heads to reflect latest spending patterns or changes in spending priority. The overall effect of virement is, of course, nil. There are also occasionally transfers between committee budgets - particularly where budgets exist for the recharge of costs from one committee to another, such as for those relating to central services.
- (d) External changes. Adjustments are included to reflect changes in Government funding, and changes in volume where services are almost wholly demand-led (e.g. housing benefits).
- (e) Accounting changes and other technical adjustments. Occasionally new accounting codes of practice for local authorities come into force, necessitating changes to the structure of accounts and hence also budgets.
- (f) Minor efficiency savings. Departments will in the normal review of services discover more efficient and effective ways of delivering services resulting in cost savings. These are not usually independently reported to committee but are included within the development budget.

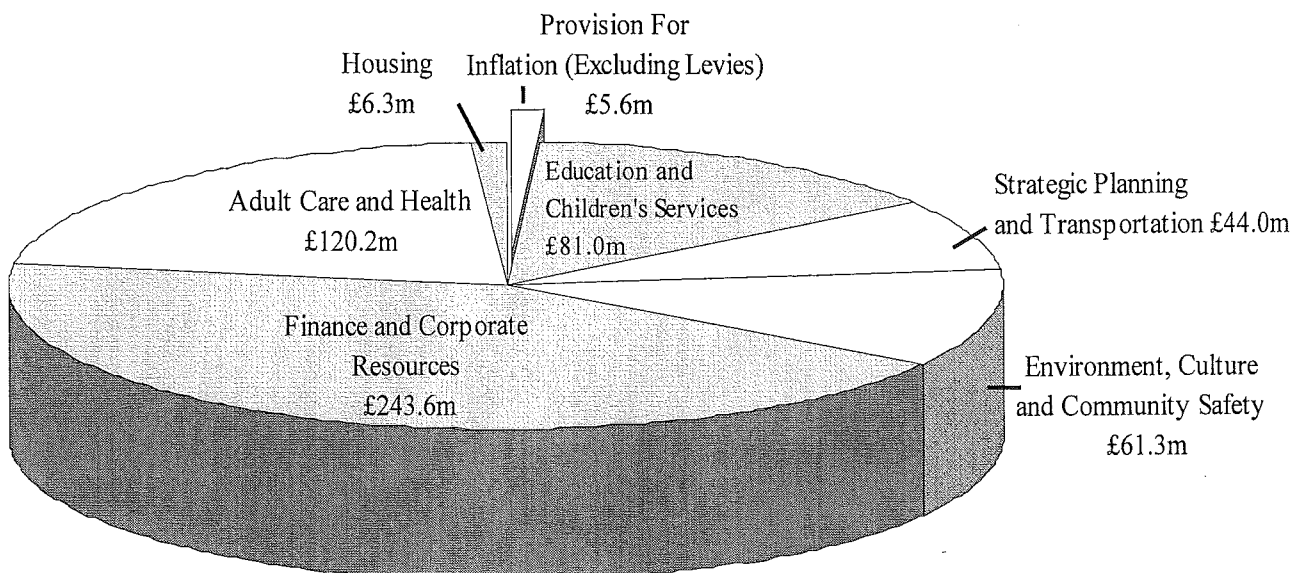
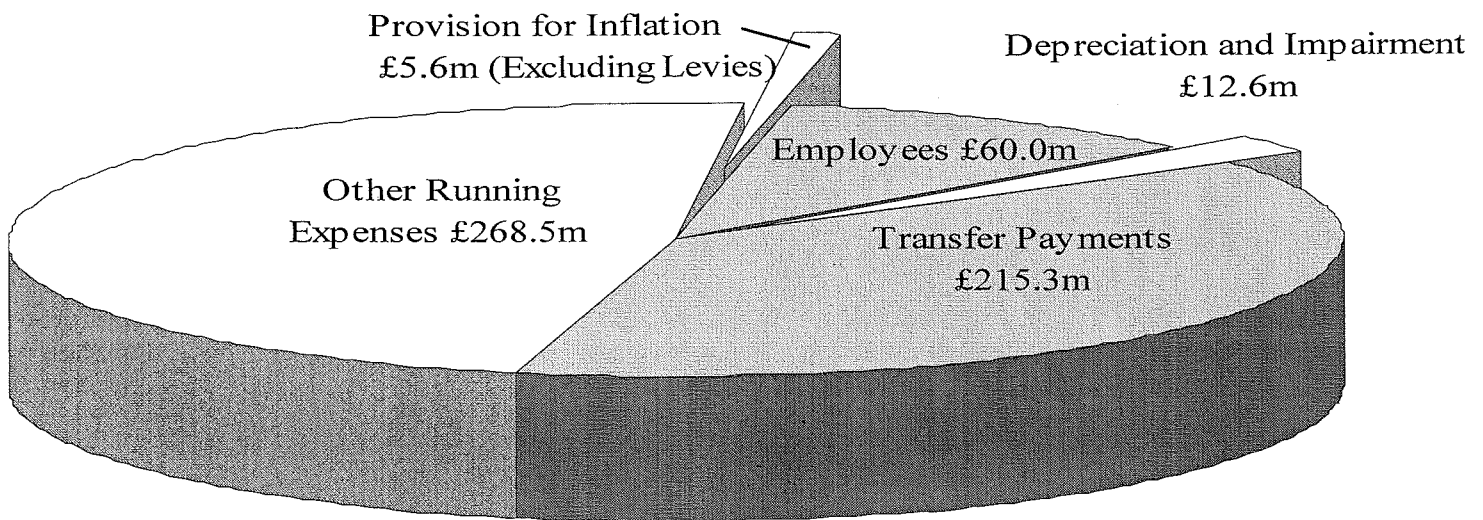
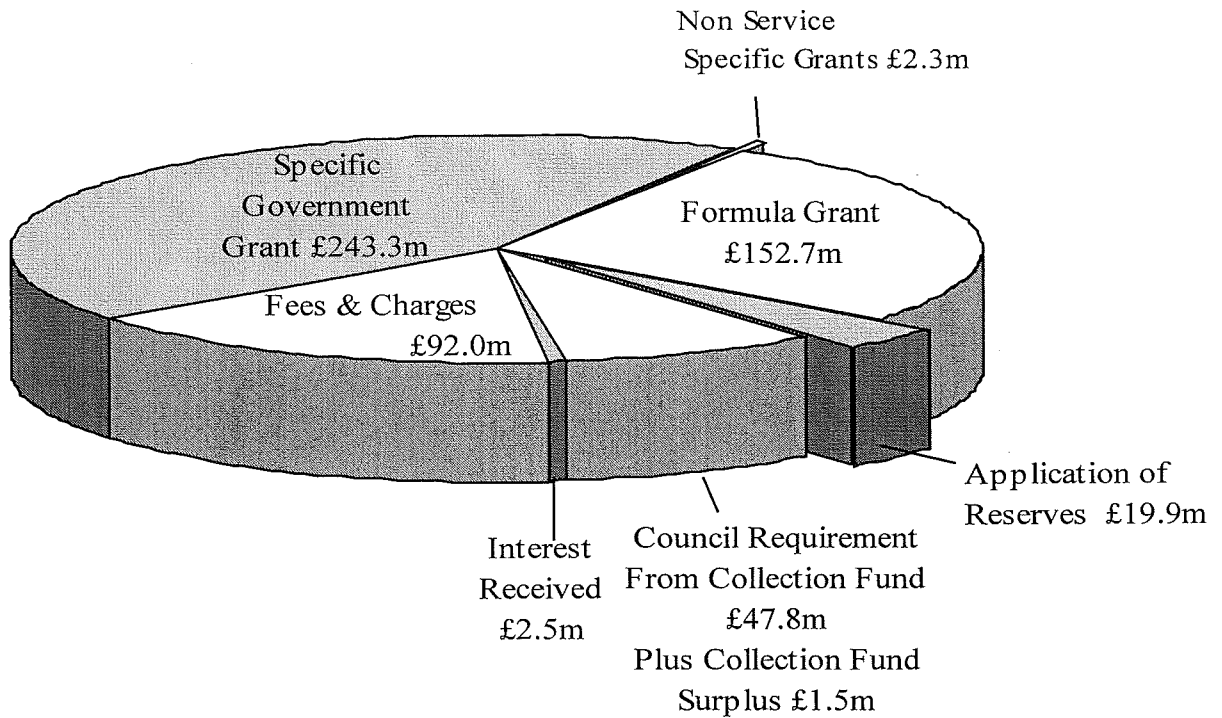
WANDSWORTH'S AVERAGE BAND D COUNCIL TAX



WANDSWORTH'S DWINDLING PERCENTAGE SHARE OF THE TOTAL NATIONAL FORMULA GRANT



**THE COUNCIL'S GENERAL REVENUE
INCOME AND EXPENDITURE 2011/12
TOTAL £562.0m**



CAPITAL FINANCE

Capital finance is treated separately from revenue finance for most purposes, because it is subject to different legislation. Capital finance generally involves a long-term asset of some kind, such as land or a building. For Council housing, however, distinctions between capital and revenue finance are less significant: much housing investment is financed from revenue, and the boundary between maintenance and investment is not clear-cut.

75% of dwelling receipts and 50% of receipts from housing land are required to be paid over to the Government. An exemption for receipts other than right-to-buy disposals is allowed if they are earmarked to finance the cost of “the provision of affordable housing and regeneration”. All other capital receipts can be used in full to finance capital expenditure; pending this they are invested, yielding interest for the general revenue budget.

Local authorities are required to manage their affairs so that at any time their borrowing does not exceed their affordable borrowing limit, as defined in Part 1 of the Local Government Act 2003. This limit is determined by the authority itself to reflect the maximum amount that a local authority decides that it can afford to borrow. As this Council has usable investments, the limit has been set to allow no new borrowing, except for the possibility of an education “spend-to-save” scheme that requires borrowing, so that costs may be passed on to schools in accordance with the Government’s school funding regulations.

The scope for capital expenditure not charged to a revenue account in any year for this Council is largely determined by the availability of usable investments, and grants and reimbursements.

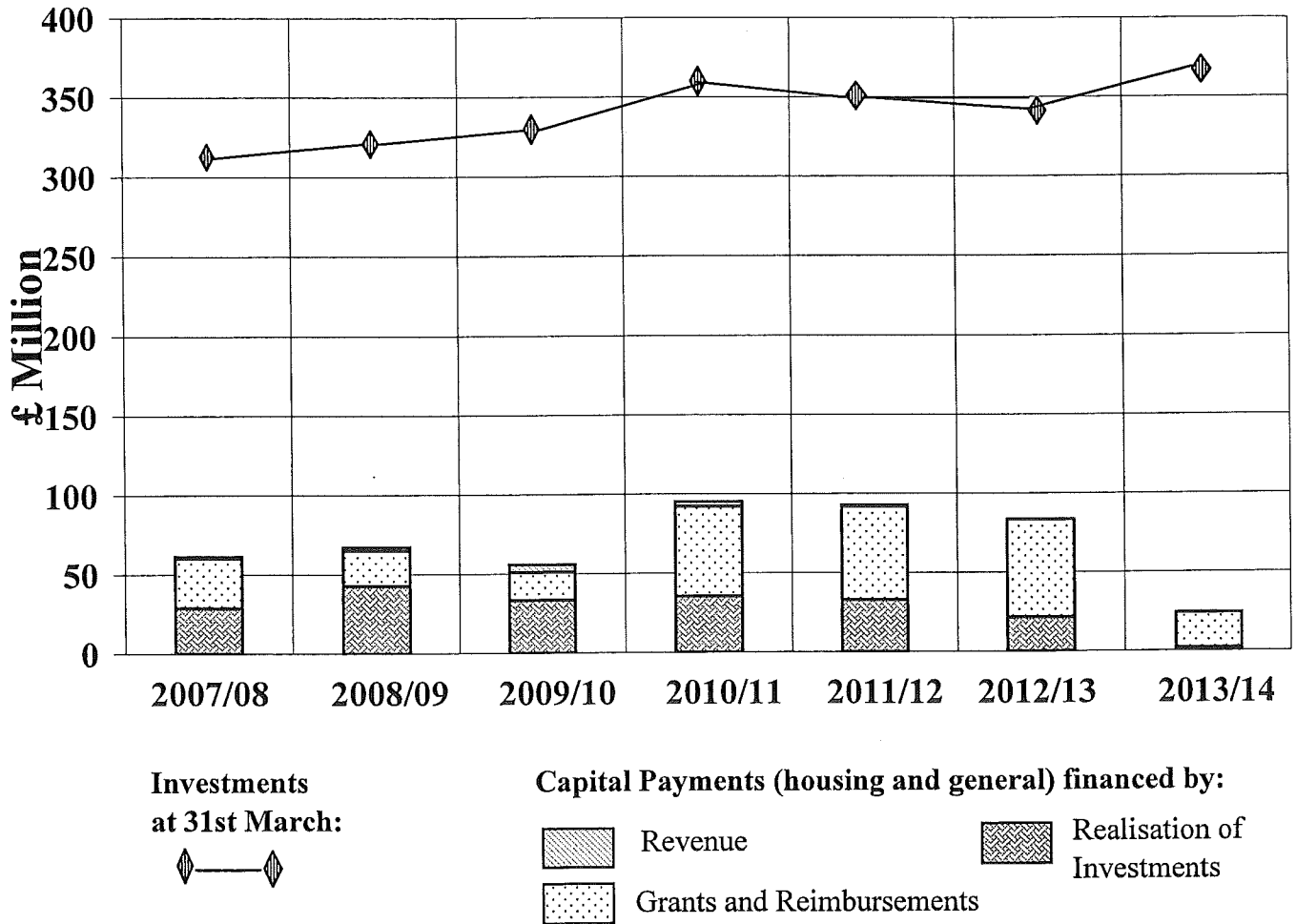
Any service using a capital asset has to bear charges in its revenue account in the form of a depreciation charge for the use of that asset.

The Council's capital programme, detailed in Section 5 of this book, is prepared for the current year and the two subsequent years, and operates within the Council's Capital Strategy summarised below:-

- (a) Asset Management: make maximum beneficial use of assets; maintain and refurbish economically having regard to all relevant costs including sustainability costs and income over the asset life cycle; identify and seek to minimise under-use; and dispose of surplus assets promptly to best advantage (including non-financial benefits where applicable).
- (b) Financial Resources: maximise grants and reimbursements, provided that the associated conditions are consistent with Council objectives and requirements.
- (c) Resource Planning: programmed capital expenditure to be kept well within expected financial resources; council housing schemes to be financed within the Housing Revenue Account, including ringfenced grants and revenue contributions, and usable capital receipts for the "provision of affordable housing"; other schemes to be financed by relevant grants and reimbursements, and usable capital receipts.
- (d) Scheme Appraisal: outline schemes to be costed and appraised in relation to service delivery needs, and for economy, efficiency and effectiveness having regard to asset life sustainability and the intended period of use, and taking account of all associated requirements including annual net costs; users', neighbours' and other stakeholders' views to be ascertained and weighed as appropriate; independent review of appraisal to be conducted by Property Audit Team; alternatives of influencing provision by others, or negotiating joint provisions, to be considered wherever applicable.
- (e) Prioritisation: consider most potential additions to the council housing programme and to the general capital programme at the same time so that relative priorities may be weighed and proposals that cross service boundaries may be more readily handled; involve leading members; give higher priority where there is a time-limited opportunity to invest in a particular advantageous manner.
- (f) Procurement: maintain and observe codes of practice to ensure probity and economy in procurement of assets and related works and services; have regard to the nature of potential supplier markets, and to possible changes in those markets and in service needs, when deciding whether and how to combine the procurement of an asset with related ongoing services.
- (g) Programme Control and Review: maintain appropriate procedures for identifying, reporting and authorising changes in timing and costs, with defined thresholds for member involvement; allow managers' virement of cost reductions, but only within limits that safeguard members' interest in policy changes and in reallocation of significant sums; review programme as a whole at least annually, and report to the Finance and Corporate Resources Overview and Scrutiny Committee, and the Executive with appropriate performance measures.
- (h) Sustainability: adopt sustainability and energy efficiency proposals and cost effective, having regard to Council policies such as the Sustainable communities Strategy, the Environment Policy and the Energy Code of Practice; seek to reduce energy consumption and carbon emissions in line with Council targets; and increase the use of materials from sustainable sources where costs effective.

CAPITAL PROGRAMME HISTORY

**Investments
& Capital Payments Financing**



In 2009 due to the uncertain economic conditions and the depressed property market the Director of Finance and Borough Valuer agreed that it was in the Council’s best financial interests not to dispose of certain sites but instead land-bank the sites and wherever possible utilise them on a short term basis until market values increase. There have been improvements in the economic condition, and the property market has now picked up in Wandsworth. The Borough Valuer has brought the sites that have been land-banked back into the receipts forecast, and also identified a number of new sites to be included, which has increased the expected receipts in 2010/11, 2011/12 and 2012/13. Based on forecast cash flows investments are expected to remain at similar levels.

Due to the high level of investments no borrowing is envisaged for 2010/11 and later years.

The most significant capital grants are Government grants for education schemes and the Major Repairs Allowance, which is Government support for council housing.

STRATEGY FOR 2011/12

The following table shows the outlook for investment and debt levels for the period 2010/11 to 2013/14, taking into account estimates of major cash flow movements.

	<u>2010/11</u> £'m	<u>2011/12</u> £'m	<u>2012/13</u> £'m	<u>2013/14</u> £'m
Estimated investments 1 st April	327.5	355.0	350.1	348.1
Estimated debt 1 st April	-6.5	-6.4	-6.4	-6.1
Deposit facilities for other bodies and funds	-0.3	-0.3	-0.2	-0.1
<u>Net investments 1st April</u>	<u>320.7</u>	<u>348.3</u>	<u>343.5</u>	<u>-341.9</u>
Deduct				
Capital payments – general	-60.4	-64.2	-53.3	-14.8
Capital payments – HRA	-31.5	-26.5	-28.2	-16.9
Payment of capital receipts to Government	-1.4	-1.2	-1.0	-0.3
NNDR prior year	7.9	-	-	-
Reduction in net creditors	-1.5	-11.7	-8.3	-6.9
<u>Add</u>				
Capital receipts	24.6	39.4	28.1	1.5
Capital grants	74.6	59.6	61.5	35.8
Movement in funds, reserves & provisions	12.6	-2.4	-1.4	10.2
Revenue provisions for capital and credit liabilities	2.7	2.2	1.0	1.0
Increase in net creditors	-	-	-	-
In-Year net investment movement	<u>27.6</u>	<u>-4.8</u>	<u>-1.6</u>	<u>9.6</u>
Net investments 31st March	<u>348.2</u>	<u>343.5</u>	<u>341.9</u>	<u>351.5</u>
Estimated investments 31 st March	355.0	350.1	348.1	357.3
Estimated debt 31 st March	-6.4	-6.4	-6.1	-5.7
Deposit facilities for other bodies	-0.3	-0.2	-0.1	-0.1
Repayment of debt	0.1	0.0	0.3	0.4
Change in use of deposit facilities	0.0	0.1	0.1	0.1

TREASURY MANAGEMENT

The Council is expected to begin the year with investments of around £355 million, and no repayments of long-term debt fall due over the next year from April 2011. The estimated movements for the following two years based upon current cash flows show that investments are likely to remain at similar levels. The possibility of prematurely redeeming the Council's external debt has been explored, but it is not cost effective to do so, because of the premium that would be incurred. Neither is it cost effective for the Council to borrow, despite historically low interest rates, partly due to equivalently low investment rates, but primarily because the Council would lose the benefit of being able to have a "prudent" minimum revenue provision of nil. New long-term borrowing will therefore not be required within this timescale, unless it is taken up specifically for an education "spend-to-save" scheme, which requires borrowing so that costs may be passed on to schools in accordance with the Government's school funding regulations. This would require the approval of the Schools Forum.

Affordable Borrowing Limit and Operational Boundary The Council has to set an affordable borrowing limit and operational boundary for 2011/12 under Section 3 of Part 1 of the Local Government Act 2003. This limit refers only to gross borrowing, ignoring investments, and it is intended that it reflect the maximum amount that a local authority decides that it can afford to borrow. As the Council has net investments and is unlikely to have a new gross borrowing requirement, unless for an education "spend-to-save" scheme, the limit in Wandsworth reflects the existing outstanding debt, including deposit facilities offered to other bodies and external funds, such as Western Riverside Waste Authority, the North East Surrey Crematorium Board. A limit of £8 million is therefore proposed for the affordable borrowing limit and operational boundary, reflecting the estimated position at 1st April 2011 (£7 million) and allowing for the possibility of borrowing for an education "spend-to-save" scheme, and short-term fluctuations in cash flows.

SCOPE OF CORPORATE TREASURY MANAGEMENT

Treasury management activities are defined as the ‘management of the Council’s cash flows, banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks, supporting the achievement of the Council’s business and service objectives.’

All cash, bank balances, financial assets, borrowings and credit arrangements held or made by any person in the course of their employment by the Council fall within the scope of Corporate Treasury Management, apart from items specifically excepted for this purpose by the Executive. The current exceptions are:

- (i) Funds held as cash and as bank balances, and managed by officers of the Education and Youth Services for the purposes of school journey grants, voluntary funds, and encashment of wages;
- (ii) Funds held as cash and as bank balances and managed by officers of Adult Social Services and Children’s Services Departments’ Care Establishments for small items of expenditure and on behalf of residents;
- (iii) Funds held in bank accounts for school disbursements and managed by officers in schools that have exercised their right to use different bankers from the Council; and
- (iv) Pension Fund investments and balances under the control of investment managers appointed by the Finance Sub-Committee of the General Purposes Committee.

ADMINISTRATION

- (1) The Director of Finance’s responsibilities for Treasury Management are prescribed in the Council’s Financial Regulations. Corporate Treasury Management is part of the statutory responsibility of the Director of Finance under Section 151 of the Local Government Act 1972, and no other Council or school employee is authorised to borrow or make credit arrangements on behalf of the Council.
- (2) Subject to (c) below, the Director of Finance has delegated authority in relation to Treasury Management as follows:
 - (i) To invest any surplus balances of the Council’s funds other than the Pension Fund and to sell investments for the purpose of reinvestment or to meet the needs of a particular fund.
 - (ii) To administer the Council’s external debt within the ambit of any policy as to borrowing which the Council may have from time to time determined, and specifically:
 - (a) to raise, repay, renew and otherwise vary the terms of the loans; and
 - (b) to enter into any collateral agreements necessary to facilitate effective debt management; and

TREASURY MANAGEMENT

- (iii) To negotiate and enter into leasing agreements in order to finance the acquisition of vehicles, plant and equipment and to enter into any collateral agreements necessary to facilitate an effective leasing policy.
- (3) The Director of Finance shall submit for the approval of the full Council by 31st March of each year, a Treasury Policy Statement defining the overall arrangements and strategy for the ensuing financial year, a mid-year review report, and a report on the exercise of his delegated authority by 30th September in the following financial year. Such statements and reports will have regard to good professional practice and relevant codes such as the CIPFA Guide to Treasury Management in the Public Services. The Policy Statement will distinguish between general strategy, which will be followed without exception, and strategy specific to the circumstances foreseen for the coming year, from which the Director may depart if changed circumstances so require provided that the departure be reported to the next meeting of the Finance and Corporate Resources Overview and Scrutiny Committee, the Executive and the Council. The Director may depart from the policy to act upon the lowest credit rating of the three credit rating agencies when making investment decisions, with the approval of the Cabinet member for Finance and Corporate Resources, if circumstances become such that investment opportunities under this policy are so restricted that it is not possible to place investments other than with the Debt Management Account Deposit Facility.
- (4) Day-to-day Treasury Management responsibilities shall be handled by the Treasury Management Group of the Finance Department, in accordance with a Treasury Systems Document reviewed annually by the Director. The Treasury Systems Document will contain details of the Council's Treasury Management Practices, including how the Council will manage and control the relevant activities.
- (5) Treasury Management activities and issues shall be reviewed at a monthly Financial Planning meeting within the Finance Department chaired by the Director, and attended by the Heads of Corporate Finance, Service Finance, Audit and Pension Payments and Support. This meeting makes strategic decisions relating to items such as structure of investments and timing of long-term borrowing. The Director of Finance or, in his absence, either the Head of Corporate Finance, or Head of Service Finance may authorise changes in strategy previously defined at a monthly meeting if circumstances require.

GENERAL STRATEGY

- (1) Corporate Treasury Management will be conducted in a manner that regards the successful identification, monitoring, and control of risk as of prime importance, and accordingly the analysis and reporting of treasury management will include a substantial focus on the risk implications, and employ suitable performance measurement techniques within the context of effective risk management.

(2) Investment

- (i) Cash Balances - The Council shall not borrow in order to make financial investments.
- (ii) Investment of the Council's surplus cash balances (other than the exceptions listed under longer term investments) shall be for up to 364 days through brokers in the sterling money market, directly through the Government's Debt Management Account Deposit Facility (DMADF), or directly with sterling AAA rated money market funds. Where money market funds are used, the choice of the fund shall be determined at the monthly Financial Planning meeting within the Finance Department, as described in paragraph (5) above. Around £80 million of the portfolio should be invested for 3 months or less, and the remaining balance will be invested for periods of between 3 months and 364 days.
- (iii) Investments shall be placed with institutions in accordance with the following criteria:-
 - a. up to £40 million with institutions with a Fitch credit rating of at least F1+ short-term, AA long-term, and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's), where generally no more than £20 million is placed for periods longer than 6 months;
 - b. up to £50 million with institutions with a Fitch credit rating of at least F1+ short-term and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's), where the institution is one of the institutions that were eligible for the Government credit guarantee scheme, and where generally no more than £20 million is placed for periods longer than 6 months. These institutions comprise: Barclays; HSBC; Lloyds Banking Group; Nationwide BS; Royal Bank of Scotland; Santander UK and Standard Chartered Bank;
 - c. up to £30 million with institutions with a Fitch credit rating of at least F1+ short-term, AA long-term, and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's), where the institution is from a Country whose sovereign Fitch credit rating is at least AA+ (or equivalent under Moody's or Standard and Poor's), and where generally no more than £15 million is placed for periods longer than 6 months;
 - d. up to £5 million with institutions with a Fitch credit rating of at least F1+ short-term, A+ long-term, and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's), where the institution is from a Country whose sovereign Fitch credit rating is at least AA+ (or equivalent under Moody's or Standard and Poor's);
 - e. up to £50 million with other UK local authorities, or in deposits with UK institutions falling within paragraph (b) above where such deposits are secured on loans made to other local authorities. These deposits will not be included when assessing compliance with the maximum levels in paragraph (b) above;
 - f. up to £10 million with institutions with a Fitch credit rating of at least F1 short-term, A+ long-term, and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's); and
 - g. up to £5 million with Building Societies with a Fitch credit rating of at least F1 short-term, a long-term and short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's), or with an institution with a negative short-term outlook but otherwise satisfying the criteria for £10 million or £40 million investments.

TREASURY MANAGEMENT

The credit ratings from Fitch, Moody's and Standard and Poor's shall be reviewed on a monthly basis and the lowest of the three will be used.

The above investment criteria shall be regarded as maximum levels and due regard shall be had to market conditions. Restrictions on the above limits may be placed from time to time on a temporary basis by the Director of Finance or in his absence the Head of Corporate Finance or the Head of Service Finance. Any such temporary restrictions applied shall be reported to the next meeting of the Finance and Corporate Resources Overview and Scrutiny Committee, the Executive and the Council.

- (iv) Longer Term Investments – Investments for periods longer than 364 days must be authorised by the Director of Finance, and may be made only when either: -
 - a) Investments in directly through commercial sterling money market funds i.e. where investments are placed in financial institutions with AAA ratings. The choice of funds is to be determined at the monthly Financial Planning meeting within the Finance Department, as described in paragraph (5) above;
 - b) Investments in UK gilt-edged securities; or
 - c) Investments of up to £50 million with UK institutions falling within paragraph 2(iii)b above where such deposits are secured on loans made to other UK local authorities. These deposits will not be included when assessing compliance with the maximum levels in paragraph 2(iii)b.

Longer-term investments shall not be longer than two years. The amount that can prudently be invested for longer than 364 days must relate to forecasts of investments, taking into account foreseeable net spending needs and allowing for adequate reserves and contingencies. As current investment levels are expected to generally exceed £340 million over the next few years, a prudent limit for the maximum amount to be invested for longer than 364 days is £220 million.

- (v) Enhanced Pension Fund. In accordance with general accounting standards (SSAP24) the Council has established an Enhanced Pension Fund, to cover the enhanced pension liabilities that fall outside the various statutory pension funds for Council employees. Funds have been passed to the Council's Pension Fund investment managers for investment on the Council's behalf. The funds may be invested by them in either UK gilt-edged securities, or in cash deposits that meet the criteria for the Council's other investments.
- (c) No credit arrangements shall be undertaken except
 - leases of land and buildings approved by the Executive or under powers delegated to the Borough Valuer and Estates Surveyor or another officer; and
 - finance leases for vehicles, plant, and equipment on terms more favourable than realisation of investments.
 - (d) Generally, at least 90%, and always at least 80%, of the Council's borrowing will be taken in the form of loans raised for a period in excess of one year and, if practicable, with an average original period of at least six years and with no more than 15% of the long-term portfolio maturing in any one year. Long-term loans shall be taken up through either brokers in the sterling money market or the Public Works Loan Board (PWLB).

TRADING ACCOUNTS AND SERVICE LEVEL AGREEMENTS

When the Council exposes the provision of its services to competitive tendering, and an in-house bid by its own labour force is awarded the 'contract', then these activities are treated as 'trading' operations. The charge to the 'client' service is not the actual cost but the charge which would be appropriate if the labour force had obtained the work on the same footing as a private contractor. This charge is then treated as income to a trading account, which also bears the actual costs, to determine whether the labour-force is commercially viable.

A trading account surplus at the end of the year can be carried forward to meet future deficits, or it may be credited to the General Fund for the more immediate benefit of taxpayers, or if housing related credited to the Housing Revenue Account. Deficits may be similarly treated.

Reports showing financial results are presented to the relevant Overview and Scrutiny Committee on each trading account. In practice, some caution is necessary in drawing conclusions on competitiveness merely from these financial results.

Other activities, while not being put out to tender, are also subject to the discipline of trading accounts. The heightened management awareness associated with the need to demonstrate achievement of both financial and service delivery targets within these disciplines is generally recognised as beneficial. The term Service Level Agreement (SLA) is usually applied to these arrangements when the activity has not been subject to competitive tender.

Charges for SLA's are designed to maintain a break-even situation taking one year with another; in the interest of properly accounting for costs in the year of account, deficits carried forward are limited to 2.5% of gross expenditure and surpluses to 5%. Deficits or surpluses within these parameters are expected to be reflected in charges for the subsequent year; excess deficits or surpluses are fully reported to the responsible Committee, and reflected in adjusted charges in the year of account.

The present extent of trading accounts and SLA's in each Department is shown on the next page, together with an indication of the gross budget included within such arrangements.

TRADING ACCOUNTS AND SERVICE LEVEL AGREEMENTS

	2011/12 ANNUAL VALUE <hr/> £'000
<u>ADMINISTRATION DEPARTMENT</u>	
Telecommunications	1,043
Training Centre	376
Graphics	308
Quickprint	467
Land Charges	415
	<hr/> 2,609
<u>ADULT SOCIAL SERVICES DEPARTMENT</u>	
<i>Providers</i>	
Home Care - START	2,709
Atheldene	3,883
<i>Support Services</i>	
Central Support Services	1,610
Departmental Support Services	8,360
	<hr/> 16,562
<u>CHILDREN'S SERVICES DEPARTMENT</u>	
<i>Children and Families</i>	
Adoption and Fostering	3,555
Family Resource Centres	1,681
<i>Schools Trading Accounts</i>	
Schools IT Support	466
Personnel Services	375
Learning Resources	288
Curriculum and Professional Development	51
Schools Financial Management	298
Music Support	340
Contracts	248
Performance and Standards	143
PC Training and Development	141
Literacy Support	361
	<hr/> 7,947

TRADING ACCOUNTS AND SERVICE LEVEL AGREEMENTS

	<u>2011/12 ANNUAL VALUE</u> £'000
<u>FINANCE DEPARTMENT</u>	
Income Collection Service	934
Audit and Benefit Fraud	1,830
Housing Contract Services: Rent Collection	1,098
Accounting Services	598
Payroll	618
	<u>5,078</u>
<u>HOUSING DEPARTMENT</u>	
Housing Contract Services: general management and maintenance	10,300
	<u>10,300</u>
<u>LEISURE AND AMENITY SERVICES DEPARTMENT</u>	
Tree Maintenance Administration	299
	<u>299</u>
<u>TECHNICAL SERVICES DEPARTMENT</u>	
Engineering Consultancy and Highway Maintenance	10,700
Design Service	2,995
Building Maintenance	11,000
Transport Management Services	2,000
Social Services Transport	900
Education Transport	1,920
	<u>29,515</u>
TOTAL	<u><u>72,310</u></u>

AUDIT

External Audit. PricewaterhouseCoopers have been appointed by the Audit Commission as the Council's external auditor from the 1st April 2008. The auditor covers the financial aspects of corporate governance, the Council's accounts and performance management, and reports via the Audit Commission to the Audit Committee. When the accounts have been prepared, usually about July, they are advertised as open to inspection by anyone interested. Any elector can make objections to the auditor about any items in the accounts.

Internal Audit. The Council has a statutory obligation to maintain an adequate and effective system of internal audit of the accounting records and internal control systems, with a corresponding right of access at all times to documents, information and explanations needed. The Finance Department's Internal Audit Service is concerned to ensure that both financial and non-financial systems and procedures at all levels operate to safeguard the Council's interests, maximise economy, efficiency and effectiveness and contribute to the achievement of the Council's objectives. The Section maintains a capacity for special investigations and, along with its contractor, works to a programme of reviews in all departments of the Council.

The Director of Finance is under a duty to report to the Council and the external auditor if it appears that any proposal would incur unlawful expenditure or cause a loss or deficiency.

The Head of Audit reports at least annually to the Directors, the Directors' Board and the Audit Committee, and has the prime responsibility for advising this Committee regarding the Annual Governance Statement for publication with the Council's accounts.

The Head of Audit is a member of the Procurement Advisory Group that considers all procurement with a total value in excess of £100,000.

The Head of Audit is the initial contact for staff, Members and third parties to report suspicions of fraud, corruption or financial irregularity, and is the Council's Money Laundering Reporting Officer.

EMPLOYEES

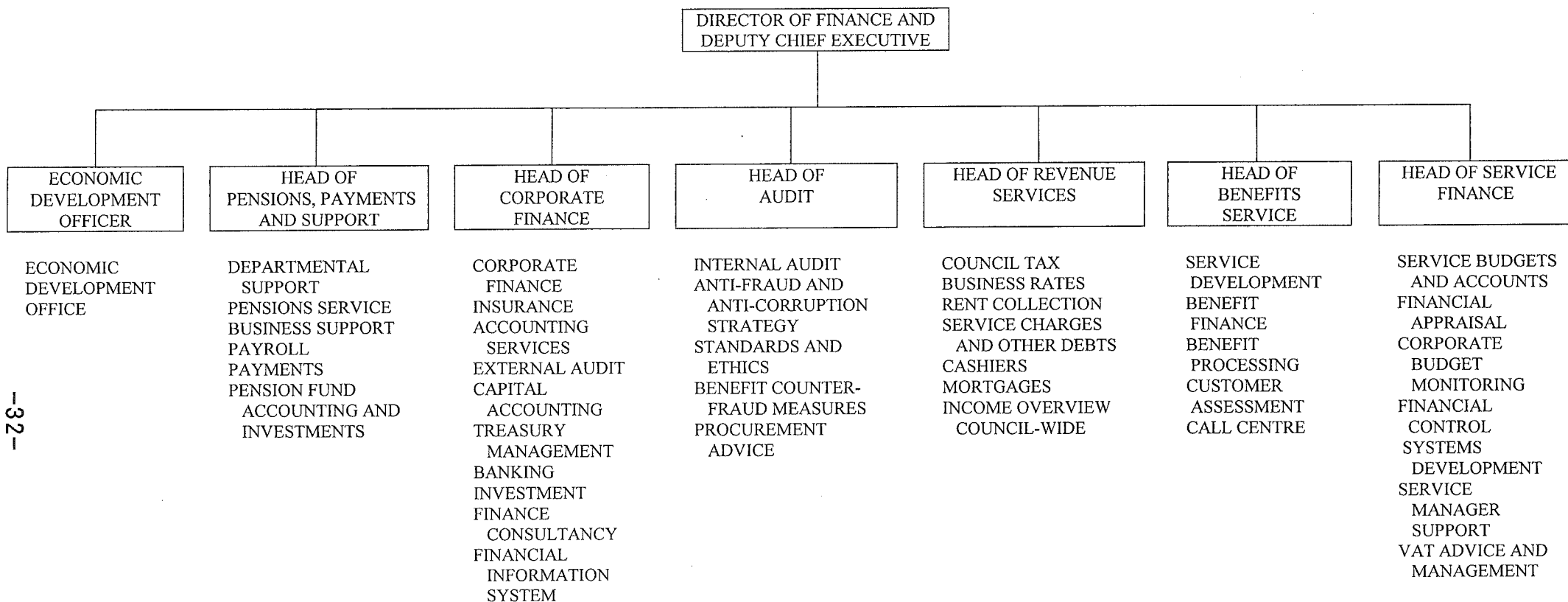
The table below shows the employee budgets for 2011/12 by department, compared with the previous year:

<u>DEPARTMENT</u>	<u>2010/11</u> £'000	<u>2011/12</u> £'000
Administration	13,719	14,180
Adult Social Services	21,807	20,320
Children's Services	193,405	191,162
Finance	15,487	15,148
Housing	19,077	18,957
Leisure and Amenity Services	13,340	12,586
Technical Services	28,670	27,048
	<u>305,505</u>	<u>299,401</u>

The table below shows an estimate of the number of employees (full-time equivalents and including employees of foundation and voluntary-aided schools, and agency and sessional staff) for 2011/12 by department compared with the previous year.

<u>Staff Numbers</u>	<u>2010/11</u>	<u>2011/12</u>
Administration	282	260
Adult Social Services	515	472
Children's Services	4,232	3,809
Finance	380	370
Housing	451	448
Leisure and Amenity Services	365	326
Technical Services	760	720
	<u>6,985</u>	<u>6,405</u>

THE FINANCE DEPARTMENT



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The senior managers of the department are:

Director of Finance and Deputy Chief Executive	Chris Buss	TH 27	020-8871 8300
Economic Development Officer	Mike Brook	THE 1	020-8871 6202
Head of Pensions, Payments and Support	Robert Claxton	TH 20	020-8871 6402
Head of Corporate Finance	Ernie Jarvis	TH 217	020-8871 6406
Head of Audit	Paul Guillioti	TH 300	020-8871 6450
Head of Revenue Services	Kevin Legg	THE 2	020-8871 6895
Head of Benefits Service	Kristina Watson	THE 1	020-8871 7061
Head of Service Finance	Fenella Merry	TH 201	020-8871 5370

Agency and Contracted Services - services provided by an external supplier, such as a private contractor or public authority.

Area Based Grant - Government grant to local authorities discontinued from 2011/12 that was previously a series of specific grants. This grant may be spent by the council on any general fund service.

Balances - the accumulated surplus of income over expenditure, which can be used to finance future expenditure.

Billing authority - a local authority empowered to set and collect council taxes, and manage the Collection Fund on behalf of itself and precepting authorities in its area. London Boroughs and the City of London are billing authorities.

Budget requirement - an amount calculated, in advance of each year, by each billing authority, and by each major precepting authority. It is broadly the authority's estimated net revenue expenditure after allowing for movement in General Fund reserves.

Capital expenditure - the definition extends to:

- the acquisition, reclamation, enhancement or laying out of land, exclusive of roads, buildings and other structures;
- the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- the acquisition, installation or replacement of movable or immovable plant, machinery and apparatus and vehicles and vessels;
- the making of advances, grants or other financial assistance to any person towards expenditure incurred or to be incurred by him on matters mentioned in the three categories above or in the acquisition of investments;
- the acquisition of share or loan capital in any body corporate, excluding pension fund investments.

Capital Financing Costs - the revenue costs arising from loss of interest on investments used to pay for capital expenditure.

Capital receipts - sums received from the sale of assets where expenditure on those assets would be expenditure of a capital nature.

GLOSSARY OF LOCAL AUTHORITY FINANCE

Capping - the Secretary of State has the power to 'cap' the local authority budgets that he considers to be excessive, requiring them to be reduced and council tax bills to be re-issued for correspondingly lower amounts.

Collection Fund - the fund administered by a billing authority into which council taxes and business rates are paid, and from which payments are made to the General Funds of charging and precepting authorities and to the national business rate pool.

Council tax - the local taxes on property, set by the charging authority and the precepting authorities in order to collect sufficient revenue to meet their demand on the Collection Fund. It is based on the value of the property. The Valuation Office Agency assesses the properties in each district and assigns each property to one of eight valuation bands, A to H. The tax is calculated on the basis of the weighted number of properties, equated to Band D. Tax levels for dwellings in other bands are then set relative to the Band D amount.

Council tax benefit - financial help given to taxpayers whose income falls below prescribed amounts. The cost is substantially covered by specific government grant.

Dedicated Schools Budget (DSB) - consists of the delegated schools budgets and the central spending by the Council in support of schools. This budget is ring-fenced and wholly funded by grant.

Demand on the Collection Fund - the amount calculated by a billing authority to be transferable from its Collection Fund to its General Fund. Apart from any surplus or deficit in the Collection Fund, the amount is calculated as the authority's budget requirement less Government general grants.

Depreciation - is the process by which the consumption of the economic benefits or service potential inherent in an item of property, plant or equipment is recognised in the cost of services.

Formula Grant - Government grant to local authorities, applicable to the General Fund as a whole and not to any specific service. Legally it consists of Revenue Support Grant and a population-related share of a national pool of non-domestic rates, but this anachronism has no real significance. Formula Grant comprises a Relative Needs Amount, a (negative) relative Resource Amount, a Central Allocation, and a Damping Amount, but subject to rules that limit the change from the previous year's Formula Grant.

General Fund - the fund within which most transactions of a local authority take place. Although strictly it includes the Housing Revenue Account and the DSB, it commonly refers only to items outside that Account. Other funds held by a local authority may include a Collection Fund, Pension Fund and trust funds held for charitable purposes.

Housing benefit - financial help (sometimes known as rent allowances) given to local authority, housing associations or private tenants whose income falls below prescribed amounts.

Housing Revenue Account (HRA) - a local authority statutory account, legally within the General Fund but commonly regarded as distinct, covering current income and expenditure relating to its own housing stock.

Indirect Employee Expenses - includes costs incurred for staff training and for recruitment.

Major precepting authority - the Greater London Authority makes a precept on the Collection Fund, as county councils do elsewhere.

Non-domestic rates (NDR) - are a national tax on businesses otherwise known as "business rates", according to the rental value of the properties they occupy. Prior to 1990/91, rate poundages were set by local authorities and so varied from authority to authority, but since 1 April 1990, a single national poundage has been set by the Government and the proceeds collected by all local authorities are pooled nationally.

Precept - represents the amount required from the Collection Fund to finance the expenditure of a major precepting authority.

Premises Costs - includes repair and maintenance of fixed plant, maintenance of grounds, fuel, light, cleaning, water, fixtures and fittings, rent and rates, and premises-related insurance.

Provisions - amounts set aside generally as estimates of liabilities or losses already incurred but whose exact amount will be determined in the future e.g. bad debts.

Reserves - Revenue account reserves can be amounts for general contingencies and to provide working balances, or they can be earmarked to specific future expenditure.

Revenue Expenditure - in a general sense, expenditure on recurring items including the running of services, interest, and annual debt repayments.

GLOSSARY OF LOCAL AUTHORITY FINANCE

Settlement - "Local Government Finance Settlement" is the annual determination made in a Local Government Finance Report by affirmative resolution of the House of Commons for the following year's provision for local authority expenditure, the amount of Formula Grant and other central government support for that expenditure, how that support will be distributed, and the support for certain other local government bodies.

Specific grants - these are grants paid by various Government departments for use on specific services, such as Education Standards Fund grants, housing benefit subsidies. Those may be earmarked or non-earmarked.

Supplies and Services - includes equipment, furniture, materials, clothing, uniforms, laundry, printing, stationery, telephones, postage, computers, advertising (other than for recruitment), and grants to voluntary bodies.

Trading services - local authority services that are, or are generally intended to be, financed mainly from charges levied on the users of the service.

Transfer Payments - payments to individuals for which the authority does not receive any direct goods or services, e.g. housing benefits.

Use of Transport - includes repair and maintenance of vehicles and moveable plant, fuel, oil, tyres, licences, transport insurance, hire of vehicles and moveable plant, and employee car allowances.

SECTION 2

COUNCIL'S REVENUE BUDGET AND COUNCIL TAX

This section sets out how the 2011/12 revenue budget, council tax, and budget framework were developed from the previous year's budget. It is based on reports considered by the Finance and Corporate Resources Overview and Scrutiny Committee on the 19th January 2011 and 2nd March 2011, and by the Council on the 9th March 2011. The section contains appendices summarising the budgetary effect of developments and of repricing from November 2009 to 2010, levies from other public bodies, special reserves, and the council tax base.

COUNCIL NET REVENUE EXPENDITURE

Service Revenue Budgets

1. In January 2011, the Executive approved the service revenue budgets, which showed the effects of providing for current programmes, policies and developments.
2. In doing so, the Executive also approved the detailed changes to take account of inflation between November 2009 and November 2010. There was no increase in the National Single Status pay award in 2010/11 and the pay freeze will continue in 2011/12. Budgets for contracted services were increased by the retail price index or other specified repricing basis from the relevant review date. Other running costs were cash limited in 2010/11 to the 3% allowed for when deciding the Council's budget, but for 2011/12 the inflation reflects the actual change in prices between November 2009 and November 2010. The effects of inflation to November 2010 amounted to £4.7 million in 2010/11 and £6.6 million in a full year, as summarised in Appendix A.

2010/11 Service Budgets

3. The revised budgets for 2010/11 total £225.773 million (excluding Area Based Grant), which is a decrease of £3.2 million on the original budget (including provision of £5.442 million for inflation) approved in March 2010. This reduction included savings arising from Area Based Grants (-£1.1 million); procurement efficiencies (-£0.9 million); interest on reserves (-£0.8 million); homelessness and asylum seekers review (-£0.4 million); fees and charges reviews (-£0.2 million); Dedicated Schools Budget (-£0.2 million); savings on contracts (-£0.2 million) and underspendings on Education and Children's Services (-£0.8 million) and Finance and Corporate Resources (-£0.2 million) areas of the budget. These decreases were partially offset by Renewals Fund (£1.0 million); highway maintenance (£0.8 million); service reviews (£0.4 million); administration buildings (£0.1 million); human resources/payroll system (£0.1 million); changes in Government grants (£0.1 million); Single Status/Job Evaluation (£0.1 million) and the revenue effects of the capital programme (£0.1 million).

Future Service Budgets

4. The Executive agreed in March to make an allowance of £5.62 million for inflation from November 2010 prices through to 2011/12 outturn. Further increases for 2012/13 and 2013/14 of £6.23 million and £8.66 million were also recommended.

5. The Executive also made provision for the £28.9 million levies and charges from other public bodies, as listed in Appendix C, requiring increased budget provision of £4.78 million. The large increase is chiefly due to significant rises in the charge for Concessionary Fares and associated costs, and the levy and estimated charges from Western Riverside Waste Authority (WRWA). The charge for the Concessionary Fares scheme has increased by £3.5 million (40.0%) chiefly reflecting increases in the settlements with TfL and non-TfL train operators, the final step in the move to apportionment of costs by usage rather than numbers of passes issued, and the cessation of a Specific Government Grant for the scheme. The Mayor and TfL also withdrew from a 5-year deal that would have capped annual increases in the cost to boroughs in return for the boroughs paying half of the costs of travel usage in the morning peak period. For London as a whole this added £24.5 million (10.6%) to the cost of borough contributions. The increase charged by the transport operators cost boroughs £4.9 million (2.1%); the reduction in the use of specific reserves by London Councils cost boroughs £6.3 million (2.7%); the cessation of the Specific Government Grant cost boroughs £28.1 million (12.1%) although the specific grant reductions nationally has been reflected in national increases in Formula Grant; and the change in the methodology for apportionment of costs impacted directly on Wandsworth with an additional cost of £0.8 million (9.8%). Increases of £0.5 million (4.0%) have been assumed for 2012/13 and 2013/14. The change in the WRWA budget requirement of £1.3 million (11.0%) results from the increased costs from waste now sent to the new Energy from Waste Facility, capital financing costs for the Material Recovery Facility and general inflation, offset by decreases in the volume of waste and landfill tax costs (due to the new facility, despite increases of £8 per tonne). A further £1.2 million (9.4%) and £0.5 million (3.6%) have been forecast for 2012/13 and 2013/14 respectively.
6. This produced total 2011/12 service budgets of £221.954 million shown analysed by Committee and by income and expenditure categories in Appendix B. The total is £17.9 million more than the equivalent figure for 2010/11 chiefly as a result of the transfer of Area Based Grant into Formula Grant (£25.0 million) although this has been partly offset through the introduction of the New Homes Bonus (£1.1 million), and the reward for freezing council tax (£1.2 million). Developments identified and budget variations approved during the year included Office accommodation strategy (£1.0 million); Interest on reserves (£0.6 million); Integrated procurement and creditors system (0.3 million); HR/Payroll system (£0.2 million); Revenue effects of the capital programme (£0.2 million); Administrative Buildings (£0.1 million) and Single Status/Job Evaluation (£0.1 million). These developments are partly offset by Fees and charges (-£2.4 million); Government grants (-£0.3 million); Procurement efficiencies (-£1.5 million); Renewals Fund (-£0.1 million); Contracts (-£0.5 million); Adult Social Services care (-£0.9 million); Concessionary Fares levy (-£0.2 million); Wandsworth Community Fund (-£1.0 million); Homelessness and Asylum Seeker review (-£0.6 million) and other efficiencies and service reviews (-£5.8 million); Reorganisation of Adult Social Services Department (-£0.7 million); Reduction in funding to the voluntary sector (-£0.1 million); Supporting People funding for sheltered housing (-£0.5 million); Department of Leisure and Amenity Services staffing review (-£0.1 million); Battersea Park mobile catering contract (-£0.1 million); Children's Services Department staffing (-£1.9 million); CCTV contract (-£0.1 million); London Councils Grant Scheme (-£0.1 million), Adult Care charges review (-£0.4 million); Finance Department staffing review (-£0.9 million); Education and Children's Services staffing review (-£2.0 million) and Administration Department staffing review (-£0.4 million). The net effect of inflation, excluding levies is £6.8 million. An increase in the cost of levies (£4.8 million) is outlined in paragraph 5 above. With further inflation and with extra costs generated largely by the capital programme, the projected service budgets for 2012/13 and 2013/14 are £220.771 million and £226.248 million, as shown in Appendix A.

Area Based Grant, New Homes Bonus and Council Tax Freeze Grant

7. In 2008/09 the Government merged a number of existing specific grants into a new Area Based Grant (ABG), with allocations being provided for the three years to 2010/11 to coincide with the period of the 2007 Spending Review. ABG was a non-ringfenced grant with no conditions on use imposed as part of the grant determination ensuring full local control over how funding can be used. The Government originally determined Wandsworth's ABG to be £24.959 million in 2010/11, but this was subsequently reduced by £1.560 million to £23.399 million chiefly as a result of the initial measures taken by the Government in July to reduce the national budget deficit by £6 billion in 2010/11, with £1 billion being delivered by local government. ABG has been completely removed in 2011/12, with £18.4 million being rolled into Formula Grant and £2.3 million being aggregated and combined with the transfer of existing specific grants into a new Early Intervention Grant for children, young people and families. Grants totalling a further £2.2 million have been ended, with the remaining £0.4 million appearing to be still under review.
8. The New Homes Bonus was announced on 17th February and provides a Government grant equivalent to the increase in council tax revenues that would otherwise be generated from new housing stock, but calculated using the national council tax charges. The new grant is payable on cumulative growth in housing stock for 6 years from 2011/12. For 2011/12 the grant payable is £1.1 million.
9. Authorities that freeze or reduce their council tax in 2011/12 will receive additional funding in 2011/12, equivalent to raising their 2010/11 council tax by 2.5 per cent. As the recommendation in this report is to freeze the council tax in 2011/12 additional grant of £1.1 million is receivable.

GENERAL FUND RESERVES

10. The calculation of the Council's requirements has to include the amount of financial reserves which it will be appropriate to raise or use in the financial year. The Council has no need for reserves for two of the purposes which it is obliged to consider: to cover deficits remaining from any earlier financial year (as there are none), and to cover 2012/13 expenditure to be incurred before revenues for that year are available (as this can be met within the Council's temporary borrowing limit).

Special Reserves

11. The special reserves are those appropriate for meeting future expenditure in performing the Council's functions. The existing and proposed special reserves are shown in Appendix E, although those relating to the Housing Revenue Account and schools are not directly relevant.
 - (a) Finite Services Fund. Provision has been made in the Finite Services Fund to pre-finance fully the cost of certain schemes of limited duration. The Fund has specific provision to finance the Council's obligations to contribute towards the anticipated costs in preparation for the Olympics in 2012, the preparatory costs of the Building Schools for the Future programme. The use of the Fund over the next three years is anticipated to be as follows:

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£m	£m	£m	£ m
Olympic preparation	0.020	0.024	0.027	-
Building Schools for the Future	0.649	0.202	-	-

- (b) Renewals Fund. Approval has previously been given for resources to be set aside for the ICT infrastructure project, the maintenance backlog on operational properties, Building Schools for the Future and the accommodation review. The Fund also provides resources for short-term “loans” for building and plant maintenance, investment in IT schemes, and allows monies for replacement of vehicles and equipment to be saved in advance. The Council has approved a number of ongoing upgrades and enhancements to existing information technology systems with a view to promoting self-service both within the Council and to aid and assist the public. Provision for funding both the software and associated hardware has been made within the Renewals Fund but specific budgetary provision of £2 million needs to be made in 2011/12 for this expenditure and consequentially a revenue budget variation is now required. Similarly provision had previously been set aside in the Renewals Fund for the Council’s costs involved in promoting and delivering the Nine Elms opportunity area. Having reviewed the need for expenditure on studies and external advice with the Economic Development Officer there is a need to provide a revenue budget of £150,000 in 2011/12 for these studies and a revenue budget variation is therefore sought. The use of the Fund over the next three years is anticipated to be as follows:

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£m	£m	£m	£ m
Contributions to Fund	536	418	399	399
Charges from Fund	-2,654	-2,932	-1,851	-571
Net Fund movement	-2,118	-2,514	-1,452	-172

- (c) Specific Grant Reserve. This reserve is retained for over-estimates and potential exposure to loss of General Fund Government specific grants. The last change to this reserve took place in 2004/05 when £2 million was added to reflect the transfer of rent rebates from the HRA to the General Fund. Since then there has been a significant transfer from specific grants that are subject to audit, initially to Area Based Grant and then Formula Grant from 2011/12. Both of these two grants are general grants where there are no risks of loss. The level of the Specific Grant Reserve was again reviewed when the Council’s revenue budget was considered in January (Paper No.11-106).
- (d) Insurance Reserve. This reserve was established to meet certain non-specific liability and property claims where the Council does not insure externally. An external review carried out in 2008 determined that the reserve exceeds the Council’s requirements. The surplus is being returned to the General Fund and Housing Revenue Account over a period of years, reflecting due caution given the volatility of potential claims. The General Fund will receive £0.6 million in each year from 2011 to 2014.

- (e) Employer's Pensions Contributions Reserve. Following the triennial review of the pension fund which was reported to the Pensions Committee on 26th January (Paper No 11-103), and the change to a stabilised funding solution, there is less risk of future volatility in employers contributions. There is therefore scope to reduce the sum set aside for this potential cost. Accordingly it is now recommended that the Employer's Pensions Contributions Reserve be reduced by £9.6 million to reflect the reduction in likelihood that this sum will not be required in the short to medium-term.
- (f) Service Transformation Reserve. With the substantial reductions in Government grants for both 2011/12 and 2012/13 and the consequential need to restructure services there is considerable uncertainty on the likely future level of call on resources with particular regards to redundancy and other costs of service restructuring. With this in mind it is proposed to create a short-term specific reserve of £5 million to cover these costs.

General Reserves

12. The general reserves at 31st March 2011, on the basis of previous reports and the current outlook for 2010/11, were then estimated as:

	<u>£m</u>	<u>£m</u>
General Fund balance 1st April 2010		20.085
<u>Plus:</u>		
Increased net appropriations from the Renewals Fund		
Original	-	
Revised	<u>-2.118</u>	2.118
Reductions to the Specific Grant Reserve		
Original	-	
Revised	<u>-2.000</u>	2.000
Increase in net appropriations from the Finite Services Fund		
Original	-0.022	
Revised	<u>-0.669</u>	0.647
Reduction in Employer's Pensions Contribution Reserve		9.600
Contribution to Services Transformation Reserve		-5.000
Return of unused creditor provision		0.713
Reduction in Committee budgets 2010/11		
Original	204.023	
Revised	<u>202.374</u>	1.649
<u>Less :</u>		
Planned contribution to general reserves		-5.209
Estimated General Fund balance 31st March 2011		<u><u>26.603</u></u>

13. The Council must make an appropriate prudent allowance for contingencies for the forthcoming year. The Council considered that it would be prudent to retain a general reserve for contingencies of all kinds of about £10.0 million. The range of uncertainties in the next financial year is indicated by the items shown in Appendix D. With the General Fund balance estimated to be £26.603 million at 31st March 2011, £16.603 million is available to reduce the budget requirement for 2011/12.

BUDGET REQUIREMENT

14. The budget requirement is essentially the Council's net expenditure less any drawing on reserves. The recommended budget requirement is, therefore, calculated as follows:

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£m	£m	£m
Council's Net Expenditure (para.6)	221.954	220.771	226.248
Contribution from General Reserves (para.13)	-16.603	-	-
Contribution from Renewals Fund (para. 11)	-2.514	-1.452	-0.172
Contribution from Insurance Reserve (para.11)	-0.605	-0.605	-0.605
Financing from the Finite Services Fund (para.11)	-0.226	-0.027	-
Council's Budget Requirement	<u>202.006</u>	<u>218.687</u>	<u>225.471</u>

The statutory form of calculation by the Council is shown in Appendix G, part d (i) to (iii) with details in Appendix F.

Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Director of Finance must report to it on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Director of Finance considers that the estimates are sufficiently robust for the purposes of the calculations and that the proposed financial reserves are adequate.

LOCAL AUTHORITY GRANT SETTLEMENT

Formula Grant

15. The Local Government Finance Settlement for 2011/12 and the provisional settlement for 2012/13 was laid before Parliament on 31st January, and subsequently approved on 9th February. In common with previous years grant "floors" will again apply, but this time to limit the reduction rather than the increase in grant between years. Whilst grant floors will continue to operate for four separate groups of authorities (those with education and social services responsibilities; shire districts; police authorities; and fire and rescue authorities), there will be a further level of banding of the floors for social services authorities and shire district councils. The floor will be divided into four bands, with each band reflecting the level of dependency each authority has on formula grant to finance its budget requirement. As in previous years the cost of the "floor" increase would be paid for by applying a scaling factor to reduce grant for those authorities above the floor. For authorities with education and social services responsibilities, the floor bandings for 2011/12 range between reductions in grant of 14.3% (for those least dependent on grant) to 11.3% (for those most dependent on grant). This compares to a grant floor increase of 1.5% for the same authorities in 2010/11. Wandsworth is again at the floor with a grant of £152.679 million for 2011/12, £19.450 million (11.3%) lower than the 2010/11 settlement, using the Government's calculation of a like-for-like basis. This compares with average reductions of 9.91% nationally and 9.10% for the London area. The Council is benefiting by £43.8 million from damping arrangements and can expect to remain on the grant floor for many years. The provisional settlement for 2012/13 is £140.792 million, indicating a further loss of grant of £11.252 million, with the loss limited by the grant floor of 7.4%. This grant loss compares with average reductions of 7.3% nationally and 7.0% for the London area. No indicative grant figures have been provided for 2013/14 or future years, but for budget framework and budgetary purposes grants of £140.041 million and £134.477 million have been assumed for 2013/14 and 2014/15 respectively, estimated from information in the Comprehensive Spending Review.

CALCULATION OF COUNCIL TAX AMOUNTS

Collection Fund

16. The tax requirements of the Council are aggregated with those of the precepting authorities within the Collection Fund. The Council's part represents its budget requirement less its share of Formula Grant, and any Collection Fund surplus or deficit. It is estimated that the Collection Fund will have a surplus of £2.691 million at 31st March 2011. Of this amount £1.477 million will be credited to the Council's General Fund in 2011/12. The remainder is passed to the Greater London Authority.

Wandsworth Council Share

17. After taking account of Formula Grant, the amount that this Council needs to raise from council tax for its own purposes is as follows:

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£m	£m	£m
Budget requirement (para.14)	202.006	218.687	225.471
Less: Collection Fund surplus (para.16)	-1.477	-	-
	<hr/>	<hr/>	<hr/>
	200.529	218.687	225.471
Less: Formula Grant (para.15)	-152.679	-140.792	-140.041
	<hr/>	<hr/>	<hr/>
Wandsworth Council tax needs	47.850	77.895	85.430

Council Tax Bases

18. In order to translate the Council's demand upon the Collection Fund into household tax amounts, it is necessary to relate it to the appropriate tax bases. The Council tax bases are now calculated annually by the Director of Finance following delegation of the determination by the Council at its meeting on 4th February 2004. These tax bases were calculated making a number of assumptions:

- (a) Existing properties - valuation list as at November 2010
- (b) New, converted and demolished property - no effect on the tax base
- (c) Exempt property - property currently exempt plus those under review
- (d) Appeals - number outstanding at 30th November 2010, 50% successful
- (e) Disabled bandings reduction - reductions currently granted
- (f) Discounts - based on those granted at 30th November 2010 plus an allowance for reviews
- (g) Collection rate - 96.0%

The main statistics for the calculation are shown in Appendix H. Based on these assumptions, the council tax bases for 2011/12 amount to 126,901 for the borough as a whole and 26,758 for the Wimbledon and Putney Commons Conservators' (WPCC) area. The corresponding figures for 2010/11 were 124,957 and 26,573 respectively. Growth of 700 properties per annum has been assumed for future years.

Special Expenses

19. The Council is required to treat as a special expense the levy of the WPC, and formally resolved to do so for successive financial years at its meeting on 10th March 1993. For 2011/12 this levy amounts to £665,478.90. As a special expense it must be charged only to taxpayers within the Conservators' area, who will therefore have tax amounts £24.87 higher than elsewhere in the Borough at band D (applying the 26,758 taxbase figure for the Conservators' area and after allowing for roundings in calculations), with proportionate differences in other bands. The Conservators' total levies, including those parts of their area in other boroughs, have increased by 4.6% from £923,242 to £966,124.

Basic Amounts of Tax for 2011/12

20. The Council has to calculate first an average band D tax element (dividing the tax needs shown in paragraph 17 by the 126,901 taxbase figure), and then separate amounts for the majority of the Borough (excluding the special expenses) and for the Conservators' levy area. The statutory form of statement is shown in Appendix G part d(v) to (viii) and the amounts are:

	Average	Majority	Conservators' Area
	£	£	£
For 2011/12	377.06	371.82	396.69
For 2010/11	377.06	371.99	395.84

21. Having calculated band D amounts, the Council has to calculate for each part of its area the amounts of tax for valuation bands other than D. The calculation is made by applying the statutory proportion for each band to the relevant band D amount. The amounts are shown in Appendix G part (d)(ix).

Budget Capping

22. In a written statement to the House of Commons on 21st October 2010 the Secretary of State for Communities and Local Government introduced a new grant to assist local authorities in implementing a council tax freeze in 2011/12. As part of this statement the Secretary of State stated that: "The Government expects all local, fire and police authorities to sign up to the freeze and can see no reason why they might choose to do otherwise", and went on to state that "...we will not allow these authorities to set an excessive council tax increase and are prepared to use capping powers where necessary". The capping principles were set out in a statement made by the Secretary of State on 9th February where he has indicated that:

"...[he] will consider an authority to have set an excessive increase if:

- (a) the amount calculated by the authority as its budget requirement for 2011/12 is more than 92.5% of:
 - (i) the authority's alternative notional amount; or
 - (ii) where no such amount has been specified for the authority, the authority's budget requirement for 2010/11; and
- (b) the amount calculated by the authority as its Band D council tax for 2011/12 is more than 3.5% greater than the same amount calculated for 2010/11."

The recommendations of this report will result in the budget requirement being 91.8% of the alternative notional amount determined for Wandsworth and no increase in the average band D amount in 2011/12. Capping will not, therefore, apply to Wandsworth in 2011/12, but there are risks for subsequent years as discussed in paragraph 29 below.

Greater London Authority

23. As well as GLA core services, the GLA has responsibility for four functional bodies: Transport for London (TfL), the London Development Agency (LDA), the Metropolitan Police Authority (MPA) and the London Fire and Emergency Planning Authority (LFEPA). The GLA has set a consolidated budget requirement for its core activities and its functional bodies for 2011/12 of £3,261.6 million:

	<u>2010/11</u>	<u>2011/12</u>	<u>Increase (+)/</u> <u>Decrease (-)</u>	<u>Increase (+)/</u> <u>Decrease (-)</u>
	£m	£m	£m	%
Metropolitan Police Authority	2,673.3	2,713.0	39.7	1.5
Greater London Authority	140.4	155.1	14.7	10.5
Transport for London	12.0	6.0	-6.0	-50.0
London Development Agency	-	-	-	-
London Fire and Emergency Planning Authority	437.3	409.4	-27.9	-6.4
Total GLA Group	<u>3,263.0</u>	<u>3,283.5</u>	<u>20.5</u>	<u>0.6</u>

24. Across the GLA new improvements and service initiatives have been wholly offset by efficiency savings, changes in the use of reserves and additional Government grant. The band D amount included to support the cost of the 2012 Olympic and Paralympic Games remains at £20.

25. After general Government grants, and the use of Collection Fund surpluses and reserves, the GLA band D precept amounts are:

	<u>2010/11</u> Band D Amounts £	<u>2011/12</u> Band D Amounts £	Increase (+)/ <u>Decrease (-)</u> £	Increase (+)/ <u>Decrease (-)</u> %
Metropolitan Police Authority	216.83	227.95	11.12	5.13
Other Services	92.99	81.87	-11.12	-11.96
Total GLA	<u>309.82</u>	<u>309.82</u>	<u>+0.00</u>	<u>+0.00</u>

26. This is the third successive year with no increase in the GLA precept. Further annual increases of 2.0% are, however, assumed for the budget framework.

COUNCIL TAX AMOUNTS FOR 2011/12

27. Combining this Council's tax amount with that of the GLA produces total band D amounts as follows:

	Average £	Majority £	Conservators' Area £
Wandsworth Council	377.06	371.82	396.69
Greater London Authority	309.82	309.82	309.82
Band D total	<u>686.88</u>	<u>681.64</u>	<u>706.51</u>

The amounts for all valuation bands are shown in Appendix G part (f). In 2010/11 this Council set the lowest tax amounts in the country for each band. The amounts for 2011/12 should remain the lowest in the country.

Council Tax Bills

28. The consequential bills for each valuation band, and the increases compared with 2010/11, are shown in Appendix I. After taking account of discounts, exemptions and the distribution of properties over valuation bands, the average bill for all dwellings in the Borough is estimated to be around £663.

GENERAL REVENUE BUDGET FRAMEWORK

29. **Future Years and Budget Framework**

The budget, inflation allowances, and grant assumptions described earlier, imply that the average band D tax amounts for the Council would be £610 in 2012/13 and £666 in 2013/14. These represent increases of 61.9% and 9.1% in 2012/13 and 2013/14, compared with the preceding year. If Government capping criteria required increases of no more than 3.5%, the budget requirement would have to be reduced by £33.607 million in 2013/14. With the assumed GLA precept increases, the total average band D amount would rise to £926 in 2012/13 and £988 in 2013/14. The budget framework showing these amounts is given in Appendix J. In accordance with the Council's constitution, the Council should be recommended to adopt the framework in Appendix J on the basis that the Executive may then approve budget variations within the overriding restrictions that unearmarked reserves should not be forecast to fall below £5 million in 2011/12, nor the council tax band D forecast for the next two years rise by more than a further £39.40.

APPENDIX A

SUMMARY OF SERVICE BUDGETS

	<u>2010/11 REVISED BUDGET</u>				<u>2011/12 BUDGET</u>		
	<u>2010/11</u>	<u>INFLATION</u>	<u>DEVEL-</u>	<u>TOTAL</u>	<u>INFLATION</u>	<u>DEVEL-</u>	<u>TOTAL</u>
	<u>ORIGINAL</u>						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	67,090	228	-3,815	63,503	222	-9,734	57,578
Indirect Employee Expenses	1,850	33	234	2,117	89	495	2,434
Premises	13,934	485	-816	13,603	530	70	14,534
Use of Transport	5,484	350	-266	5,568	358	-530	5,312
Concessionary Fares	9,274	3	-205	9,072	4	3,285	12,563
Supplies and Services							
- Grants to Voluntary Bodies	11,259	180	50	11,489	12	-348	10,923
- Other	27,998	1,327	3,356	32,681	1,233	9,331	38,562
Third Party Payments							
- Education by Other Authorities	142	130	132	404	132	-127	147
- Precepts, Levies and Charges	16,614	30	678	17,322	2	2,094	18,710
- Other	127,671	3,358	2,218	133,247	3,935	-1,341	130,265
Transfer Payments - Hsg Benefits etc.	197,553	50	10,914	208,517	60	17,676	215,289
Central and Technical Support	45,749	325	1,448	47,522	1,348	-9,684	37,413
Depreciation and Impairment	13,781	1	-1,176	12,606	-	-1,175	12,606
GROSS EXPENDITURE	538,399	6,500	12,752	557,651	7,925	10,012	556,336
Government Grants	-212,481	-1,361	-13,628	-227,470	-911	-29,863	-243,255
Rents	-1,827	-	1	-1,826	-	-24	-1,851
Education for Other Authorities	-4,191	-	790	-3,401	-	1,877	-2,314
Fees, Charges and Other Income	-92,871	-440	-1,903	-95,214	-366	5,377	-87,860
Interest Received	-3,488	-	-479	-3,967	-	1,048	-2,440
INCOME	-314,858	-1,801	-15,219	-331,878	-1,277	-21,585	-337,720
NET EXPENDITURE	223,541	4,699	-2,467	225,773	6,648	-11,573	218,616
REVENUE EXPENDITURE BY SERVICE							
Adult Care and Health	92,566	2,472	394	95,432	2,899	-3,820	91,645
Education and Children's Services	65,935	809	-1,418	65,326	1,359	-6,318	60,976
Environment, Culture & Comm. Safety	46,973	666	-	47,639	914	-1,191	46,696
Finance and Corporate Resources	1,326	388	-504	1,210	763	686	2,775
Housing	5,061	21	-838	4,244	6	-1,482	3,585
Strategic Planning and Transportation	11,680	343	-101	11,922	707	552	12,939
NET EXPENDITURE	223,541	4,699	-2,467	225,773	6,648	-11,573	218,616

SUMMARY OF SERVICE BUDGETS

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000	<u>2013/14</u> £'000
2010/11 ORIGINAL BUDGET at November 2009 price levels	223,541	223,541	223,541	223,541
INFLATION TO NOVEMBER 2010	4,699	6,648	6,647	6,647
2010/11 ORIGINAL BUDGET REPRICED	<u>228,240</u>	<u>230,189</u>	<u>230,188</u>	<u>230,188</u>
DEVELOPMENTS				
Adult Care and Health	394	-3,820	-5,001	-5,250
Education and Children's Services	-1,418	-6,318	-8,006	-8,006
Environment, Culture and Community Safety	-	-1,191	-2,325	-2,350
Finance and Corporate Resources	-504	686	-1,449	-3,261
Housing	-838	-1,482	-1,246	-1,231
Strategic Planning and Transportation	-101	552	120	90
	<u>-2,467</u>	<u>-11,573</u>	<u>-17,907</u>	<u>-20,008</u>
Part of Developments included in Original Budget	-	-	-	-
NET EFFECT OF DEVELOPMENTS	<u>-2,467</u>	<u>-11,573</u>	<u>-17,907</u>	<u>-20,008</u>
NET EXPENDITURE with inflation to November 2010	<u>225,773</u>	<u>218,616</u>	<u>212,281</u>	<u>210,180</u>
ANALYSIS BY SERVICE				
Adult Care and Health	95,432	91,645	90,464	90,215
Education and Children's Services	65,326	60,976	59,288	59,288
Environment, Culture and Community Safety	47,639	46,696	45,562	45,537
Finance and Corporate Resources	1,210	2,775	639	-1,173
Housing	4,244	3,585	3,821	3,836
Strategic Planning and Transportation	11,922	12,939	12,507	12,477
NET EXPENDITURE with inflation to November 2010	<u>225,773</u>	<u>218,616</u>	<u>212,281</u>	<u>210,180</u>
Area Based Grant	-23,399	-	-	-
New Homes Bonus	-	-1,081	-2,162	-3,243
Council Tax Freeze Grant	-	-1,196	-1,196	-1,196
Inflation to outturn prices	-	5,615	11,848	20,507
NET EXPENDITURE with inflation to outturn	<u>202,374</u>	<u>221,954</u>	<u>220,771</u>	<u>226,248</u>

ANALYSIS OF SERVICE BUDGETS 2011/12

£'000	ADULT CARE & HEALTH	EDUCATION & CHILDREN'S SERVICES	ENVIRONMENT, CULTURE & COMMUNITY SAFETY	FINANCE & CORPORATE RESOURCES	HOUSING	STRATEGIC PLANNING & TRANSPORTATION	GENERAL FUND TOTAL	DEDICATED SCHOOLS BUDGET	HOUSING REVENUE ACCOUNT	TOTAL
EXPENDITURE - at November 2010 prices for General Fund										
Salaries	10,468	18,088	14,149	5,398	2,615	6,860	57,578	174,572	7,757	239,907
Wages	-	-	-	-	-	-	-	2,247	-	2,247
Indirect Employee Expenses	234	1,379	263	297	19	242	2,434	2,533	344	5,311
Premises	342	1,025	8,641	1,562	174	2,790	14,534	11,273	47,599	73,406
Use of Transport	1,746	3,053	347	9	40	117	5,312	1,001	43	6,356
Concessionary Fares	-	-	-	-	-	12,563	12,563	-	-	12,563
Supplies and Services										
- Funding to Voluntary Bodies	3,625	6,298	148	798	54	-	10,923	2,188	-	13,111
- Other	2,494	21,116	3,170	6,440	102	5,240	38,562	12,540	2,637	53,739
Third Party Payments										
- Precepts, Levies and Charges	-	2,726	13,861	1,461	-	662	18,710	-	-	18,710
- Other	93,535	16,067	13,069	418	1,305	6,018	130,412	10,157	14,717	155,286
Transfer Payments										
- Housing Benefits etc	-	438	-	213,777	1,074	-	215,289	752	30,835	246,876
Central & Technical Support	7,542	6,536	4,969	13,041	884	4,441	37,413	1,281	5,733	44,427
Depreciation and Impairment	175	4,301	2,626	408	-	5,096	12,606	-	17,128	29,734
Capital Financing Charges										
- Capital Charges to Users	-	-	-	-	-	-	-	-	1,882	1,882
- Leasing Charges	-	-	-	-	-	-	-	-	22	22
TOTAL	120,161	81,027	61,243	243,609	6,267	44,029	556,336	218,544	128,697	903,577

ANALYSIS OF SERVICE BUDGETS 2011/12 (Continued)

£'000	ADULT CARE & HEALTH	EDUCATION & CHILDREN'S SERVICES	ENVIRONMENT, CULTURE & COMMUNITY SAFETY	FINANCE & CORPORATE RESOURCES	HOUSING	STRATEGIC PLANNING & TRANSPORTATION	GENERAL FUND TOTAL	DEDICATED SCHOOLS BUDGET	HOUSING REVENUE ACCOUNT	TOTAL
<i>INCOME - at November 2010 prices for General Fund</i>										
Government Grants	10,634	15,432	-	215,534	1,655	-	243,255	185,632	-	428,887
Education for Other Authorities	-	2,314	-	-	-	-	2,314	18,654	-	20,968
Rents	359	-	187	1,305	-	-	1,851	-	103,375	105,226
Fees/Charges & Other Income	17,523	2,305	14,360	21,590	992	31,090	87,860	14,258	23,575	125,693
Interest Received	-	-	-	2,405	35	-	2,440	-	1,747	4,187
TOTAL	28,516	20,051	14,547	240,834	2,682	31,090	337,720	218,544	128,697	684,961
NET EXPENDITURE	91,645	60,976	46,696	2,775	3,585	12,939	218,616	-	-	218,616
New Homes Bonus							-1,081			
Council Tax Freeze Grant							-1,196			
General Fund inflation from November 2010 to end of 2011/12							5,615			
Net Committee Budgets							221,954			

APPENDIX C

SUMMARY OF LEVIES AND CHARGES

	<u>Existing</u> <u>Budget</u> £'000	<u>Change in</u> <u>Requirement</u> £'000	<u>2011/12</u> <u>Budget</u> £'000
Western Riverside Waste Authority	11,547	1,267	12,814
London Councils			
- Concessionary Fares	8,828	3,534	12,362
- London Lorry Ban	18	-6	12
TFL - Traffic Technology	377	22	399
Environment Agency – Flood Defence	248	2	250
London Pensions Fund Authority			
- Greater London	477	-44	433
- Inner London	1,445	-22	1,423
- Deficit	156	-	156
Lee Valley Regional Park Authority	381	-6	375
Port of London Authority - river debris clearance	6	-	6
Wimbledon and Putney Commons Conservators	634	32	666
TOTAL	24,117	4,779	28,896

EXAMPLES OF CONTINGENCIES WHICH COULD INCREASE
GENERAL FUND EXPENDITURE

- (a) Changes in application of legislation and the conditions for Government specific grants (e.g. for value added tax and housing benefit).
- (b) Reorganisations, budget reductions, and competition procedures giving rise to unbudgeted severance and enhanced pension costs.
- (c) Increase in inflation above the levels anticipated when setting the budget.
- (d) The application of higher than anticipated inflation indices to contracted out services, where increases are contractually based on the inflation index for specified calendar months.
- (e) Retendering of service contracts at higher costs due to factors such as the Working Time Directive, the statutory minimum wage, and less competitive markets.
- (f) Unforeseen difficulties in recovering arrears, requiring additional provision to be made for doubtful debts.
- (g) Other unforeseen demands, and opportunities for service improvements in line with the Council's general policies, which could not be accommodated within approved budgets.
- (h) Utilisation of specific grants already consolidated into the budget.
- (i) Budgetary pressures facing adult social services, especially for people with learning disabilities arising from changes in local demographics.
- (j) Shortfalls in capital receipts, adding to the net interest borne by the General Fund.
- (k) Cost of a local disaster not covered by Government grant under the Bellwin Scheme.
- (l) Transfer of responsibilities from health authorities to local authorities.
- (m) Risk of breaching the housing benefit subsidy overpayment threshold.
- (n) Reduction in income streams due to the current economic recession.
- (o) The potential impact of the introduction of International Reporting Standards.

APPENDIX E

SPECIAL RESERVES

All these reserves are legally part of the Council's General Fund, though earmarked for specific purposes. The reserves, their purposes, and the expected change in their balances, under existing policies are summarised below:

	Balance 1st April 2010 £'000	Budgeted Change 2010/11 £'000	Budgeted Change 2011/12 £'000	Balance 1st April 2012 £'000
1. <u>Renewals Fund</u>				
Net Use - Revenue		-2,654	-2,932	
Net Use - Other		-1,754	-1,228	
Increase in Fund		536	418	
	34,381	-3,872	-3,742	26,767
2. <u>Finite Services Fund</u>	922	-669	-226	27
3. <u>Specific Grant Reserve</u>	4,400	-2,000	-	2,400
4. <u>Services Transformation Reserve</u>	-	5,000	-	5,000
5. <u>Housing Revenue Account/ Housing Repairs Account</u>	150,301	17,420	6,154	173,875

The Housing Revenue Account and Housing Repairs Reserve balances provide the resources for the annual revenue and long term housing major works programme, and a cushion against future reductions in government resourcing. There are statutory restrictions on transfers from these accounts, so these Reserves are not available for other purposes.

	Balance 1st April 2010 <u>£'000</u>	Budgeted Change 2010/11 <u>£'000</u>	Budgeted Change 2011/12 <u>£'000</u>	Balance 1st April 2012 <u>£'000</u>
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6. <u>School Balances</u>	15,115	-	-	15,115
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Schools generally have statutory rights to carry forward unspent balances of delegated budgets so these are not available for any other purposes.

7. <u>Insurance Reserve</u>	10,110	-839	-839	8,432
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This reserve was established to meet certain non-specific liability and property claims where the Council does not insure externally. A recent external review determined that the reserve exceeds the Council's requirements. The surplus is being returned to the General Fund and Housing Revenue Account over a period of years, reflecting due caution given the volatility of potential claims.

8. <u>Employer's Pensions Contributions Reserve</u>	51,000	-9,600	-	41,400
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This reserve was established to mitigate the impact of future increases in employer's pension contributions.

9. <u>Pensions Reserve</u>	-346,989	-	-	-346,989
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This reserve reflects the Council's estimated net Pension Fund liabilities.

TOTALS	<u>-80,760</u>	<u>5,440</u>	<u>1,347</u>	<u>-73,973</u>
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APPENDIX F

ELEMENTS OF THE BUDGET REQUIREMENT CALCULATION FOR 2011/12

	<u>£000</u>	<u>See Note</u>
(a) The expenditure the Council estimates it will incur in the year in performing its functions and will charge to a revenue account for the year;	886,734	1
(b) Such allowance as the Council estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;	10,000	
(c) The financial reserves which the Council estimates it will be appropriate to raise in the year for meeting its estimated future expenditure	NIL	
(d) Such financial reserves as are sufficient to meet so much of the amount estimated by the Council to be a revenue account deficit for any earlier financial year as has not already been provided for; and	NIL	
(e) Any amounts which it estimates will be transferred from its General Fund to its Collection Fund pursuant to a direction under sub-section(5) of section 98 of the Local Government Finance Act 1988 and charged to a revenue account for the year, other than any amounts which it estimates will be so transferred,	NIL	

either -

- (i) pursuant to a direction under that sub-section relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year, or
- (ii) pursuant to the direction under that sub-section which is contained in the Collection Fund (Council Tax Benefit (England) Directions 2001).

SUB-TOTAL

896,734

LESS

(a) The sums which it estimates will be payable for the year into its General Fund and in respect of which amounts will be credited to a revenue account for the year, other than sums which it estimates will be so payable in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant	668,962	1
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------	---

	<u>£000</u>	<u>See Note</u>
(b) Any amounts which it estimates will be transferred from its Collection Fund to its General Fund pursuant to a direction under sub-section(4) of section 98 of the Local Government Finance Act 1988 and credited to a revenue account for the year other than any amounts which it estimates will be so transferred pursuant to a direction under that sub-section relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year; and	510	
(c) The amount of the financial reserves which the Authority estimates that it will use in order to provide for the expenditure items (a), (b) and (e) above	25,256	2
SUB-TOTAL	<u>694,728</u>	
DIFFERENCE (BUDGET REQUIREMENT)	<u>202,005</u>	

Note 1

	<u>Expenditure</u> £'000	<u>Income</u> £'000
Gross Expenditure/Income as in Appendix B	903,577	687,238
less internal recharges	-17,915	-17,915
plus inflation to end of 2011/12	5,764	149
less credit from Collection Fund shown separately	-	-510
less contributions to special reserves within Gross Expenditure	-4,692	-
	<u>886,734</u>	<u>668,962</u>

Note 2

	£'000
General reserves available (para.12)	26,603
Less drawings from special reserves (Appendix E)	-1,347
	<u>25,256</u>

APPENDIX G

COUNCIL TAX DECISION

- (a) That the revised revenue estimates for the year 2010/11 referred to in Paper No.11-106 and the revenue estimates for 2011/12 as summarised in Appendix B of this paper be approved;
- (b) That the details of the budget requirement for the year 2011/12, as set out in Appendix F of this paper, be approved;
- (c) That it be noted that the following amounts for the year 2011/12 have been calculated in accordance with the delegation made by the Council on 4th February 2004 and with regulations made under Section 33(5) and 34(4) of the Local Government Finance Act 1992:
- (i) 126,901 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year; and
 - (ii) 26,758 being the amount calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its council tax base for the year for dwellings in the Wimbledon and Putney Commons Conservators' Levy Area;
- (d) That it be noted in accordance with Section 25 of the Local Government Act 2003 that the Director of Finance has reported that the estimates are sufficiently robust for the purposes of the calculations and that the proposed financial reserves are adequate, and the following amounts be now calculated by the Council for the year 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
- (i) £896,733,571 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act;
 - (ii) £694,728,230 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act;
 - (iii) £202,005,341 being the amount by which the aggregate at d(i) above exceeds the aggregate at (d)(ii) above, calculated by the Council in accordance with Section 32(4) of the Act as its budget requirement for the year;

- (iv) £154,156,049 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant increased by the amount of the sums which the Council estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and any sums relating to the difference between amounts in respect of community charges credited and charged to the revenue account for any earlier financial year, and any sums pursuant to the direction that is contained in the Collection Fund (Council Tax Benefit) (England) Directions 2001;
- (v) £377.0600 being the amount at (d)(iii) above less the amount at (d)(iv) above, all divided by the amount at (c)(i) above, calculated by the Council in accordance with Section 33(1) of the Act as the basic amount of its council tax for the year;
- (vi) £665,478.90 being the aggregate amount of all special items referred to in Section 34(1) of the Act, namely the levy of the Wimbledon and Putney Commons Conservators;
- (vii) £371.8159 being the amount at (d)(v) above less the result given by dividing the amount at (d)(vi) above by the amount at (c)(i) above, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates;
- (viii) £396.6862 being the amount given by adding to the amount at (d)(vii) above the amount of the special item at (d)(vi) above divided by the amount at (c)(ii) above, calculated by the Council in accordance with Section 34(3) of the Act as the basic amount of its council tax for the year for dwellings in that part of its area to which the special item relates; and

(ix)	<u>Valuation Bands</u>	Wimbledon and Putney Commons	All other parts of
		Conservators' Levy Area	the Council's Area
		£	£
	A	264.4575	247.8773
	B	308.5337	289.1901
	C	352.6100	330.5030
	D	396.6862	371.8159
	E	484.8387	454.4417
	F	572.9912	537.0674
	G	661.1437	619.6932
	H	793.3724	743.6318

being the amounts given by multiplying the amounts at (d)(vii) and (d)(viii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

- (e) That it be noted that for the year 2011/12 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<u>Valuation Bands</u>	Greater London Authority £
A	206.55
B	240.97
C	275.40
D	309.82
E	378.67
F	447.52
G	516.37
H	619.64

- (f) That having calculated the aggregate in each case of the amounts at (d)(ix) and (e) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2011/12 for each of the categories of dwellings shown below:

<u>Valuation Bands</u>	Wimbledon and Putney Commons Conservators' Levy Area £	All other parts of the Council's Area £
A	471.01	454.43
B	549.50	530.16
C	628.01	605.90
D	706.51	681.64
E	863.51	833.11
F	1,020.51	984.59
G	1,177.51	1,136.06
H	1,413.01	1,363.27

IMPACT OF EACH ADDITIONAL £1 MILLION COUNCIL TAX

<u>Circumstances/Band</u>	<u>Major Part</u>	<u>No. of Dwellings W & PCC Levy Area</u>	<u>Borough</u>	<u>Increase per Household Before Benefit</u> £
2 + Adults				
A	898	1,736	2,634	5.25
B	3,449	1,835	5,284	6.13
C	18,303	3,489	21,792	7.00
D	17,981	3,608	21,589	7.88
E	12,170	2,656	14,826	9.63
F	9,052	1,660	10,712	11.38
G	7,557	2,436	9,993	13.13
H	1,114	1,005	2,119	15.76
	(70,524)	(18,425)	(88,949)	
1 Adult				
A	2,617	738	3,355	3.94
B	5,387	1,520	6,907	4.60
C	10,565	3,120	13,685	5.25
D	7,414	2,148	9,562	5.91
E	4,261	1,202	5,463	7.22
F	2,345	661	3,006	8.54
G	1,377	388	1,765	9.85
H	172	48	220	11.82
	(34,138)	(9,825)	(43,963)	
Chargeable Empty/Second Home				
A	16	5	21	4.73
B	43	13	56	5.52
C	153	43	196	6.30
D	135	38	173	7.09
E	132	38	170	8.67
F	92	25	117	10.24
G	133	37	170	11.82
H	77	21	98	14.18
	(781)	(220)	(1,001)	
Exempt A-H	2,153	608	2,761	NIL
TOTALS	107,596	29,078	136,674	

APPENDIX I

COUNCIL TAX BILLS 2011/12

<u>Band</u>	<u>No. Of Households</u>	<u>Council Tax</u> £	<u>Change</u> £
2+ Adults Major Part of the Borough			
A	898	454.43	-0.11
B	3,449	530.16	-0.14
C	18,303	605.90	-0.16
D	17,981	681.64	-0.17
E	12,170	833.11	-0.22
F	9,052	984.59	-0.25
G	7,557	1,136.06	-0.30
H	1,114	1,363.27	-0.35
2+ Adults W & PCC Part			
A	1,736	471.01	0.57
B	1,835	549.50	0.65
C	3,489	628.01	0.75
D	3,608	706.51	0.85
E	2,656	863.51	1.03
F	1,660	1,020.51	1.22
G	2,436	1,177.51	1.40
H	1,005	1,413.01	1.69
1 Adult Major Part of the Borough			
A	2,617	340.82	-0.08
B	5,387	397.62	-0.10
C	10,565	454.42	-0.12
D	7,414	511.23	-0.13
E	4,261	624.83	-0.17
F	2,345	738.44	-0.19
G	1,377	852.04	-0.23
H	172	1,022.45	-0.26

<u>Band</u>	<u>No. Of Households</u>	<u>Council Tax</u> £	<u>Change</u> £
1 Adult W & PCC Part			
A	738	353.26	0.43
B	1,520	412.12	0.48
C	3,120	471.01	0.57
D	2,148	529.88	0.64
E	1,202	647.63	0.77
F	661	765.38	0.91
G	388	883.13	1.05
H	48	1,059.76	1.27

Chargeable Empty/Second Home
Major Part of the Borough

A	16	408.99	68.09
B	43	477.14	79.42
C	153	545.31	90.77
D	135	613.48	102.12
E	132	749.80	124.80
F	92	886.13	147.50
G	133	1,022.45	170.18
H	77	1,226.94	204.23

Chargeable Empty/Second Home
W & PCC Part

A	5	423.91	71.08
B	13	494.55	82.91
C	43	565.21	94.77
D	38	635.86	106.62
E	38	777.16	130.30
F	25	918.46	153.99
G	37	1,059.76	177.68
H	21	1,271.71	213.22

APPENDIX J

GENERAL REVENUE BUDGET FRAMEWORK

	<u>2010/11</u> <u>Revised</u> £m	<u>2011/12</u> £m	<u>2012/13</u> £m	<u>2013/14</u> £m
Committee Budgets at 2010 prices				
Adult Care and Health	95.432	91.645	90.464	90.215
Education and Children's Services	65.326	60.976	59.288	59.288
Environment, Culture and Community Safety	47.639	46.696	45.562	45.537
Finance and Corporate Resources	1.210	2.775	0.639	-1.173
Housing	4.244	3.585	3.821	3.836
Strategic Planning and Transportation	11.922	12.939	12.507	12.477
Area Based Grant	-23.399	-	-	-
New Homes Bonus	-	-1.081	-2.162	-3.243
Council Tax Freeze Grant	-	-1.196	-1.196	-1.196
Total	202.374	216.339	208.923	205.741
Inflation to outturn prices		5.615	11.848	20.507
Contributions to (+)/drawings from (-) General, Renewals and Finite Services Funds	-4.187	-19.948	-2.084	-0.777
Budget Requirement	198.187	202.006	218.687	225.471
Less:				
Collection Fund surplus	-0.866	-1.477	-	-
Formula Grant	-150.204	-152.679	-140.792	-140.041
Tax Needs	47.117	47.850	77.895	85.430
Band D Council Tax	£	£	£	£
Wandsworth Council	377.06	377.06	610.46	665.86
Greater London Authority	309.82	309.82	316.02	322.34
Total	686.88	686.88	926.47	988.19
Increase in Wandsworth council tax		0.0%	61.9%	9.1%
Budget reductions needed in future years to maintain Wandsworth council tax increases to 3.5%			<u>£ millions</u> 28.098	<u>£ millions</u> 33.607

SECTION 3 DEDICATED SCHOOLS BUDGET

Since April 2006 schools' budgets have been predominantly funded through a ring fenced grant from the Department for Education (DfE), known as the Dedicated Schools Grant (DSG). The use of this grant is defined by the School Finance (England) Regulations 2011. Further funding for schools is received in the form of 6th Form Education grant from the Young People's Learning Agency.

The Dedicated Schools Budget consists of the Individual Schools Budget (ISB) which is delegated budget allocated to individual schools and a central expenditure budget which enables provision for pupils which the Council funds centrally, such as Special Educational Needs and Pupil Referral Units.

DEDICATED SCHOOLS BUDGET

MINIMUM FUNDING GUARANTEE

1. Local authorities are required by law to provide schools with a Guaranteed Funding Level (GFL) based on the Minimum Funding Guarantee (MFG) minimum decrease on each school's previous year's budget.
2. In 2011/12 the MFG will guarantee that no school has a cut in budget, including the grants merged into the DSG, of more than 1.5% per pupil, before any pupil premium is allocated.
3. The MFG calculated in accordance with the methodology set out by the DCSF is compared against the Fair Funding allocation derived using the Council's local Fair Funding Formula, and a budget that has been increased to reflect the Council's total DSG. Each school then receives the higher of these two budgets.

CENTRALLY RETAINED BUDGETS IN THE DEDICATED SCHOOL BUDGET

4. The overall Dedicated Schools Budget (DSB) is defined by regulation and contains items of expenditure which do not form part of the Individual Schools Budget. The Individual Schools Budget (ISB) and central expenditure budgets are set out in Appendix A.
5. There is provision in the regulations which ensures local authorities do not increase their spending on centrally funded items (such as Special Education Needs (SEN) and excluded pupils) by a greater percentage than their spending on schools. In exceptional circumstances, local authorities may seek their Schools Forum agreement to any increase above their central expenditure limit.
6. Spending on central expenditure within the DSG has increased at a rate that is higher than the general increase in the DSG. This is because of significant increases in costs of various central expenditure items, most notably in the LPFA employers' pension contribution and severance costs. The Wandsworth Schools Forum (WSF) has agreed to this overall breach in the Central Expenditure Limit (CEL) for 2011/12.

POST-16 FUNDING

7. School budgets for schools with sixth forms will include the funding delivered by the post-16 funding arrangements administered by the Young People's Learning Agency (YPLA). The YPLA have provided an overall indicative figure for 2011/12 and this has been included in the Individual Schools Budget total. The final allocation for each school sixth form should be notified to the Council in March 2011.

SIZE OF THE INDIVIDUAL SCHOOLS BUDGET AND ESTIMATED DSG

8. The Council's estimated DSG of £180.832 million for 2011/12, after taking account of the merged grants, requires the Council to increase the Individual Schools Budget by £1.966 million (an increase of 1%). This estimate is based on the actual January 2011 pupil numbers plus forecasted growth, and the average DSG funding of £6,565 per pupil. The DSG will be finalised by the DfE by 31st May 2011 following verification of the Council's pupil number returns.

DEDICATED SCHOOLS BUDGET

9. The 2011/12 Individual Schools Budget totals £196.412 million. After allowing for the increase in central expenditure items and reduction in centrally held grants, the increase to the ISB is estimated at 1.2%. Part of the increase is allocated for specific purposes such as for additional reception pupils from September 2011, for which the Council receives no DSG funding until 2012/13. The overall result is that about a third of the mainstream schools will be funded at the Minimum GFL, which ensures that no school has a cut in its budgets, including the grants merged into the DSG, of more than 1.5% per pupil in 2011/12, before any pupil premium is allocated.

THE BUDGET FRAMEWORK FOR DEDICATED SCHOOLS BUDGET

10. The Dedicated Schools Budget is 100% funded by grant whilst the Children's Services General Fund budgets are funded from the totality of the Council's income, including Revenue Support Grant, Council Tax and charges. Elements of the DSB funded from the same sources as the General Fund are included under the Standards and Schools Services.
11. With the Executive determining budget variations, with the involvement of the Children's Services Overview and Scrutiny Committee, referrals to Council would only be needed in extreme circumstances. The Council's adopted rule of reporting to Committee if the forecast in-year overspend exceeds £500,000 on General Fund budgets, will still apply. A departure from the budget, requiring clearance by the Council, is defined as arising when forecast net overspends implied a call of more than 50% upon unearmarked reserves (i.e. more than £5 million currently based on a general contingency of £10 million), or an equivalent change in the council tax forecast for future years.
12. Under the Act, the Council has to approve the budget including allocations to the different services, and a clear framework has to be established for reasonable virements by the Executive within appropriate limits beyond which full Council approval is required. These provisions are included within the Council's Constitution. The Council's standing orders and financial regulations include provision to allow the Executive to reallocate monies within the budget. These provisions allow for situations where the Executive needs to make an urgent decision, which would otherwise be contrary to the budget without reference to the full Council.
13. The Council's Scheme for Financing Schools, based on a model scheme developed by the DfE under section 45-53 of the Schools Standards and Framework Act 1998 as amended by the Education Act 2002, defines the financial management standards required by schools and the respective responsibilities of Head Teachers and School Governors in managing schools budgets and approving virements between budgets.

APPENDIX A

DEDICATED SCHOOLS BUDGET

	<u>Original</u> <u>Budget</u> <u>2010/11</u> £'000	<u>Revised</u> <u>Budget</u> <u>2010/11</u> £'000	<u>Original</u> <u>Budget</u> <u>2011/12</u> £'000	<u>Future</u> <u>Years</u> <u>£'000</u>
<u>EXPENDITURE</u>				
Individual Schools Budget:				
Nursery	1,607	1,835	2,585	2,585
Primary	77,276	92,622	95,622	95,622
Secondary	54,383	67,467	70,967	70,967
Special	22,928	25,238	27,238	27,238
DSB funded by General Fund Resources	1,511	1,377	1,511	1,511
SEN, Early Years and Support Services	17,734	19,357	20,357	20,357
Recoupment	2,564	2,711	4,665	4,665
Specific Grants	7,414	2,657	-	-
Standards Fund	17,021	4,538	-	-
	<u>202,438</u>	<u>217,802</u>	<u>222,945</u>	<u>222,945</u>
<u>INCOME</u>				
Dedicated Schools Grant	-145,582	-153,175	-180,832	-180,832
Recoupment	-12,884	-13,674	-18,654	-18,654
Specific Grants	-22,340	-41,986	-19,058	-19,058
Standards Fund	-16,895	-4,415	-	-
	<u>-197,701</u>	<u>-213,250</u>	<u>-218,544</u>	<u>-218,544</u>
NET EXPENDITURE	<u>4,737</u>	<u>4,552</u>	<u>4,401</u>	<u>4,401</u>

**SECTION 4
COUNCIL HOUSING BUDGETS**

Under Part VI of the Local Government and Housing Act 1989, each Local Authority is required to keep a Housing Revenue Account (HRA), for income and expenditure relating to council housing, in accordance with proper practices and detailed directions by the Secretary of State. The Act also requires that:

- (a) During January or February each year, the Council must formulate proposals for expenditure and income for its housing for the following year, which will ensure, on the best assumptions that can be made at that time, that the HRA for that year does not show a debit balance;
- (b) These proposals must be implemented and monitored to ensure that the HRA will not show a debit balance;
- (c) Within a month of formulating its proposals, a statement must be prepared, showing these proposals and the estimated HRA income and expenditure. This statement must be made available for public inspection until the end of the year following the year to which the statement relates.

The following pages record how the Executive met the requirement outlined in (a) above for 2011/12, and also, in the context of the 30-year HRA business planning process, that the council has prepared plans for the management of its housing stock that are affordable in the long term, at their meeting on 31st January 2011. The requirement for monitoring, described in (b) is delegated to the Director of Housing. The requirement to make available the statement referred to in (c) above is met by including it as Appendix A within these pages, which are then available for reference in public libraries in the borough.

COUNCIL HOUSING

REVIEW OF HOUSING REVENUE ACCOUNT AND BUSINESS PLAN

1. In January 2011 the Government issued the final determination regarding the level of HRA negative subsidy that the authority will be required to pay in 2011/12. Although rent rebate housing benefit and associated subsidy are accounted for within the General Fund, the HRA continues to bear the cost of rent rebate subsidy limitation. The housing subsidy element, calculated as in previous years using notional credits and debits, continues to be a negative amount and, after receipt of the major repairs allowance (MRA), results in a net payment to Government of their assumed net rent surplus on the HRA. The main features of the calculation of credit and debit items in this notional HRA are as follows:-

(a) Notional Gross Income from Rents. The Council's revised average weekly 'guideline rent' for 2010/11 was £95.85. For 2011/12 the Government has allowed the number of steps to achieve convergence with an assumed 'formula rent' to increase to five, assuming convergence in 2015/16, from last year's assumption that convergence will be achieved in 2012/13. The guideline rent increase therefore consists of an initial inflationary increase of 4.6% plus an annual 0.5% real-terms increase, followed by a further increase of one fifth of the difference between this revised guideline rent and the formula rent for 2011/12. Further explanation of the formula rent is also given in paragraphs 20 and 21. The resulting guideline rent for 2011/12 is £102.67 representing an increase of £6.82 per week or 7.12% over 2010/11. Without the extension of the convergence date there would have been a further increase of £2.73 per week giving a guideline rent increase of £9.55 per week or 10% over 2010/11.

(b) Notional Allowances for Management and Maintenance. Nationally the management and maintenance allowances per dwelling have increased by 2.5% for inflation. Transitional protection has been continued in cash terms for a further year but without inflation uplift, and with no guarantee of continuing protection beyond 2011/12. The Council's total weekly management and maintenance allowances have together, after allowing for stock reduction, increased by £1.347 million (3.15%) compared with 2010/11, which is mainly attributable to a higher crime factor being applied generally in London. Management allowances are still deemed to be above target allowances and as a consequence, much of this increase does not come through because of the cash freeze of the protection mechanism, resulting in the loss of £374,100 of the inflation uplift of 2.5% in 2011/12 available to other local authorities.

(c) Loan Charges and Interest Earned. Previously, major works were funded by credit approvals from central government which set the limit of a local authority's long term borrowing and the Secretary of State determined the level of HRA credit approvals admissible for subsidy. In 2001/02 the Government introduced the major repairs allowance to fund the long-run refurbishment of stock. Since then subsidised borrowing allocations have been prioritised towards remedial decency works, regeneration and new-build, and the decisions on this have now passed to the Mayor for London. Under the prudential borrowing regime, a local authority is free to make its own borrowing decisions according to what it can afford. The Executive decided in March 2004 (Paper No.04-232) not to undertake borrowing but to apply instead non-right to buy housing receipts and HRA reserves including the annual major repairs allowance to finance the HRA capital programme. However, central government support for borrowing through HRA subsidy continues to be given on the basis of the historical amount of supported capital expenditure approved by Government, although no new allocation has been received since 2005/06. The subsidised level of debt is therefore £106 million while the HRA is in reality almost debt free, which compensates for the interest foregone on divestment of reserves.

- (d) Major Repairs Allowance. The Government introduced an annual formula-based allowance for major repairs in 2001/02 based on its estimate of the long run cost to maintain different property ‘archetypes’ of age and build, which assume the property starts in good condition. In the interests of stability, the Determination has deferred changes to base costs of the archetypes, but a regional factor reflecting relative building cost inflation in London has been allowed through. The Council’s major repairs allowance for 2011/12 is £17.128 million, which is £345,000 more than the inflated amount that had been expected in the November business plan.
2. The net result of these factors is that negative subsidy payable to the Government is increased from £22.661 million in 2010/11 to £26.416 million in 2011/12, an increase of 16.6%.
 3. The maximum average rent eligible for rent rebate subsidy (the ‘limit rent’) was £98.86 in 2010/11. In parallel with the guideline rent the limit rent is uplifted first by 5.1% representing inflation of 4.6% plus a 0.5% assumed real-terms increase. The uplifted figure is further increased by one fifth of the difference between this uprated limit rent and the assumed formula rent referred to in paragraph 1(a) above. The resulting limit rent for 2011/12 is £105.16 representing an increase of £6.30 or 6.37% over 2010/11. The difference of £0.52 in the increase in the guideline rent not covered by increase in the limit rent will add £327,000 to HRA costs in 2011/12. Since 2006/07, the cost of rent rebate housing benefit is fully charged to the General Fund, however the cost of subsidy limitation (an estimated £4.011 million in 2010/11) is paid over by the HRA to the General Fund to make good the shortfall in housing benefit subsidy against actual housing benefits granted.

HRA Estimates and Business Plan

4. HRA Estimates and Business Plan. The table below sets out the estimated position on the HRA, including the Housing Major Repairs Reserve, from 2010/11 to 2013/14, reflecting current policies, the Government’s latest subsidy determinations and the approved capital programme before additions as presented to the Housing Overview and Scrutiny Committee in January. The estimates allow for the actual level of inflation in the current year. The 2011/12 estimates reflect estimated outturn prices for that year assuming inflation on running costs of 3.0% and no inflation on pay. The average interest rate on investments is estimated at 1.05%. The additional cost of anticipated inflation during 2011/12 is estimated to be £1.977 million. The financial effect of a 1% variation in the level of pay and prices in 2011/12 is estimated to be £720,200. Future years’ estimates of the HRA and Housing Major Repairs Reserve are at outturn prices. Average rent increases to match those in Government guideline rents are assumed for 2012/13 and 2013/14, reflecting the HRA business plan, but no increase is yet included for 2011/12.
5. 2011/12 is expected to be the HRA subsidy system’s final year as the Government’s Localism Bill has included provision for the dismantling of the unpopular national system following the conclusion of the recent review of council housing finance. In its place from 2012/13 will be a system where, in order to become ‘self-financing’, authorities in negative subsidy make a one-off payment to Government in lieu of making all future negative subsidy payments. As the detail of the self-financing offer has not yet been released, for the purpose of producing the 30 year business plan and revised HRA framework the current assumptions on negative subsidy have continued to be relied upon.

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	<u>Original</u> <u>Budget</u> <u>2010/11</u> £'000	<u>Revised</u> <u>Budget</u> <u>2010/11</u> £'000	<u>Budget</u> <u>2011/12</u> £'000	<u>Budget</u> <u>2012/13</u> £'000	<u>Budget</u> <u>2013/14</u> £'000
<u>EXPENDITURE</u>					
<u>REVENUE</u>					
Supervision, Management and Maintenance					
Repairs & Maintenance	25,559	25,007	25,308	25,050	26,424
General Management	30,870	30,364	30,268	31,051	31,864
Special Services	12,902	11,545	13,209	13,511	13,822
Rent Rebates	3,897	4,011	-	-	158
Capital Financing Costs	2,119	1,852	1,854	1,833	1,811
Other Expenses	1,019	993	994	1,036	1,081
HRA Subsidy Payable	39,864	39,035	43,544	49,499	52,932
	(116,230)	(112,807)	(115,177)	(121,980)	(128,902)
<u>CAPITAL</u>					
Repairs and Improvements	31,799	30,490	25,561	19,711	3,735
Purchase of Properties	100	100	50	-	-
Portable Discounts	725	775	750	-	-
Roehampton Regeneration Project & Wider Non-Derogation Leases	3,233	100	100	100	100
	(35,857)	(31,465)	(26,461)	(19,811)	(3,835)
	152,087	144,272	141,638	141,791	131,927
<u>INCOME</u>					
<u>REVENUE</u>					
Gross Rents – Dwellings	93,080	93,750	93,386	97,393	101,730
Gross Rents – Non-Dwellings	3,202	3,464	3,540	3,629	3,720
Mortgage Interest	20	20	14	10	5
Leaseholder Service Charges	12,264	12,386	12,680	13,008	13,344
Other Income	11,542	10,635	10,502	10,794	11,046
	(120,108)	(120,255)	(120,122)	(124,834)	(129,845)
<u>CAPITAL</u>					
Government Major Repairs Allowance	16,374	16,374	17,128	17,517	17,918
Capital Receipts	7,000	13,259	2,750	1,500	1,500
Capital Reimbursements	5,403	8,360	1,865	1,441	-
Leaseholder Major Works Charges	2,771	3,210	3,058	2,075	447
	(31,548)	(41,203)	(24,801)	(22,533)	(19,865)
	151,656	161,458	144,923	147,367	149,710
Total reserves at beginning of year	150,301	150,301	167,721	171,240	177,050
Appropriation from Insurance Reserve	234	234	234	234	234
Total reserves at end of year	150,104	167,721	171,240	177,050	195,067

6. The table shows that reserves before decisions on rents and additions to the capital programme would rise to £195.067 million at 31st March 2014, on the assumptions outlined in paragraph 4 above. The 30-year HRA business plan reported previously in November 2010 (Paper No. 10-883) provides an overview of HRA trends for the coming years, though it involves a raft of assumptions that could give different results if varied. That business plan, now updated and projected forward for a further year, but assuming no rent increase, based on the HRA framework shown above, shows that planned HRA expenditure would be projected to fall into revenue deficit before the remaining term of the 30 year plan is completed.

PROPOSALS FOR EXPENDITURE

Management and Maintenance

7. The annual notional allowances for HRA subsidy purposes in 2011/12 are equivalent to £2,568 per dwelling. Without the transitional protection expected to end in 2011/12 the allowances are just £2,413 per dwelling, although maintenance allowances have now reached target. The estimates in paragraph 4 above show actual management and maintenance unit costs of £3,103 after adjusting for service charges. The difference is equivalent to £9.298 million. Expenditure and notional allowances at broadly these levels have been anticipated in the HRA business plan and it was not proposed to vary these budgets now, although this is one element that must be kept under review to ensure the long-run viability of the business plan. An increase in expenditure of £100,000 per annum would reduce the estimated overall reserves after 30 years by £7.5 million when taking into account the loss of interest on this additional expenditure.
8. The Director of Housing is reporting pressures on the repairs budget mainly arising from the increased levels of expenditure on the rewiring of tenanted properties, both occupied and vacant, which arises from the obligations on landlords contained in the Institution of Electrical Engineers Wiring Regulations. Consequently, additional expenditure met by resources generated through an above guideline rent increase (£274,400) has been incorporated into the budget framework in Appendix B which will ensure that the Council can meet its responsibilities in this important area of service.

Major Works

9. The HRA estimates have been based on the current cash flows for the approved capital programme adjusted for slippage. On existing policies, the finance for the HRA capital programme comes from:
 - (a) Government grants, especially the formula-based major repairs allowance introduced in 2001/02, at a sum of £17.128 million for 2011/12 (compared to £16.374 million in 2010/11);
 - (b) Usable non-right-to-buy housing capital receipts applied to affordable housing, estimated at £2.75 million for 2011/12 (compared to £13.259 million in 2010/11, which includes the financial effects of the current annual sales policy); and
 - (c) the HRA and Housing Major Repairs Reserve mentioned in paragraphs 4 and 5 above, insofar as these are available.
10. In accordance with the HRA business plan, the Director of Housing proposed additions to the capital programme. The resulting capital programme is shown in summary and detail in Appendix D. The additional cost to the HRA, net of amounts which should be charged to leaseholders, is estimated at £15.342 million in 2012/13 and 2013/14. The total additional amount which would be chargeable to leaseholders is £6.336 million. The actual amount

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recharged to leaseholders in their service charge bills is subject to consultation and will depend on the incidence of spending on these major works on different housing properties.

PROPOSALS FOR INCOME

Duty to Review Rents

11. Section 24 of the Housing Act 1985 empowers the Council to "make such reasonable charges as they may determine for the tenancy or occupation of their houses", and requires the Council to "from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require". In so doing, Members should of course bring to bear their own knowledge and experience of the Borough and of needs of Council tenants, and may properly consider other information on such matters as current Government rent policy, inflation on prices and income, the eligibility of tenants for housing benefit, and private sector rents.

Non-Dwelling Property Charges and Heating and Hot water Charges

12. Non-dwelling property charge increases, representing 4.6% inflation uplift, and 9.2% overall increase in heating and hot water charges, also considered by the January meeting, have been reflected in the increased income levels for 2011/12.

Service Charges

13. Individual service charges for tenants were introduced from 2004/05 on an equivalent calculation for leaseholders, but restricted to charges for cleaning in blocks, communal electricity in blocks and the hire of paladins as being eligible for housing benefit on the same basis as for rents. In setting the rents for 2010/11 a further unpooling of service charges relating to garden maintenance, aerials, entrycall and estate cleaning was undertaken and implemented. This is encouraged by the Government who wish to distinguish service costs related to individual properties from the core rent, which is subject to the national formula rent standard. The Government may in future direct the Homes and Communities Agency, which has taken over the regulatory role of the Tenant Services Authority, to apply a national rent standard to local housing authorities as it currently does for Housing Associations, although the detail of any such regulation is not known and is not likely to be clarified until after self-financing (referred to in paragraph 5) has been implemented. Historical local additions to rent introduced by this Council currently amount to an average of £9 per week. However, a less prescriptive regulatory regime exists for tenant service charges and the further unpooling of rent into appropriate tenant service charges (paragraph 14) will reduce this local addition by an average of £0.62 per week.
14. The HRA currently receives Supporting People (SP) funding from the General Fund of around £0.8 million per annum for the provision of Warden Services to tenants in sheltered accommodation. The contract funds the support function of the sheltered housing services and comes to an end in March 2011. Changes to the SP funding regime have seen the funding become "de-ringfenced" and the Council's total funding reduced. A continuation of funding at the current level would, under current funding arrangements, require the support element of Warden Services to be subject to competitive tendering. This could lead to the service becoming fragmented through two separate providers. In order to avoid this, and to maintain the holistic nature of the service currently provided by the sheltered wardens, a review of the functions undertaken by this service has been carried out. As a result, from April 2011 onwards, SP funding to Warden Services of £0.323 million per annum has been identified as available without requiring the service to be market tested.

15. In order to mitigate the impact of this SP funding loss on the HRA, a further unpooling of £9.94 per week for service charges was proposed. This sees rent converted to service charges, with no impact on sheltered tenants as their rents will go down by the same amount as their service charges go up. However, reducing the rent element for sheltered tenants in this way reduces the Council's average rent across the whole stock by £0.62 per week. This is of benefit to the HRA as it reduces the contribution made to the Housing Benefit bill for tenants' rents above the limit rent. The SP funding loss, in addition to a concurrent reduction in income from ineligible sheltered tenants is therefore partially offset by a £357,000 reduction in the cost to the HRA of Housing Benefit, leaving the HRA to bear a £235,000 cost per annum (equivalent to additional expenditure of £17.5 million over thirty years). Those sheltered tenants not on Housing Benefit who became sheltered tenants after 31st March 2003 currently pay, in addition to their rent and tenant service charges, £20.26 per week for the support element of the sheltered housing service. As a result of the review of the service and proposals in the report, approval was sought to revise this charge to £8.64 per week from 2011/12. The reduction in this charge fully offsets the new health and safety tenant service charge referred to in paragraph 16, giving these tenants a net decrease in sheltered housing charges of £9.94 per week but with no change in the service they receive.
16. Further, following a review of the services provided to sheltered housing tenants it has been noted that staff are increasingly involved in new health and safety functions which exceed those required in the general housing stock. These arise due to the design of the schemes themselves coupled with the age and vulnerability of the tenants. This is a new service identified following a recent upgrade of both fire alarm and warden call systems in all schemes, which has led in turn to a review of health and safety responsibilities, taking on board advice from the London Fire Brigade. In order to mitigate the impact of the loss of SP funding it was proposed that the cost of these additional functions was passed on to affected tenants in a new service charge for health and safety functions within sheltered accommodation. The additional charge was proposed at a flat rate of £1.68 per week for all sheltered tenants and would attract Housing Benefit, although those not in receipt of benefits would have to fund the charge from their own resources. This charge will generate additional income of £91,000 per annum, leaving £144,000 of the support element of the service to be funded from HRA reserves, which has been incorporated into the framework in Appendix B.

Rent levels

17. The current average weekly rent, excluding tenant service charges, for the 17,244 dwellings is £104.94. The rent level assumed in the notional HRA for subsidy purposes is £95.89. Average rents in other London boroughs currently range from £69.76 to £97.73 per week but are expected to increase generally in April. The Rent Officer currently sets, for housing benefit purposes, Local Housing Allowances for the level of rent allowance payments to be made to tenants in the private rented sector. In Wandsworth these currently range from £88 for a bedsit to £849 for 5+ bedrooms. The average weekly rent in the private sector upon which housing benefit (including homelessness provision) has been assessed has increased from £175.37 in December 2009 to £180.39 in December 2010, significantly higher than the average rent charged to Council tenants.

Rent Increases

18. Each 10 pence average rent increase is estimated to yield £89,670 additional rent in 2011/12 but give rise to additional rebate entitlement of £62,880 producing net income of £26,790. Around 70% of tenants are entitled to rebate and will be fully compensated for any rent increase. The average increase in rent nationally which has been assumed for the purpose of HRA subsidy is 6.8%. Normally, the guideline rent increase is set to cover inflation plus an annual half percent

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real terms increase, together with an equal step towards the Government's higher formula rent target. This last stage varies for each authority so the percentage guideline rent increase is similarly variable and in Wandsworth's case would imply an average increase of £6.82 per dwelling/week, equivalent to a 7.12% increase in guideline rent. This year, the Government has increased the number of steps to five, on which basis convergence would be achieved in 2015/16, compared with the original ten-year target of 2011/12, and last year's target of 2012/13. The effect is to reduce the addition for assumed convergence with formula rent to £1.93 compared with £4.66 prior to the revision. To restore the previous year's relationship between rents and prices would require a rent increase of £4.76 per dwelling/week (+4.54%) and to restore that between rents and earnings would require an increase of £2.20 per dwelling/week (+2.1%).

19. The Council noted the increase in negative subsidy as well as the additional ongoing cost pressures on the repairs budget reported by the Director of Housing. They also noted that the Determination sets the parameters for 2011/12 subsidy only, and Ministers have given no commitments for the future while they address the long-term future of the housing subsidy system, recognising that the Director of Housing will therefore need to continue to identify efficiencies wherever possible. An average net increase in charges of £7.84 per week, with no individual increases exceeding 8%, to fund the increases in negative subsidy and the increased cost of re-wires as well as the unpooling of service charges relating to Warden Services were therefore considered appropriate taking all relevant matters into account.

Rent Distribution

20. Previously, legislation required the Council "to have regard to the principle that the rents of houses of any class or description should bear broadly the same proportion to private sector rents as the rents of houses of any other class or description". This legislation was repealed by the Local Government Act 2003, but has still not been replaced with any mandatory instruction on rent setting. Accordingly, the Council's rents policy remains that rents are set in the same proportion to the open market rental value of each dwelling, currently based on a full valuation carried out during 2010. The table below shows how full implementation of the latest valuations would move the pattern of council rents closer to that of private rents:-

AVERAGE RENTS AS INDEX NUMBERS IN RELATION TO 2-BEDROOM AVERAGE

	<u>Index Numbers for Current Council Rents</u>	<u>Index Numbers for Proposed Council Rents</u>	<u>Index Numbers for Private Rents 2004</u>
1 Bedroom	81.6	80.9	77.5
2 Bedroom	100.0	100.0	100.0
3 Bedroom	131.2	131.4	132.2
4+ Bedroom	155.0	155.1	162.6

21. Members have been informed previously of a Government policy statement published in December 2000 envisaging convergence of rent structures for all social housing landlords originally over a ten-year period but now revised to 2015/16, from the original target of 2011/12, and reflected in a corresponding adjustment to HRA subsidy. The basis of rent restructuring advocated by the Government involves setting rents for every dwelling according to a standard formula – the 'formula rent' - so that:

- 30% of each property's rent is based on its value relative to the national average;
- 70% is based on average earnings in the local county relative to the national average;
- a bedroom factor is applied so that smaller properties have lower rents;
- rent 'caps' limit the maximum weekly rent, ranging from £85 for a bedsit to £100 for a four-bedroom or larger property; and
- there are rent 'limits' to ensure that no tenant's rent changes by more than £2 per week above inflation plus 0.5%.

The former ODPM originally deferred decisions on an interim review of rent restructuring which recognised that the policy was "causing excessive compression of the rent differences between properties of different sizes" although Ministers subsequently implemented the review proposals in full from 2006/07 onwards, with some increase in 'rent caps' for larger properties. The 2011/12 formula rent of £105.07 has been uplifted by 0.5% in real terms and then increased by 4.6%, reflecting September's RPI, to produce a target formula rent in 2011/12 of £110.37.

22. Members had previously been advised that the Government's preferred formula rent approach would reduce the rent differentials between properties of varying sizes reversing the effect of Section 162 of the 1989 Act described above and that until the statutory position changes the Government policy statement should be disregarded. The repeal of the previous legislation by the 2003 Act has not been replaced by any statutory basis for adopting formula rents. Given the adverse redistributive effects of the formula rent the Executive had agreed that the existing basis of open market rental values should continue unless the Council is specifically directed by legislation to adopt an alternative methodology.
23. For existing tenants, the effect of the rent decision in 2010/11 was an average £1.10 per week reduction in rents with no increases and no decreases where actual rents were already below revised target rents. Rent levels are generally subject to no decreases except where necessary to achieve a transfer that substantially reduces under-occupation of a larger property or where there would be different rents for almost identical properties in the same location as a result of changes in valuation from time to time and the rate at which the rents of such properties move towards the valuation rent. In such limited circumstances it has been agreed that the Director of Finance, in conjunction with the Director of Housing, be authorised to harmonise rents at the lower level. Where properties have in previous years had the maximum percentage increase applied, the higher valuation rent is brought into effect on any change of tenancy following vacation. The table below summarises the effects of an average £7.84 increase, allowing individual increases up to a maximum of 8%. The 70% of tenants in receipt of Housing Benefit will see a corresponding adjustment to their entitlement while they remain on benefit.

Summary of distribution of net Rent Increase
with average of £7.84 per week, no decreases and no
individual increases exceeding 8%

<u>Bedrooms</u>	<u>Average Increase</u>		<u>Total Dwellings</u>
	<u>£</u>	<u>%</u>	
Bedsit	3.91	6.26	987
1	5.45	6.47	4,555
2	7.80	7.44	6,447
3	10.45	7.59	4,183
4	11.48	7.17	995
5+	14.64	7.36	77
Total	7.84	7.12	17,244

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HRA BUDGET FRAMEWORK

24. The table in paragraph 4 covers the number of years that the Council considered appropriate for the HRA budget framework, when adopting the current constitution in September 2001, but rolls it forward for another year. Appendix B to these pages sets out a framework that reflects the proposals approved by the Housing Overview and Scrutiny Committee on 24th January 2011 and all subsequent budget virements and any budget variations already approved by the Executive for 2011/12. The 30-year HRA business plan provides an overview of HRA trends for the coming years and the latest forecast of reserves is shown graphically at Appendix C. The plan involves a raft of assumptions that could give different results if varied but currently assumes guideline rent increases and takes into account latest estimates of revenue spend and capital spending in line with the stock condition survey. The framework shown at Appendix B, and the HRA business plan similarly updated (Appendix C), demonstrates that the Council is in a strong position to finance future expenditure plans and to achieve and maintain the decent homes standard, with Major Repairs Reserves of £130.452 million, equivalent to £47.224 million in present value terms, uncommitted after 30 years. However, all of this is restricted to capital expenditure within the major repairs reserve and the position for HRA revenue expenditure remains finely balanced.

DECISIONS MADE

25. Having considered the foregoing information the Executive recommended and the Council subsequently approved:

- a) that the capital programme additions be adopted;
- b) that the Director of Housing be authorised to serve notices upon tenants of HRA dwellings to change rents with effect from Monday 4th April 2011, making an average increase of £7.84 per dwelling/week, but subject to no decreases (except in c) below) and a maximum limit on increases of 8% for existing tenants and otherwise distributed in accordance with the latest valuations;
- c) that the Director of Finance, in conjunction with the Director of Housing, be authorised to reduce rents of individual properties in the limited circumstances outlined in paragraph 23;
- d) that the further service charges identified in paragraph 14 be deemed a notional element within total rent, separately identified in bills, but leaving the combined charge and individual tenant entitlement to Housing Benefit unaffected;
- e) that in addition to the rent increase a new service charge of £1.68 per week identified in paragraph 15 be levied on those within sheltered accommodation with effect from Monday 4th April 2011;
- f) that the current charge of £20.26 per week to those sheltered tenants not on Housing Benefit and who are liable to pay for the support element of the sheltered housing service be reduced to £8.64 per week with effect from Monday 4th April 2011 to reflect the view of services provided;
- g) the charge in e) to be reviewed annually by the Director of Housing, in conjunction with the Director of Finance, with any subsequent revision reported as part of the annual report on the review of rents and charges for Council dwellings;
- h) that the estimates shown in Appendix B to the report for the HRA for the financial years 2010/11 to 2013/14 be adopted as the HRA budget framework, subject to any variations subsequently approved by the Executive within the overriding restriction that the HRA reserves shown for 31st March 2014 should not be forecast by the Director of Finance to reduce by more than £10 million;

These decisions are reflected in the statutory statement of the Council's Housing Revenue Account proposals, shown as Appendix A to this section.

COUNCIL HOUSING

APPENDIX A

HOUSING REVENUE ACCOUNT ESTIMATES FOR 2011/12

Under s.76(8) of the Local Government and Housing Act 1989, the Council is required to prepare a statement of its proposals for the Housing Revenue Account for each year. The proposals for 2011/12 were contained within papers considered by the Executive on 31st January 2011, subsequently endorsed by the Council on 9th February 2011 and shown in the preceding pages of this book. As a result of those decisions, the estimates for the Housing Revenue Account for the year 2011/12 are as follows:

<u>HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT</u>	<u>£'000</u>
Expenditure	
Repairs and Maintenance	(25,485)
Supervision and Management	(44,364)
Rents, rates, taxes and other charges	(138)
Rent Rebate Subsidy Limitation	(4,204)
Negative HRA Subsidy payable	(26,416)
Depreciation of non-current assets	(17,432)
Movement in allowance for Bad Debts	(856)
Total Expenditure	<u>(118,895)</u>
Income	
Dwelling Rents	99,836
Non-dwelling Rents	3,540
Charges for services and facilities	22,112
Total Income	<u>125,488</u>
Net Income from HRA Services as Included in the Comprehensive Income and Expenditure Statement	6,593
HRA Services Share of Corporate and Democratic Core	(1,216)
Net Income from HRA Services	5,377
HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Account	
Interest Payable and Similar Charges	(854)
Interest and Investment Income	1,747
Pensions Interest Cost and Expected Return on Pension Assets	(1,966)
Surplus for the year on HRA Services	4,304

<u>STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE</u>	<u>£'000</u>
Balance on the HRA at the end of 2010/11	89,177
Surplus for the year on the HRA Income and Expenditure Statement	4,304
HRA share of contributions to or from the Pensions Reserve	302
Capital Expenditure funded by the Housing Revenue Account	3,908
Adjustments between accounting basis and funding basis under Statute	4,210
Net increase before transfers to or from reserves	8,514
Transfer to the Capital Adjustment Account	(1,000)
Transfers from Insurance Reserve	234
Increase in the year on the HRA	7,748
Balance on the HRA at the end of 2011/12	96,925

COUNCIL HOUSING

APPENDIX B

COUNCIL HOUSING BUDGET FRAMEWORK

	<u>Original</u>	<u>Revised</u>			
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>2010/11</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£'000	£'000	£'000	£'000	£'000

EXPENDITURE

REVENUE

Supervision, Management and Maintenance					
Repairs & Maintenance	25,559	25,007	25,485	25,233	26,622
General Management	30,870	30,364	30,085	30,745	31,558
Special Services	12,902	11,544	13,250	13,552	13,863
Rent Rebates	3,897	4,012	4,204	4,449	4,706
Capital Financing Costs	2,119	1,852	1,854	1,833	1,811
Other Expenses	1,019	993	994	1,034	1,076
HRA Subsidy Payable	39,864	39,035	43,544	49,499	52,932
	(116,230)	(112,807)	(119,416)	(126,345)	(132,568)

CAPITAL

Repairs and Improvements	31,799	30,490	25,561	27,295	16,838
Purchase of Properties	100	100	50	50	-
Portable Discounts	725	775	750	750	-
Roehampton Regeneration Project & Wider Non-Derogation Leases	3,233	100	100	100	100
	(35,857)	(31,465)	(26,461)	(28,195)	(16,938)
	152,087	144,272	145,877	154,540	149,506

INCOME

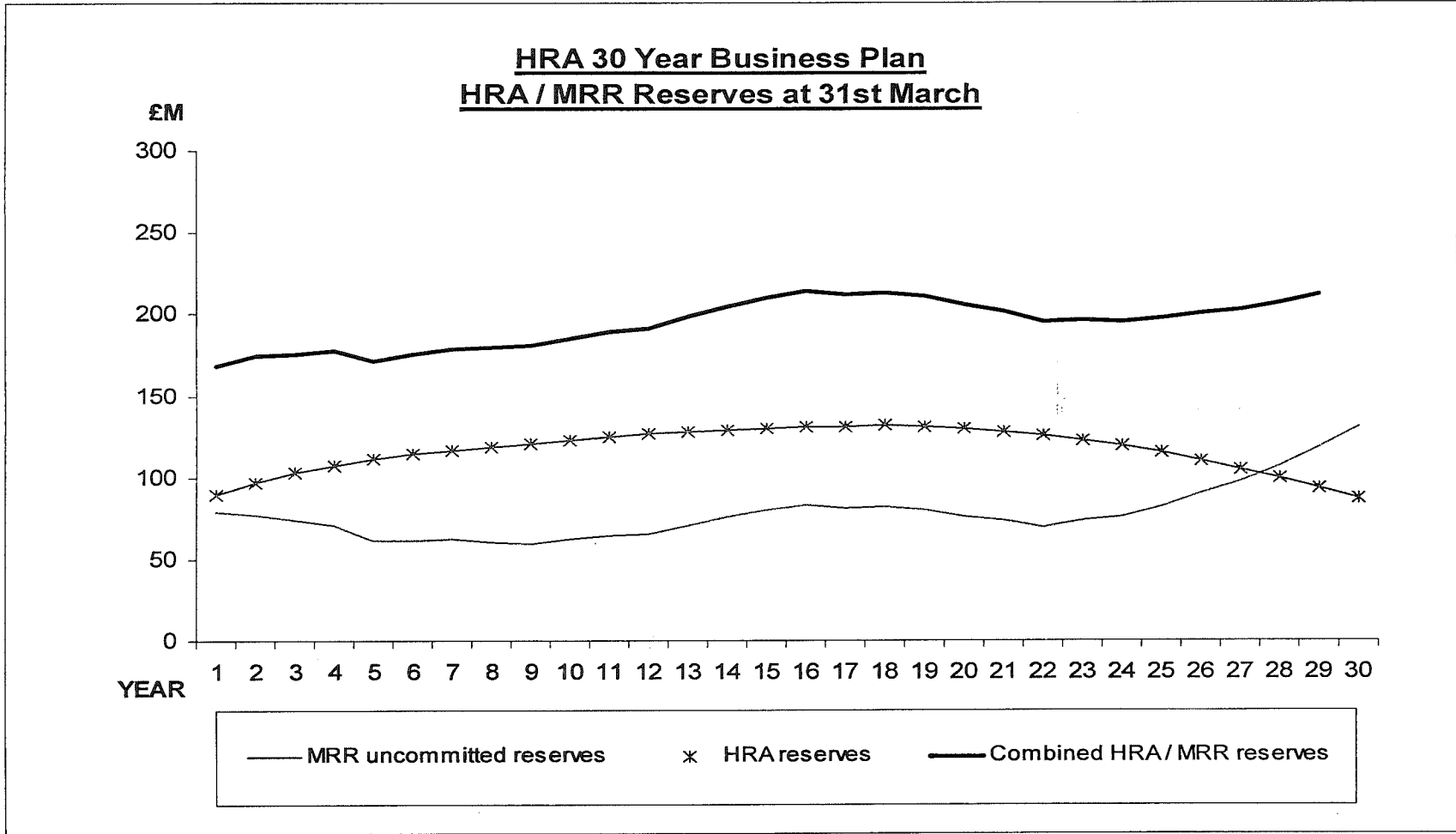
REVENUE

Gross Rents – Dwellings	93,080	93,750	99,836	103,801	108,097
Gross Rents – Non-Dwellings	3,202	3,464	3,540	3,629	3,720
Mortgage Interest	20	20	14	10	5
Leaseholder Service Charges	12,264	12,386	12,680	13,008	13,344
Other Income	11,542	10,635	11,165	11,466	11,753
	(120,108)	(120,255)	(127,235)	(131,914)	(136,919)

CAPITAL

Government Major Repairs Allowance	16,374	16,374	17,128	17,517	17,918
Capital Receipts	7,000	13,259	2,750	1,500	1,500
Capital Reimbursements	5,403	8,360	1,865	1,441	-
Leaseholder Major Works Charges	2,771	3,210	3,058	3,692	4,439
	(31,548)	(41,203)	(24,801)	(24,150)	(23,857)
	151,656	161,458	152,036	156,064	160,776

Total reserves at beginning of year	150,301	150,301	167,721	174,114	175,872
Appropriation from Insurance Reserve	234	234	234	234	234
Total reserves at end of year	150,104	167,721	174,114	175,872	187,376



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APPENDIX D

CAPITAL PROGRAMME

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>SUMMARY</u>			
REPAIRS AND IMPROVEMENTS TO DWELLINGS (details on pages 87 to 102)			
Major Refurbishment of Estates	17,451	9,492	13,118
Re-Lifting	1,794	363	1,264
Re-Wiring	498	983	1,133
Heating Improvements	1,652	1,613	2,347
Heating Repairs	3,312	2,027	2,605
Special Repairs	1,014	963	1,002
Sheltered Housing	372	630	379
Adaptations for the Disabled	1,750	1,750	1,550
Entrycall/CCTV	834	3,060	699
Environmental/Estate Improvements	150	150	100
Hidden Homes	1,663	4,530	3,098
	<hr/>	<hr/>	<hr/>
	30,490	25,561	27,295
PORTABLE DISCOUNTS	775	750	750
PURCHASE OF PROPERTIES	100	50	50
ROEHAMPTON REGENERATION PROJECT AND WIDER NON-DEROGATION LEASE ISSUES	100	100	100
	<hr/>	<hr/>	<hr/>
TOTAL	31,465	26,461	28,195

COUNCIL HOUSING

MAJOR REFURBISHMENT OF ESTATES

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
ACKROYDON WEST ESTATE (West Hill)			
Chilworth Court 1-15, 16-55 - Roof Renewals	20	236	12
ALDRINGTON SOUTH ESTATE (Furzedown)			
Grierson House, Shenstone House & Tyers House - Window Renewals	5	566	110
ALTON ESTATE (Roehampton)			
Provision for Laverstoke Gardens - Environmental Improvements	-	50	417
Tangley Grove - Communal Access Roads	256	-	-
Blocks D1, D3-13 : Alton Road 28-58, Bordon Walk 2-24, Fontley Way 1-20, Ibsley Gardens 1-31, 2-52, 33-55, 54-108, 57-79, 81-103, 105-127 & Holybourne Avenue 1-31, 2-24 - Roof Renewals - Phase 1	4	-	-
Blocks D15-27 : Bordon Walk 1-23, Danebury Avenue 117-211, 213-243, Eastleigh Walk, Harbridge Avenue 1-31, 2-32, 33-83, 34-84, 85-115, Hersham Close & Shawford Court - Roof Renewals - Phase 2	946	20	-
Blocks D28-35, L1, 2, 3 : Sherfield Gardens & Portswood Place - Roof Renewals - Phase 3	80	501	20
F Blocks - Roof/Decorations Final Account	1	-	-
D Blocks D1-5 & 36 : Alton Road 28-58, Fontley Way 1-20, 21-25 (link decorations) & Ibsley Gardens 81-103, 105-127, 110-148 - Window Renewals	-	-	87
ANDERSON HOUSE (Tooting)			
Window Renewals	50	413	25
ANN KERR COURT (East Putney)			
Window Renewals/Communal Area Decorations	88	2	-
ANTRIM HOUSE (Shaftesbury)			
Window Renewals	50	173	-
ARGYLE ESTATE (West Hill)			
Chobham Gardens 1-36, 37-65, 66-95, Glen Albyn Road 1-87 (o), 2-200 (e), Inner Park Road 58-88 (e) & Thursley Gardens 1-7, 8-25, 26a, 26-42	1	-	-
ARNDALE ESTATE (Southfields)			
Environmental Improvements - Phase 3a	1	-	-
ASHBURTON CHARTFIELD ESTATE (East Putney)			
Whole Estate excluding Westleigh Avenue 34, Mildmay House 29a & Mullens House 1a	-	-	250
ASHBURTON SOUTH ESTATE (West Putney)			
Cortis Road 1-67 & Tildesley Road 102-164 - Roof Renewals	181	-	-
Boyd Court, Cortis Road, Cortis Terrace, Tildesley Road 89-201 (o) & Westleigh Avenue 63-125 (o), 135-165 (o) - Window Renewals - Phase 1	-	181	1,800
Carlsruhe Road 1-99, 2-80, 82-110, 109-167, 169-177 & Innes Gardens 1-22, 23-52, 53-64, 65-94, 95-116, 117-156 - Window Renewals - Phase 2	-	-	250

COUNCIL HOUSING

MAJOR REFURBISHMENT OF ESTATES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
ASHLEY CRESCENT ESTATE (Shaftesbury) Roof Renewals	20	886	39
BADRIC COURT (St Mary's Park) Window Renewals	1,046	133	-
BATTERSEA HIGH STREET ESTATE (St Mary's Park) Tankroom Overhaul and Replacement	-	-	43
BELLAMY HOUSE ESTATE (Tooting) Window Renewals	75	360	17
BROCKLEBANK ESTATE (Earlsfield) Garratt Lane 229-247 - Roof Covering Renewal	1	-	-
BURTOP ROAD (Earlsfield) Roof - Additional Works	5	-	-
CAREY GARDENS ESTATE (Queenstown) Window Renewals	10	-	-
CLARENCE LANE (Roehampton) Window Renewals	-	141	680
CONVENT CO-OP (Fairfield) Ericsson Close 2-38 (e), 3-110 (o) & Chesterton Close 1-11 - Roof Renewals and Balcony Asphalt	-	40	402
CORNFORD GROVE (Infill) (Bedford) Window Renewals	108	-	-
EDGECOMBE HALL ESTATE (West Hill) Augustus Road 45-55 & Manningtree Close 25 - Window Renewals	314	88	-
ELMFIELD ROAD ESTATE (Bedford) Window Renewals - Preventative Decorations	2	-	-
ENDLESHAM COURT (Nightingale) Roof Renewal	-	-	40
GRESSENHALL ROAD ESTATE (East Putney) Window Renewals	2	-	-
HARLING COURT (Latchmere) Window Renewals	40	231	10
HARWOOD COURT (West Putney) Garage Area Refurbishment	1	-	-

COUNCIL HOUSING

MAJOR REFURBISHMENT OF ESTATES

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
HOLLIES WAY ESTATE (Balham)			
Windows and Overcladding	2	-	-
LARCH CLOSE ESTATE (Bedford)			
Window Renewals	80	216	-
LATCHMERE ESTATE (Latchmere)			
Dampness Eradication - Tenanted Units Only (decency works)	1	-	-
LENNOX ESTATE (Roehampton)			
Window Renewals - Phase 1	1	-	-
Burke Close, Dowdeswell Close & Rockingham Close (flatted units)			
- Window Renewals - Phase 2	4	-	-
LONGSTAFF CRESCENT, LONGSTAFF ROAD, BUCKHOLD ROAD & MAPLETON ROAD (Southfields)			
Window Renewals - Houses	4	-	-
LONGSTAFF ESTATE (West Putney)			
Hooper House, Lebanon Road 10-24 only, Luscombe House & Woodhams House - Window Renewals (link decorations)	-	94	350
PENRITH STREET (Furzedown)			
Penrith Street 10-24 (flats), 26 (house) - Window Renewals	78	10	-
PRIORY COURT (Roehampton)			
Priory Court 11-22 - Window Renewals	97	2	-
PUTNEY VALE ESTATE (Roehampton)			
Window Renewals - Phase 1 (link decorations)	4	-	-
Window Renewals - Phase 2 (link decorations)	520	20	-
RANELAGH ESTATE (Thamesfield)			
Construction of Under 11's Play Area	43	18	-
RYDE VALE ESTATE (Bedford)			
Homemead & Hitherlands - Window Renewals	-	-	90
SAVONA ESTATE (Queenstown)			
Battersea Park Road 77-99 & 103-125 - Full Refurbishment	50	1,245	-
Thessaly Road - Rebuild 178-192 and Refurbish Remainder (link hidden homes)	269	-	-
Ascalon House, Seldon House, Thessaly House 1-65 & Wenham House			
- Window Renewals (link decorations)	-	83	1,300
SHERINGHAM COURT (Earlsfield)			
Roof Renewal (link decorations)	-	-	20

COUNCIL HOUSING

MAJOR REFURBISHMENT OF ESTATES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
SOMERSET ESTATE (St Mary's Park) Window Renewals	-	-	150
SOUTHLANDS ESTATE (St Mary's Park) Window Renewals (link decorations)	2	-	-
ST JAMES GROVE ESTATE (Latchmere) Refurbishment and Regeneration (link decorations including Castlemaine - Control Heating Remotely)	1	-	-
STORMONT ROAD ESTATE (Shaftesbury) Gowrie Road 77-99 (o) - Roof Renewal	43	-	-
SURREY LANE ESTATE (St Mary's Park) Window Renewals - Phase 1	-	-	150
THE PLATT ESTATE (Thamesfield) Lockyer House & Lilburne Court - Window Renewals	432	15	-
TOOTING GROVE ESTATE (Tooting) Environmental Improvements/Remote Gardens	693	20	-
TOTTERDOWN FIELDS ESTATE (Tooting/Graveney) Window Renewals - Phase 2 Window Renewals - Phase 3	6 531	- -	- -
TOWN HALL ESTATE (Shaftesbury) Window Renewals	-	-	100
VICTORIA DRIVE ESTATE (West Hill) Victoria Drive 101, Flats A-H - Window Renewals	4	-	-
WAYLAND ROAD ESTATE (Latchmere) Cavity Wall Tray Replacement	517	26	-
WENDELSWORTH ESTATE (Fairfield) Culver Court & Linstone Court - Roof Renewals	1	37	106
WILDITCH ESTATE (Latchmere) Weybridge Regeneration	1	-	-
WINSTANLEY ESTATE (Latchmere) Environmental Improvements - Phase 4 Sporle Court - Window Renewals	1 -	- -	- 150
YORK ROAD ESTATE (Latchmere) Penge House & Pennethorne House - Refurbishment including Rewire/Mains Distribution Boards - Phase 1	-	225	3,000

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MAJOR REFURBISHMENT OF ESTATES

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>Boroughwide</u>			
Digital Systems - Phase 6	32	-	-
Digital Systems - Phase 7	112	-	-
Digital Systems - Phase 8	-	388	600
Digital Systems - Phase 9	-	-	400
Secure Front Doors - Phase 8	752	20	-
<u>Cavity Wall Insulation Works (HCA funded)</u>	8,037	-	-
<u>Houses in Multiple Occupation</u>			
Upper Richmond Road 346, 421 & 423 (West Putney)	5	-	-
<u>Kitchens and Bathrooms - Programme</u>	1,481	20	-
Phase 1			
Ethelburga Estate (St Mary's Park)			
Holgate Avenue (Latchmere)			
Melody Road Estate (Wandsworth Common)			
Portinscale Estate (East Putney)			
Rollo Estate (Queenstown)			
Wendelsworth Estate (Fairfield) - Kirton Lodge - Kitchens only			
Wycliffe Estate (Shaftesbury)			
Phase 2			
Argyle (Esher), (Glen Albyn), (Limpsfield), (Smithwood Close) & (Winterfold)	200	2,420	-
Phase 3			
William Willison Estate (West Hill)	-	564	2,500
<u>C.O.S.T.A. Self-Containment</u>			
Edwyn Trayfoot Lodge (Latchmere)	12	-	-
Nightingale Square (Nightingale)	128	48	-
TOTAL MAJOR REFURBISHMENT OF ESTATES	<u>17,451</u>	<u>9,492</u>	<u>13,118</u>

COUNCIL HOUSING

RE-LIFTING

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
Ackroydon Estate (West Hill) - Ashtead Court, Eastwick Court, Mynterne Court, Swanton Court 58-87 & Tymperley Court - Phase 1 West	511	41	-
Ackroydon Estate (West Hill) - Chilworth Court 16-55, Duncombe House & Oatlands Court - Phase 2 East	-	5	311
Alton Estate (Roehampton) - Phase 6 (E blocks)	1	-	-
Ashburton South Estate (West Putney)			
- Hayward Gardens	-	-	40
- Innes Gardens 23-52, 53-64, 65-94, 95-116	391	20	-
- Tildesley Road 263-387 (o), 411-513 (o)	-	40	560
- Tildesley Road 21-79 (o), 22-100 (e), 203-261 (o)	-	-	50
Balham Hill Estate (Balham) - Phase 2	-	-	50
Doddington Estate (Queenstown) - Bank Court	-	-	20
Edgecombe Hall Estate (West Hill) - Whitlock Drive 2-154	5	95	25
Edgecombe Hall Estate (West Hill) - Edgecombe House & William Harvey House	-	5	119
Falcon Estate (Latchmere) - Eden House, Ridley House & Temple House	-	5	89
Longstaff Estate (East Putney)	212	100	-
Savona Estate (Queenstown) - Ascalon House, Thessaly House & Wenham House	336	28	-
Somerset Estate (St Mary's Park) - Selworthy House & Sparkford House	158	12	-
Tyneham Close Estate (Shaftesbury)	95	2	-
Wendelsworth Estate (Fairfield) - Merstone House, Shorwell House, Totland House and Whitecliff House	85	10	-
TOTAL RE-LIFTING	<u>1,794</u>	<u>363</u>	<u>1,264</u>

COUNCIL HOUSING

RE-WIRING

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
Alton Estate (Roehampton) - E Blocks : Chilcombe House, Crondall House, Farnborough House, Kimpton House, Rushmere House & Somborne House - Mains Renewal	32	-	-
Alverton Court (Fairfield) - Mains Renewal	-	12	-
Argyle Esher Estate (West Hill) - Bisley House - Communal Rewires	5	88	2
Badric Court (St Mary's Park) - Rewires and Communals	-	-	57
Baskerville Court, Greenview Court, Henderson Court (Wandsworth Common) & Brookes Court (Graveney) - Mains Renewal	1	-	-
Doddington Estate (Queenstown) - Bolton Court, Connor Court, Russell Court, Turpin House & Voltaire Court - Tenant Units - Rewires	83	-	-
Doddington Estate (Queenstown) - Arthur Court, Cromwell House, Lucas Court, Palmerston House, St George House & Youngs Court - Renewal of Communal Mains	5	150	3
Edwyn Trayfoot Lodge (Latchmere) - Fire Alarms/Emergency Lighting	-	39	33
Fitzhugh Estate (Wandsworth Common) - Distribution Boards	2	106	2
Harwood Court (West Putney) - Lateral Mains	196	3	-
Huntingdon Court 1-6, Lincoln Court, Selsey Court & Spanish Court (Fairfield) - Mains Renewal	1	-	-
Mere Close 2-24 (West Hill), The Green House 1-5 (West Hill) & Victoria Drive 8-30a (West Hill) - Communal Lighting	3	-	-
Queensmere North & West Estate (West Hill) - Distribution Boards and Communal Lighting	2	-	-
Ranelagh Estate (Thamesfield) - Distribution Boards	14	-	-
Southmead Estate (West Hill) - Estate Lighting	1	-	-
Streathbourne Road 111-117 (Bedford), Hafer Road 4-8 (Northcote) & Lavender Sweep 68-72 (Shaftesbury) - Electric Renewals	23	1	-
Sheltered Lighting Improvements - Carey Gardens (Queenstown), Francis Snary Lodge (Fairfield) & St Margarets Court (West Putney)	5	-	-
The Alders (Furzedown) - Rewires and Communals	-	-	36
Winterfold Close 40-57, 58-69, 94-118 (West Hill) - Communal Lighting	1	-	-
York Road Estate (Latchmere) - Chesterton House, Holcroft House, Inkster House, Penge House, Pennethorne House & Scholey House - Mains, Distribution Boards and Rewires	-	140	800
Individual Rewires	104	200	200
Community and Club Rooms - Fire Alarms, Emergency Lighting and Electrical Renewals	20	244	-
TOTAL RE-WIRING	498	983	1,133

COUNCIL HOUSING

HEATING IMPROVEMENTS

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
Aboyne Estate (Earlsfield)	5	-	-
All Saints Co-op (Queenstown) - Lurline Gardens	-	-	315
Ashburton South Estate (West Putney) - Innes Gardens, Pullman Gardens & Westleigh Avenue - Phase 1	4	-	-
Ashburton South Estate (West Putney) - Cortis Road & Cortis Terrace - Phase 2	806	17	-
Ashburton South Estate (West Putney) - Hayward Gardens - Phase 3	-	593	76
Ashburton South Estate (West Putney) - Carslake Road - Phase 4	-	-	300
Ashley Crescent (Shaftesbury) - Heating	-	-	200
Faylands Estate (Furzedown)	-	-	130
Kambala Estate (Latchmere) - Phase 1	9	-	-
Kambala Estate (Latchmere) - Phase 2	618	16	-
Savona Estate (Queenstown) - Phase 2	10	-	-
William Willison Estate (West Hill) - Replacement Electric Systems	-	787	376
William Willison Estate (West Hill) - Phase 2	-	-	750
Individual Installations	200	200	200
TOTAL HEATING IMPROVEMENTS	<u>1,652</u>	<u>1,613</u>	<u>2,347</u>

COUNCIL HOUSING

HEATING REPAIRS

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
Arndale Estate (Southfields) - Eliot Court & Wentworth Court - Supply Network	-	-	150
Doddington Estate (Queenstown) - St George House & Arthur Court			
- New Boiler House - Phase 1	3,185	40	-
Doddington Estate (Queenstown) - Bolton Court, Falkener Court, Kennard House, Landseer House, Russell Court & Voltaire Court - Phase 2	90	1,228	240
Doddington Estate (Queenstown) - Cromwell House, Lucas Court, Palmerston House & Youngs Court - Phase 3	10	200	1,475
Doddington Estate (Queenstown) - Lucas Court & Palmerston House - Phase 4	-	-	400
Lennox Estate (Roehampton) - Full Upgrade	2	-	-
Maysoule Road (Latchmere) - Abandon Communal System	-	294	192
McCarthy Court (St Mary's Park) - Abandon Communal System	-	190	148
<u>Energy Efficiency Measures</u>			
Energy Efficiency Allowance - Loft Insulation	25	75	-
TOTAL HEATING REPAIRS	<u>3,312</u>	<u>2,027</u>	<u>2,605</u>

COUNCIL HOUSING

SPECIAL REPAIRS

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
Acquired Properties - Roofs, Decorations & Damp Proofing	350	350	350
Andrew Reed House (West Hill) - Water Pressure Improvements	5	35	-
Burns Road 29 & 30 (Latchmere) - Structural Works to Internal Ground Floor	83	-	-
Carslake Road 99a (West Putney) - Refurbishment of Existing Bedsit to One Bed Unit	18	-	-
Castlemaine Tower (Latchmere) - Installation of Cold Water Booster Plant	1	-	-
Diprose Lodge (Tooting) - Lighting Upgrade	4	38	2
Hyacinth Estate - Roofs (link decorations)	-	60	-
Nimrod Road 210-212 (Furzedown) - Conversion to 6 Bed Property	109	-	-
Phelps House (Thamesfield) - Roof Renewal	1	-	-
Queenstown Road 85/87 (Queenstown) - C.O.S.T.A. Feasibility and Refurbishment	9	-	-
Rayners Road 7, Flats 1-15 (East Putney) - Water Booster	1	-	-
Extensions/Conversions			
- Huntingfield Road 35 (West Putney)	25	-	-
- Mere Close 15 (West Hill)	25	-	-
- Ravenet Court 13 (Queenstown)	12	-	-
Asbestos Removal	-	-	50
Asbestos Surveys/Removal - Contingency	20	80	-
Estate Signage	3	-	-
Housing Condition Re-Survey	43	100	-
Minor Environmental Schemes	300	300	300
Provision for Future Years	-	-	300
Various Final Accounts	5	-	-
TOTAL SPECIAL REPAIRS	<u>1,014</u>	<u>963</u>	<u>1,002</u>

COUNCIL HOUSING

SHELTERED HOUSING

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>Major Conversions</u>			
Abyssinia Close (Northcote) - Lift Refurbishment	-	29	89
Carey Gardens - Installation of Overhead Showers - Phase 1	-	152	150
Cowick Road (Tooting) - Extension/Clubroom	116	5	-
Cowick Road (Tooting) - Heating	1	-	-
Glenthorpe 1-18, 36-71 (West Putney) - Window Renewals	10	-	-
Haven Lodge (Latchmere)	9	-	-
Ivor Mayor Lodge (Balham) - Including Lift Refurbishment	50	-	-
Nursery Close (East Putney)	53	-	-
Rambler Close (Furzedown) - Lift Installation	1	-	-
Riplington Court (Roehampton) - Roof Renewal/Window Renewal	2	-	-
Sclater Road Estate (West Putney) - Grosse Way 1-34			
- Communal Window Renewals	128	4	-
Washington Court (Graveney)	2	-	-
<u>Boroughwide Sheltered Schemes</u>			
Automatic Opening Main Doors	-	99	9
Communal Boiler Replacements			
- Fontley Way 1-35 (Roehampton) & Hepplestone Close 1-32 (West Putney)	-	100	5
- Burke Close 1-27 (Roehampton) & Dowdeswell Close 6-40 (Roehampton)	-	96	2
Installation of Overhead Showers - Phase 2	-	-	124
Introduction of Blending Valves	-	145	-
TOTAL SHELTERED HOUSING	372	630	379

COUNCIL HOUSING

ADAPTATIONS FOR THE DISABLED

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>Minor Schemes</u>			
Balance	660	-	-
Term Contract	25	-	-
Sensory Aids	15	-	-
Conversion of Vacant Properties	1,050	1,050	750
Future Years Provision	-	700	800
TOTAL ADAPTATIONS FOR THE DISABLED	<u>1,750</u>	<u>1,750</u>	<u>1,550</u>

COUNCIL HOUSING

ENTRYCALL/CCTV

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>Controlled Entry</u>			
Alton Estate (Roehampton) - Danebury Avenue 3-29	-	35	-
Alton Estate (Roehampton) - Witley Point	-	-	12
Anderson House (Tooting) - Replacement System	1	-	-
Copeland House (Tooting) - Replacement System	45	62	-
Doddington Estate (Queenstown) - Replacement System - Phase 2	50	248	-
Downholme (East Putney) - Replacement System	-	-	15
Eastwood North Estate (West Putney) - Installation of New Entrycall	2	277	4
Eastwood South Estate (West Putney) - Installation of New Entrycall	1	-	-
Edgecombe Hall Estate (West Hill) - Augustus Road 45-53 (fl-8), 55 (fl-8), 55a (fl-8) & Manningtree Close	2	-	-
Gravenal Gardens Estate (Graveney) - Replacement System	2	-	-
Lavender Hill 160 (Shaftesbury) - Replacement System	-	22	2
Lochinvar Estate (Balham) - Replacement System	-	-	20
Morris Gardens (Southfields) - Entrycall Installation	-	-	50
Newlands Estate (Bedford) - Barringer Square - Replacement System	-	-	15
Patmore Estate West (Queenstown) - Refurbishment of Entrycall	165	200	-
Patmore Estate East (Queenstown) - Refurbishment of Entrycall - Phase 2	-	37	200
Pavillion Chambers (Northcote) & Lavenham Court - Refurbishment of Entrycall	-	-	15
Phelps House (Thamesfield) - Replacement System	-	20	1
Rollo Estate (Queenstown) - Replacement of Entrycall	6	186	-
Sheridan House (Latchmere) - Replacement System	-	-	15
St James Close 9-38 (Nightingale) - Replacement System	5	63	-
Sunlea Lodge - Replacement System	-	-	15
The Platt Estate (Thamesfield) - Lockyer House - Replacement System	10	94	-
Wendelsworth Estate (Fairfield) - Replacement System	-	96	285
Winstanley Estate (Latchmere) - 3 Towers - Replacement System	-	-	25

COUNCIL HOUSING

ENTRYCALL/CCTV

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>CCTV - Expansion and Modernisation</u>			
Ackroydon East Estate (West Hill) - Montfort Shopping Parade CCTV	65	51	-
Aldrington North Estate (Furzedown)	-1	-	-
Aldrington South Estate (Furzedown)	-	139	4
Allbrook House (Roehampton)	-	94	-
Alton Estate (Roehampton) - Danebury Avenue 31-115 - CCTV on Entrycall Doors	6	-	-
Ashburton South (West Putney) - Scheme 1	30	200	-
Ashburton South (West Putney) - Scheme 2	30	242	-
Burtop Road (Earlsfield)	20	136	-
Doddington Estate (Queenstown)	20	100	-
Falcon Road Estate (Latchmere) - New CCTV System	25	-	-
Fayland Estate (Furzedown)	-	114	10
Henry Prince Estate (Earlsfield) - Additional Cameras	103	-	-
Kambala Estate (Latchmere)	30	193	-
Keevil Drive 146-256 (West Hill)	2	-	-
Melody Road (Wandsworth Common)	24	60	-
Newlands Estate (Bedford) - New Connection to Hubs - Barringer Square	24	21	-
Patmore Estate (Queenstown) - Transmission Links to Control Room	52	42	-
Rollo Estate (Queenstown) - New CCTV System	51	-	-
Ryde Vale Estate (Bedford)	42	-	-
Streatham Park Estate (Furzedown)	1	-	-
The Alders Estate (Furzedown)	-	125	6
Sheltered - Boroughwide - Upgrade Digital Recording Facilities	13	28	-
CCTV Modernisation/Digitalisation	8	175	5
 TOTAL ENTRYCALL/CCTV	 <u>834</u>	 <u>3,060</u>	 <u>699</u>

COUNCIL HOUSING

ENVIRONMENTAL/ESTATE IMPROVEMENTS

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
Future Playground Refurbishment	100	100	100
Site Clearance	50	50	-
TOTAL ENVIRONMENTAL/ESTATE IMPROVEMENTS	<u>150</u>	<u>150</u>	<u>100</u>

COUNCIL HOUSING

HIDDEN HOMES

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>Hidden Homes - Phase 4</u>			
Arndale Estate (Southfields) - Previously in Arndale 3a	22	-	-
Fitzhugh Estate (Wandsworth Common)	-	45	460
Wenham House (Queenstown)	3	-	-
<u>Phases 5, 6 & 7</u>			
Aldrington South (Furzedown), Badric Court (St Mary's Park) & Streatham Park (Furzedown)	10	15	-
Cambalt Road (East Putney)	1	-	-
Clipstone House (West Putney)	80	38	-
Doddington Estate (Queenstown) - Feasibility	700	216	-
Hazelhurst Estate (Tooting)	4	-	-
Kambala Estate (Latchmere)	6	-	-
Rollo Estate (Queenstown) - Creation of 38 Additional Units (New Build)	586	3,387	2,618
Sheridan House (Latchmere)	1	-	-
Smithwood Close 122 (West Hill)	-	69	-
Whitlock Drive (West Hill)	1	-	-
Whitlock Drive 72a (West Hill)	1	-	-
William Willison Estate (West Hill) - Castlecombe Drive - Penthouse	50	324	-
William Harvey Clinic - Ashburton Estate	100	428	20
Wittering House (Latchmere)	98	8	-
 TOTAL HIDDEN HOMES	 <u>1,663</u>	 <u>4,530</u>	 <u>3,098</u>

SECTION 5
GENERAL CAPITAL BUDGETS

This section includes the review of the financing of the Council's General Capital Programme 2010/11 to 2012/13, approved by the Executive on 9th March 2011.

Capital Financial Controllers:

Adult Care and Health:

Katherine Burston
Tel: 020-8871 6506

Education and Children's Services:

Matthew Rowe
Tel: 020-8871 8041

Finance and Corporate Resources:

Nick Fidler
Tel: 020-8871 6499

Environment, Culture and Community Safety:

Brian Skelton
Tel: 020-8871 7969

Housing:

Mark Davies
Tel: 020-8871 6502

Strategic Planning and Transportation:

Rob Hallett (Acting)
Tel: 020-8871 6505

Treasury Management/Capital Accountant:

John Steer
Tel: 020-8871 7589

CAPITAL RESOURCES (GENERAL)

Financing the Programme

1. 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. The potential sources of finance for the Council's capital expenditure are: -
 - (a) grants and reimbursements earmarked for particular schemes or services, and obtained only on condition that a corresponding addition is made to the programme;
 - (b) Government capital grants not earmarked for particular schemes or services;
 - (c) realisation of investments of usable capital receipts and reserves;
 - (d) borrowing; and
 - (e) contributions from Council revenue accounts.
3. Not all of these resources are currently relevant, however. Borrowing is financially disadvantageous compared with the alternative of investment realisation, as long as the Council has substantial investments available for this purpose - except in the limited circumstances of 'spend-to-save' schemes in schools. Moreover, the Government has the powers to impose a national limit on local authorities' borrowing, and has not yet confirmed its intentions, even for 2011/12. So borrowing could not be relied upon to finance a medium-term capital programme, currently. Contributions from Council revenue accounts are rarely available because of the impact on council tax, although £3.1 million is being financed from the Renewals Fund in the current year.
4. Currently then, the major sources of finance for the Council's capital expenditure are grants and realisation of investments. These are discussed in more detail below.

Capital Grants

5. Capital grants are often given for specific projects but, occasionally, grants are unearmarked as "Supported Capital Expenditure (Capital) Single Capital Pot". Some Children's Services capital grants are now described as 'within the Single Capital Pot'.
6. Grants and reimbursements expected to support the programme over the three years exceed £58.8 million. The most significant are Government grants for education schemes totalling around £47.3 million. Other major sources of funds are Transport for London grant of £7.0 million, and renovation grants of £3.1 million.

Realisation of Investments

7. The amount of the Council's investments at any time reflects daily variations in routine cashflows as well as capital spending, debt redemption, and new capital receipts. The overall outlook for investments is reviewed in the context of the treasury management policy (see pages 21 to 26). The Council's Treasury Management Strategy for 2011/12 shows total investments expected to be around £359 million by 31st March. But these relate almost entirely to current liabilities and to General Fund reserves for contingencies and specific purposes. The only investments available specifically for financing the general capital programme are those arising from the capital receipts, which are neither payable to the Government nor used within the Housing Revenue Account and specific elements within the renewals fund which were previously set aside to finance capital projects.
8. The Council had usable capital receipts in hand amounting to £28.4 million at the start of 2010/11. Forecast capital receipts include the estimates of sales of Council dwellings, based on existing policies, of 40 in 2010/11, 38 in 2011/12 and 35 in 2012/13, and the sale of hidden homes to Notting Hill Trust Housing Association estimated at £0.5 million in 2009/10. Also included are estimates relating to sales of sites already identified as surplus, amounting to £11.2 million in 2010/11, £28.2 million in 2011/12, and £18.0 million in 2012/13. The estimates for total receipts are shown in the table in the General Capital Budget Framework on the next page.
9. Regulations require part of housing capital receipts to be paid to the Government: 75% for dwelling sales and 50% for other sales of HRA assets, such as land. The Council takes full advantage, however, of the exemption for receipts other than proceeds from Right-to-Buy disposals that are earmarked to finance the cost of "the provision of affordable housing and regeneration". The estimates for receipts paid to the Government and used for affordable housing and regeneration are also shown in the table in the General Capital Budget Framework.

GENERAL CAPITAL BUDGET FRAMEWORK

10. The table below compares the estimated capital grants and receipts with the capital payments to be financed. The £28.4 million usable receipts at the start of 2010/11 after decreasing to £16.6 million by the end of 2010/11 will then increase to £22.0 million at the end of 2011/12 and then increase further to £27.5 million by the end of 2012/13.

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'m	£'m	£'m
Usable Capital Receipts at start of year	28.4	16.6	22.0
Add: Grants and reimbursements	28.8	19.6	10.4
Add: Renewals Fund	3.1	0.7	0.1
Add: New capital receipts	24.6	39.4	28.1
Less: Capital receipts paid to Government	- 1.1	- 1.1	- 1.0
Less: Capital receipts for affordable housing	- 13.8	- 16.2	- 13.8
Less: Total General Capital Payments (after slippage)	- 53.4	- 37.0	- 18.3
Usable Capital Receipts at end of year	<u>16.6</u>	<u>22.0</u>	<u>27.5</u>

11. The table in paragraph 10 forms part of the revised general (non-HRA) capital budget framework adoption by the Council. In view of the overall pressures on council tax in the next few years and the £0.5 million net financing requirement for this programme in 2013/14, it is proposed that the discretion be limited to a net figure of about £10.0 million, i.e. the forecast usable capital receipts at 31st March 2013 must not fall below £17.5 million. The additional full year annual impact of such a reduction would be equivalent to about £0.83 on band D council tax.

Revenue Effects

12. Capital payments have no revenue effect to the extent that they are financed by capital grant, provided that the grant is not significantly delayed. Payments financed by the realisation of investments entail loss of interest on those investments. While the Council is expected to remain at the formula Grant “floor” for the foreseeable future, the Government support for capital spending through the Formula Grant system offers no benefit.

13. The revenue effects, based on the loss of investment interest at the current budgeted rate, of the revised General Capital Programme shown in the table in paragraph 10 have a full annual impact of £95,590 equivalent to £0.74 band D council tax.

SUMMARY OF GENERAL CAPITAL PROGRAMME 2010/11 - 2012/13

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>ADULT CARE AND HEALTH</u>			
Adult Care and Health	363	1,365	557
	<u>363</u>	<u>1,365</u>	<u>557</u>

EDUCATION AND CHILDREN'S SERVICES

Secondary Education	12,083	29,547	37,176
Primary Education	14,506	19,920	8,294
Special Schools and Other Schemes	840	240	1,130
Integrated Children's Centres Programme	1,643	56	-
Other Education Funded Schemes	5,178	1,672	1,671
Integrated Youth Services	116	560	-
Playgrounds/Play Services	354	183	63
Children's Specialist Services	253	17	-
	<u>34,973</u>	<u>52,195</u>	<u>48,334</u>

ENVIRONMENT, CULTURE AND COMMUNITY SAFETY

Leisure Centres and Sports Services	341	562	215
Libraries and Heritage Services	131	-	-
Parks and Open Spaces	977	30	-
Environmental Services	25	-	-
Town Centres	315	296	475
Crime Reduction Strategy	28	30	-
Safer and Stronger Communities	57	-	-
	<u>1,874</u>	<u>918</u>	<u>690</u>

SUMMARY OF GENERAL CAPITAL PROGRAMME 2010/11 - 2012/13

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>FINANCE AND CORPORATE RESOURCES</u>			
Administrative Buildings	62	1,206	705
IT Services	390	577	-
Property Services	15,825	2,817	1,859
	<hr/>	<hr/>	<hr/>
	16,277	4,600	2,564

HOUSING

Loans to Leaseholders	50	50	50
Renovation Grants	3,660	-	-
	<hr/>	<hr/>	<hr/>
	3,710	50	50

STRATEGIC PLANNING AND TRANSPORTATION

Highways Services	7,190	6,062	2,653
Purchase of Vehicles	526	-	-
Planning Services	191	100	50
Economic Development	95	60	80
	<hr/>	<hr/>	<hr/>
	8,002	6,222	2,783

TOTAL CAPITAL PROGRAMME

<hr/>	<hr/>	<hr/>	<hr/>
65,199	65,350	54,978	

ADULT CARE AND HEALTH

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>ADULT CARE AND HEALTH</u>			
Adaptations for the Disabled	118	120	120
Gwyneth Morgan Day Centre (Fairfield)			
- Renewal of Boiler Plant	-	-	39
Hartfield House Respite Care (Roehampton)			
- Renewal of Roof and Brickwork Repairs	-	93	-
Inner Park Road (West Hill) - Remodelling	230	552	20
IT Infrastructure (Corelogic report packs)	10	-	-
86 Thurleigh Road (Balham) - Remodelling	5	600	378
TOTAL ADULT CARE AND HEALTH SERVICES	363	1,365	557

EDUCATION AND CHILDREN'S SERVICES

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>SECONDARY EDUCATION</u>			
Building Schools for the Future	10,221	29,004	37,176
Elliott (West Putney)			
- Major Remodelling	-	468	-
- Ongoing Works	122	-	-
Graveney (Furzedown) - Specialist School Status	25	-	-
Southfields Community College (Southfields)			
- All Weather Pitch	400	-	-
- ASPIRE Centre	382	-	-
- City Learning IT Equipment	97	-	-
- City Learning IT Equipment 09/10 Balance	75	75	-
- Project Development Cost Extension to Swimming Pool	741	-	-
Various Final Accounts	20	-	-
 TOTAL SECONDARY EDUCATION	 <u>12,083</u>	 <u>29,547</u>	 <u>37,176</u>

PRIMARY EDUCATION

ROOF CLADDING AND WINDOWS

Alderbrook (Balham) - Replacement Windows	470	44	-
Broadwater (Tooting) - New Windows	10	264	259
Eardley (Furzedown) - Replacement Windows	237	53	-
Earlsfield (Earlsfield) - Replacement Windows	-	12	347
Fircroft (Tooting) - Replacement Windows	-	9	230
Franciscan (Graveney) - Replacement Windows	-	10	276
Honeywell (Northcote) - Replacement Windows	675	-	-
Hotham (Thamesfield) - Replacement Windows	391	-	-
Ravenstone (Nightingale) - New Windows	10	261	-
Sellincourt (Graveney) - Replacement Windows	215	-	-
Shaftesbury Park (Shaftesbury) - Replacement Windows	-	12	347
Southmead (West Hill) - Renew Roof Coverings	-	14	367
Swaffield (Wandsworth Common) - Replacement Windows	-	10	268
Wix (Shaftesbury) - Windows	5	105	-
	 <u>2,013</u>	 <u>794</u>	 <u>2,094</u>

EDUCATION AND CHILDREN'S SERVICES

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
OTHER SCHEMES			
Additional Primary School Places			
- Belleville (Northcote)	175	2,245	-
- Sacred Heart (Latchmere) - Temporary Works	-	380	2,220
- Sacred Heart (Latchmere) - Expansion	30	-	-
- Swaffield (Wandsworth Common)	40	-	-
Alderbrook (Balham) - Replace Fire Alarm Installation	-	2	58
Asbestos Removal - Block Allocation	30	89	-
Belleville (Northcote)			
- Works to Toilets	80	-	-
- Primary Capital Programme (Francis Barber (Sacred Heart))	576	54	-
Chesterton (Latchmere) - Replace Fire Alarm Installation	-	2	50
Falconbrook (Latchmere) - Replace Fire Alarm Installation	-	2	62
Heathmere School (Roehampton) - Rebuild Flank Wall	146	-	-
John Burns (Shaftesbury) - Kitchen Refurbishment	-	6	180
Primary School Places	6,000	10,167	-
Sacred Heart (Latchmere) - ASD Base	20	500	135
Shaftesbury Park (Shaftesbury) - Replacement Kitchen	177	26	-
Shaftesbury Park (Shaftesbury) - Replace Fire Alarm Installation	-	1	45
Sir James Barrie (Queenstown) - Electrics	-	-	470
Smallwood Nursery (Tooting)			
- New Building	595	-	-
- Kitchen Refurbishment	-	10	226
Southmead School (West Hill)			
- Electrics	-	-	522
- Internal Works	50	-	-
- Refurbish Kitchen	192	125	-
St Michaels/Sheringdale (East Putney) - Temporary Classroom	330	-	-
Swaffield (Wandsworth Common) - Improvements to Dining Area/Kitchen	237	56	-
Trinity St Mary's (Nightingale) - Internal Works	30	-	-
Westbridge (St Mary's Park) - Kitchen	175	20	-
West Hill (Southfields) - Early Years Resource Base	568	84	-
Primary Capital Programme	3,022	5,357	2,232
Various Final Accounts	20	-	-
	<hr/> 12,493	<hr/> 19,126	<hr/> 6,200
TOTAL PRIMARY EDUCATION	<hr/> 14,506	<hr/> 19,920	<hr/> 8,294

EDUCATION AND CHILDREN'S SERVICES

CAPITAL SCHEMES

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£'000	£'000	£'000
<u>SPECIAL SCHOOLS AND OTHER SCHEMES</u>			
Bradstow - Specialist School Status	100	-	-
Elsley School - Demolition Works	53	27	-
Garratt Park (Wandsworth Common) - Extension to Dining Area	177	-	-
Greenmead/Chartfield (West Putney) - Sensory Garden, Playgrounds and Other External Spaces	293	93	-
Greenmead (West Putney)/Paddock Primary (Roehampton)	121	-	-
Paddock Nursery Extension - Early Years Review - Phase 2	66	-	-
Relocation of Elsley School to Nightingale School (Wandsworth Common) - Remodelling	-	54	1,130
Relocation of Primary EBD Facility	10	66	-
Various Final Accounts	20	-	-
TOTAL SPECIAL SCHOOLS AND OTHER SCHEMES	840	240	1,130

INTEGRATED CHILDREN'S CENTRES PROGRAMME

166 Roehampton Lane - Eastwood Nursery Relocation	35	-	-
Fontley Way One O'Clock Club - ICC Phase 3	639	-	-
Henry Prince Estate Clubroom - ICC Phase 3	22	-	-
1 Siward Road (Earlsfield) - Early Years Resource Base	100	-	-
1 Siward Road (Earlsfield) - Specialist Equipment	50	-	-
Thessaly Community Centre - ICC Phase 3	484	-	-
West Hill - Specialist Equipment	50	-	-
ICC Maintenance and Repairs	138	-	-
Minor Capital Schemes - ICC Phase 3	65	-	-
Various Final Accounts	60	56	-
TOTAL INTEGRATED CHILDREN'S CENTRES PROGRAMME	1,643	56	-

EDUCATION AND CHILDREN'S SERVICES

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>OTHER EDUCATION FUNDED SCHEMES</u>			
Access Works (Boroughwide)	20	59	-
Aiming High for Disabled Children			
- Oakdene Extension	397	-	-
- Other Works	66	-	-
Early Years Setting Grant Funding - Quality and Access	1,543	-	-
Schools Devolved Capital up to 2010/11	3,000	1,468	-
Schools Devolved Capital 2010/11 Balance	-	-	1,671
Security (Boroughwide)	10	63	-
Seed Challenge Programme (Boroughwide)	75	82	-
Various Final Accounts	67	-	-
TOTAL OTHER EDUCATION FUNDED SCHEMES	<u>5,178</u>	<u>1,672</u>	<u>1,671</u>
TOTAL EDUCATION	<u>34,250</u>	<u>51,435</u>	<u>48,271</u>

EDUCATION AND CHILDREN'S SERVICES

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
YOUTH AND PLAY SPECIALIST SERVICES			
<u>INTEGRATED YOUTH SERVICES</u>			
Refurbish Youth Facilities	25	500	-
Youth Opportunities Fund - up to 2010/11	91	60	-
TOTAL INTEGRATED YOUTH SERVICES	<u>116</u>	<u>560</u>	<u>-</u>
<u>PLAYGROUNDS/PLAY SERVICES</u>			
Ashburton Youth Club - New Roof Covering	-	3	63
Doddington Activity Centre	30	-	-
Garratt Park Junior	15	-	-
Greenmead Playground	45	-	-
Heathbrook Park/Heathbrook Park One O'Clock Club	15	-	-
Latchmere Rec - Phase 2	34	-	-
Leaders Gardens Junior	20	-	-
Tooting Triangle/Natural Play Area	115	100	-
Various Final Accounts	80	80	-
TOTAL PLAYGROUNDS/PLAY SERVICES	<u>354</u>	<u>183</u>	<u>63</u>
TOTAL YOUTH AND PLAY SPECIALIST SERVICES	<u>470</u>	<u>743</u>	<u>63</u>
<u>CHILDREN'S SPECIALIST SERVICES</u>			
10 Falcon Grove (Latchmere) - Rewire/Emergency Lighting/Fire Alarm	74	17	-
Conversion/Extension Foster Carers' Properties	170	-	-
Final Accounts	9	-	-
TOTAL CHILDREN'S SPECIALIST SERVICES	<u>253</u>	<u>17</u>	<u>-</u>
TOTAL EDUCATION AND CHILDREN'S SERVICES	<u>34,973</u>	<u>52,195</u>	<u>48,334</u>

ENVIRONMENT, CULTURE AND COMMUNITY SAFETY

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>LEISURE CENTRES AND SPORTS SERVICES</u>			
All Weather Pitch Replacement	50	350	-
Battersea Park (Queenstown) - Cricket Pitch	50	-	-
Civic Suite (Fairfield) - Replacement Heating System	-	60	215
Dryburgh Hall (West Putney) - Renewal of Roof	84	-	-
Furzedown Recreation Centre (Furzedown) - Replace Tennis Court Surface	19	-	-
Tooting Bec Athletic Track (Furzedown) - Hammer Cage, Long Jump and Athletics	70	152	-
Tooting Leisure Centre (Tooting) - Replacement of Boilers	68	-	-
TOTAL LEISURE CENTRES AND SPORTS SERVICES	341	562	215
<u>LIBRARIES AND HERITAGE SERVICES</u>			
Installation of Self Service System - Southfields (West Hill), Balham (Balham) and Putney (Thamesfield) Libraries	131	-	-
TOTAL LIBRARIES AND HERITAGE SERVICES	131	-	-
<u>PARKS AND OPEN SPACES</u>			
Battersea Park (Queenstown) - Sub Station Renewal	965	-	-
St Mary's Church Boundary Wall (St Mary's Park) - Essential Repairs	-	30	-
Tree Planting	12	-	-
TOTAL PARKS AND OPEN SPACES	977	30	-
<u>ENVIRONMENTAL SERVICES</u>			
Air Quality Grant	25	-	-
TOTAL ENVIRONMENTAL SERVICES	25	-	-
<u>TOWN CENTRES</u>			
Battersea Greening Project	15	15	-
Clapham Junction (Northcote) - Streetscape Scheme	10	31	50
Town Centre Improvement Schemes (Streetscape Projects)	290	250	425
TOTAL TOWN CENTRES	315	296	475

ENVIRONMENT, CULTURE AND COMMUNITY SAFETY

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
COMMUNITY SAFETY			
<u>CRIME REDUCTION STRATEGY</u>			
Rear Alleyway Improvement Works	28	30	-
TOTAL CRIME REDUCTION STRATEGY	<u>28</u>	<u>30</u>	<u>-</u>
<u>SAFER AND STRONGER COMMUNITIES</u>			
Alert Box	6	-	-
Alley Gates	14	-	-
Fire Locks and Safer Homes (FLaSH)	6	-	-
Place2Be	5	-	-
Prolific and Priority Offenders Scheme	8	-	-
Safer Stations	8	-	-
Security Schemes	10	-	-
TOTAL SAFER AND STRONGER COMMUNITIES	<u>57</u>	<u>-</u>	<u>-</u>
TOTAL COMMUNITY SAFETY	<u>85</u>	<u>30</u>	<u>-</u>
TOTAL ENVIRONMENT, CULTURE AND COMMUNITY SAFETY	<u>1,874</u>	<u>918</u>	<u>690</u>

FINANCE AND CORPORATE RESOURCES

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>ADMINISTRATIVE BUILDINGS</u>			
Town Hall (Fairfield)			
- Install Chair Lift in Centre Courtyard	6	90	-
- Lift Renewal	20	159	-
- Roof Renewal, Brickwork and External Works	-	30	525
Town Hall Extension (Fairfield)			
- Roof	7	337	-
Various Buildings			
- Disabled Access	25	-	-
Welbeck House (Fairfield)			
- Heating	-	190	20
- Rewire	4	400	160
TOTAL ADMINISTRATIVE BUILDINGS	<u>62</u>	<u>1,206</u>	<u>705</u>
<u>IT SERVICES</u>			
Document Image and Workflow Systems in the Council Tax and Benefits System	40	-	-
ICT Infrastructure	350	577	-
TOTAL IT SERVICES	<u>390</u>	<u>577</u>	<u>-</u>
<u>PROPERTY SERVICES</u>			
Acquisition of Depot and Offices - Watergate Wharf, SW18	2,500	1,992	-
Bolingbroke Hospital Site (Northgate)	13,250	-	-
Demolition of 60 Oldridge Road	50	-	-
Office Accommodation Strategy	-	-	1,034
Professional Centre	-	800	800
Works to Land and Property Prior to Sale	25	25	25
TOTAL PROPERTY SERVICES	<u>15,825</u>	<u>2,817</u>	<u>1,859</u>
TOTAL FINANCE AND CORPORATE RESOURCES	<u>16,277</u>	<u>4,600</u>	<u>2,564</u>

HOUSING

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>HOUSING (non-HRA)</u>			
Loans to Leaseholders	50	50	50
Renovation Grants			
- Empty Property Grants	1,748	-	-
- Coldbuster Grants	842	-	-
- Disabled Facilities Grants	856	-	-
- Other Discretionary Grants	214	-	-
	<u>3,660</u>	-	-
TOTAL HOUSING	<u><u>3,710</u></u>	<u><u>50</u></u>	<u><u>50</u></u>

STRATEGIC PLANNING AND TRANSPORTATION

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>HIGHWAYS SERVICES</u>			
Blocked Gullies	-	50	50
Capitalised Repairs			
- Carriageways	1,990	1,200	2,000
- Footways	604	750	500
Clapham Junction Exemplar	-	400	-
Provision of New Trees on the Public Highway	44	20	-
Street Lighting Installation of Electronic Ballasts	104	103	103
Town Centre Streetscape Projects	111	-	-
Traffic Management Schemes	159	100	-
	3,012	2,623	2,653
<u>Corridors/Neighbourhoods</u>			
Battersea High Street/Battersea Square - Feasibility Study	-	20	-
Blackshaw Road Corridor	10	-	-
Broadwater Road Neighbourhood Scheme	20	-	-
Bus Stop Accessibility Programme	68	20	-
Clapham Junction Exemplar	1,270	960	-
Crime Prevention on the Highways	30	-	-
Cycle Parking Programme	55	30	-
Cycle Scheme - Missing Links	-	85	-
Garratt Lane Corridor	100	-	-
Grant Road Bus Stand - Redesign & Capacity Enhancement	-	100	-
Greenway Schemes	-	70	-
Guardrail & Street Clutter Review/Removal	-	25	-
Legible London - Tooting Town Centre	-	150	-
Neighbourhood Schemes - Traffic Movement Proposals	-	400	-
Old York Road Corridor	10	100	-
West Putney and Dover House - Proposed 20 mph	300	-	-
Putney Embankment - Feasibility Study	-	20	-
Putney Hill Corridor	200	-	-
Putney Station Access	-	30	-
Queenstown Road Corridor	249	-	-
Safer Underpasses & Alleyways - Security Measures	-	35	-
Southfields Bus Routes 39 and 493	60	-	-
Tibbets Corner Road Safety Improvements	300	-	-
Traffic Management - Improve Traffic Flow, Road Safety and Accessibility	-	450	-
Wandsworth Common Station - Pedestrian Access Improvements	-	50	-
Various Borough Junctions	100	-	-
	2,772	2,545	-

STRATEGIC PLANNING AND TRANSPORTATION

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>Smarter Travel</u>			
Car Clubs	30	70	-
Electric Vehicles Charging Points	30	-	-
Falconbrook School Travel Plan	46	-	-
Safer Routes to Schools	-	90	-
St Anne's School Travel Plan	23	-	-
School Warning Signage Review	8	-	-
	<hr/> 137	160	-
<u>Principal Road Maintenance</u>			
Buckhold Road	-	51	-
Putney Bridge Road - Northfields - St Georges Court	-	28	-
Putney High Street - Putney Bridge Road to Putney Bridge	-	66	-
Putney Bridge Road - Armoury Way to Northfields	-	89	-
	<hr/> -	234	-
<u>Other Transport for London Funded Schemes</u>			
Broomwood Road Resurfacing	22	-	-
Cycle on Greenways	50	-	-
Cycle Parking Super Highways	45	-	-
Earlsfield Station	22	400	-
Mayor's Transport Strategy - Flexible Funding	100	100	-
St John's Hill - Principal Road Renewal	210	-	-
SWELTRAC	250	-	-
	<hr/> 699	500	-

STRATEGIC PLANNING AND TRANSPORTATION

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>Section 106 Agreements under the Town & Country Planning Act 1990</u>			
ASDA Lavender Hill	90	-	-
Ethelburga School Site	3	-	-
Falcon Wharf	57	-	-
Garratt Lane 63-65	10	-	-
Hardwicks Way 1-9	48	-	-
Hardwicks Way 2-6	26	-	-
John Milton School Site	15	-	-
Magdalen Road	67	-	-
Maltese Cat Site - Roehampton	3	-	-
Osiers Road	4	-	-
Pine Tavern	25	-	-
Prices Candles	8	-	-
Putney Bridge Road 118	19	-	-
Riverside Quarter	64	-	-
St Georges Grove	5	-	-
St Johns Hill 81-85	10	-	-
Wandle School	35	-	-
Wandsworth High Street 117	6	-	-
Wandsworth Shopping Centre	55	-	-
Other Schemes	20	-	-
	<hr/> 570	-	-
TOTAL HIGHWAYS SERVICES	<hr/> 7,190	6,062	2,653

STRATEGIC PLANNING AND TRANSPORTATION

CAPITAL SCHEMES

	<u>2010/11</u> £'000	<u>2011/12</u> £'000	<u>2012/13</u> £'000
<u>PURCHASE OF VEHICLES</u>			
Operational Services	526	-	-
TOTAL PURCHASE OF VEHICLES	<u>526</u>	<u>-</u>	<u>-</u>
<u>PLANNING SERVICES</u>			
Conservation/Enhancement Grants	191	100	50
TOTAL PLANNING SERVICES	<u>191</u>	<u>100</u>	<u>50</u>
<u>ECONOMIC DEVELOPMENT</u>			
Business Improvement Scheme - Stewarts Road (Queenstown)	45	60	80
Stewarts Road - Phase 2	50	-	-
TOTAL ECONOMIC DEVELOPMENT	<u>95</u>	<u>60</u>	<u>80</u>
TOTAL STRATEGIC PLANNING AND TRANSPORTATION	<u>8,002</u>	<u>6,222</u>	<u>2,783</u>

SECTION 6
PENSION FUND AND ENHANCED PENSION FUND

The Pension Fund is administered by the Council in accordance with regulations made under the Superannuation Act 1972. All employees except teachers can be members of the Fund contributing a percentage of pay at a tiered rate ranging from 5.5% to 7.5% depending on salary level. Pensions and lump sum payments are based upon final salary and are index-linked.

The Council's minimum contribution (employer's rate) is determined by actuarial valuation every three years. The statutory valuation as at 31st March 2010, certified an unchanged employer's rate of 19% applicable for three years from 1st April 2011.

At 31st December 2010 the Pension Fund was valued at £816.8 million. It is invested in UK and overseas shares and bonds. All of the investments are managed externally.

The Government operates a notional pension fund for teachers. The employers' contribution to this fund remains at 14.1%.

The Enhanced Pension Fund, which represents around 0.62% of the main fund, was established in 1997/98 to meet liabilities arising from awards of added years of service to employees outside the Pension Fund. It can only be invested in Government bonds and cash.

The senior managers of the Pension Fund are:

Head of Pensions, Payments and Support	Robert Claxton	020 8871 6402
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Accounting and Investments: Pension Fund Controller	Peter Harris	020 8871 8887
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Administration and Policy: Pensions Manager	Colette Hollands	020 8871 6510
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PENSION FUND AND ENHANCED PENSION FUND

The Pension Fund budget has been re-priced to take account of predictable volume changes and carried forward at outturn prices where significant areas of volatility are probable. This approach provides a definitive trail to variations between budget and outturns and is thus a tool to manage and account for variances in income and expenditure in the Pension Fund.

Employee's contributions have been variable over the past few years due to optional membership of the pension scheme, changes in rates imposed by legislation and unpredictable staff turnover. Employer's contributions are affected by similar influences. Accordingly these elements of income are shown at 2010/11 outturn levels.

Expenditure on retirement lump sums and pensions has historically been relatively predictable and re-pricing represents the volume changes from inflation and new retirees as the Fund demographics continue to mature.

Investment management income and expenses are projected on the assumption that managers meet their investment targets for out-performance, before any element of performance fees becomes payable.

Profits and losses of investments are not budgeted items as their return is too unpredictable. Additionally Pensions Fund values will go down as well as up and will accordingly affect budget amounts shown for investment income.

The estimated outturn for 2010/11, proposed budget for 2011/12 and projected budget for 2012/13 and 2013/14 are shown on the next page:

PENSION FUND AND ENHANCED PENSION FUND

	<u>2010/11</u> <u>Original</u>	<u>2010/11</u> <u>Estimated</u> <u>Outturn</u>	<u>2010/11</u> <u>Variation</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£'000	£'000	%	£'000	£'000	£'000
Contributions						
Contributions Receivable						
Employees	8,413	8,362	- 0.6	7,983	7,983	7,983
Employers Normal	22,767	23,140	1.6	22,000	22,000	22,000
Employers Additional	913	925	1.3	1,425	925	925
Transfer In	4,638	3,927	- 15.3	3,927	3,927	3,927
Benefits Payable						
Pensions	- 18,303	- 18,768	2.5	- 19,988	- 21,287	- 22,671
PIA	- 8,154	- 7,921	- 2.9	- 8,079	- 8,241	- 8,406
Lump Sum Benefits						
Retirement Benefits	- 7,746	- 9,676	24.9	- 10,805	- 11,475	- 12,188
Death Benefits	- 440	- 976	121.8	- 976	- 976	- 976
Transfers Out	- 3,730	- 3,323	- 10.9	- 3,323	- 3,323	- 3,323
Establishment	- 570	- 562	- 1.4	- 562	- 562	- 562
Net Additions/Withdrawals from Dealing with Members	- 2,212	- 4,872		- 8,398	- 11,029	- 13,291
Returns on Investments						
Investment Income	21,490	21,920	2.0	24,530	26,780	29,230
Investment Management Expenses	- 1,511	- 2,130	41.0	- 1,453	- 1,545	- 1,646
Custody	- 70	- 158	125.7	- 80	- 80	- 80
Legal & Consultancy	- 80	- 80	-	- 50	- 50	- 50
Total	17,617	14,680	- 16.7	14,549	14,576	14,663