



LONDON BOROUGH OF
RICHMOND UPON THAMES

STATEMENT OF ACCOUNTS

For the year ending 31st March 2001

Mark Maidment CPFA
Director of Finance

**CERTIFICATE OF THE DIRECTOR OF FINANCE AND
AUDITOR'S REPORT TO THE LONDON BOROUGH OF
RICHMOND UPON THAMES**

**LONDON BOROUGH OF RICHMOND UPON THAMES AND LONDON BOROUGH
OF RICHMOND UPON THAMES PENSION FUND FINANCIAL ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH 2001**

CERTIFICATE OF THE DIRECTOR OF FINANCE

I certify that the accounts set out on pages 1 – 39 are an accurate summary of the accounts of the London Borough of Richmond upon Thames and the London Borough of Richmond upon Thames pension Fund for the financial year 2000/01 prepared in accordance with the accounting policies stated.



Mark Maidment, Director of Finance
27th December 2001

**REPORT OF THE AUDITORS TO THE COUNCIL OF THE LONDON BOROUGH
OF RICHMOND UPON THAMES**

I have audited the statement of accounts on pages 1 to 39 which have been prepared in accordance with the accounting policies applicable to Local Authorities. The statement of accounts comprises the Authority's accounts on pages 1-31 and 38-39 which have been prepared in accordance with the accounting policies set out on pages 5-7 and the pension fund accounts on pages 32-37 which have been prepared in accordance with the accounting policies set out on page 35.

Respective responsibilities of the Director of Finance and Auditors

As described on page 38, the Director of Finance is responsible for the preparation of the statement of accounts. Our responsibilities as independent auditors are established by statute, Code of Audit Practice issued by the Audit Commission, and our profession's ethical guidance.

We report to you our opinion as to whether the statement of accounts presents fairly the financial position and results of the operations of the Council.

Basis of opinion

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission, which requires compliance with the relevant accounting standards.

Our audit included examination on a test basis of evidence relevant to the amounts and disclosures in the statement of accounts. It also included an assessment of the significant estimates and judgements made by the Authority in preparation of the statement of accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the statement of accounts.

Opinion on the Authority's accounts

In our opinion the statement of accounts present fairly the financial position of the London Borough of Richmond upon Thames at 31 March 2001 and its income and expenditure for the year ended.

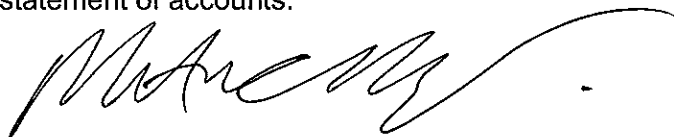
Opinion on the pension fund accounts

In our opinion the statement of accounts presents fairly the financial position of the London Borough of Richmond upon Thames pension fund during the year ended 31 March 2001 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the year end.

Certificate

I have carried out the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission. The audit cannot be formally concluded and an audit certificate issued until issues raised by members of the public have been considered.

I am satisfied that the amounts involved will not have a material effect on the statement of accounts.



Michael Haworth-Maden
District Auditor

District Audit
4th Floor
Millbank Tower
London
SW1P 4QP

28th December 2001

1. EXPLANATORY FOREWORD

1.1 INTRODUCTION

The Council's accounts for the year ended 31st March 2001 are set out on the following pages of this publication and include:

<u>Section number</u>	<u>Description</u>
1	Explanatory Foreword
2	Statement of Accounting Policies
3	Housing Revenue Account
4	Consolidated Revenue Account
5	Direct Service Organisation Accounts
6	Collection Fund Accounts
7	Home Loans Unit Accounts
8	Consolidated Balance Sheet
9	Cash Flow Statement
10	Pension Fund Accounts
11	Statement of Responsibilities
12	Statement of Total Movements in Reserves

Each section is supported, where appropriate, by explanatory notes.

Further information concerning these accounts is available from the Director of Finance by telephoning 020-8891-7171 or by writing to:

Director of Finance
London Borough of Richmond upon Thames
York House
Richmond Road
Twickenham
TW1 3AA

1.2 EXPLANATION OF CONTENTS

1.2.1 Statement of Accounting Policies

This explains the basis on which the figures in the accounts are presented.

1.2.2 Housing Revenue Account

This account shows the costs of providing Council housing. The Council is required by statute to keep this account separately from all other Council revenue accounts.

1.2.3 Consolidated Revenue Account

This account summarises the overall revenue position of the Council including General Fund services, the Housing Revenue Account, Direct Service Organisation and any other Council operations.

1.2.4 Former Direct Service / Labour Organisation Accounts

The legislation governing Direct Service and Direct Labour Organisations was repealed with effect from January 2000. However, the Council has decided to continue operating the organisations on a trading account basis and retain the existing reporting structure.

1.2.5 Collection Fund Accounts

These accounts record the transactions of the Council in relation to local taxation and non-domestic rates. They also show the distribution of income to preceptors and the Council's General Fund.

1.2.6 Home Loans Unit Accounts

The Council took over responsibility for the ex GLC mortgage portfolio in 1988. Surpluses on the account are distributed to the London Boroughs.

1.2.7 Consolidated Balance Sheet

This shows the year end financial position of the authority and includes information such as balances and reserves at the authority's disposal, its long term indebtedness, the fixed and net current assets employed together with summarised information on the fixed assets held. Trust Funds and the Pension Fund are not included in this account.

1.2.8 Cash Flow Statement

This statement summarises the inflows and outflows of cash from transactions with third parties for revenue and capital purposes.

1.2.9 Pension Fund Accounts

This account gives a summary view of the funds transactions in the year and of its assets at year-end.

1.2.10 Statement of Total Movement in Reserves

This statement brings together all of the recognised gains and losses of the Authority and identifies those, which have not been recognised in the Consolidated Revenue Account.

1.2.11 Statement of Responsibilities

This sets out the respective responsibilities of the Authority and the Chief Financial Officer for the Statement of Accounts.

1.3 SIGNIFICANT FEATURES IN THE ACCOUNTS1.3.1 General Fund Revenue AccountSummary General Fund Revenue Account

	<u>Actual</u> <u>1999/00</u> <u>£000</u>	<u>Actual</u> <u>2000/01</u> <u>£000</u>
Net Cost of Services	143,769	157,337
Minimum Revenue Provision (Net)	924	-1,200
Interest and Investment Income	-2,103	-2,711
Asset Management Revenue Account	-6,408	-8,469
Housing Insurance Fund	0	-1,000
Net write offs/ons of old balances	318	-342
Appropriations	-2,901	-3,950
Total Borough Expenditure	133,599	139,665
Revenue Support Grant	-25,992	-21,604
Non domestic rates	-45,335	-51,829
Precept on Collection Fund	-59,387	-64,362
Surplus from Collection Fund	-1,750	-3,750
Deficit/Surplus (-) for the Year	1,135	-1,880

2000/01 financial year was a challenging one for the Council. The budget for the year reflected the need to stabilise the Council's financial position and to increase the levels of reserves and bad debt provisions.

Overall, the outturn position was broadly in line with the budget despite an overspend in Social Services. This was possible because of increased levels of Government Grant for Asylum Seekers, a fall in the costs of homelessness, better than expected capital financing figures and the impact of action taken early in the year to restrict spending against targeted budgets.

As a result, the Council balances (excluding Schools) now stand at £2.6m.

1.3.2 Housing Revenue Account

A summary of the Housing Revenue Account is shown below. A full version of this account appears in Section 3 of this document.

	<u>Actual</u> <u>1999/00</u> <u>£000</u>	<u>Actual</u> <u>2000/01</u> <u>£000</u>
Gross Expenditure	36,080	8,093
Gross Income	-35,141	-10,895
Surplus (-)/Deficit for the year	939	-2,802

The Council transferred its housing stock to Richmond Housing Partnership (RHP) in July 2000. The Council received a gross capital receipt of £59.5m. The balance of the receipt after paying the Government levy and writing off the revenue and capital costs associated with the transfer was £44.5m of which £31.8m is reserved for the repayment of outstanding debt and £12.7m is available to fund projects within the Council's Capital Programme. It is expected that the Housing Revenue Account will be closed on 31st March 2002 following the final audit of the Council's Housing Subsidy Claim. Any surplus on the account at that time will be transferred to the General Fund.

1.3.4 Capital Expenditure

Capital expenditure for 2000/01 is summarised below:

<u>Committee</u>	<u>2000/01</u> <u>Budget</u> <u>£000</u>	<u>2000/01</u> <u>Outturn</u> <u>£000</u>	<u>2000/01</u> <u>Variance</u> <u>£000</u>
Leisure Services	1,166	695	-471
Education	5,972	1,626	-4,346
Resources	3,701	3,083	-618
Environment	7,333	2,358	-4,975
Social Services	1,699	1,229	-470
Housing	3,273	3,192	-81
	23,144	12,183	-10,961

The significant underspend has arisen due to slippage in the programme (mainly Westfields School £3.1m, SWELTRAC £1.3m, Bus Priority Network £2.4m) and to the fact that the Council was unable to capitalise PFI set up costs which had been included in the programme.

2. STATEMENT OF ACCOUNTING POLICIES

2.1 General Principles

The general principles adopted in the compilation and presentation of these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy. The policies set out below do not apply to the Pension Fund Accounts which have their own statement of accounting policies.

2.2 Accruals

The accounts, both revenue and capital, are prepared on an income and expenditure basis. They include, therefore, all sums receivable and all sums payable by the Council whether or not the cash has been received or paid. There are two exceptions to this principle. Firstly, electricity and similar regular payments are charged on the date of the meter readings rather than being apportioned between financial years. Secondly, interest due but not yet paid on certain historical loans from the Public Works Loans Board is treated on a cash basis. Both of these exceptions are applied consistently each year and they have no material effect on the accounts.

2.3 Reserves and provisions

The Council holds several revenue balances, namely the General Fund, Schools (Earmarked), the Housing Revenue Account and the Direct Service Organisation (DSO) balances. The General Fund and DSO balances are general contingency funds to meet revenue expenditure other than in the Housing Revenue Account. The Schools' balances represent the accumulated balances of all the borough's schools and may only be used by the schools.

The Council maintains Insurance Funds to meet claims in respect of Council housing and to cover the £27,500 excess on other policies. Provisions are also made for bad and doubtful debts.

In addition, the Council maintains a Fixed Asset Restatement Reserve and a Capital Financing Reserve as required by the Code of Practice on Local Authority Accounting. These reserves are technical in nature and do not represent funds available to the Council.

2.4 Basis of recording fixed assets in the balance sheet

Operational assets of a specialised nature, where no general market exists, have been valued on a depreciated replacement cost basis. Non-specialist operational properties, where there is considered to be a general market, have been valued on an open market value for existing use basis. Non operational properties have been valued on an open market value basis.

Infrastructure and Community Assets such as roads and parks, which, in the past, were assigned nominal values, have been assigned values based on actual capital expenditure over the past years.

2.5 Deferred charges

There are certain items of capital expenditure within the accounts which do not result in the creation or enhancement of an asset e.g. improvement grants, welfare adaptations. Such expenditure is classified as a deferred charge. Deferred charges are required to be written off to the Revenue Account over an appropriate period. In the majority of cases the appropriate period is deemed to be 1 year. There is a corresponding appropriation to the revenue account such that there is no effect on the level of local taxation. There is one exception to this policy relating to a premium on

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early repayment of PWLB loans which will be written down over 21 years. In addition, the costs of setting up PFI schemes are recorded in the balance sheet and written down over the life of the scheme.

2.6 Basis of charges made to revenue account for fixed assets

With the exception of the Housing Revenue Account, charges to all revenue accounts for the use of fixed assets are made such that the charges, as a minimum, cover the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to the net amount at which the asset is included in the balance sheet. Charges to the Housing Revenue Account are in accordance with the statutory provisions laid down in the Local Government and Housing Act 1989.

2.7 Capital receipts

The usable proportion of capital receipts from the disposal of assets are held in the capital receipts unapplied account until such time as they are used to finance capital expenditure. Interest on capital receipts unapplied is credited to the General Fund and Housing Revenue Account. The reserved part of the capital receipts is held in the capital financing reserve until used to repay debt. An exception to this principle in the Home Loans Unit accounts is detailed in note 7.3.2 in Section 7 of this document.

2.8 Basis of valuation of stocks and work in progress

Stocks are valued on a weighted average basis, taking account of all items in stock at their purchase cost. Work in progress is stated at cost.

2.9 Extent to which support services are allocated

Central support service costs are fully allocated over service departments.

2.10 Investments

Investments are valued in the balance sheet at the lower of cost or Net Realisable Value.

2.11 Leases

Rentals on operating leases are charged to the appropriate revenue account. The Council has no material obligations outstanding on finance leases.

2.12 Pensions

Richmond's Pension Fund is a funded, defined benefits scheme. The Accounting Policies and actuarial position of the Fund are disclosed in Section 10 of this document.

2.13 London Boroughs Grants Unit and Transport Committee

The Council is 'lead borough' for the London Boroughs Grants Unit. A separate statement of accounts is prepared for the Unit and its financial affairs are, therefore, excluded from this document.

2.14 Home Loans Unit

On 14th November 1988 the Borough took over the domestic mortgage portfolio of the London Residuary Body. The transfer was effected by the London Government Reorganisation (Mortgages) Order 1988. The Home Loans Unit was established to administer the mortgage portfolio. Their accounts are included in this Statement.

2.15 Government Grants and Contributions

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant is credited initially to the Government Grant Deferred account. Amounts are released to the Asset Management Revenue Account over the useful life of the asset to match the depreciation charged on the asset to which the grant relates.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

3. HOUSING REVENUE ACCOUNT

3.1 Housing Revenue Account

	<u>1999/00</u> <u>£000</u>	<u>2000/01</u> <u>£000</u>
<u>INCOME</u>		
Dwelling Rents	-22,435	-6,991
Other Rents	-586	-188
HRA Subsidy Receivable	-11,614	-3,548
Housing Benefit Transfers	-74	-21
Contribution from Housing Insurance Fund	-266	0
Investment Income - Mortgage Interest	-166	-147
Total Income	-35,141	-10,895
<u>EXPENDITURE</u>		
Repairs and Maintenance	6,415	1,789
Supervision and Management	5,980	2,526
Capital Expenditure Charged to Revenue	764	-3,432
Rent Rebates	12,958	3,907
HRA Subsidy Payable	7,623	3,100
Provision for Bad and Doubtful Debts	277	0
Capital Financing	2,063	203
Total Expenditure	36,080	8,093
Surplus(-)/Deficit for the Year	939	-2,802
Balance Brought Forward	-996	-57
Transfer to General Fund	0	0
Balance Carried Forward	-57	-2,859

3.2 Notes to the Housing Revenue Account

3.2.1 Housing Stock

Following the transfer of the Housing Stock to Richmond Housing Partnership, the DETR gave permission to transfer all remaining properties to the General Fund.

3.2.2 Capital Expenditure Financed From Revenue

As part of the transfer of the housing stock it is permissible to capitalise expenditure on major repairs for the year of transfer and the preceding 2 financial years. This resulted in a credit of £3.432m to the HRA.

3.2.3 Closure of the HRA

The Council no longer requires to operate a Housing Revenue Account since it has no landlord function. In accordance with regulations, the Council will apply to the Secretary of State for permission to close the HRA with effect from 31.3.02.

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4. CONSOLIDATED REVENUE ACCOUNT

4.1 Consolidated Revenue Account

	<u>2000/01</u> <u>Gross</u> <u>Exp're</u> <u>£000s</u>	<u>2000/01</u> <u>Gross</u> <u>Income</u> <u>£000s</u>	<u>2000/01</u> <u>Net</u> <u>Exp're</u> <u>£000</u>	<u>1999/00</u> <u>Net</u> <u>Exp're</u> <u>£000</u>
Leisure Services	12,516	-1,903	10,613	8,337
Education	88,562	-22,064	66,498	61,452
Resources	44,044	-26,202	17,842	17,102
Environment	26,350	-12,909	13,441	11,448
Housing General Fund	44,898	-37,984	6,914	6,606
Social Services	57,484	-15,944	41,540	38,217
Housing Revenue Account	8,093	-10,895	-2,802	939
Central Unallocated Costs	489	0	489	607
Net Cost of Services	282,436	-127,901	154,535	144,708
DLO/DSO deficit			0	139
Trading Activities deficit			240	0
Minimum Revenue Provision (Net)			-1,200	924
Interest and Investment Income			-2,711	-2,103
Asset Management Revenue Account			-8,469	-6,408
Net Operating Expenditure			141,783	137,260
Appropriations				
Transfer to HRA Balances			2,802	-939
Contribution to/(from) DLO/DSO Reserves			0	-139
Contribution to/(from) Trading Activities			-240	0
Contribution to/(from) General Reserves			1,880	-1,135
Housing Insurance Fund			-1,000	0
Net write offs/ons of old balances			-342	318
Appropriations re deferred charges etc.			-3,950	-2,901
Amount to be met by Government				
Grants and Local Taxpayers			141,545	132,464
Sources of Finance				
Precept on Collection Fund			-64,362	-59,387
Revenue Support Grant			-21,604	-25,992
Non Domestic Rates			-51,829	-45,335
Collection Fund Surplus			-3,750	-1,750
Income from General Grants and Council Tax			-141,545	-132,464
Movement on balances				
Opening Balance on General Fund			-1,511	-2,646
Closing Balance on General Fund			-2,651	-1,511
Closing Balance on School funds			-2,330	-1,590

The Best Value Accounting Code of Practice (BVACOP) was introduced from 1st April 2000. The code requires the adoption of a new service expenditure analysis. This account has been revised and partly meets the requirements of the code. Democratic and Corporate Core activities are not separately analysed and central recharges will also need to be reviewed.

4.2 Notes to the Consolidated Revenue Account4.2.1 Lease rentals

Please see note 8.2.6 to the Consolidated Balance Sheet for this information.

4.2.2 Section 137

Section 137 of the Local Government Act 1972 (as amended) empowers local authorities, subject to various conditions and limits, to incur expenditure which, in their opinion is in the interest of their area or any part of it, or all or some of its inhabitants. Under Section 137 the Council is allowed to spend up to £3.55 per head of resident population. The resident population for 2000/01 was 195,126 giving an allowable expenditure of £692,697. Actual expenditure for the year was £608,273 analysed as follows:

	<u>1999/00</u>	<u>2000/01</u>
	<u>£</u>	<u>£</u>
Grants to Voluntary Organisations (Net)	593,083	607,650
Economic Development	28,700	623
	<u>621,783</u>	<u>608,273</u>

4.2.3 Publicity

	<u>1999/00</u>		<u>2000/01</u>	
	<u>Estimate</u>	<u>Actual</u>	<u>Estimate</u>	<u>Actual</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Public notices	43	72	44	47
Staff advertising	258	423	288	457
Other advertising	128	104	99	107

4.2.4 Agency Services

The Council undertakes works on Red Routes on behalf of the Traffic Director for London. Expenditure for 2000/01 was £1k (£66k in 1999/00).

4.2.5 Asset Management Revenue Account

The transactions on this account can be summarised as follows:

	<u>1999/00</u>	<u>2000/01</u>
	<u>£000</u>	<u>£000</u>
Capital charges to revenue accounts	-12,530	-16,839 *
Depreciation	447	2,935
External interest payable	5,581	5,435
Net transfer	<u>-6,502</u>	<u>-8,469</u>

4.2.6 Minimum Revenue Provision

	<u>1999/00</u>	<u>2000/01</u>
	<u>£000</u>	<u>£000</u>
Housing – 2% of credit ceiling	468	392
Non housing - 4% of credit ceiling	2,813	2,811
Less:		
Adjustment for commuted loans	-1,442	-1,076
	<u>1,839</u>	<u>2,127</u>
Amount charged as depreciation	447	2,935
Amount charged to HRA (Item 8)	468	392
Additional charge to revenue account	924	-1,200
	<u>1,839</u>	<u>2,127</u>

4.2.7 Pension Scheme

A total of £5.773m (£5.054m in 1999/00) was charged to the accounts in respect of employers contributions to the Pension Scheme. This represents 13.5% (11.5% in 1999/00) of pensionable pay. In addition, £1.577m special contributions in respect of early retirements were made (£1.529m in 1999/00). There were no discretionary payments.

£3.613m was paid to the Teachers Pensions Agency.

4.2.8 Members' Allowances

During the year, a total of £550k (£347k) was paid in Members Allowances in accordance with the scheme approved by General Purposes Committee in March 1999.

4.2.10 Officers' emoluments

The number of officers whose emoluments exceed £40,000 are set out in the table below.

<u>Salary Range</u>	<u>No.</u>
£40k - £50k	56
£50k - £60k	13
£60k - £70k	12
£70k - £80k	2
£80k - £90k	1
£90k - £100k	2
£100k - £110k	1

4.2.11 Related Party Transactions

There are no declarable related party transactions other than the following:

Councillors Cornwell, Elengorn and Westmorland were nominated by the Council as Trustees to the Richmond Theatre Trust Ltd in May 1998. In addition, during 2000/01 Councillor Cornwell was a director of the Richmond Theatre Management Company. The Council has extended a guarantee on behalf of Richmond Theatre Management Company to underwrite repayments on a loan of £4.2M from the Royal Bank of

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Scotland. Note 8.2.17 to the Consolidated Balance Sheet details the Council's obligations under the guarantee.

Councillor Knight is an employee of the Association of London Government to which the Council paid a subscription of £68,000 during 2000/01.

5. **FORMER DIRECT SERVICE/LABOUR ORGANISATION ACCOUNTS**5.1 **Summary Revenue and Appropriation Account**

	<u>1999/00</u> <u>£000</u>	<u>2000/01</u> <u>£000</u>
<u>Expenditure</u>		
Labour	8,977	7,716
Materials	3,149	2,389
Sub - contractors	2	434
Transport	1,291	1,314
Capital charges	50	22
Overheads	1,181	1,207
Movement on work in progress	5	46
	<u>14,655</u>	<u>13,128</u>
<u>Income</u>		
Charges under works contracts	-14,516	-12,888
Surplus(-) or deficit for the year	<u>139</u>	<u>240</u>
 <u>Appropriations</u>		
Surplus(-) or deficit for the year	139	240
Contributions to/from General Fund	36	0
Movement on DSO Reserve	<u>175</u>	<u>240</u>

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5.2 Notes to the DSO Accounts

5.2.1 Operations

Until January 2000 the Council operated two Direct Labour Organisations (DLOs) under the provisions of the Local Government Planning and Land Act 1980 and fourteen Direct Service Organisations (DSOs) under the provisions of the Local Government Act 1988 and the Local Government Act 1992. The Local Government Act 1999 abolished these requirements. However, the Council has chosen to maintain the DLOs and DSOs as trading accounts and the full year results are published below. The table shows the turnover and surplus or deficit of the Council's DSOs and DLOs

	<u>Turnover</u> <u>2000/01</u> <u>£000</u>	<u>Surplus(-)</u> <u>or deficit</u> <u>2000/01</u> <u>£000</u>
Building Maintenance	-1,891	175
Highways	-1,064	-65
Civic Catering	-239	14
Teddington Pool	-666	-44
Transport Workshops	-656	-68
Refuse Collection	-3,184	-20
Environmental Services	-1,797	8
Architectural and Construction Services	-1,411	200
Legal	-222	1
Audit	-305	-21
Schools Catering	-880	73
Cashiers	-344	-4
Non Domestic Rates	-110	-25
Pensions	-119	16
	<u>-12,888</u>	<u>240</u>

5.2.2 Rate of Return

Under Government regulations, each DLO/DSO was required to break even after charging a 6% notional interest charge for the use of fixed assets and the average stock held in its operations. The Council has chosen to retain this target for monitoring purposes. As shown in the table above, seven DSOs failed to achieve this target.

6. **COLLECTION FUND ACCOUNTS**6.1 **Income and Expenditure Account**

<u>1999/00</u> <u>£000s</u>		<u>2000/01</u> <u>£000s</u>	<u>2000/01</u> <u>£000s</u>
<u>INCOME</u>			
-63,481	Income from Council Tax		-69,532
	Transfers from General Fund		
-5,963	Council Tax Benefits	-6,266	
-14	CTSBL ¹ contributions	-46	
			-6,312
-40,558	Income collected from Business Ratepayers		-45,134
<u>-110,016</u>			<u>-120,978</u>
<u>EXPENDITURE</u>			
	Precepts		
59,387	LBRUT	64,710	
0	Greater London Authority	10,129	
6,305	Metropolitan Police	0	
2,245	LCFDA	0	
<u>67,937</u>			<u>74,839</u>
14	CTSBL contributions to General Fund		46
0	Provision for bad debts		0
	Contributions		
	Towards previous years estimated Collection		
2,004	Fund surplus		4,290
	Business Rate		
40,262	Payment to national pool	44,838	
296	Cost of collection allowance	295	
<u>40,558</u>			<u>45,133</u>
<u>110,513</u>			<u>124,308</u>
<u>497</u>	Movement on Fund Balance		<u>3,330</u>
-4,548	Balance brought forward		-3,869
497	Surplus/deficit for the year		3,330
182	Adjustment re cash reconciliation		0
<u>-3,869</u>	Balance carried forward		<u>-539</u>

1. CTBSL stands for Council Tax Benefit Subsidy Limitation

6.2 Notes to the Collection Fund Account6.2.1 General

This account reflects the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax, national non-domestic rates and any residual community charge.

The year end surplus or deficit on the Collection Fund is distributed between the billing and precepting authorities on the basis of estimates made on the 15th January of the end of year balance.

6.2.2 National Non Domestic Rates (NNDR)

Non domestic rates are organised on a national basis. The Government specifies an amount, known as the multiplier which, when multiplied by the rateable value of the property, gives the amount payable for that property. The total rateable value for the borough, as at 31st March 2000/01 was £137,654,104. The national multiplier for 2000/01 was set at 43p in the pound. The borough is responsible for collecting amounts due from business ratepayers in its area but pays the proceeds into the national NNDR pool, which is administered by the Government. The money is distributed to local authorities on the basis of a fixed amount per head of adult population. The table below shows a reconciliation between the gross rate payable and the amount shown in the Collection Fund Account.

	<u>£000s</u>
Gross rates payable	55,462
Losses in collection	-1,015
Transitional Allowances	-3,425
Mandatory Relief	-5,742
Interest on refunds	0
Discretionary Relief	-147
TOTAL	<u>45,133</u>

SECTION 6

6.2.3 Calculation of Council Tax

The 2000/01 Council Tax was calculated as follows:-

	£	£
Borough Expenditure		141,545
GLA Precept		10,129
Total Expenditure		<hr/> 151,674
Estimated Collection Fund Surplus		-3,750
Business Rates from National Pool		-51,829
Revenue Support Grant		-21,604
CTBSL		348
Total to be met from Council Tax		<hr/> 74,839
Divided by Council Tax Base		82,362.75
BAND D EQUIVALENT TAX		<hr/> 908.65

6.2.4 Council Tax Base

The 2000/01 Council Tax Base was calculated according to the following formula:

$$M - (P \times 25\%) + R \times S/T$$

where:

M is the number of chargeable dwellings for each band

P is the number of discounts applying in each band

R is the adjustment for the estimated changes in the number of dwellings and discounts

S/T is the proportion of Council Tax which dwellings in each band bear in relation to dwellings in band D

SECTION 6

Council Tax Base Calculation:-

<u>Band</u>	<u>M - (Px25%)</u>	<u>+/- R</u>	<u>x S/T</u>	<u>=</u>
A	433.25	-12	6/9	280.83
B	1,530.25	+56	7/9	1,233.75
C	9,100.75	+125	8/9	8,200.67
D	16,231.75	-17	9/9	16,214.75
E	16,894.25	+80	11/9	20,746.30
F	9,831.00	+203	13/9	14,493.56
G	10,496.50	+238	15/9	17,890.83
H	2,355.25	+103	18/9	4,916.50
				<u>83,977.19</u>
		x Collection Rate @ %		<u>98.00</u>
				82,297.65
		+ MoD Properties		65.10
		COUNCIL TAX BASE		<u><u>82,362.75</u></u>

The total Council Tax expected to be raised on the above calculation was £74.839m. The actual amount collected, after adjusting for Council Tax Benefit, was £75.844m a difference of £1.005m. After allowing for contributions, the fund showed a deficit of £3.330m for the year.

SECTION 7

7. HOME LOANS UNIT ACCOUNTS

7.1 Revenue Account

	<u>1999/00</u> <u>£000</u>	<u>2000/01</u> <u>£000</u>
<u>INCOME</u>		
Interest due		
-on advances to mortgagors	-788	-622
-on temporary investments	-528	-600
Other income		
-insurance commission	-109	-90
-rents	-83	-84
-miscellaneous	-326	-311
	<hr/> -1,834	<hr/> -1,707
<u>EXPENDITURE</u>		
Employees	63	149
Premises	67	25
Supplies and Services	126	95
Central Support Services	67	32
Agency & Contracted Services	135	35
Capital Financing Costs	950	950
	<hr/> 1,408	<hr/> 1,286
Surplus for the year	<hr/> -426	<hr/> -421
<u>APPROPRIATION OF SURPLUS</u>		
Balance brought forward	-928	-429
Surplus for the year	-426	-421
Distribution to London Boroughs	925	425
Balance carried forward	<hr/> -429	<hr/> -425

SECTION 7

7.2 Balance Sheet

	<u>1999/00</u>		<u>2000/01</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Current Assets</u>				
Temporary investments		9,000		9,608
Deferred debtors		9,120		6,650
Sundry debtors		548		475
Cash in Hand		293		328
<u>Long Term Liabilities</u>				
Loans Outstanding		-10,000		-10,000
<u>Current Liabilities</u>				
Sundry creditors	-414		-589	
Cash overdrawn	-234		-154	
		-648		-743
<u>Provisions</u>		-220		-220
Total assets less liabilities		<u>8,093</u>		<u>6,098</u>
<u>Other Balances</u>				
Deferred capital receipts	-7,499		-5,631	
Revenue Account	-429		-425	
Appropriation Account	-154		-31	
Suspense	-11		-11	
		-8,093		-6,098
		<u>-8,093</u>		<u>-6,098</u>

7.3 Notes to the Home Loans Unit Accounts

7.3.1 General

On November 14th 1988 the Authority took over responsibility for the ex-GLC mortgage portfolio which it administers on behalf of the London Boroughs. Any surplus arising from the operation is distributed amongst the London Boroughs.

7.3.2 Capital Receipts

Amounts are transferred from the deferred capital receipts account to capital receipts unapplied on the basis of amounts due. The amount received is transferred to the Appropriation Account for distribution. Any variance between the amounts due and received is either applied or charged to miscellaneous provisions.

7.3.3 Loan Repayments

Following the discontinuation of the Loans Pool, the HLU has incorporated into its balance sheet the outstanding PWLB debt for which it has responsibility. Interest payable on these loans is charged directly to the HLU Revenue Account.

SECTION 7

7.3.4 Capital Distribution

	<u>1999/00</u> <u>£000</u>	<u>2000/01</u> <u>£000</u>
Balance brought forward	-289	-154
Surplus for the year	-2,650	-1,927
	<u>-2,939</u>	<u>-2,081</u>
Amounts distributed to Boroughs	2,785	2,050
Balance carried forward	<u>-154</u>	<u>-31</u>

8. CONSOLIDATED BALANCE SHEET**8.1 Consolidated Balance Sheet**

<u>31.3.00</u> <u>£000</u>		<u>Note</u>	<u>31.3.01</u> <u>£000s</u>	<u>31.3.01</u> <u>£000s</u>
	Fixed Assets			
200,521	Council Dwellings	5	0	
189,205	Other Land & Buildings	5	201,746	
66	Vehicles, Plant & Equipment	5	64	
1,879	Community Assets	5	2,118	
14,904	Infrastructure Assets	5	16,594	
12,537	Non Operational Assets	5	11,577	
<u>419,112</u>				<u>232,099</u>
0	Deferred Charges			427
0	Deferred Revenue Costs			563
2,250	Long Term Investments	7		2,250
	Long Term Debtors			
10,866	Mortgages		8,099	
374	Other		<u>384</u>	
				<u>8,483</u>
<u>432,602</u>	Total Long Term Assets			<u>243,822</u>
	Current Assets			
412	Stock & Work in Progress		237	
24,431	Debtors		22,040	
11,203	Investments	7	69,178	
-6,207	Cash and Bank		<u>-9,321</u>	
	Current Liabilities			82,134
-19,798	Creditors		-23,599	
-4,760	Temporary Loans		<u>-5,873</u>	
				<u>-29,472</u>
<u>437,883</u>	Total Assets Less Current Liabilities			<u>296,484</u>
-66,435	Long Term Borrowing	3		-65,273
-60	Deferred Creditor			-53
-919	Government Grant Deferred			-853
-9,126	Deferred Capital Receipts			-6,986
-472	Provisions			-369
<u>360,871</u>	Total Assets Less Liabilities			<u>222,950</u>
	Represented By:			
-3,674	Capital Receipts Unapplied	13		-19,582
-69,190	Capital Financing Reserve	13		-106,335
-276,604	Fixed Asset Restatement Reserve	13		-85,138
-2,606	Reserves and Holding Accounts			-3,061
	Revenue Balances			
-1,511 ✓	General Fund			-2,651
-1,590 ✓	Schools(Earmarked)			-2,330
-57	HRA			-2,859
-1,187	DLO/DSO			0
-582	Home Loans Unit			-455
-3,870	Collection Fund			-539
<u>-360,871</u>				<u>-222,950</u>

8.2 Notes to the Consolidated Balance Sheet8.2.1 Summary of movement in deferred charges

<u>Description</u>	<u>Bal.</u> <u>1.4.00</u> <u>£000s</u>	<u>Gross</u> <u>Exp</u> <u>£000s</u>	<u>Income</u> <u>£000s</u>	<u>Net</u> <u>Exp.</u> <u>£000s</u>	<u>Written</u> <u>down</u> <u>£000s</u>	<u>Bal.</u> <u>31.3.01</u> <u>£000s</u>
Improvement Grants	0	1,226	-567	659	-659	0
Grants to Vacate	0	76	0	76	-76	0
LAHAG Schemes	0	235	0	235	-235	0
Rent Allowances	0	612	0	612	-612	0
DIYSO	0	113	0	113	-113	0
Advances re Richmond Theatre	0	408	0	408	-408	0
Redundancy Costs	0	1,415	0	1,415	-1,415	0
Education - VA Schools	0	507	0	507	-507	0
Welfare Adaptations	0	2	0	2	-2	0
PWLB Premium	0	448	0	448	-21	427
	0	5,042	-567	4,475	-4,048	427

8.2.2 Provision for Credit Liabilities

	<u>1999/00</u> <u>£000</u>	<u>2000/01</u> <u>£000</u>
Balance b/fwd	59,508	62,893
Reserved part of capital receipts	8,004	37,285
Minimum Revenue Provision	1,839	2,127
Loan Principal Repaid	-6,458	-6,110
Balance c/fwd	62,893	96,195

8.2.3 Long Term Borrowing

<u>Source of Loan</u>	<u>Average</u> <u>Interest</u> <u>Rate 2000/01</u> <u>%</u>	<u>Outstanding at 31st March</u>	
		<u>2000</u> <u>£000s</u>	<u>2001</u> <u>£000s</u>
PWLB	8.46	57,000	55,848
Money markets	10.8	9,250	9,250
Other	5.78	185	175
		66,435	65,273

The analysis of maturity of loans is:

	<u>31.3.00</u> <u>£000s</u>	<u>31.3.01</u> <u>£000s</u>
Maturing:		
1 - 2 years	7,000	3,000
2 - 5 years	11,000	9,500
5 - 10 years	14,000	13,500
More than 10 years	34,435	39,273
	66,435	65,273

SECTION 8

8.2.5 Analysis of fixed assets

	<u>31.3.00</u>	<u>31.3.01</u>
Land and Property		
Nursery schools	1	1
Primary schools	39	39
Secondary schools	8	8
Special schools	3	3
Child guidance centre	1	1
Youth and community centre	4	4
Libraries	12	12
Art Galleries	1	1
Cemeteries	6	6
Golf Course	1	1
Sports Centres	3	3
Allotment land (including leased plots)	27.54 hectares	27.54 hectares
Swimming pools	2	2
Public halls	7	7
Offices	8,824 m ²	8,824 m ²
Public conveniences	8	8
Depots	2	1
Residential homes for older people	5	5
Day centres for older people	5	5
Respite Care Home	1	0
Under 5's centres	2	2
Day centres for people with mental health needs	3	3
Day centres for people with physical disabilities	1	1
Residential units for people with learning difficulties	3	3
Shop premises	24	24
Travellers Site	1	1
Council dwellings	7,246	0
Vehicles	87	87
Infrastructure		
Roads	374 km	374 km
Bridges and other structures	58	58
Car parks	26	26
Community assets		
Parks	27	27
Ornamental parks	3	3
Open spaces	53	53
Sports grounds	9	9

SECTION 8

00/01

The movement in the Balance Sheet valuation of Fixed Assets is set out in the table below:

	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant & Equip. £000s	Investment Properties £000s	Infra- structure Assets £000s	Comm -unity Assets £000s	Total £000s
Book Value as at 1.4.00	200,521	189,205	66	12,537	14,904	1,879	419,112
Additions	0	557	0	0	2,063	239	2,859
Enhancements	1,227	3,336	0	0	0	0	4,563
Disposals (LSVT)	-199,667	-2,254	0	0	0	0	-204,002
Disposals (Other)	-2,081	-1,580	0	0	0	0	-1,580
Revaluations	0	14,939	56	-913	0	0	14,082
Depreciation 2000/01	0	-2,457	-58	-47	-373	0	-2,935
Book Value as at 31.3.01	0	201,746	64	11,577	16,594	2,118	232,099
Depreciation b/fwd	0	1,669	758	0	0	0	2,427
2000/01 depreciation	0	2,457	58	47	373	0	2,935
Depreciation c/fwd	0	4,126	816	47	3730	0	5,362

8.2.6 Leases

The annual rentals relating to all finance and operating leases, together with outstanding rental obligations at year end are:

	Total Rentals £000s	Outstanding Obligations £000s
Other Finance Leases		
1999/00	2	2
2000/01	2	0
Operating Leases		
1999/00	430	2,061
2000/01	488	2,172

8.2.7 Investments

	Long Term		Short Term	
	31.3.00 £000	31.3.01 £000	31.3.00 £000	31.3.01 £000
Banks, Building Societies etc.	0	0	11,106	69,178
Other Local Authorities	2,250	2,250	0	0
Other	0	0	97	0
	2,250	2,250	11,203	69,178

The increase in investments is accounted for by the receipt in respect of the transfer of the housing stock to Richmond Housing Partnership.

8.2.8 Insurance Funds

Movements on the Insurance Funds maintained by the Council were as follows:

<u>Reserve</u>	<u>Balance</u> <u>31.3.00</u> <u>£000s</u>	<u>Transfers</u> <u>in</u> <u>£000s</u>	<u>Transfers</u> <u>out</u> <u>£000s</u>	<u>Balance</u> <u>31.3.01</u> <u>£000</u>
Housing Insurance Fund	-1,053	-65	1,152	34
Central Insurance Fund	-2,127	-1,245	965	-2,407

The Housing Insurance Fund provides general building insurance cover for all houses, but not flats, held within the Housing Revenue Account. Risks covered include storm damage, floods and subsidence. Following the transfer of the Housing Stock to RHP, the fund is no longer required and £1.0m was transferred to the General Fund. The Central Insurance Fund was established in 1993/94 in response to the increased excesses imposed by the Council's insurers. Risks covered include public liability, employer's liability and council property other than houses. In general, the level of excess is £27,500 with the Council's insurers being responsible for any claims greater than this amount.

8.2.9 Provisions

The figure for provisions is analysed as follows:

<u>Provision</u>	<u>Balance</u> <u>31.3.00</u> <u>£000s</u>	<u>Transfers</u> <u>in</u> <u>£000s</u>	<u>Transfers out</u> <u>£000s</u>	<u>Balance</u> <u>31.3.01</u> <u>£000s</u>
Bad debts *	-11,073	-704	1,464	-10,313
Other	-472	-122	225	-369
Total	-11,545	-826	1,689	-10,682

* In accordance with the Accounting Code of Practice, this figure has been netted off against the Debtors figure in the Balance Sheet.

8.2.10 Schools balances

The schools hold balances of £2.330m (£1.590m at 31.3.00) under delegated schemes. These sums are currently earmarked for educational purposes.

8.2.11 Civic Centre

The civic centre complex was officially opened on 6th March 1990. The accounts include revenue provision for the running costs of the buildings. Capital finance for the scheme was provided by a private sector developer. The Council will make rental payments to the developer over a 20 year period after which the ownership of the building will pass to the Council.

8.2.12 Trust Funds

The Council administers the following trust funds. The majority are educational trusts that provide prizes to outstanding pupils. The largest fund is the Richmond Chapel Fund. Interest on the fund is available to pay for Grounds Maintenance in the proximity of the chapel.

	<u>Balance</u> <u>1.4.00</u> £	<u>Income</u> £	<u>Expenditure</u> £	<u>Balance</u> <u>31.3.01</u> £
<u>Education</u>				
Various Funds	-5,946.52	-400.83	890.21	-5,457.14
<u>Social Services</u>				
B. E. Brooks	-19,485.85	-1,325.52	1,178.01	-19,633.36
Edgar Dailley	-1,169.93	-66.03	27.93	-1,208.03
	-20,655.78	-1,391.55	1,205.94	-20,841.39
<u>Planning & Transport</u>				
Kew Amenities	-2,844.83	-164.50	0.00	-3,009.33
<u>Leisure Services</u>				
Richmond Chapel	-110,372.96	-4,771.89	0.00	-115,144.85

The majority of funds are invested internally with a small number being invested externally in Government stocks.

In addition to these trust funds, the Council administers the money of some residents in Social Services homes. The figure at 31.3.01 was £78,269.25 (£89,144.90 at 31.3.00).

8.2.13 Movements in capital reservesFixed asset restatement reserve

	<u>1999/00</u> <u>£000s</u>	<u>2000/01</u> <u>£000s</u>
Balance b/fwd	-277,558	-276,604
Disposals	12,510	205,582
Revaluations	-11,556	-14,116
Balance c/fwd	-276,604	-85,138

The high figure for disposals reflects the transfer of the housing stock to Richmond Housing Partnership.

SECTION 8

Capital financing reserve

	<u>1999/00</u>	<u>2000/01</u>
	<u>£000</u>	<u>£000</u>
Balance b/fwd	-53,139	-69,190
Capital receipts set aside	-8,004	-37,285
Capital Receipts Applied	-6,081	-4,062
Other contributions	-175	-557
Capital Grants Applied	-116	-77
Revenue financing	-4,151	0
MRP (less depreciation)	-1,392	809
Write off of deferred charges	3,868	4,027
Balance c/fwd	<u>-69,190</u>	<u>-106,335</u>

Capital receipts unapplied

	<u>1999/00</u>	<u>2000/01</u>
	<u>£000</u>	<u>£000</u>
Balance b/fwd	-6,024	-3,674
Capital receipts/Section 106 receipts	-11,735	-57,458
Set aside	8,004	37,285
Receipts used for financing	6,081	4,265
Balance c/fwd	<u>-3,674</u>	<u>-19,582</u>

8.2.14 Capital expenditure and financingCapital Expenditure

<u>Description</u>	<u>1999/00</u>	<u>2000/01</u>
	<u>£000</u>	<u>£000</u>
Leisure Services	390	695
Education	1,998	1,626
Central Services	3,170	3,083
Environment	3,139	2,358
Social Services	1,333	1,229
Housing General Fund	1,139	1,890
Housing Revenue Account	5,403	1,302
	<u>16,572</u>	<u>12,183</u>

Capital Financing

<u>Description</u>	<u>1999/00</u>	<u>2000/01</u>
	<u>£000s</u>	<u>£000</u>
Loans	6,001	6,922
Capital grants applied	661	644
Capital receipts applied	4,292	2,736
Contributions	4,326	758
Unfinanced (accruals)	1,117	1,036
Unfinanced (retentions)	175	87
Total	<u>16,572</u>	<u>12,183</u>

8.2.15 Asset Valuation

All valuations are intended as approximations of the valuation as at 1.4.01. The methods of valuation used are outlined in note 2.4 in Section 2 of this document. It is intended that all assets will be revalued on a five year rolling programme basis. In 2000/01 only 10% of the Council's assets were revalued. The Council's valuers plan to bring the revaluation programme back to its proper position during 2001/02. The valuations were undertaken under the supervision of Peter Southcombe of SERCO Ltd. who is an associate member of the Royal Institution of Chartered Surveyors.

8.2.16 Contingent Liabilities

The Council has extended a guarantee, on behalf of Richmond Theatre Management Company, to underwrite repayments on a loan of £4.2m from the Royal Bank of Scotland. Up to 31st March 2001, the Council had paid £2.550m under the terms of the guarantee. The Council will have to make further payments of approximately £8.0m over the remaining life of the agreement. The net present value of these payments is approximately £6.5m.

The Council has been acting as lead borough in appealing against the Court's decision that charges made for residential accommodation under Section 3 of the Mental Health Act 1983 are illegal. The Council has now petitioned the House of Lords to hear a final appeal against the Court's decision. It is not possible to estimate accurately the impact of an adverse decision in this case.

9. CASH FLOW STATEMENT

9.1 Cash Flow Statement

	<u>1999/00</u> <u>£000</u>	<u>2000/01</u> <u>£000</u>
Revenue Activities		
Expenditure		
Cash paid re employees	99,837	102,690
Other operating costs	130,798	137,406
Council Tax Benefit	5,963	6,266
Income		
Rents	-11,174	-8,394
Council Tax	-69,458	-75,844
Non domestic rates	-45,335	-51,829
Revenue Support Grant	-25,992	-21,604
Other Government Grants	-42,701	-54,781
Cash received for goods & services	-37,703	-39,088
Revenue activities net cash flow	4,235	-5,178
Servicing of finance		
Interest paid	5,581	5,435
Interest received	-2,126	-2,711
Capital Activities		
Expenditure on assets	12,656	8,568
Capital receipts	-11,735	-57,458
Capital grants received	-245	-11
Other capital transactions	-495	-2,344
Financing		
Repayments of amounts borrowed	6,458	6,110
New loans raised	-4,100	-6,159
	10,229	-53,748
Change in cash and cash equivalents	-10,229	53,748

9.2 Notes to the Cash Flow statement9.2.1 Reconciliation of revenue cash flow

	<u>1999/00</u>	<u>2000/01</u>
	<u>£000</u>	<u>£000</u>
Surplus/Deficit for the year	53	37
		0
Capitalisation	800	800
Change in stock	13	-175
Change in creditors	-1,441	-3,801
Change in debtors	4,412	-2,391
Change in reserves/provisions	398	352
		0
Revenue activities net cash flow	<u>4,235</u>	<u>-5,178</u>

9.2.2 Cash and cash equivalents

	<u>31.3.00</u>	<u>31.3.01</u>	<u>Movement</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cash	-6,207	-9,321	-3,114
Temporary loans	-4,760	-5,873	-1,113
Short term investments	11,203	69,178	57,975
	<u>236</u>	<u>53,984</u>	<u>53,748</u>

9.2.3 Financing items

	<u>£000</u>
Loans outstanding 31.3.00	-71,195
Repayments of amounts borrowed	6,110
New loans raised	-6,159
Loans outstanding 31.3.01	<u>-71,146</u>

10. PENSION FUND ACCOUNTS**10.1 Fund Account**

	<u>1999/00</u> <u>£000</u>	<u>2000/01</u> <u>£000</u>
Contributions and Benefits		
Contributions receivable		
- From employers	-5,923	-7,080
- From employers (special contributions)	-1,606	-1,577
- From employees	-2,990	-3,056
Transfers in (inc. group and individual transfers)	-2,383	-2,647
Benefits payable		
- Pensions	7,781	8,075
- Lump sums (inc. retirement and death grants)	2,086	1,487
Payments to and on account of leavers		
- Transfers out (inc. group and other transfers)	1,707	2,137
- Refund of contributions	135	84
Administrative and other costs borne by the scheme	374	386
Net additions / withdrawals from dealings with members	-819	-2,191
Returns on investments		
Investment income	-7,033	-6,403
Change in market value of investments		
- Realised	-11,434	-8,987
- Unrealised	-6,856	30,282
Investment management expenses	648	672
Net return on investments	-24,675	15,564
Net increase / decrease in the fund during the year	-25,494	13,373
Opening net assets of the scheme	-207,486	-232,980
Net increase / decrease in the fund during the year	-25,494	13,373
Closing net assets of the scheme	-232,980	-219,607
Reconciliation of movement in net assets:-		
Opening net assets of the scheme	-207,486	-232,980
Net new money invested per Fund Account	-7,204	-7,922
Change in the market value of investments	-18,290	21,295
Closing net assets of the scheme	-232,980	-219,607

10.2 Net Assets Statement

	<u>31.3.00</u> <u>£000s</u>	<u>31.3.01</u> <u>£000</u>
Investment Assets		
Fixed interest securities		
- Public Sector	31,784	12,766
- Other	1,308	733
Equities	143,378	139,283
Index linked securities		
- Public Sector	6,341	6,901
- Other	625	616
Unit Trusts/OEICs/PFPVs		
- Property	3,445	3,481
- Other	31,834	38,738
Other investments	311	312
Net current assets and liabilities		
Debtors	3,862	648
Short term investments	10,077	14,058
Cash in hand	2,412	3,664
Creditors	-2,397	-1,593
	<u>232,980</u>	<u>219,607</u>

10.3 Notes to the Pension Fund10.3.1 Operation of the Fund and Membership

The Fund is administered by the London Borough of Richmond upon Thames, but also includes the employees of certain other bodies. Membership details as at 31st March 2001 are summarised below:

	<u>Contributors</u>	<u>Pensioners & Dependants</u>
LBRUT	2,968	2,261
Former employees with preserved benefits	0	1,556
Other bodies:		
Association of District Councils	0	16
Hampton School	40	7
Notting Hill Housing Trust	4	6
St. Mary's College	94	49
SW Middlesex Crematorium Board	11	16
Richmond CAB	1	1
Housing Organisations Mobility & Exchange Services	18	2
Council for Voluntary Services	6	4
Richmond upon Thames Music Trust	8	0
Christ's Comm. Management Body	1	0
IRRV	10	0
Project for Children with Special Needs	7	0
St. Catherine's School	6	0
Museum of Richmond	2	0
Richmond Housing Partnership	99	0
Twining Enterprises	12	0
Former employees with preserved benefits	0	73
	<u>3,287</u>	<u>3,991</u>

The fund's investments were managed by two firms during the financial year 2000/01, Henderson Investors (who replaced Gartmore in September 1998) and Schroder Investment Management. The activities of the fund managers are supervised by the Investment Sub-Committee which consisted of the following members in 2000/01:

Councillor L. Mann (Chairman)
 Councillor S. Lamb (Vice-Chairman)
 Councillor A. Mollett
 Councillor S. Lourie

In addition, the Sub-Committee's meeting were attended by:

Mr L. Johnson (Staff Observer)
 Mr D. Taylor/Mr R. Wyatt (Henderson)
 Mr C. Crole/Mr G. Aherne (Schroders)
 Mr R. Borland (Hymans Robertson & Co – Actuaries)

The Sub-Committee is responsible for ensuring that the Fund is protected against inflation and that there is sufficient cash to meet all present and future liabilities. They have decided on a spread of investments, the details of which are shown in the Net Assets Statement.

10.3.2 Accounting Policies

The general principles adopted in the compilation and presentation of these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy in the Code of Practice on Local Authority Accounting. The Fund Account is generally prepared on an income and expenditure basis. This means that funds receivable and payable by the Fund, whether or not the sum has been received or paid, are included in the accounts. Investment income and transfers are the major exceptions to this policy, being accounted for on a cash basis.

From the start of the financial year 1997/98, the Council adopted the practice of paying capital contributions to the Pension Fund where premature retirement is granted on grounds of redundancy/efficiency or ill-health. These payments represent the cost (calculated as a capital sum) of paying the scheme pension from the date of retirement to the date at which in normal circumstances it would have fallen due. Two contributions representing the capital cost of future agency pension payments were also received during the course of 2000/01, with a total value of £0.243m. These payments are shown collectively in the accounts as "contributions receivable from employers (special contributions)" and in 2000/01 amounted to £1.577m.

Transfer values are accounted for on a cash basis given the following:

- i) There is often a significant delay in obtaining from the transferring pension scheme details of the value due in respect of an employee (or, alternatively, in confirming that no transfer is due).
- ii) Transfers from the Fund, particularly when a non-local government scheme is involved, can be subject to delay. In these cases, the formula-based transfer value cannot be arrived at until the point at which the transfer is made.

The difference is not considered to be material.

Investment assets are shown at the mid market price at the close of business on 31st March 2001.

Investments denominated in currencies other than Sterling are translated using the closing rate method.

The net effect of gains and losses arising from currency transactions undertaken in the course of the purchase or sale of non-Sterling denominated investments is included within "Change in the market value of investments (Realised)" within the Fund Account and in 2000/01 represented a loss of £22,000.

Unrealised gains and losses on any future currency contracts held by the fund managers are not shown in the Net Assets statement, but are recorded in the Fund Account upon settlement. At 31st March 2001, neither manager held any open currency futures contracts

10.3.3 Liabilities after the Period End

The Fund's financial statements do not take account of liabilities to pay pensions other benefits after the period end. The Fund's ability to meet these obligations is the subject of the periodic actuarial report detailed in the next paragraph.

10.3.4 Performance and Actuarial Position

During 2000/01, the Fund showed a return of -6.2% on its assets compared with an average of -6.3% for all Local Authorities.

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The latest actuarial valuation of the fund was completed as at 31st March 1998. The results of the revaluation indicated that the actuarial value of the available assets of £172.8m were sufficient to cover 84.3% of the accrued liabilities.

The Council is required, however, to set employers' contributions rates such as to ensure that the Fund is sufficient to meet 100% of its liabilities. Contributions to the fund are, therefore, being made up over the future lifetime of existing employees to bring the funding level up to a fully solvent position. (This policy also applies to the scheduled bodies to the fund.)

The actuarial method used to determine the contribution rate required to meet liabilities accruing in the future is known as the Projected Unit Method. The principal financial assumptions adopted in the valuation were as follows:

Investment Return	- Equities	7.2% p.a.
	- Bonds	6.7% p.a.
Salary Increases		4.9% p.a. (plus an allowance for promotional increases)
Pension Increases		3.4% p.a.

10.3.5 Market Value of Assets

The total market value of assets as at 31st March 2001 under the management of the fund managers was:

	<u>1999/00</u>		<u>2000/01</u>	
	<u>Market Value (inc. cash) £000</u>	<u>% of Total Fund Assets</u>	<u>Market Value (inc. cash) £000</u>	<u>% of Total Fund Assets</u>
Schroders	120,422	52	112,591	51
Henderson	107,296	46	99,634	45
	<u>227,718</u>	<u>98</u>	<u>212,225</u>	<u>96</u>

10.3.6 Analysis of Investment assets

1999/00

	<u>UK</u>		<u>Foreign</u>		<u>Cash</u>	<u>Total</u>
	<u>Listed £000</u>	<u>Unlisted £000</u>	<u>Listed £000</u>	<u>Unlisted £000</u>	<u>£000</u>	<u>£000</u>
Schroders	75,220	34	39,070	0	6,098	120,422
Henderson	69,025	0	31,922	0	6,349	107,296
	<u>144,245</u>	<u>34</u>	<u>70,992</u>	<u>0</u>	<u>12,447</u>	<u>227,718</u>

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2000/01

	<u>UK</u>		<u>Foreign</u>		<u>Cash</u> <u>£000</u>	<u>Total</u> <u>£000</u>
	<u>Listed</u> <u>£000</u>	<u>Unlisted</u> <u>£000</u>	<u>Listed</u> <u>£000</u>	<u>Unlisted</u> <u>£000</u>		
Schroders	72,004	37	33,828	0	6,722	112,591
Henderson	66,217	0	26,951	0	6,466	99,634
	138,221	37	60,779	0	13,188	212,225

10.3.7 Analysis of transactions

	<u>1999/00</u>		<u>2000/01</u>	
	<u>Purchases</u> <u>£000</u>	<u>Sales</u> <u>£000</u>	<u>Purchases</u> <u>£000</u>	<u>Sales</u> <u>£000</u>
Schroders	40,738	-32,946	69,170	66,724
Henderson	59,086	-53,433	70,438	67,812
	99,824	-86,379	139,608	134,536

10.3.8 Analysis of contributions and benefits

<u>1999/00</u>	<u>Admin- istering Authority</u> <u>£000</u>	<u>Scheduled Bodies</u> <u>£000</u>	<u>Admitted Bodies</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Contributions receivable				
From employers	5,006	446	471	5,923
From employers (special)	1,528		78	1,606
From employees	2,558	231	201	2,990
	9,122	677	750	10,519
Benefits payable	9,174	274	419	9,867

<u>2000/01</u>	<u>Admin- istering Authority</u> <u>£000</u>	<u>Scheduled Bodies</u> <u>£000</u>	<u>Admitted Bodies</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Contributions receivable				
From employers	5,717	560	803	7,080
From employers (special)	1,577	0	0	1,577
From employees	2,500	246	310	3,056
	9,794	806	1,113	11,713
Benefits payable	8,879	275	409	9,563

11. STATEMENT OF RESPONSIBILITIES

11.1 THE AUTHORITY'S RESPONSIBILITIES

The Authority is required :

to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Richmond, the Chief Finance Officer is the Director of Finance, Mr. M. Maidment.

to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

11.2 THE CHIEF FINANCE OFFICERS RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA /LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2001.

In preparing this Statement of Accounts, the Chief Finance Officer has:

selected suitable accounting policies and then applied them consistently.

made judgements and estimates that were reasonable and prudent.

complied with the Code of Practice.

The Chief Financial Officer has also:

kept proper accounting records which were up to date.

taken reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Balance 1.4.00 £000s	Net Surplus/Deficit £000s	Revaluation Gains/Losses £000s	Effects of Disposals £000s	Financing £000s	Balance 31.3.01 £000s
Capital Reserves						
Capital Receipts Unapplied	-3,674	0	0	-57,458	41,550	-19,582
Capital Financing Reserve	-69,190	0	0	0	-37,145	-106,335
Fixed Asset Restatement Reserve	-276,604	0	-14,116	205,582	0	-85,138
Revenue Reserves						
General Fund (ex schools)	-1,511	-1,140	0	0	0	-2,651
Schools	-1,590	-740	0	0	0	-2,330
HRA	-57	-2,802	0	0	0	-2,859
DLO/DSO	-1,187	1,187	0	0	0	0
Home Loans Unit	-582	127	0	0	0	-455
Collection Fund	-3,870	3,331	0	0	0	-539
Housing Insurance Fund	-1,053	1,086	0	0	0	33
Central Insurance Fund	-2,127	-280	0	0	0	-2,407
Other	573	-1,260	0	0	0	-687
TOTAL	-360,872	-491	-14,116	148,124	4,405	-222,950

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