



LONDON BOROUGH OF
RICHMOND UPON THAMES

STATEMENT OF ACCOUNTS

For the year ending 31st March 2000

Mark Maidment CPFA
Director of Finance

CERTIFICATE OF THE DIRECTOR OF FINANCE AND REPORT OF THE AUDITORS

LONDON BOROUGH OF RICHMOND UPON THAMES AND LONDON BOROUGH OF RICHMOND UPON THAMES PENSION FUND FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2000

CERTIFICATE OF THE DIRECTOR OF FINANCE

I certify that the accounts set out on pages 1-41 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 1999/2000 prepared in accordance with the accounting policies stated.



Mark Maidment, Director of Finance
21st December 2000

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

We have audited the Statement of Accounts on pages 1-41 which have been produced in accordance with accounting policies applicable to Local Authorities. The Statement of Accounts comprises the Authority's accounts on pages 1-33 and 40-41 which have been prepared in accordance with the accounting policies set out on pages 5, 6 and 7 and the Pension Fund Accounts on pages 34-39 which have been prepared in accordance with the accounting policies set out on pages 37.

Respective responsibilities of the Director of Finance and Auditors

As described on page 40, the Director of Finance is responsible for the preparation of the Statement of Accounts. Our responsibilities as independent auditors are established by statute, the 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 operations of the Council.

Basis of Opinion

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit 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 the 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 presents fairly the financial position of the London Borough of Richmond upon Thames at 31st March 2000 and its income and expenditure for the year then 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 31st March 2000 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of scheme year.



Ann Shore, District Audit
21st December 2000

1. EXPLANATORY FOREWORD1.1 INTRODUCTION

The Council's accounts for the year ended 31st March 2000 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 020-8891-1411 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 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>1998/99</u> <u>£000</u>	<u>Actual</u> <u>1999/00</u> <u>£000</u>
Net Cost of Services	137,513	144,875
Minimum Revenue Provision (Net)	960	924
Interest and Investment Income	-3,414	-2,127
Asset Management Revenue Account	-5,727	-6,502
Other Treasury Costs	0	24
Capitalisation of Revenue Expenditure	-945	-800
Provision re Richmond Theatre	123	-283
Reclassification of reserves/provisions	-1,170	0
LRB distribution	-23	-23
Net write offs/ons of old balances	190	318
Appropriations	-1,642	-2,807
Total Borough Expenditure	125,865	133,599
Revenue Support Grant	-27,654	-25,992
Non domestic rates	-40,947	-45,335
Precept on Collection Fund	-53,380	-59,387
Surplus from Collection Fund	-3,116	-1,750
Deficit/Surplus (-) for the Year	768	1,135

The Budget Strategy for 1999/00 was to start the process of reinstating the Council's revenue reserves to a more prudent level as required by the District Auditor. However, after allowing for the planned use of balances to fund carry forwards, the Council only contributed £122k to general balances. This was largely as a result of demand led overspends on Social Services, Homelessness and Asylum Seekers together with the need to write off previous year's cash and debtor balances.

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>1998/99</u> <u>£000</u>	<u>Actual</u> <u>1999/00</u> <u>£000</u>
Gross Expenditure	36,649	36,080
Gross Income	-33,529	-35,141
Deficit for the year	3,120	939

The Original Estimate for the Housing Revenue Account showed a small surplus of £141k. However, expenditure on repairs was £1.009m more than estimated due to slippage in the programme of repairs in the previous year. Excluding this item yields a small surplus of £70k.

1.3.4 Capital Expenditure

Capital expenditure for 1999/00 is summarised below:

<u>Committee</u>	<u>1999/00</u> <u>Budget</u> <u>£000</u>	<u>1999/00</u> <u>Outturn</u> <u>£000</u>	<u>1999/00</u> <u>Variance</u> <u>£000</u>
Leisure Services	762	390	-372
Education	3,422	1,998	-1,424
Resources	3,764	3,170	-594
Environment	5,497	3,139	-2,358
Social Services	2,174	1,333	-841
Housing General Fund	1,827	1,139	-688
Housing Revenue Account	5,661	5,403	-258
	<u>23,107</u>	<u>16,572</u>	<u>-6,535</u>

The expenditure figure for Resources Committee includes a payment of £0.378M in respect of Richmond Theatre and £2.403m in respect of capitalisation of redundancy payments against which there will be revenue savings. Capitalisation of other revenue expenditure of £0.800m is accounted for within the appropriate Committee total. The variation of £6.535m is mainly accounted for by slippage across all Committees and funding for these schemes will be carried forward to meet expenditure in the new year.

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, until this year, were assigned nominal values, have been assigned values based on actual capital expenditure over the last 5 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 early repayment of PWLB loans which has been written down over 8 years.

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. The same situation pertained to the London Boroughs Transport Committee until 30th September 1998 when the Council ceased to be 'lead borough.'

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>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
<u>INCOME</u>		
Dwelling Rents	-20,707	-22,435
Other Rents	-559	-586
HRA Subsidy Receivable	-11,140	-11,614
Housing Benefit Transfers	-81	-74
Contribution from Housing Insurance Fund	-836	-266
Investment Income - Mortgage Interest	-206	-166
Total Income	-33,529	-35,141
<u>EXPENDITURE</u>		
Repairs and Maintenance	6,047	6,415
Supervision and Management	6,272	5,980
Capital Expenditure Charged to Revenue	3,018	764
Rent Rebates	11,724	12,958
HRA Subsidy Payable	6,990	7,623
Provision for Bad and Doubtful Debts	192	277
Capital Financing	2,406	2,063
Total Expenditure	36,649	36,080
Surplus(-)/Deficit for the Year	3,120	939
Balance Brought Forward	-5,286	-996
Transfer to General Fund	1,170	0
Balance Carried Forward	-996	-57

3.2 Notes to the Housing Revenue Account

3.2.1 Housing Stock

Total stock as at 31.3.00 was 7,012 (7,237 at 31.3.99). This can be analysed as follows:

	<u>Houses</u>	<u>Flats</u>	<u>Total</u>
1 bedroom	47	2,695	2,742
2 bedroom	764	1,445	2,209
3 bedroom or more	1,637	424	2,061
	<u>2,448</u>	<u>4,564</u>	<u>7,012</u>

3.2.2 Rent Arrears

Rent arrears on permanent properties amounted to £1.998m (£1.865m at 31.3.99). £16,523 of arrears were written off during 1999/00 (£55,335 in 1998/99). The bad debt provision in respect of uncollectable debts stands at £1,393,239.

3.2.3 Capital Expenditure Financed From Revenue

Due to the Council's lack of capital resources certain improvement works to the housing stock have been financed from revenue in accordance with Part IV of the Local Government and Housing Act 1989.

3.2.4 Transfer to General Fund 1998/99

In 1990/91 a new system of Housing Subsidy was introduced. In order to avoid excessive rent increases £1.170M was transferred from the Building Maintenance DSO Reserve to the HRA. The HRA was the major client for the DSO. The District Auditor subsequently advised that the transfer contravened the "ring fence" which was designed to ensure that there was no cross subsidy between the HRA and other funds. As a result, the transfer was reversed in 1998/99.

4. CONSOLIDATED REVENUE ACCOUNT4.1 Consolidated Revenue Account

	<u>1999/00</u> <u>Gross</u> <u>Exp're</u> <u>£000</u>	<u>1999/00</u> <u>Gross</u> <u>Income</u> <u>£000</u>	<u>1999/00</u> <u>Net</u> <u>Exp're</u> <u>£000</u>	<u>1998/99</u> <u>Net</u> <u>Exp're</u> <u>£000</u>
General Fund				
Leisure Services	12,212	-3,502	8,710✓	8,928
Education	73,301	-11,212	62,089✓	61,227
Resources	41,540	-24,210	17,330	14,538
Environment	24,090	-12,484	11,606✓	11,907
Housing General Fund	35,519	-28,869	6,650✓	4,829
Social Services	54,161	-15,671	38,490✓	36,084
Housing Revenue Account	36,080	-35,141	939	3,120
Net Cost of Services	276,903	-131,089	145,814	140,633
DLO/DSO surplus/deficit			139	1
Minimum Revenue Provision (Net)			924	960
Interest and Investment Income			-2,127	-3,414
Asset Management Revenue Account			-6,502	-5,727
Other Treasury Costs			24	0
Net Operating Expenditure			138,272	132,453
Transfer to HRA Balances			-939	-3,120
Capitalisation of Revenue Expenditure			-800	-945
Contribution to/from DLO Reserves			-139	-1
Provision re Richmond Theatre			-283	123
Reclassification of reserves/provisions			0	-1,170
Net write offs/ons of old balances			318	190
LRB Distribution			-23	-23
Appropriations re deferred charges etc.			-2,901	-1,888
DLO/DSO asset rental adjustment			94	246
Amount to be met by Government				
Grants and Local Taxpayers			133,599	125,865
Precept on Collection Fund			-59,387	-53,380
Revenue Support Grant			-25,992	-27,654
Non Domestic Rates			-45,335	-40,947
Collection Fund Surplus			-1,750	-3,116
Total Surplus/Deficit for the Year			1,135	768
Balance brought fwd. (inc. Schools)			-4,236	-5,004
Surplus/Deficit for the year			1,135	768
Balance carried fwd. (inc. Schools)			-3,101	-4,236

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 1999/00 183,774 was giving an allowable expenditure of £652,398. Actual expenditure for the year was £621,783 analysed as follows:

	<u>1998/99</u>	<u>1999/00</u>
	<u>£</u>	<u>£</u>
Grants to Voluntary Organisations (Net)	424,085	593,083
Economic Development	28,179	28,700
	<u>452,264</u>	<u>621,783</u>

4.2.3 Publicity

	<u>1998/99</u>		<u>1999/00</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	42	69	43	72
Staff advertising	275	283	258	423
Other advertising	132	107	128	104

4.2.4 Agency Services

Until 1.4.95 the Council undertook three major activities on an agency basis, namely sewer works on behalf of Thames Water Utilities, work on trunk roads on behalf of the Department of Transport and the 'Red Routes' project on behalf of the Traffic Director for London. Reimbursable expenditure may be summarised as follows:

	<u>1998/99</u>	<u>1999/00</u>
	<u>£000</u>	<u>£000</u>
Department of Transport		
Capital	10	0
Traffic Director		
Capital	116	66
	<u>126</u>	<u>66</u>

4.2.5 Asset Management Revenue Account

The transactions on this account can be summarised as follows:

	<u>1998/99</u>	<u>1999/00</u>
	<u>£000</u>	<u>£000</u>
Capital charges to revenue accounts	-12,407	-12,530
Depreciation	458	447
External interest payable	6,222	5,581
Net transfer	<u>-5,727</u>	<u>-6,502</u>

4.2.6 Minimum Revenue Provision

	<u>1998/99</u>	<u>1999/00</u>
	<u>£000</u>	<u>£000</u>
Housing – 2% of credit ceiling	475	468
Non housing - 4% of credit ceiling	2,471	2,813
Less:		
Adjustment for commuted loans	-1,053	-1,442
	<u>1,893</u>	<u>1,839</u>
Amount charged as depreciation	458	447
Amount charged to HRA (Item 8)	475	468
Additional charge to revenue account	960	924
	<u>1,893</u>	<u>1,839</u>

4.2.7 Pension Scheme

A total of £5.054m (£5.049m in 1998/99) was charged to the accounts in respect of employers contributions to the Pension Scheme. This represents 11.5% (the same as in 1998/99) of pensionable pay. In addition, £1.529m special contributions in respect of early retirements were made (1.262m in 1998/99). There were no discretionary payments.

4.2.9 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 1999/00 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 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 £59,000 during 1999/00.

4.2.10 Members Allowances

During the year, a total of £104,860 was paid in Members Allowances in accordance with the scheme approved by General Purposes Committee in March 1999.

5. DIRECT SERVICE ORGANISATION ACCOUNTS5.1 Summary DSO Revenue and Appropriation Account

	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
<u>Expenditure</u>		
Labour	8,859	8,977
Materials	2,361	3,149
Sub - contractors	606	2
Transport	1,217	1,291
Capital charges	50	50
Overheads	1,010	1,181
Movement on work in progress	-32	5
	<u>14,071</u>	<u>14,655</u>
<u>Income</u>		
Charges under works contracts	-14,070	-14,516
Surplus(-) or deficit for the year	<u>1</u>	<u>139</u>
<u>Appropriations</u>		
Surplus(-) or deficit for the year	1	139
Contributions to/from General Fund	29	36
Movement on DSO Reserve	<u>30</u>	<u>175</u>

5.2 Notes to the DSO Accounts5.2.1 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

	Turnover 1999/00 £000	Surplus(-) or deficit 1999/00 £000	
Building Maintenance DLO	-2,740	148	5.4
Highways DLO	-957	-30	(3.1)
Civic Catering DSO	-216	24	11.4
Teddington Pool DSO	-546	23	4.2
Transport Workshops DSO	-695	-71	(10.2)
Refuse Collection DSO	-2,978	-35	(1.2)
Environmental Services DSO	-2,043	-7	(0.3)
Housing Management DSO	-1,432	-52	(3.6)
Architectural and Construction Services DSO	-770	14	1.8
Legal DSO	-248	11	4.4
Audit DSO	-288	-13	(4.5)
Home Loans DSO	-87	0	—
Schools Catering DSO	-963	125	13.0
Cashiers DSO	-338	0	—
Non Domestic Rates DSO	-103	-2	(1.9)
Pensions DSO	-112	4	3.6
	<u>-14,516</u>	<u>139</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. As shown in the table above, six DSOs failed to achieve this target.

6. COLLECTION FUND ACCOUNTS6.1 Income and Expenditure Account

<u>1998/99</u> <u>£000s</u>		<u>£000s</u>	<u>1999/00</u> <u>£000s</u>
<u>INCOME</u>			
-57,621	Income from Council Tax		-63,481
	Transfers from General Fund		
-5,511	Council Tax Benefits		-5,963
0	CTSBL ¹ contributions		-14
-39,431	Income collected from Business Ratepayers		-40,558
<u>-102,563</u>			<u>-110,016</u>
<u>EXPENDITURE</u>			
53,380	Precepts		
	LBRUT	59,387	
5,670	Metropolitan Police	6,305	
2,051	LFCDA	<u>2,245</u>	
			67,937
	CTSBL contributions to General Fund		14
393	Provision for bad debts		0
	Contributions		
	Towards previous years estimated Collection		
3,324	Fund surplus	2,004	
0	Adjustments of previous years' poll tax	<u>0</u>	
			2,004
	Business Rate		
39,155	Payment to national pool	40,262	
276	Cost of collection allowance	<u>296</u>	
			40,558
<u>102,249</u>			<u>110,513</u>
<u>1,686</u>	Movement on Fund Balance		<u>497</u>
-6,232	Balance brought forward		-4,548
1,686	Surplus/deficit for the year		497
0	Adjustment re cash reconciliation		182
<u>-4,548</u>	Balance carried forward		<u>-3,869</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, was £102,472,496. The national multiplier for 1999/00 was set at 48.9p 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	47,997
Losses in collection	-1,055
Transitional Allowances	-1,378
Mandatory Relief	-4,538
Interest on refunds	-321
Discretionary Relief	-147
TOTAL	<u>40,558</u>

6.2.3 Calculation of Council Tax

The 1999/00 Council Tax was calculated as follows:-

	£	£
Borough Expenditure		132,299,500
Add Precepts		
Metropolitan Police	6,304,850	
LFCDA	2,244,637	
		<u>8,549,487</u>
Total Expenditure		140,848,987
Estimated Collection Fund Surplus		-1,750,000
Business Rates from National Pool		-45,335,180
Revenue Support Grant		-26,023,243
CTBSL		195,814
		<u>67,936,637</u>
Total to be met from Council Tax		
Divided by Council Tax Base		81,415.93
BAND D EQUIVALENT TAX		<u>834.44</u>

6.2.4 Council Tax Base

The 1999/00 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

Council Tax Base Calculation:-

<u>Band</u>	<u>M - (Px25%)</u>	<u>+/- R</u>	<u>x S/T</u>	<u>=</u>
A	111.00	-6	6/9	308.67
B	290.00	+33	7/9	1,216.44
C	1,598.00	+61	8/9	8,168.89
D	2,154.25	+28	9/9	16,387.75
E	1,770.25	+30	11/9	20,787.25
F	796.50	+14	13/9	14,034.94
G	557.00	+170	15/9	17,700.00
H	88.75	+123	18/9	4,824.50
				<u>83,428.44</u>
		x Collection Rate @ %		97.5
				<u>81,342.73</u>
		+ MoD Properties		73.20
		COUNCIL TAX BASE		<u><u>81,415.93</u></u>

The total Council Tax expected to be raised based on the above calculation of the Council Tax Base was £67.937m. The actual amount collected, after adjusting for Council Tax Benefits was £69.444m, a difference of £1.507m. After accounting for contributions, bad debt provisions and the cash reconciliation adjustment the fund showed a deficit of £0.679m for the year.

7. HOME LOANS UNIT ACCOUNTS7.1 Revenue Account

	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
<u>INCOME</u>		
Interest due		
-on advances to mortgagors	-1,243	-788
-on temporary investments	-775	-528
Other income		
-insurance commission	-134	-109
-rents	-74	-83
-miscellaneous	-295	-326
	<u>-2,521</u>	<u>-1,834</u>
<u>EXPENDITURE</u>		
Employees	62	63
Premises	54	67
Transport	1	
Supplies and Services	118	126
Central Support Services	66	67
Agency & Contracted Services	174	135
Capital Financing Costs	1,125	950
	<u>1,600</u>	<u>1,408</u>
Surplus for the year	<u>-921</u>	<u>-426</u>
<u>APPROPRIATION OF SURPLUS</u>		
Balance brought forward	-867	-928
Surplus for the year	-921	-426
Distribution to London Boroughs	860	925
Balance carried forward	<u>-928</u>	<u>-429</u>

7.2 Balance Sheet

	<u>1998/99</u>		<u>1999/00</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Current Assets</u>				
Temporary investments		8,903		9,000
Deferred debtors		12,470		9,120
Sundry debtors		497		548
Cash in Hand		323		293
		<u>22,193</u>		<u>18,961</u>
<u>Long Term Liabilities</u>				
Loans Outstanding		-10,000		-10,000
<u>Current Liabilities</u>				
Sundry creditors	-414		-414	
Cash overdrawn	<u>-302</u>		<u>-234</u>	
		-716		-648
<u>Provisions</u>		-230		-220
<u>Other Balances</u>				
Deferred capital receipts	-10,019		-7,499	
Revenue Account	-928		-429	
Appropriation Account	-289		-154	
Suspense	<u>-11</u>		<u>-11</u>	
		-11,247		-8,093
		<u>-22,193</u>		<u>-18,961</u>

7.3 Notes to the Home Loans Unit Accounts7.3.1 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.

7.3.4 Capital Distribution

	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
Balance brought forward	-256	-289
Surplus for the year	-3,033	-2,650
	<u>-3,289</u>	<u>-2,939</u>
Amounts distributed to Boroughs	3,000	2,785
Balance carried forward	<u>-289</u>	<u>-154</u>

8. CONSOLIDATED BALANCE SHEET8.1 Consolidated Balance Sheet

<u>31.3.99</u> <u>£000</u>		<u>Note</u>	<u>31.3.00</u> <u>£000s</u>	<u>31.3.00</u> <u>£000s</u>
	Fixed Assets			
210,884	Council Dwellings	5	200,521	
183,509	Other Land & Buildings	5	189,205	
100	Vehicles, Plant & Equipment	5	66	
0	Community Assets	5	1,879	
0	Infrastructure Assets	5	14,904	
13,863	Non Operational Assets	5	12,537	
<u>408,356</u>				<u>419,112</u>
47	Deferred Charges	1		0
2,250	Long Term Investments	7		2,250
	Long Term Debtors			
14,649	Mortgages		10,866	
433	Other		<u>374</u>	
15,082				<u>11,240</u>
<u>425,735</u>	Total Long Term Assets			<u>432,602</u>
	Current Assets			
399	Stock & Work in Progress		412	
20,019	Debtors		24,431	
18,928	Investments	7	11,203	
-7,814	Cash and Bank		<u>-6,207</u>	
	Current Liabilities			29,839
-18,357	Creditors		-19,798	
-7,107	Temporary Loans		<u>-4,760</u>	
				<u>-24,558</u>
<u>431,803</u>	Total Assets Less Current Liabilities			<u>437,883</u>
-66,446	Long Term Borrowing	4		-66,435
-67	Deferred Creditor			-60
-790	Government Grant Deferred			-919
-11,944	Deferred Capital Receipts			-9,126
-560	Provisions			<u>-472</u>
<u>351,996</u>	Total Assets Less Liabilities			<u>360,871</u>
	Represented By:			
-6,024	Capital Receipts Unapplied	14		-3,674
-53,139	Capital Financing Reserve	14		-69,190
-277,558	Fixed Asset Restatement Reserve	14		-276,604
-2,917	Reserves and Holding Accounts			-2,606
	Revenue Balances			
-2,464	General Fund		-1,511	
-1,772	Schools(Earmarked)		-1,590	
-996	HRA		-57	
-1,362	DLO/DSO		-1,187	
-1,216	Home Loans Unit		-582	
-4,548	Collection Fund		<u>-3,870</u>	
				<u>-8,797</u>
<u>-351,996</u>				<u>-360,871</u>

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

Description	Bal. 1.4.99 £000s	Gross Exp £000s	Income £000s	Net Exp. £000s	Written down £000s	Bal. 31.3.00 £000s
Improvement Grants	0	814	-545	269	-269	0
Grants to Vacate	0	653	0	653	-653	0
LAHAG Schemes	0	101	0	101	-101	0
Historic Building Grants	0	9	0	9	-9	0
Advances to Richmond Theatre	0	378	0	378	-378	0
Redundancy Costs	0	2,403	0	2,403	-2,403	0
Education - VA Schools	0	28	0	28	-28	0
Welfare Adaptations	0	27	0	27	-27	0
PWLB Premium	47	0	0	0	-47	0
	47	4,413	-545	3,868	-3,915	0

8.2.2 Significant commitments under capital contracts

Scheme	Exp. to 31.3.00 £000s	Est. total cost £000s
Teddington Hydrotherapy Pool	43	826

8.2.3 Provision for Credit Liabilities

	1998/99 £000	1999/00 £000
Balance b/fwd	56,163	59,508
Prior Year Adjustment	-1,000	0
Reserved part of capital receipts	2,452	8,004
Minimum Revenue Provision	1,893	1,839
Loan Principal Repaid	0	-6,458
Balance c/fwd	59,508	62,893

The prior year adjustment related to the proceeds from the disposal of Rugby Road allotments in 1997/98. Under Section 32(2) of the Smallholdings and Allotments Act 1908, receipts from the disposal of allotment land may be treated as 100% usable.

8.2.4 Long Term Borrowing

Source of Loan	Average Interest Rate 1999/00 %	Outstanding at 31st March	
		1999 £000s	2000 £000s
PWLB	8.90	57,000	57,000
Money markets	9.66	9,250	9,250
Other	7.84	196	185
		66,446	66,435

The analysis of maturity of loans is:

	<u>31.3.99</u> <u>£000s</u>	<u>31.3.00</u> <u>£000s</u>
Maturing:		
1 - 2 years	0	7,000
2 - 5 years	17,000	11,000
5 - 10 years	13,000	14,000
More than 10 years	36,446	34,435
	<u>66,446</u>	<u>66,435</u>

8.2.5 Analysis of fixed assets

	<u>31.3.99</u>	<u>31.3.00</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	2
Residential homes for older people	5	5
Day centres for older people	5	5
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	7,021
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

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 1.4.99	210,884	183,509	100	13,863	0	0	408,356
Additions	0	2,450	0	0	0	0	2,450
Enhancements	4,750	3,710	601	0	2,910	187	12,158
Disposals	-10,363	-2,147	0	0	0	0	-12,510
Revaluations	-4,750	2,048	-553	-1,326	11,994	1,692	9,105
Depreciation 1999/00	0	-365	-82	0	0	0	-447
Book Value as at 31.3.00	200,521	189,205	66	12,537	14,904	1,879	419,112
Depreciation b/fwd	0	1,304	676	0	0	0	1,980
1998/99 depreciation	0	365	82	0	0	0	447
Depreciation c/fwd 00	0	1,669	758	0	0	0	2,427

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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		
1998/99	3	4
1999/00	2	2
Operating Leases		
1998/99	405	2,088
1999/00	430	2,061

8.2.7 Investments

	Long Term		Short Term	
	31.3.99 £000s	31.3.00 £000	31.3.99 £000s	31.3.00 £000
Banks and Monetary Sector	0	0	7,554	4,106
Building Societies	0	0	11,350	7,000
Other Local Authorities	2,250	2,250	0	0
Other	0	0	24	97
	2,250	2,250	18,928	11,203

8.2.8 Insurance Funds

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

Reserve	Balance 31.3.99 £000s	Transfers in £000s	Transfers out £000s	Balance 31.3.00 £000
Housing Insurance Fund	-1,284	-92	323	-1,053
Central Insurance Fund	-1,769	-1,291	933	-2,127

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. 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 Analysis of net assets employed

	<u>31.3.99</u>	<u>31.3.00</u>
	<u>£000s</u>	<u>£000</u>
General Fund	214,234	237,201
Housing Revenue Account	136,405	122,490
DLO/DSOs	1,357	1,180
	<u>351,996</u>	<u>360,871</u>

8.2.10 Provisions

The figure for provisions is analysed as follows:

<u>Provision</u>	<u>Balance</u> <u>31.3.99</u> <u>£000s</u>	<u>Transfers</u> <u>in</u> <u>£000s</u>	<u>Transfers out</u> <u>£000s</u>	<u>Balance</u> <u>31.3.00</u> <u>£000s</u>
Bad debts *	-9,615	-1,458	0	-11,073
Other	-560	0	88	-472
Total	<u>-10,175</u>	<u>-1,458</u>	<u>88</u>	<u>-11,545</u>

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

8.2.11 Schools balances

The schools hold balances of £1.590m (£1.772m at 31.3.99) under delegated schemes. These sums are currently earmarked for educational purposes.

8.2.12 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.

8.2.13 Trust Funds

The Council administers the following trust funds. The majority are educational trusts that provide prizes to outstanding pupils.

	<u>Balance</u> <u>1.4.99</u> £	<u>Income</u> £	<u>Expenditure</u> £	<u>Balance</u> <u>31.3.00</u> £
<u>Education</u>				
Various Funds	-7,251.37	-375.34	1,680.19	-5,946.52
<u>Social Services</u>				
B. E. Brooks	-20,027.06	-1,178.01	1,719.22	-19,485.85
Edgar Dailley	-1,153.51	-57.19	40.77	-1,169.93
	-21,180.57	-1,235.20	1,759.99	-20,655.78
<u>Planning & Transport</u>				
Kew Amenities	-2,705.78	-139.05	0.00	-2,844.83
<u>Leisure Services</u>				
Richmond Chapel	-103,533.55	-6,839.41	0.00	-110,372.96

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 31.3.00 is £89,144.90 (£81,412.89 at 31.3.99).

8.2.14 Movements in capital reservesFixed asset restatement reserve

	<u>1998/99</u> <u>£000s</u>	<u>1999/00</u> <u>£000s</u>
Balance b/fwd	-275,406	-277,558
Disposals	6,406	12,510
Revaluations	-6,964	-11,556
Prior year adjustment	-1,594	0
Balance c/fwd	<u>-277,558</u>	<u>-276,604</u>

Capital financing reserve

	<u>1998/99</u>	<u>1999/00</u>
	<u>£000</u>	<u>£000</u>
Balance b/fwd	-44,099	-53,139
Capital receipts set aside	-2,452	-8,004
Capital Receipts Applied	-2,888	-6,081
Other contributions	0	-175
Capital Grants Applied	-356	-116
Revenue financing	-6,236	-4,151
MRP (less depreciation)	-1,435	-1,392
Write off of deferred charges	3,327	3,868
Prior Year Adjustment	1,000	0
Balance c/fwd	<u>-53,139</u>	<u>-69,190</u>

See note 8.2.3 for details of the prior year adjustment.

Capital receipts unapplied

	<u>1998/99</u>	<u>1999/00</u>
	<u>£000s</u>	<u>£000</u>
Balance b/fwd	-1,172	-6,024
Prior year adjustment	-1,000	0
Capital receipts/Section 106 receipts	-9,616	-11,735
Set aside	2,452	8,004
Receipts used for financing	3,312	6,081
Balance c/fwd	<u>-6,024</u>	<u>-3,674</u>

See note 8.2.3 for details of the prior year adjustment.

8.2.15 Capital expenditure and financingCapital Expenditure

<u>Description</u>	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
Council dwellings	7,422	4,750
Other land and buildings	1,491	3,710
Vehicles, plant and equipment	832	602
Infrastructure	3,149	2,910
Community assets	247	187
Non operational assets	1,383	0
Grants to vacate	1,405	653
Improvement grants	924	814
Redundancy costs	1,034	2,403
LAHAG	382	101
Affordable Housing Fund	424	0
VA Schools	30	28
Welfare adaptations	51	27
Historic building grants	0	9
Housing Corporation Funded Schemes	90	0
Advances to Richmond Theatre	375	378
Total	<u>19,239</u>	<u>16,572</u>

Capital Financing

<u>Description</u>	<u>1998/99</u> <u>£000s</u>	<u>1999/00</u> <u>£000s</u>
Loans	7,456	6,001
Capital grants applied	1,105	661
Capital receipts applied	2,201	4,292
Revenue contributions	5,692	4,151
Other contributions	996	175
Unfinanced (accruals)	1,614	1,117
Unfinanced (retentions)	175	175
Total	<u>19,239</u>	<u>16,572</u>

8.2.16 Asset Valuation

All valuations are intended as approximations of the valuation as at 1.4.00. 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. The valuations were undertaken under the supervision of Peter Southcombe, the Council's Senior Principal Surveyor who is an associate member of the Royal Institution of Chartered Surveyors.

8.2.17 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 2000, the Council had paid £2.142m under the terms of the guarantee. If the Theatre's financial position does not improve sufficiently to make any contributions to the loan repayments, the Council will have to make further payments totalling £8.489m 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.

8.2.18 Post Balance Sheet Event

On the 17th July 2000 the transfer of the Council's housing stock to Richmond Housing Partnership was completed. The Council received a gross capital receipt of £57.9M in respect of this transaction.

9. CASH FLOW STATEMENT9.1 Cash Flow Statement

	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
Revenue Activities		
Expenditure		
Cash paid re employees	96,663	99,837
Other operating costs	125,485	130,798
Council Tax Benefit	5,511	5,963
Income		
Rents	-10,527	-11,174
Council Tax	-63,132	-69,458
Non domestic rates	-40,947	-45,335
Revenue Support Grant	-27,654	-25,992
Other Government Grants	-39,871	-42,701
Cash received for goods & services	-40,607	-37,703
Revenue activities net cash flow	4,921	4,235
Servicing of finance		
Interest paid	6,222	5,581
Interest received	-3,379	-2,126
Capital Activities		
Expenditure on assets	14,524	12,656
Capital receipts	-9,616	-11,735
Capital grants received	-130	-245
Other capital transactions	-6,378	-495
Financing		
Repayments of amounts borrowed	7,000	6,458
New loans raised	-4,500	-4,100
	8,664	10,229
Change in cash and cash equivalents	-8,664	-10,229

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

	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
Surplus for the year	3,835	53
Capitalisation	945	800
Change in stock	7	13
Change in creditors	-3,069	-1,441
Change in debtors	2,903	4,412
Change in reserves/provisions	300	398
Revenue activities net cash flow	<u>4,921</u>	<u>4,235</u>

9.2.2 Cash and cash equivalents

	<u>31.3.99</u> <u>£000</u>	<u>31.3.00</u> <u>£000</u>	<u>Movement</u> <u>£000</u>
Cash	-7,814	-6,207	1,607
Temporary loans	-649	-4,760	-4,111
Short term investments	18,928	11,203	-7,725
	<u>10,465</u>	<u>236</u>	<u>-10,229</u>

9.2.3 Financing items

	<u>£000</u>
Loans outstanding 31.3.99	-73,549
Repayments of amounts borrowed	6,454
New loans raised	-4,100
Loans outstanding 31.3.00	<u>-71,195</u>

9.2.4 Analysis Of Government Grant

<u>Description</u>	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
Standards Fund	-865	-1,397
OFSTED	-50	-29
Education Awards	-7,645	-3,860
Section 11	-50	0
Travellers Children	-15	0
FEFC	-8	-8
European Social Fund	-16	0
New Deal for Schools	0	-519
Class Size Reduction	0	-527
Early Years	-110	-170
EEC Milk Subsidy	-3	-1
Aids/HIV	-140	-161
Mental Health Specific Grant	-206	-340
STG	-1,194	-896
Social Services Training	-141	-143
Sheltered Employment	-36	-31
Asylum Seekers	-25	0
Drug and Alcohol Misuse	-21	-36
Receivership Grant	-7	0
Quality Protects	-32	-200
Carers Grant	0	-75
Prevention Grant	0	-78
Other	-41	-1
Rent Officer Service	-450	-145
Magistrates Courts	-840	-846
Council Tax Benefit	-5,268	-5,440
Fraud Subsidy/Verification	-14	-49
Admin. Subsidy	-360	-356
Emergency Planning	-35	0
Rent Allowances	-18,149	-19,257
Asylum Seekers	0	-4,145
Housing Subsidy	-4,150	-3,991
	<u>-39,871</u>	<u>-42,701</u>

10. PENSION FUND ACCOUNTS10.1 Fund Account

	<u>1998/99</u> <u>£000</u>	<u>1999/00</u> <u>£000</u>
Contributions and Benefits		
Contributions receivable		
- From employers	-5,806	-5,923
- From employers (special contributions)	-1,262	-1,606
- From employees	-2,958	-2,990
Transfers in (inc. group and individual transfers)	-1,568	-2,383
Benefits payable		
- Pensions	7,230	7,781
- Lump sums (inc. retirement and death grants)	1,388	2,086
Payments to and on account of leavers		
- Transfers out (inc. group and other transfers)	2,341	1,707
- Refund of contributions	53	135
Administrative and other costs borne by the scheme	378	374
Net additions / withdrawals from dealings with members	-204	-819
Returns on investments		
Investment income	-6,434	-7,033
Change in market value of investments		
- Realised	-9,058	-11,434
- Unrealised	1,773	-6,856
Investment management expenses	559	648
Net return on investments	-13,160	-24,675
Net increase / decrease in the fund during the year	-13,364	-25,494
Opening net assets of the scheme	-194,122	-207,486
Net increase / decrease in the fund during the year	-13,364	-25,494
Closing net assets of the scheme	-207,486	-232,980

10.2 Net Assets Statement

	<u>31.3.99</u> <u>£000s</u>	<u>31.3.00</u> <u>£000</u>
Investment Assets		
Fixed interest securities		
- Public Sector	24,816	31,784
- Other	753	1,308
Equities	132,450	143,378
Index linked securities		
- Public Sector	9,757	6,341
- Other	0	625
Unit Trusts		
- Property	3,200	3,445
- Other	15,802	31,834
Other investments	309	311
Net current assets and liabilities		
Debtors	747	3,862
Short term investments	19,832	10,077
Cash in hand	1,155	2,412
Creditors	-1,335	-2,397
	<u>207,486</u>	<u>232,980</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 2000 are summarised below:

	<u>Contributors</u>	<u>Pensioners & Dependants</u>
LBRUT	3,113	2,208
Former employees with preserved benefits	0	1,389
Other bodies:		
Association of District Councils	0	16
Hampton School	39	5
Notting Hill Housing Trust	5	4
St. Mary's College	89	48
SW Middlesex Crematorium Board	10	18
Richmond CAB	1	1
Housing Organisations Mobility & Exchange Services	20	2
Council for Voluntary Services	5	4
Richmond upon Thames Music Trust	9	0
Christ's Comm. Management Body	1	0
IRRV	13	0
Project for Children with Special Needs	7	0
St. Catherine's School	4	0
Museum of Richmond	2	0
Former employees with preserved benefits	0	62
	<u>3,318</u>	<u>3,757</u>

The fund's investments were managed by two firms during the financial year 1999/00, 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 1999/00:

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

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

Mr L. Johnson (Staff Observer)
Mr D. Taylor/Mr R. Wyatt (Henderson)
Mr B. Wood/Mr J. Cox/Mr C. Crole/Mr G. Aherne (Schroders)
Mr G. Muir (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 Revenue 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. These payments are shown in the accounts as "contributions receivable from employers (special contributions)" and in 1999/00 amounted to £1.606m.

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 2000.

Investments denominated in currencies other than Sterling are translated using the closing rate method. Differences arising from movements in exchange rates are shown under Administration and Other Costs Borne by the Scheme and Investment Management Expenses in the Fund Account.

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 2000, 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 1999/00, the Fund showed a return of 12.1% on its assets compared with an average of 13.6% for all Local Authorities.

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 2000 under the management of the fund managers was:

	1998/99		1999/00	
	Market Value (inc. cash) £000	% of Total Fund Assets	Market Value (inc. cash) £000	% of Total Fund Assets
Schroders	107,965	52	120,422	52
Henderson	95,124	46	107,296	46
	<u>203,089</u>	<u>98</u>	<u>227,718</u>	<u>98</u>

10.3.6 Analysis of Investment assets1998/99

	UK		Foreign		Cash	Total
	Listed £000	Unlisted £000	Listed £000	Unlisted £000	£000	£000
Schroders	68,095	34	29,520	0	10,316	107,965
Henderson	63,720	0	22,209	0	9,195	95,124
	<u>131,815</u>	<u>34</u>	<u>51,729</u>	<u>0</u>	<u>19,511</u>	<u>203,089</u>

1999/00

	<u>UK</u>		<u>Foreign</u>		<u>Cash</u>	<u>Total</u>
	<u>Listed</u>	<u>Unlisted</u>	<u>Listed</u>	<u>Unlisted</u>	<u>£000</u>	<u>£000</u>
	<u>£000</u>	<u>£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
	144,245	34	70,992	0	12,447	227,718

10.3.7 Analysis of transactions

	<u>1998/99</u>		<u>1999/00</u>	
	<u>Purchases</u>	<u>Sales</u>	<u>Purchases</u>	<u>Sales</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Schroders	21,436	-18,656	40,738	-32,946
Gartmore	24,890	-33,630	0	0
Henderson	54,224	-45,413	59,086	-53,433
	100,550	-97,699	99,824	-86,379

10.3.8 Analysis of contributions and benefits

<u>1998/99</u>	<u>Admin- istering Authority £000</u>	<u>Scheduled Bodies £000</u>	<u>Admitted Bodies £000</u>	<u>Total £000</u>
Contributions receivable				
From employers	5,055	392	359	5,806
From employers (special)	1,195		67	1,262
From employees	2,573	201	184	2,958
	8,823	593	610	10,026
Benefits payable	8,015	244	359	8,618

<u>1999/00</u>	<u>Admin- istering Authority £000</u>	<u>Scheduled Bodies £000</u>	<u>Admitted Bodies £000</u>	<u>Total £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

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 2000.

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	Net Surplus/Deficit 1998/99	Revaluation Gains/Losses	Effects of Disposals	Financing of Assets	Balance
	£000s	£000s	£000s	£000s	£000s	£000s
Capital Reserves						
Capital Receipts Unapplied	-6,024	0	0	-11,735	14,085	-3,674
Capital Financing Reserve	-53,139	0	0	0	-16,051	-69,190
Fixed Asset Restatement Reserve	-277,558	0	-11,556	12,510	0	-276,604
Revenue Reserves						
General Fund	-4,236	1,136	0	0	0	-3,101
HRA	-996	939	0	0	0	-57
DLO/DSO	-1,362	175	0	0	0	-1,187
Home Loans Unit	-1,216	634	0	0	0	-582
Collection Fund	-4,548	678	0	0	0	-3,870
Housing Insurance Fund	-1,284	231	0	0	0	-1,053
Central Insurance Fund	-1,769	-358	0	0	0	-2,127
Other	136	437	0	0	0	573
TOTAL	-342,640	3,872	-11,556	775	-1,966	-360,872