

London Borough of Lambeth



Budget Book 2011/12

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Welcome to the 2011/12 Budget Book

A message from Mike Suarez, Executive Director of Finance and Resources



Welcome to the 2011/12 Budget Book for Lambeth. I hope you find it useful and informative.

As the Chief Finance Officer for the Council, it is my responsibility to set a balanced budget which takes into account not only the services we need to deliver but the funds available to us to do so.

The budget which this book outlines is the result of an exhaustive and rigorous process, involving officers from across the Council, and represents our response to the challenging financial circumstances we find ourselves in.

Of course, the Council's revenue budget is not the whole picture; nor is the reality it describes always easy to see through the technical language. This year's book therefore includes a new section on the capital programme, streamlined tables and notes, and an expanded glossary and demonstrates, I hope, how hard Council officers work to provide value for money in everything we do.

A handwritten signature in black ink, appearing to read 'Suarez'.

Mike Suarez

A message from Councillor Paul McGlone, Cabinet Member for Finance

With funding cut by a third, we knew that this would be a difficult year for the finances of local government. As a result of the Emergency Budget last June, the Spending Review in October and then the Finance Settlement of December, we have seen a large cut in the overall resources we receive from Central Government. The reality is that we get 80% of our income from Government and have to reduce our spending to match what we get. We have had to make some very difficult decisions, not only about how we deliver our services, but also, in some cases, about which services we have to stop delivering.



The entire staff of the Council has risen to this challenge – as have the people of Lambeth. The public consultation on the budget shows that we are in tune with residents' priorities. Consultation initiatives saw Lambeth residents deciding how to allocate scarce resources, telling us their ideas about how to do things differently and deciding on issues that really matter to them. This has led to some really innovative thinking, making our services more efficient and, hopefully, more responsive than they have ever been.

I hope this book will help you gain a clearer picture of the challenges that we have faced and how we have responded to those challenges, allocating limited money to set a sustainable and achievable budget for 2011/12 and beyond.

A handwritten signature in black ink, appearing to read 'Paul McGlone'.

Paul McGlone

Part I

Key information

Introduction to the budget setting process

This Budget Book provides details of the 2011/12 General Fund revenue budget, set by full Council at its meeting on 23 February 2011; the result of the authority’s Service and Financial Planning process, designed to deliver high quality financial management and planning by focussing on budget setting over three years. The Budget Book summarises budgets at departmental and divisional levels, key service aims and the major savings and growth proposals; illustrating, at divisional level, the financial impact of the budget approved by Council.

The 2011/12 budget reflects a significant reduction in resources as a direct result of the Government’s policy to reduce the national budget deficit by cuts to funding of public sector services. At a superficial level, funding appears to have increased; but this is because sizeable grants, formerly paid via other channels, have now been “rolled into” Formula Grant, the principal source of direct government funding with no restrictions on its use (see below, “Formula Grant”).

Comparing like with like, traditional sources of funding – Formula Grant calculated on the old basis and council tax – have been reduced by **£17.6m** (a £20.2m reduction in Formula Grant offset by a £2.6m increase in council tax yield, arising from a reassessment of the number of dwellings in the borough.) This has been further mitigated by the Council Tax Freeze grant (explained below) of £2.5m (£0 in 2010/11) – leaving an overall reduction in resources, on a like for like basis, of **£15.1m**.

However, for the Council as a whole, this is not the full story – because specific grants have also been cut in many areas. In other words, not only have the general, all-purpose grants referred to above been reduced; the identifiable Government money we allocate to departments for specific purposes has also shrunk. This can clearly be seen in the large movements on the departmental pages.

The Budget Report to Council contains more details about the budget and can be found at

<http://www.lambeth.gov.uk/moderngov/mgConvert2PDF.aspx?ID=27054>

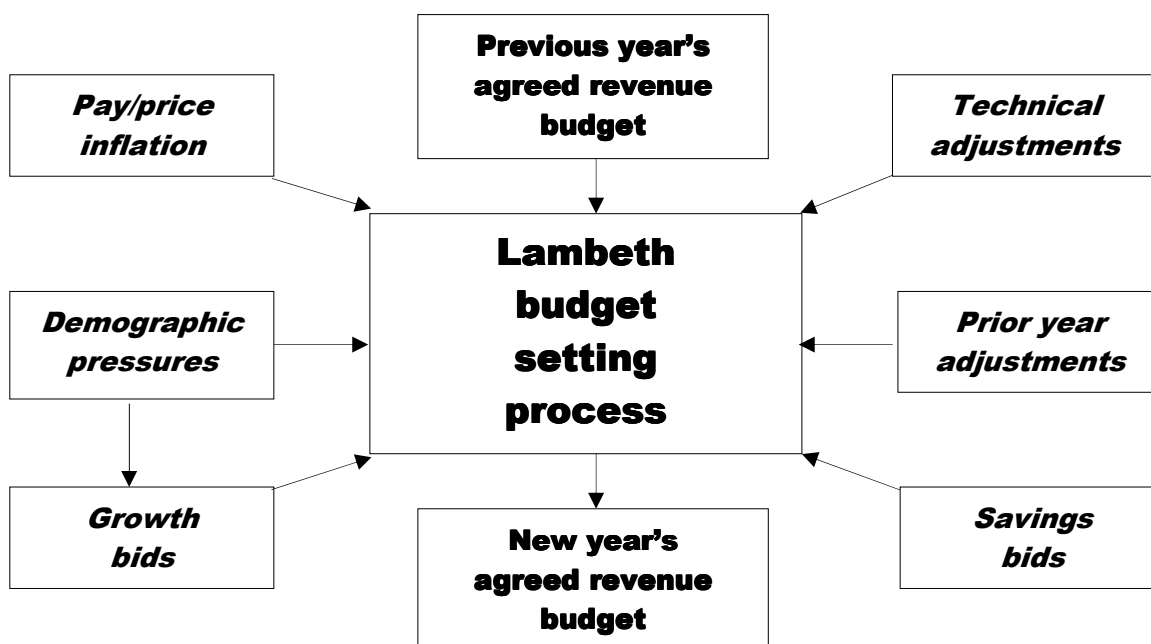
shown under the Council meeting of 23 February on the “calendar of meetings”.

How is the budget set?

Lambeth operates a three year **medium term financial strategy (MTFS)**, making the budget setting process a continuous cycle. The Council sets its revenue budgets over a three year planning horizon, updating them through a rigorous planning and review cycle each year.

Resources, especially from central government, are tightly constrained and are allocated according to Council priorities. The Council has a good record of finding efficiencies in back office functions; in 2011/12, however, this has not been enough and we have been forced to look at what and how we deliver at the service frontline. Robust planning processes will help us find the appropriate balance.

A range of factors influence the proposed budget finally presented to Members for approval:



A year in Lambeth finances

Although each year is different, there are certain steps that are common to the budget setting process in each cycle. Some events, while not directly forming part of the process, nevertheless have an impact on the budget or the MTFs. They are included here to provide a context.

It is worth noting that, because of a late announcement of the Settlement by Government, parts of this process were considerably delayed when setting the 2011/12 budget, especially prior to December 2010. The dates in **bold roman text** below indicate when these events take place in a normal year; dates in *italics* show when they happened in the current budget-setting round.

All year (ongoing)	Regular monitoring of the current year's budget
Start of financial year <i>Revised later in year in light of pronouncements by new Government</i>	Divisional Director of Corporate Finance informs Senior Leadership Board (SLB) of the savings targets for the following financial year, based on the MTFs. At the highest level, these targets are driven by the gap between our resource requirement and the amount of money we expect to receive from central Government in Formula Grant, council tax and other sources.
Spring/Summer <i>Autumn/Winter</i>	Proposals to meet savings targets are worked up. These may be centrally directed value for money and transformational projects or efficiencies generated within service departments. Bids for growth (further pressures on resources) may be submitted at the same time. There is usually more than one iteration.
June	Final accounts reported to Corporate Committee.
Summer/Autumn <i>Winter</i>	Proposals are presented to informal (closed to the public) meetings of senior management and Cabinet for discussion, scrutiny and selection. This is an iterative process, with the objective of balancing expenditure plans with resources.
July	The July Finance Review is presented to Cabinet. This is a formal statement of the financial performance of the organisation for the year to date and horizon scanning to assess the impact of likely future external conditions and is used to trigger corrective action by management.
November-December	First provisional Budget Report to Cabinet for consideration and comment.
Early December <i>Mid December</i>	Government issues provisional grant figures for year.
December	Departments report to Scrutiny Committees on performance to date in the current financial year and on new growth and savings proposals for the next.
January-February	Government issues final grant figures. Report(s) to Cabinet to finalise provisional draft Budget Report and any change in council tax.
End of February/ Early March	Cabinet recommend Budget Report for Council approval at budget setting meeting. Council approves: <ul style="list-style-type: none"> • Council tax • Budget for the next year • Resource allocations for the following two years • Capital programme • Prudential indicators and Treasury Management Strategy

Glossary of local government finance

Area Based Grant (ABG)

A non-ring fenced government grant to local authorities, introduced in 2008/09 to replace a series of **specific grants**. Government guidance states that local authorities are free to use the totality of their non ring-fenced funding as they see fit to support the delivery of local, regional and national priorities in their areas. Major elements of ABG were "rolled in" to **Formula Grant** for 2011/12.

Arm's Length Management Organisation (ALMO)

An organisation set up to manage housing stock and deliver the Decent Homes Agenda.

Billing authority

A local authority empowered to set and collect **council taxes** and manage the **Collection Fund** on behalf of itself and **precepting authorities** in its area. Lambeth is a billing authority.

Budget

The Council uses cash-limit budgeting to control its expenditure by restricting services to a specified cash amount. Service managers must regularly monitor their expenditure against budget during the year to ensure the limit is not exceeded.

The **revenue** budget is a financial statement of planned expenditure required to deliver the Council's policies over the financial year. It is illegal for us to budget in excess of available resources.

The budget requirement is calculated in advance of each year. It is, broadly, our estimated net revenue expenditure as funded by **Formula Grant** and **council tax**.

Capital

Expenditure for the purchase or improvement of significant assets including land, buildings, equipment, or even investments which will be of use or benefit in providing services for more than one financial year. See also "the capital investment programme" in Part V.

Capital receipts

The proceeds from the sale of land, buildings and other capital assets. Strict rules govern their use: they cannot be used for **revenue** purposes. See also "the capital investment programme" in Part V.

Collection Fund

A statutory fund used to record the billing and collection of **council tax** and **non-domestic rates**. Though it is independent of the **General Fund**, payments are made from it to support the **General Fund** services of the **billing and precepting authorities** (in our case, the London Borough of Lambeth and the Greater London Authority respectively) and to the national business rate pool.

Payments to the **General Fund** are known as the demand on the Collection Fund. The amount is the authority's share of total **council tax** collected.

Council tax

This local tax is essentially a tax based on the value of property, with a range of discounts and exemptions according to circumstances.

Council tax is set by both the **billing authority** (London Borough of Lambeth) and **precepting authority** (Greater London Authority). See also Part II, "Sources of funding".

Council tax base

The number of Band D equivalent properties in a local authority's area, calculated by using ratios to convert properties in other bands to a Band D and then scaling down the total to reflect discounts given. The number is then used as a proxy for calculating **levies** and the like and also calculating total income from **council tax**. See also Part II, "Sources of funding".

Council Tax Benefit

Financial help given to taxpayers whose income falls below prescribed amounts, substantially covered by a specific government grant.

Council tax freeze grant

Extra funding offered by Government in 2011/12 to **billing authorities** if they agreed to freeze or reduce Band D **council tax**, in the form of an un-ringfenced grant – equivalent to a 2.5% increase.

Dedicated Schools Grant

A ring-fenced grant to fund schools. It is distributed on a formula basis.

Fees and charges

Income received as payment for services provided – for example, leisure centre entry or car parking charges. These charges are reviewed annually as part of the annual budget process.

Formula Grant

The collective term for **Revenue Support Grant** and **NNDR** income. It is not tied to any specific service. In 2011/12, a raft of **specific grants** have been "rolled into" Formula Grant, which has the effect both of creating an apparent increase in Formula Grant and also shifting certain decision-making responsibilities from central to local government. A fuller definition and discussion is included in Part II, "Sources of funding".

FTE

Full time equivalent staff; the total number of staff working 35 hours per week, as opposed to the total head count, which could be higher (staff working part time) or lower (temporary vacancies).

General Fund

This is our main revenue account and covers the day-to-day spending requirements of providing services. It is paid for out of our share of **council tax** and **Formula Grant**, specific grants and fees and charges. It also includes the cost of services provided by other bodies which make a **levy**. It is clearly segregated from the **Housing Revenue Account**.

Housing Revenue Account (HRA)

A statutory account which contains all expenditure and income to fund council housing - in effect, a landlord account. The HRA must be kept entirely separate from the **General Fund** and the account must balance. Local authorities are not allowed to make up any shortfall on the HRA from the **General Fund**, and any surpluses or deficits must be retained within the HRA. No costs may be charged to **council tax** or business rate (**NNDR**) income. Government is currently reforming council housing finance and intends to replace the HRA subsidy system with a locally controlled system.

Levy

A statutory payment for services to organisations such as the Environment Agency and the London Pension Fund Authority. The cost is split between authorities on the basis of **council tax base**.

National Non-Domestic Rates (NNDR)

This is a nationally set rate on non-domestic properties, more commonly known as "business rates". They are collected by **billing authorities** as agents for central Government via the **Collection Fund** and then redistributed to local authorities within **Formula Grant**.

Bills are based on rateable values as assessed by the District Valuer (a Valuation Office Agency official) which is then multiplied by the NNDR poundage set by the Treasury for the year.

Precept

A charge on the **Collection Fund** by another public body (a **precepting authority**), determined by legislation. The Greater London Authority, for example, obtains some of its income by precepting the **Collection Funds** of the London boroughs (it also receives its own **Formula Grant**.)

The precept is incorporated within the **council tax** charge, the breakdown between the London Borough of Lambeth and the Greater London Authority being clearly displayed accordingly on bills. The **billing authority** is required to pay over the amount demanded on agreed dates.

Precepting authority

An authority, such as the Greater London Authority, deriving some or all of its income by charging a **precept** via a **billing authority**.

Prudential Code

The Prudential Code frees authorities to set their own borrowing limits (with regard to affordability). In order to demonstrate that this has been done, and to enable their adherence to be monitored, authorities have to adopt a number of appropriate "Prudential Indicators" which are contained in an appendix to the February Budget Report to Cabinet and Council.

Recharges

An internal charge for services provided by one part of the Council to another part, such as printing and accountancy services. The majority of internal recharges in Lambeth are paid to Facilities Management and Corporate Procurement, both in the Finance and Resources department.

Relative Needs Formula

This calculates each authority's notional need to spend on its main services based on demographic and service data and measures of deprivation. There are separate blocks for Children, Adult Social Services and Highway Maintenance, amongst others. The system is not designed to prescribe how much we should spend, but rather to provide a fair basis for distributing **Formula Grant**.

Reserves

Funds set aside to meet future expenditure. **Revenue** account reserves can be for general contingencies and to provide working balances, or earmarked for specific future expenditure.

Revenue

The regular day to day running costs an authority incurs in providing services, as distinct from **capital** expenditure (under the Local Government & Housing Act 1989, all expenditure is regarded as revenue unless specifically classified as capital.) In a general sense, revenue expenditure (and income) arises from recurring items such as running services, interest, and annual debt repayments.

Revenue spending power (RSP)

The aggregate of **council tax**, **Formula Grant**, other **specific grants** and NHS funding for social care that also benefits health. The government used this alternative measure of resources to assess whether local authorities would receive the **Transition Grant** in 2011/12 and 2012/13.

Revenue Support Grant (RSG)

A component of **Formula Grant**, along with **NNDR**. It is notionally based on the **Relative Needs Formula** for each authority.

Settlement

The process by which central Government awards funding to local government for a period of one or more following years. The settlement for 2011/12 (with provisional figures for 2012/13 – it will be statutorily confirmed in January 2012) was published in December 2010.

Specific grants

The Government funds certain services (mostly in education or children's and adults' social care) outside the **RSG** system via specific grants – a major example is Housing Benefit subsidy. Some specific grants are also ring-fenced, but their number and importance looks set to shrink massively as a result of the Coalition government's 2011 **Settlement**, under which several major specific grants ceased to be specific and were "rolled in" to **Formula Grant**.

Transition Grant

An extra **revenue** grant paid to authorities in 2011/12 and 2012/13 whose **revenue spending power** would otherwise have reduced by more than 8.8% against 2010/11 levels. The grant awarded would effectively "cap" the loss at 8.8%. Lambeth did not qualify for this grant.

Contacts and further reading

If you require more information on the Council's budgets or financing, the following senior officers may be able to help. The names of officers specifically responsible for individual divisions can also be found in the main section of this book.

Adults' and Community Services

Maria Millwood	Divisional Director Resources	(020) 7926 4843	mmillwood@lambeth.gov.uk
Peter Hesketh	Assistant Director of Finance	(020) 7926 9909	phesketh@lambeth.gov.uk

Children and Young People's Services

Farrukh Akbar	Divisional Director Resources	(020) 7926 9774	fakbar@lambeth.gov.uk
Dunni Komolafe	Head of Finance	(020) 7926 9732	dkomolafe@lambeth.gov.uk
Nilesh Jethwa	Head of Finance (Schools)	(020) 7926 9728	njethwa@lambeth.gov.uk

Finance and Resources (incorporating **Corporate Finance**)

Jonathan Williams	Divisional Director Corporate Finance	(020) 7926 9673	jdwilliams@lambeth.gov.uk
Frank Higgins	Chief Accountant	(020) 7926 9316	fhiggins@lambeth.gov.uk
Tim Harlock	Head of Finance	(020) 7926 9386	tharlock@lambeth.gov.uk
Nicola Drito-Andi	Group Manager Strategic Finance	(020) 7926 3445	ndrito-andi@lambeth.gov.uk
Patrick White	Group Finance Manager Finance and Resources	(020) 7926 0243	pwhite@lambeth.gov.uk

Housing, Regeneration and Environment (General Fund)

Christina Thompson	Divisional Director Resources	(020) 7926 5302	cthompson3@lambeth.gov.uk
Hamant Bharadia	Interim Assistant Director of Finance	(020) 7926 9153	hbharadia@lambeth.gov.uk

Office of the Chief Executive – as per **Finance and Resources**, except:

Surma Khatun-Uddin	Group Finance Manager Office of the Chief Executive	(020) 7926 8961	skhatun-uddin@lambeth.gov.uk
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You may also find these London Borough of Lambeth publications interesting or helpful in understanding our finances:

- Council tax guide
- Statement of Accounts

Part II

Sources of funding

The Local Government Finance Settlement

Lambeth receives by far the majority of its funding from central government via Formula Grant and specific grants – only a small proportion of our income is from council tax and fees and charges.

After the last Comprehensive Spending Review, conducted by HM Treasury in 2007 and covering the years 2008-11, allocations of grants to local government were, in the main, fixed over the three financial years. In 2010/11, the third and final financial year of this period, Formula Grant rose by 1.5% on the previous year and specific grants by a broadly similar factor. For 2011/12, Lambeth's Formula Grant (excluding rolled-in specific grants) fell by 9.4% – a fact masked by the rolling-in of a number of what had previously been specific grants, notably key elements of Area-Based Grant.

Formula Grant

Formula Grant is a grant from central government and can be defined as Revenue Support Grant (RSG) plus redistributed National Non-Domestic Rates (NNDR), also known as business rates.

Formula Grant is calculated according to a precise formula (hence the name) or rather a whole suite of formulae, some of them very complicated: but, basically, the amount we receive reflects how much the government thinks the Council needs to spend, based on local circumstances.

It was previously built up through a model with four components ("the four-block model"), each of which takes a specific set of factors into account. The rolling-in of specific grants has led some commentators to start talking of a "five block model". This is briefly explained in the table below.

Block	Description
Relative needs	This block contains formulae based on factors such as population and deprivation that are designed to reflect Lambeth's need to spend on services relative to other councils.
Relative resource	This block actually reduces the grant payable to Lambeth. It is intended to reflect the Council's ability to raise resources locally through council tax (see "Council tax" on page 15).
Central allocation	This is an amount additional to the needs-based element that is distributed on a per head rate based on population data. Central allocation can be thought of as paying for the very basic level of service that all residents need, regardless of the wealth and local circumstances of the borough they live in.
Floor damping	This block is intended to reduce the effect of changes in the data behind the preceding three blocks so that there are not large fluctuations in the level of Formula Grant received from one year to the next. A minimum increase (or floor) is therefore guaranteed. To meet the cost of this, councils whose increases are above the floor are reduced. The 2011/12 floor for authorities like Lambeth is -11.3% – in other words, not so much a minimum increase as a maximum decrease.
Rolled-in grants	This is new for 2011/12. While not a "block" as such, the decision to roll in certain specific grants has certainly changed the shape of the Formula Grant, making year-on-year comparisons extremely difficult. The grants in question were formerly given for a specific purpose and passported to departments; now the responsibility for sharing them out sits with the Council. The key point is that this is not new money.

There has been no definitive explanation of why Government has decided to roll in grants this year. What is clear, whether it is intentional or not, is that transparency of funding will decrease – after this year, it will become increasingly difficult to identify the amount of money allocated to adult social

care, for example, and the responsibility for this decision will shift from central to local government. Government has stated that this effectively empowers local government to prioritise the allocation of resources at local level.

For 2011/12, what had previously been a “floor” increase became a floor decrease for Lambeth. Government further protected some authorities with a transition grant; but, because of its definition of revenue spending power (a new concept in local government finance) Lambeth did not fall below this threshold and did not benefit from the grant.

Lambeth will receive a total of **£220.8m** in Formula Grant in 2011/12, which breaks down as follows:

Name of block	Allocation 2010/11	Allocation 2011/12	Change
	£000	£000	£000
Relative needs	175,198	174,452	(746)
Relative resource	(48,328)	(43,103)	5,225
Central allocation	53,386	39,765	(13,621)
Floor damping	33,677	22,704	(10,973)
Sub-total	213,934	193,818	(20,115)
Rolled in grants	0	26,977*	26,977*
Total	213,934	220,795	6,862

*This official DCLG figure differs from the figure used elsewhere in this document and in the published cash limits. This is because the DCLG figure includes some notional elements and some balancing negative figures. The figure used in the cash limits – £28,784k – is the actual amount of grants rolled in which has been used in producing a balanced 2011/12 budget.

What is important to note is that the “total” is not comparable like-for-like with last year’s **£213.9m**. The increase is wholly due to rolled-in grants. These were previously specific grants which were passported to departments and which formed part of their other income. Now that they have been rolled in, the department obviously no longer receives them directly, so these are not extra resources, but simply the same resources paid over in a new way. If we strip these grants out to get a fair comparison, then the 2011/12 Formula Grant award is **£193.8m** – a reduction of over **£20.1m**.

In terms of the proportion of RSG to redistributed NNDR, the breakdown is as follows:

	2010/11	2011/12	Change	Change
	£000	£000	£000	%
RSG	27,126	52,068	24,942	91.9
NNDR	186,807	168,727	(18,080)	(9.7)
Formula Grant	213,934	220,795	6,861	3.2

Council tax

This local tax is essentially a tax based on the value of property, with a range of discounts and exemptions according to circumstances.

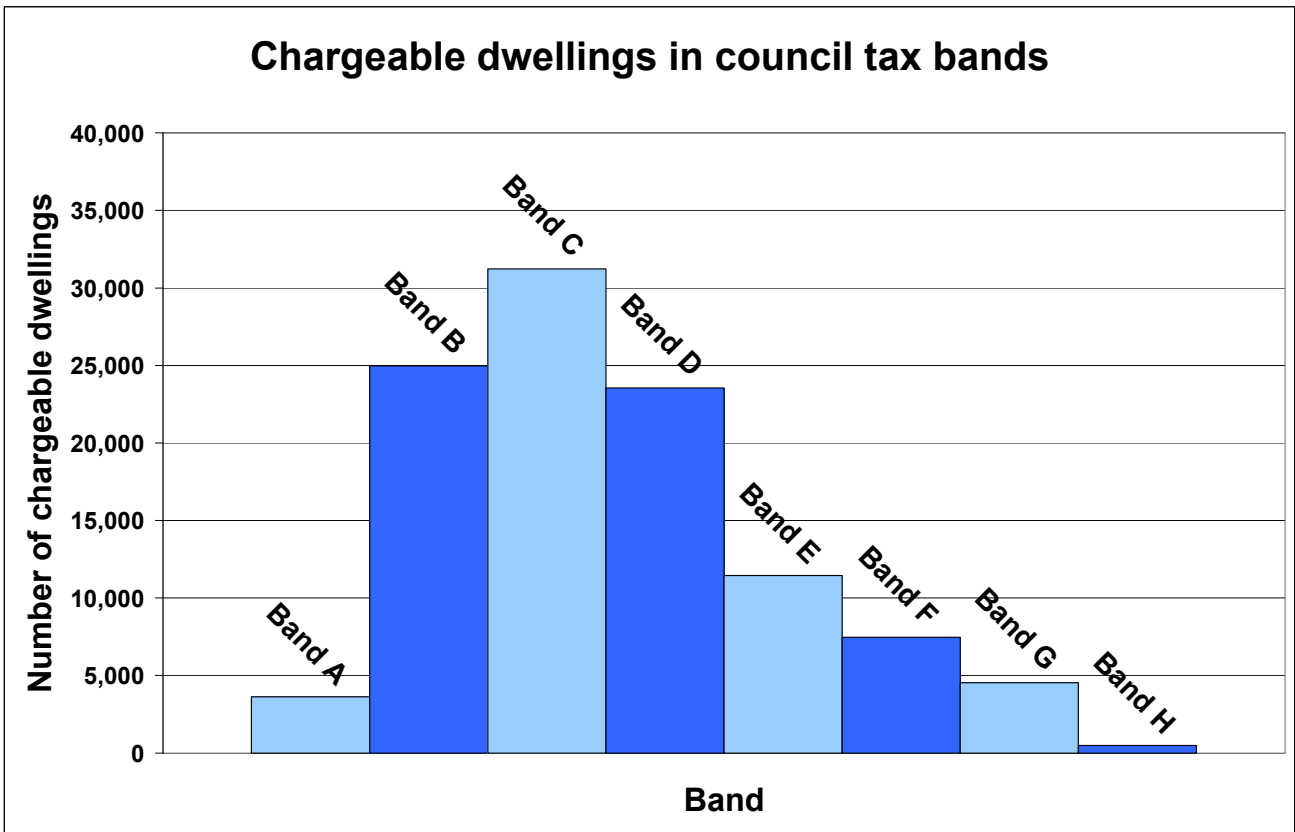
The District Valuer assesses the properties in the borough and assigns each property to one of eight "valuation bands", labelled A to H. The "standard" property is a Band D property, and all other bands are defined proportionally in terms of this one. For example, the residents of a Band A property together pay two thirds of the Band D charge, while those living in a Band H home pay twice as much as they would in a Band D.

The number of properties in each band is multiplied by the relevant proportion to calculate the number of Band D equivalent properties in the area (the “council tax base”). The calculation is then adjusted for exemptions and discounts, appeals and a provision for non-collection. The revenue expenditure requirement, divided by the council tax base, determines the Band D charge.

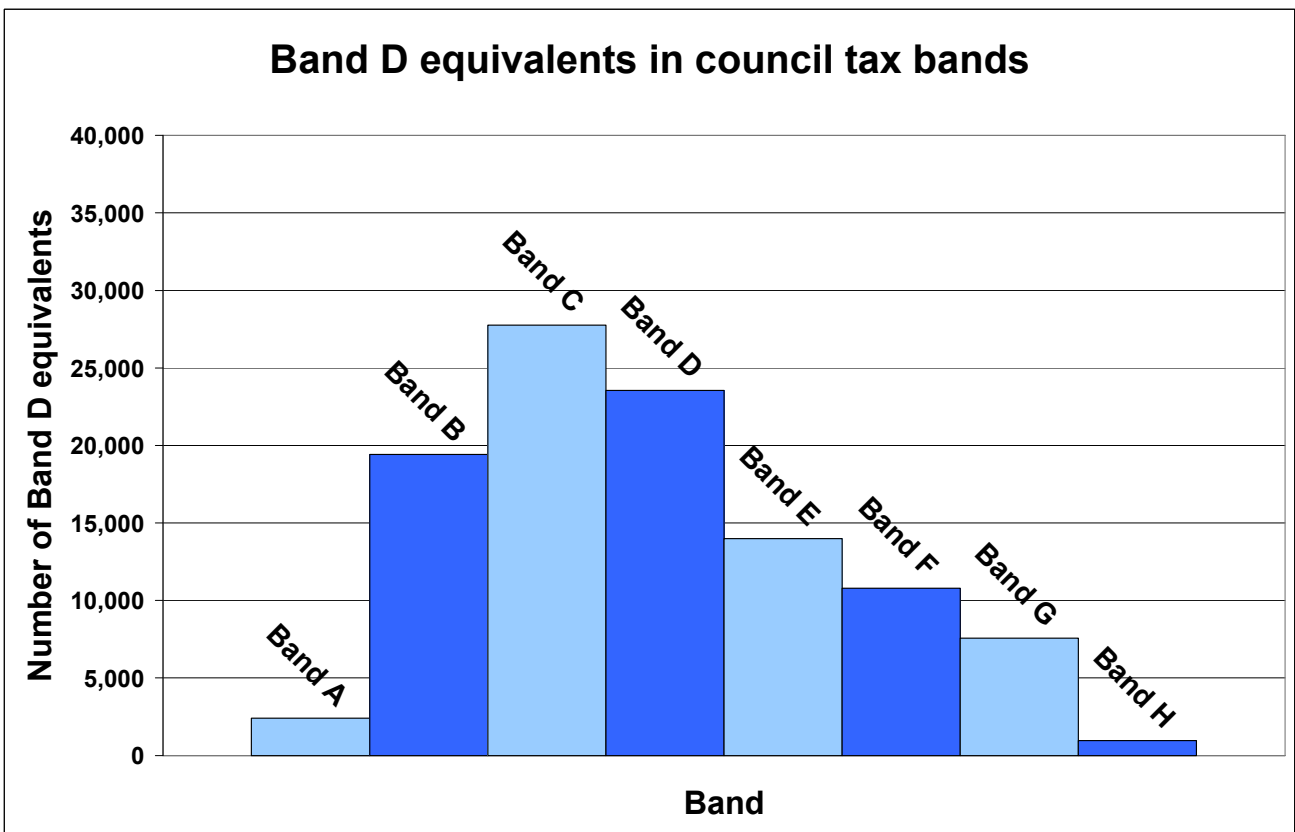
The Band D council tax for Lambeth services in 2011/12 is **£925.29** and the share of the GLA precept (see below) for a Band D property in 2011/12 is **£309.82**, making the total Band D council tax payable by Lambeth residents in 2011/12 **£1,235.11** – a freeze on 2010/11.

Council Tax Benefit is given to taxpayers whose income falls below prescribed amounts and is substantially covered by a specific government grant.

This table shows the proportions of eligible properties in the borough across the range of bands.



This table shows the number of Band D equivalents in each band.



Government was very keen for local authorities not to raise council tax this year but has no statutory power to enforce this. Instead, it offered billing authorities extra funding if they agreed to freeze or reduce Band D council tax, in the form of an un-ringfenced grant – equivalent to a 2.5% increase. Lambeth plans to accept this offer, which will bring in an estimated **£2.5m** per year for four years.

Calculating the council tax

This table shows the figures which feed into the calculation described in the section "Council tax".

2010/11* Net expenditure £000	Department	2011/12 Gross expenditure £000	2011/12 Gross income £000	2011/12 Net expenditure £000
112,439	Adults' and Community Services	161,713	(37,907)	123,806
77,042	Children and Young People's Services	318,843	(252,286)	66,557
27,964	Finance and Resources	310,518	(285,678)	24,840
45,930	Housing, Regeneration and Environment	116,294	(76,252)	40,042
6,136	Office of the Chief Executive	5,885	(54)	5,831
269,510	Sub-total of departments	913,253	(652,177)	261,076
40,369	Corporate Items	148,345	(87,658)	60,687
0	Council tax freeze grant	0	(2,463)	(2,463)
40,369	Sub-total of Corporate Items	148,341	(90,122)	58,224
309,879	Amount met from government grants and council tax	1,061,598	(742,298)	319,300
213,934	Formula Grant**			(220,795)
95,946	Council tax requirement			98,505
103,692.4	Council tax base (no. of Band D equivalent properties)			106,459.0
£925.29	Lambeth Band D council tax 2011/12			£925.29

*As per Budget Book 2010/11.

**This line must be read in conjunction with the notes above, which explain why a cut in Government funding appears here as an increase.

The Greater London Authority (GLA) precept

Lambeth collects money on behalf of its only preceptor, the GLA, through council tax, where the part that relates to the GLA precept is separately identified. Lambeth has no control over the amounts the preceptor demands and has a statutory duty to collect money on its behalf.

The annual change in the GLA precept is shown in the table below.

Element	2010/11 £000	2011/12 £000	Change £000
Precept	32,126	32,983	857
Collection Fund surplus/(deficit)	268	715	447
Total	32,394	33,698	1,304

Balance of resources

Formula Grant and council tax together provide all of the resources to support the General Fund net revenue budget. The table below shows the balance of this funding for 2011/12.

Source	2010/11 £000	2011/12 £000
Council tax yield	95,946	98,505
Formula Grant (excl. rolled in grants)	213,934	193,818
Sub-total	309,879	292,323
Specific grants rolled in	0	26,977
Total	309,879	319,300

Part III

London Borough of Lambeth General Fund budget 2011/12

London Borough of Lambeth General Fund budget 2011/12

The General Fund covers ongoing expenditure on the day-to-day running costs of services such as education, social services, parks, environmental services, planning and roads. It covers items of expenditure on things like salaries and wages, rents, rates, fuel, supplies and repairs. It is kept entirely separate from any spending on the Council's Housing Revenue Account.

General Fund services are financed from a combination of Formula Grant and the money received from council tax.

A note on presentation

In the typical department (or division), expenditure will exceed income, leaving a net expenditure figure. This is "paid for" out of the Formula Grant and council tax. Any other income a department receives will **decrease** the demand on these resources; and any spending we add to the budget will **increase** it. Therefore, it is local government convention that income (and savings) is shown as negatives and expenditure (and growth) as positives. In this book, negatives are shown in brackets; positives without.

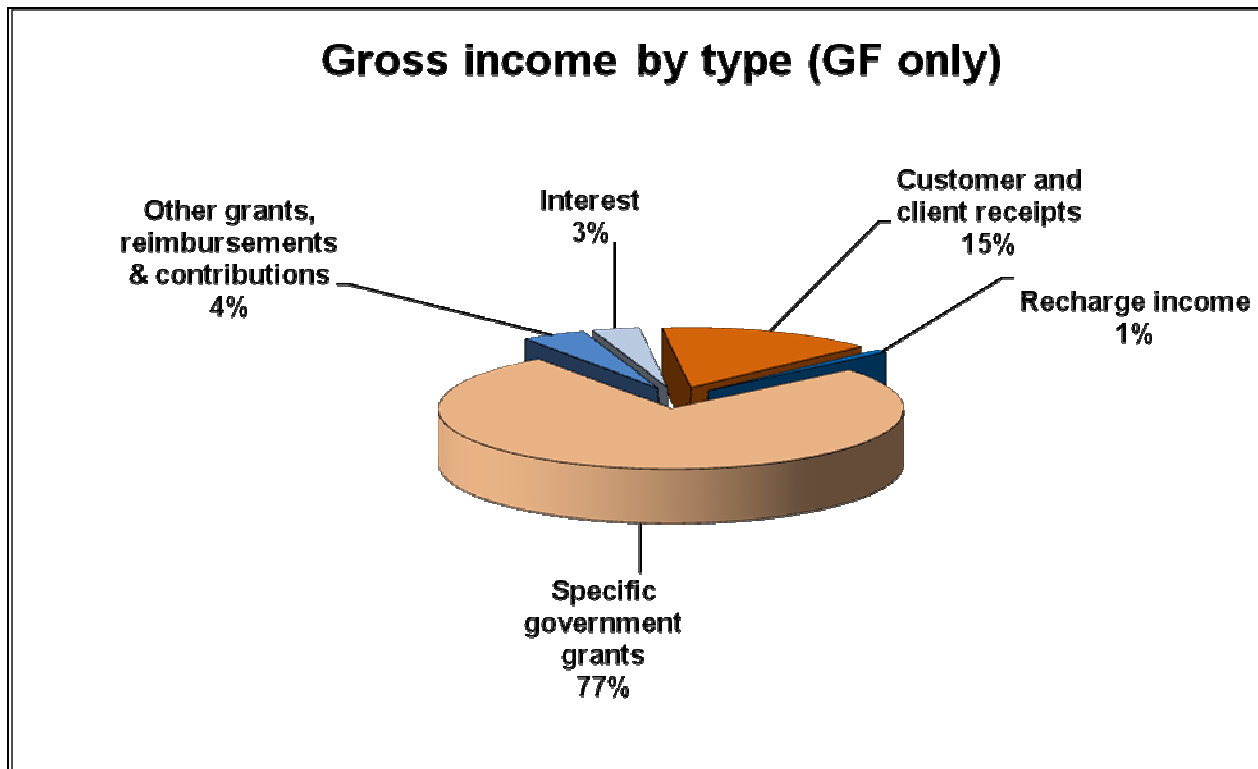
In some cases, small rounding errors may mean that columns do not sum exactly to the totals and sub-totals shown.

Subjective analysis summary	2010/11	2011/12
	Gross budget	Gross budget
	£000	£000
Government grants	(527,265)	(518,289)
Other grants, reimbursements and contributions	(29,273)	(29,941)
Interest	(25,832)	(22,261)
Customer and client receipts – internal	(17,800)	(2,529)
Customer and client receipts – external	(97,634)	(99,246)
Total controllable income	(697,804)	(672,266)
Employees	191,055	165,360
Premises related expenditure	15,125	14,139
Transport related expenditure	8,360	7,657
Supplies and services	85,746	59,918
Third party payments	187,886	213,780
Transfer payments	488,877	498,969
Total controllable expenditure	977,050	959,823
Net controllable expenditure	279,246	287,557
Internal recharge income	(13,362)	(3,913)
External recharge income	(33,714)	(1,722)
Total non-controllable income	(47,076)	(5,635)
Support services	31,195	(7,156)
Capital charges, interest payable, appropriations etc.	46,513	44,534
Total non-controllable expenditure	77,708	37,378
Net non-controllable expenditure	30,632	31,743
Net expenditure	309,879	319,300

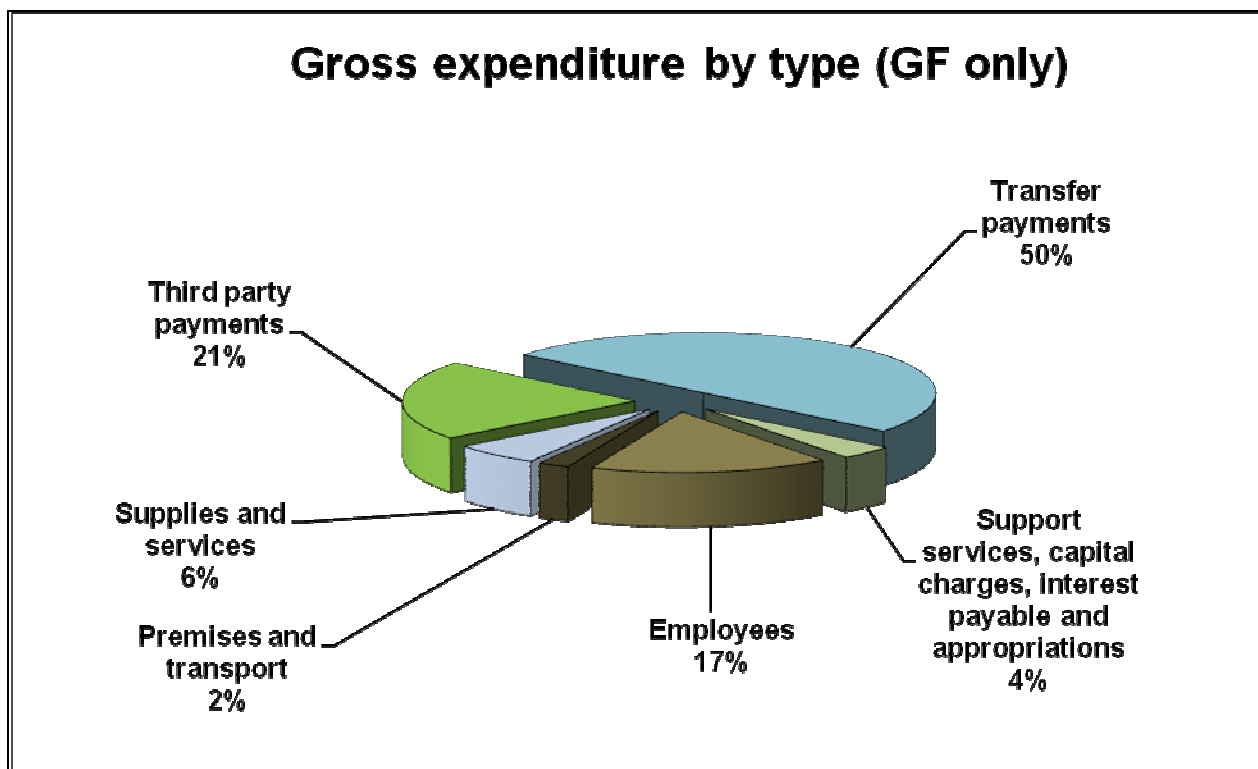
How the money is spent

The charts that follow analyse the Council's budgets. They are only intended to give an impression of the facts and should be read in conjunction with the detailed information in the rest of this book.

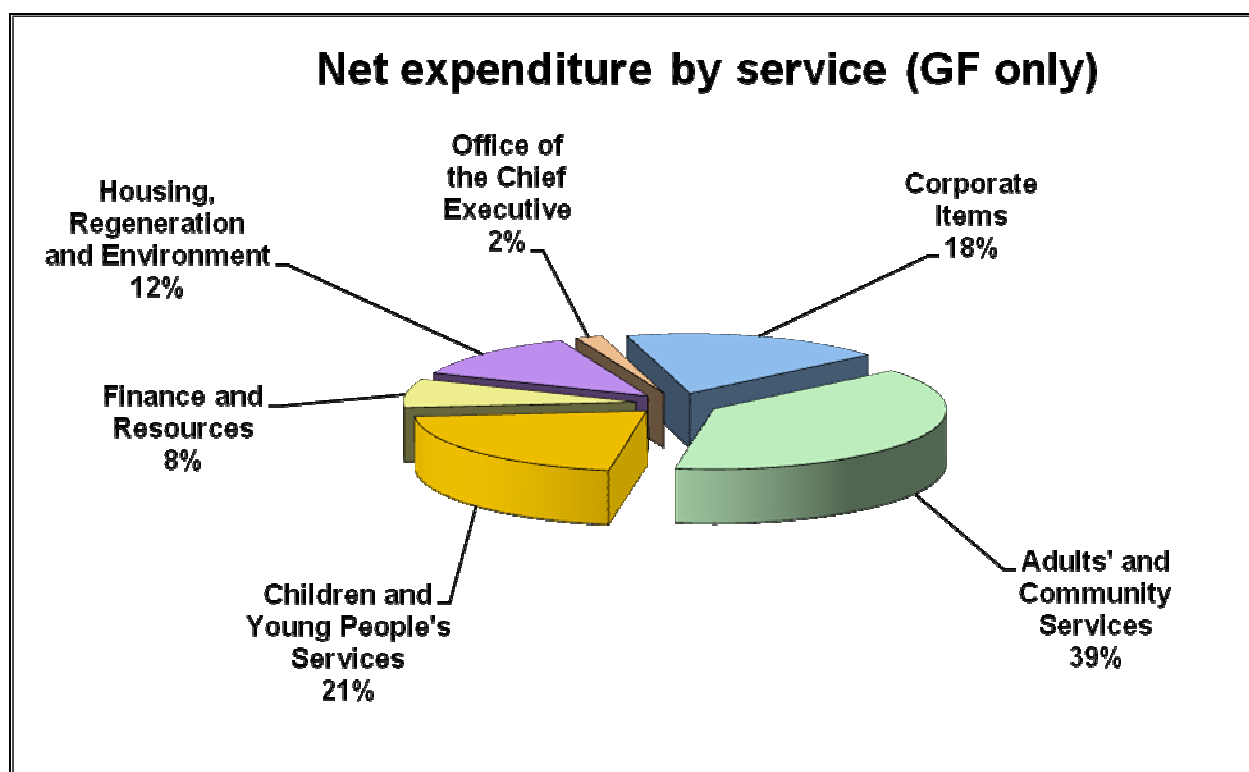
This chart shows the various sources of income available to the Council.



This chart shows the various types of expenditure within the Council. The categorisation used is based on a standard one used in public sector accounting.



This chart shows the net expenditure of the council's departments. See Part IV, "the departments".



Summary movements in cash limits

Lambeth uses cash limit accounting whereby a budget is monitored against a net figure so that if, for example, budgeted income is lower than planned, then expenditure must also be reduced.

	ACS £000	CYPS £000	FR £000	HRE (GF) £000	OCE £000	Corporate Items* £000	Total £000
2010/11 net budget	112,439	77,042	27,964	45,930	6,136	40,369	309,879
Transfers, adjustments and inflation	(3,720)	(563)	3,354	3,285	1,295	20,368	24,019
Savings and growth**	(10,834)	(12,698)	(6,478)	(9,260)	(1,600)	(50)	(40,920)
2011/12 net budget on like-for-like basis***	97,885	63,781	24,840	39,955	5,831	60,687	292,979
Grants rolled in	25,921	2,776	0	87	0	0	28,784
Council tax freeze grant	0	0	0	0	0	(2,463)	(2,463)
2011/12 net budget	123,806	66,557	24,840	40,042	5,831	58,224	319,300

*Corporate Items holds the budgets for whole-Council risks and issues and for levies and technical adjustments.

**No new growth came out of Service and Financial Planning 2011/12. All growth identified here relates to the second- and third-year implications of growth bids approved in prior budgets and is immaterial (less than 1% of departmental net budget 2011/12). As a result, for presentational purposes, it has been netted off here against savings.

***Most of the rolled-in grants were passported back to the departments that received them in previous years to protect service delivery. However, these would not previously have been included in cash limits; they would have been additional income direct to the department. The table down to this line is directly comparable to the equivalent table in the Budget Book 2010/11.

Part IV

The departments

The departmental system

For operational and strategic purposes, the Council is divided up into several departments, each with a broad remit. Each department is headed up by an Executive Director and is responsible (subject to statute) for the delivery of its services and for the management of its own budget.

The number and identity of departments is not fixed and departments can be created or absorbed to meet the changing needs of the Council and its internal and external users and customers.

The Council currently has four departments and an “office”. In alphabetical order, they are:

- Adults’ and Community Services ACS
- Children and Young People’s Services CYPS
- Finance and Resources FR
- Housing, Regeneration and Environment HRE
- Office of the Chief Executive OCE

HRE is unique in that it is divided into two parts – the General Fund side (“HRE GF”) and the Housing Revenue Account (“the HRA”). As this book deals almost exclusively with the General Fund, HRE should here be taken to mean the General fund side of the department. The HRA is however summarised in Part V, “Council finances outside the General Fund”.

Each department is further divided into one or more divisions, each responsible for a particular part of the department’s overall remit (for example, Corporate Finance and Internal Audit are two divisions within Finance and Resources.) A division is led by a Divisional Director.

Typically, a department will have a Resources division responsible for, amongst other things, the financial management of the department and the Divisional Director of Resources is typically the senior financial officer within that department. The Corporate Finance division within the Finance and Resources department is responsible for the financial management of the Council as a whole.

In the pages which follow, each department in turn sets out its business and the most current information about its finances for 2011/12 – first as a department, and then division by division.

Explanation of movements

Apart from inflation (which is set corporately – **0%** for 2011/12) and internal decisions, a departmental or divisional budget can change from one year to the next for four main reasons:

- **Transfers, adjustments and inflation** – transfers are budgets which have been moved (“vired”) from one division to another or between departments. As they take place within the year, they will not be reflected in last year’s budget and so need to be factored in when creating the new year’s starting position. Adjustments are made for technical accounting reasons in accordance with current accounting policies and legislation. Inflation is included here when relevant to avoid creating a line on every page for what is a Council policy.
- **Savings and growth** – there are tight constraints upon the amount of money we as a Council have to spend and so departments are asked to make spending reductions, by changing the way they do things or by changing what they do. These savings are shown as a negative.

Notwithstanding these financial constraints, Members will sometimes decide that a department requires growth – an increase in spending, often in response to a specific pressure such as new legislation or a local circumstance. Such growths are shown as a positive figure.

No new growths are proposed in 2011/12, and the growth brought forward is so small (under 1% of the departmental net budget) that a net “savings and growth” position has been given.

In the HRA, the growth is larger and so, here, the two categories have been kept separate.

- **Grants** – much of our funding, especially in the more “public-facing” departments, comes from specific grants awarded by central government or other bodies. The criteria for receiving these grants – and sometimes the very existence of the grants – are subject to change. Movements in the amount we receive will obviously affect the amount available to spend. An increase in grant income is shown as a negative and a decrease as a positive.

If, for any division, one or more of these categories is not shown, it is because it is not relevant.

There is also an ongoing “rationalisation” of budgets – in some divisions, budgets had ceased to reflect reality but, because the “bottom line” still worked, they had gone untouched. However, this was causing problems in building the Statement of Accounts. In times of financial austerity, accurate monitoring and timely decision-making also become more crucial. The opportunity has therefore been taken to extend this to a more fundamental realignment of budgets within each division.

As a result, in some divisions quite significant changes to individual budget lines have taken place in the overriding interest of presenting a truer, fairer and more useful picture of our finances. In the same spirit, we have also removed the “interest” and “capital charges” lines from divisional pages, as these are whole-Council issues. Where movements are for other reasons, this will be explained.

It is also possible that, as the restructure settles in and its wider impacts become apparent, budgets will move further from what is shown in this Budget Book, both within and between divisions.

Specific notes

The Council is a dynamic organisation and major structural changes have taken place since last year, principally in response to the immense and sudden pressure on its finances. ACS, FR and HRE have undergone realignments, with the loss of divisions from the structure shown in last year’s Budget Book. In these departments, divisions have been shown on a like-for-like basis; i.e. the new structure has been reported with equivalent 2010/11 figures as if it existed last year. Though this is not the case, the goal is to show a clear picture of how budgets have moved and whether increases and decreases are attributable to actual changes in spending or simply to a reorganisation.

In CYPS, the reorganisation has been so radical that it was not considered practical or useful, in a book such as this, to attempt to track the movement of every single budget. Instead, each of last year’s divisions has been “zeroed out”; each of the new divisions shows 2010/11 comparators of zero (£0) and the figure shown in the line “transfers, adjustments and inflation” represents the net budget on which the new division was founded. This is not then explained further in the narrative.

The following gives details of the principal reorganisations and factors peculiar to individual departments, which should be borne in mind when reading the pages that follow.

- In **ACS**, Personalising Services no longer exists. Its functions have been shared between two pre-existing divisions; Adult Social Care and Resources.
- In **CYPS** the accounts show a division called Schools. This division has no associated Lambeth cash limit and consists purely of the budgets devolved to individual schools through the Schools Fair Funding Formula. These budgets (2010/11 total **£168,099k**, 2011/12 total **£179,700k**) are primarily related to the government’s Dedicated Schools Grant but also include other government and Learning and Skills Council funding. As such, from a budgetary point of view, this is not shown as a separate division, but is instead incorporated into the Resources division for both 2010/11 and 2011/12.
- In **FR**, Customer Services has been incorporated into Revenues, Benefits and Customer Services and no longer exists as a separate division. Financial Shared Services is now also managed within this division and so has no page of its own in this year’s Budget Book.
- Also in **FR**, the Performance and Business Development no longer exists. Many of its functions, notably corporate training and equalities and diversity, have now been assumed by what was Legal and Democratic Services and that division has been renamed Governance and Democracy to reflect this new and expanded focus.
- The **FR** and **OCE** Resources function is performed by staff within Corporate Finance. As such, there is no Resources division shown in either.
- In **HRE**, the Housing Strategy and Partnerships division is now known simply as Housing.
- Also in **HRE**, Planning has merged with Regeneration and Enterprise to form the Planning, Regeneration and Enterprise division. As outlined above, the 2010/11 budgets of these two original divisions have been retrospectively combined in this Budget Book.

Adults' and Community Services

B050

Executive Director: Jo Cleary

ACS encompasses Adult Social Care (including Community Safety), Strategy and Commissioning, Cultural Services, Resources and Corporate No Recourse to Public Funds.

Adult Social Care provides care and preventative services to adults and work with partners to tackle social inclusion to Lambeth's diverse population. The division delivers quality, cost effective services which are responsive to clients' needs, closer to home and within effective partnerships. Community Safety links with the safety aspects of vulnerable adults. Cultural Services provides a diverse range of services, from libraries to the Registrar's service.

The department works in partnership with Health to deliver a number of services and has various joint finance arrangements in place to support this.

Departmental budget – service area summary	2010/11 Net budget £000	2011/12 Net budget £000
Adult Social Care	71,475	69,874
Corporate No Recourse to Public Funds	2,817	2,817
Cultural Services	16,332	13,140
Resources	16,405	17,501
Strategy and Commissioning	5,409	20,474
Net expenditure	112,439	123,806
Subjective analysis summary	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(34,884)	(3,681)
Other grants, reimbursements and contributions	(12,505)	(16,079)
Customer and client receipts – internal	(31)	(716)
Customer and client receipts – external	(13,026)	(14,601)
Total controllable income	(60,446)	(35,077)
Employees	45,269	41,482
Premises related expenditure	4,719	4,308
Transport related expenditure	1,945	2,329
Supplies and services	16,206	12,665
Third party payments	103,045	96,122
Transfer payments	4,362	4,807
Total controllable expenditure	175,546	161,713
Net controllable expenditure	115,100	126,636
Internal recharge income	(1,190)	(1,865)
External recharge income	(1,488)	(965)
Total non-controllable income	(2,678)	(2,830)
Support services	16	0
Total non-controllable expenditure	16	0
Net non-controllable expenditure	(2,662)	(2,830)
Net expenditure	112,439	123,806
Movements from 2010/11 to 2011/12	£000	
2010/11 working budget	112,439	
Transfers, adjustments and inflation	(3,720)	
Savings and growth	(10,834)	
Grants	25,921	
2011/12 net budget	123,806	

Explanation of movements

Transfers, adjustments and inflation

The total net transfer out of the department of £3,720k is mainly made up of a £3,000k reduction relating to increased health funding, a transfer for Excellent Cash Management phase 2 (ECM2), the replacement of desktop PCs and in-year Council wide savings.

Savings and growth

Total savings of £10,844k are made up of £860k from prior years and £9,984k from the current year. They will come primarily from re-tendering and commissioning; renegotiation of all contracts, department-wide restructures and various divisional strategies.

ACS has net growth of £10k in 2011/12 from prior years, mainly within Cultural Services to meet the costs of regeneration projects.

Grants

In line with the Local Government Finance Settlement, £25,921k of grant was rolled into the Council's Formula Grant and, as a result, no longer shows up here as departmental income.

Divisional Director: George Marshman

Adult Social Care encompasses Learning Disabilities, Mental Health, Substance Misuse, Older People, Physical Disabilities, Brokerage, Community Services and Community Safety, Personalising Services and Strategic Safeguarding. The division provides community and residential/nursing care services for vulnerable adults who need advice, support and care. Specialist services are also provided to those with specific needs such as HIV/AIDS, sensory disabilities and access to equipment and adaptations in the home.

Community Services provide sheltered housing services to enable clients to live independently; while Community Safety works on issues such as anti-social behaviour, hate crimes and domestic violence to make Lambeth a safer place to live, work and visit.

Personalising Services is responsible for programme-managing the implementation of the vision of self directed support and personalised services to all service users. It is designed to give those receiving support more control, choice, independence and improved outcomes.

Strategic Safeguarding and Quality Assurance works to ensure that vulnerable adults have sufficient protection and to ensure compliance with safeguarding standards.

All our services work in partnership and many are joint funded with the Health Authority.

Subjective analysis summary

	2010/11	2011/12
	Net budget	Net budget
	£000	£000
Government grants	(10,273)	(1,388)
Other grants, reimbursements and contributions	(12,484)	(15,320)
Customer and client receipts – internal	0	(292)
Customer and client receipts – external	(9,285)	(9,772)
Total controllable income	(32,042)	(26,772)
Employees	22,755	21,872
Premises related expenditure	1,696	1,765
Transport related expenditure	400	448
Supplies and services	2,835	(74)
Third party payments	73,429	70,333
Transfer payments	4,362	4,725
Total controllable expenditure	105,477	99,069
Net controllable expenditure	73,436	72,297
Internal recharge income	(844)	(1,458)
External recharge income	(1,117)	(965)
Total non-controllable income	(1,961)	(2,423)
Support services	0	0
Total non-controllable expenditure	0	0
Net non-controllable expenditure	(1,961)	(2,423)
Net expenditure	71,475	69,874
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		71,476
Transfers, adjustments and inflation		(4,855)
Savings and growth		(3,907)
Grants		7,160
2011/12 net budget		69,874

Explanation of movements

Transfers, adjustments and inflation

Net transfers out of £4,855k are mainly made up of a £3,000k reduction relating to increased health funding, and £1,852k prior and current year Council-wide savings.

Savings and growth

Total savings are £3,907k: £860k prior year and £3,047k current, to be met from re-commissioning/re-tendering of services within all service groups, renegotiating all current contracts, restructures and the implementation of a new non-residential contributions policy.

Grants

In line with the Local Government Finance Settlement, £7,159k of grant was rolled into the Council's Formula Grant and, as a result, no longer shows up here as departmental income.

Divisional Director: George Marshman

This division delivers services on behalf of the Council to people subject to immigration legislation and control and with no recourse to public funds.

This Corporate team was formed in 2008/09 to manage the financial risk in relation to these clients and includes specialists from Adults' and Community Services; Housing, Regeneration and Environment; and Children and Young People's Services.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	0
Total controllable income	0	0
Employees	282	547
Premises related expenditure	194	16
Transport related expenditure	0	0
Supplies and services	42	50
Third party payments	2,299	2,204
Transfer payments	0	0
Total controllable expenditure	2,817	2,817
Net controllable expenditure	2,817	2,817
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	0
Total non-controllable expenditure	0	0
Net non-controllable expenditure	0	0
Net expenditure	2,817	2,817
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		2,817
Transfers, adjustments and inflation		0
Savings and growth		0
Grants		0
2011/12 net budget		2,817

Divisional Director: Peter Jones

Cultural Services includes Libraries, Parks, Sports and Leisure and Cultural Strategy.

Libraries gives residents access to books and so forth, space for study and internet access, a number of groups and services such as home visits and the borough's record office and local history library (Lambeth Archives).

The Parks team manages Lambeth's parks, open spaces and play areas and also conservation areas, allotments, gardens and buildings, as well as cemeteries and crematoria; while the Sports and Leisure team is responsible for sports development and encouraging a healthier lifestyle.

The Registrar's service provides births, deaths and marriage services, as well as citizenship ceremonies.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(101)	(123)
Other grants, reimbursements and contributions	0	(709)
Customer and client receipts – internal	0	0
Customer and client receipts – external	(3,461)	(4,444)
Total controllable income	(3,562)	(5,276)
Employees	8,896	7,088
Premises related expenditure	2,734	2,428
Transport related expenditure	0	196
Supplies and services	2,702	2,092
Third party payments	5,837	6,594
Transfer payments	0	18
Total controllable expenditure	20,169	18,416
Net controllable expenditure	16,607	13,140
Internal recharge income	(202)	0
External recharge income	(89)	0
Total non-controllable income	(291)	0
Support services	16	0
Total non-controllable expenditure	16	0
Net non-controllable expenditure	(275)	0
Net expenditure	16,332	13,140
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		16,332
Transfers, adjustments and inflation		(150)
Savings and growth		(3,042)
Grants		0
2011/12 net budget		13,140

Explanation of movements

Transfers, adjustments and inflation

There are net transfers into Cultural Services totalling £150k during the year, mainly as a result of budgets which had come from the former department for Environment, Community and Cultural Services in relation to finance staff moving to the Resources division.

Savings and growth

The total savings of £3,103k all relate to the current year and come from increases in fees and charges, income generation from events, renegotiation of contracts, restructures, ceasing operation of the Park Ranger service and the implementation of a new libraries strategy. Prior year growth relates to Norwood Hall and the Streatham Leisure Centre.

Divisional Director: Maria Millwood

This division provides support services to the department. Finance teams provide revenue and capital budget preparation and monitoring, payment and statutory accounting functions, financial assessment, and appointee and receivership services for vulnerable clients.

Performance Management ensures the department meets its statutory obligations, key performance indicators and the Corporate Plan objectives.

Human Resources provides strategic and operational support, advice and recruitment. It monitors performance trends, works in partnership with managers to improve productivity and anticipate change, and is proactive in relation to people management issues; while Workforce Commissioning and Development is responsible for developing, commissioning and implementing a training programme for staff and third sector providers. This team also manages the trainee social worker scheme.

The division provides management information systems, administration and information support. It also holds and manages the budget for the department's transport contract and the Council's concessionary fares.

Subjective analysis summary	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(880)	(265)
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	(46)	(101)
Total controllable income	(926)	(366)
Employees	8,911	7,743
Premises related expenditure	0	0
Transport related expenditure	1,521	1,662
Supplies and services	8,393	8,462
Third party payments	(1,430)	0
Transfer payments	0	0
Total controllable expenditure	17,395	17,867
Net controllable expenditure	16,469	17,501
Internal recharge income	0	0
External recharge income	(64)	0
Total non-controllable income	(64)	0
Support services	0	0
Total non-controllable expenditure	0	0
Net non-controllable expenditure	(64)	0
Net expenditure	16,405	17,501
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		16,405
Transfers, adjustments and inflation		1,771
Savings and growth		(1,456)
Grants		781
2011/12 net budget		17,501

Explanation of movements

Transfers, adjustments and inflation

Net transfers in of £1,771k result from Council-wide savings of £1,869k allocated within the department (£2,276k) and transferred corporately (£400k), transfer of Phase 1 ECM budgets to FSS, transfer of budgets for the replacement of desktop PCs and insurance virements.

Savings and growth

Total current year savings of £1,456k will be met by restructures across the division and the stopping of discretionary Freedom Passes.

Grants

In line with the Local Government Finance Settlement, £781k of grant was rolled into Formula Grant and, as a result, no longer appears as divisional income.

Divisional Director: Helen Charlesworth-May

This division is responsible for the strategic commissioning of services; the procurement and monitoring of contracts; engagement with residents and the third sector; communication with the public and staff; the provision of information on services and policy issues, including advice services and welfare rights; overseeing statutory complaints; and supporting the Health and Wellbeing Partnership.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(23,630)	(1,905)
Other grants, reimbursements and contributions	(21)	(50)
Customer and client receipts – internal	(31)	(424)
Customer and client receipts – external	(234)	(284)
Total controllable income	(23,916)	(2,663)
Employees	4,424	4,232
Premises related expenditure	95	99
Transport related expenditure	24	23
Supplies and services	2,234	2,135
Third party payments	22,910	16,991
Transfer payments	0	64
Total controllable expenditure	29,687	23,544
Net controllable expenditure	5,771	20,881
Internal recharge income	(144)	(407)
External recharge income	(218)	0
Total non-controllable income	(362)	(407)
Support services	0	0
Total non-controllable expenditure	0	0
Net non-controllable expenditure	(362)	(407)
Net expenditure	5,409	20,474
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		5,409
Transfers, adjustments and inflation		(486)
Savings and growth		(2,429)
Grants		17,980
2011/12 net budget		20,474

Explanation of movements

Transfers, adjustments and inflation

Net transfers out amounted to £486k, mainly as a result of Council-wide savings.

Savings and growth

Total savings amount to £2,429k, including £81k from prior year in relation to retendering the Handy Person service and current year savings of £2,348k, to be met by the implementation of commissioning plans for mental health, vulnerable adults, and Information, Advice and Advocacy strategy, and restructures within the division.

Grants

In line with the Local Government Finance Settlement, the grant for Supporting People (£17,980k) was rolled into Formula Grant and, as a result, no longer appears here.

Children and Young People's Services

B030

Executive Director: Debbie Jones

The department plays a vital role in ensuring that children and young people and their families succeed and play a positive role in our communities and lead healthier, happier and safer lives – and, working along with schools, partners and the voluntary sector, in achieving the vision of a sustainable borough.

Good quality education remains the cornerstone of social mobility, and keeping children safe and engaged helps them maximise their opportunities within Lambeth and addresses narrowing the gap. We are pivotal in discharging the Council's duty to safeguard children.

Departmental budget – service area summary	2010/11 Net budget £000	2011/12 Net budget £000
Building Schools for the Future	4,568	0
Change Management	567	0
Children's Social Care	48,222	0
Commissioning and Performance	2,705	0
Community Learning	7,873	0
Inclusion and Standards	8,791	0
Resources	4,315	0
Early Intervention and Targeted Services	0	7,960
Education, Estates and Capital Projects	0	2,719
Resources and Strategy	0	5,550
Schools and Educational Improvement	0	1,342
Specialist and Commissioning	0	48,986
Net expenditure	77,042	66,557
Subjective analysis summary	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(256,159)	(230,661)
Other grants, reimbursements and contributions	(16,646)	(13,862)
Customer and client receipts – internal	0	0
Customer and client receipts – external	(7,232)	(7,763)
Total controllable income	(280,037)	(252,286)
Employees	58,723	44,951
Premises related expenditure	748	626
Transport related expenditure	5,188	4,762
Supplies and services	31,485	20,155
Third party payments	36,562	41,816
Transfer payments	222,542	204,377
Total controllable expenditure	355,248	316,687
Net controllable expenditure	75,211	64,401
Internal recharge income	(328)	0
External recharge income	0	0
Total non-controllable income	(328)	0
Support services	2,159	2,156
Total non-controllable expenditure	2,159	2,156
Net non-controllable expenditure	1,831	2,156
Net expenditure	77,042	66,557
Movements from 2010/11 to 2011/12	£000	
2010/11 working budget	77,042	
Transfers, adjustments and inflation	(563)	
Savings and growth	(12,698)	
Grants	2,776	
2011/12 net budget	66,557	

Explanation of movements

Transfers, adjustments and inflation

This relates almost entirely to in-year budget strips for Corporately-provided services.

Savings and growth

The department is committed to £12,598k savings. £6,678k new savings relate to the establishment. £3,995k will come from service reduction, including £1,000k on youth centres. £700k will come from the renegotiation of contracts and £277k from extra income generated. Brought forward savings are £948k. There is a brought-forward growth which is actually effectively a net saving of £100k.

Grants

In line with the Local Government Finance Settlement, £2,776k of grant was rolled into the Council's Formula Grant and, as a result, no longer shows up here as departmental income.

Divisional Director: Sandra Morrison

The division's aim is to provide early intervention to vulnerable children and young people. Its key subdivisions are: Alternative Education Provision; Early Intervention and Play; Targeted Youth Services; and Targeted Interventions and Support. Our key priorities are:

- improving services for children and young people with special needs
- providing young people with positive activities that complement schools
- reducing youth offending and substance misuse
- early intervention support, through multi-agency teams, to children whose needs have been identified under the Common Assessment Framework
- providing alternative education for children and young people who cannot be in mainstream schools
- increasing the numbers of young people in education, employment and training
- reducing teenage pregnancies and improving the sexual health of young people

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	(41,056)
Other grants, reimbursements and contributions	0	(11,688)
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	(1,508)
Total controllable income	0	(54,252)
Employees	0	17,969
Premises related expenditure	0	434
Transport related expenditure	0	4,114
Supplies and services	0	2,007
Third party payments	0	12,424
Transfer payments	0	23,887
Total controllable expenditure	0	60,835
Net controllable expenditure	0	6,583
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	1,377
Total non-controllable expenditure	0	1,377
Net non-controllable expenditure	0	1,377
Net expenditure	0	7,960
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		0
Transfers, adjustments and inflation		12,702
Savings and growth		(4,642)
Grants		0
2011/12 net budget		7,960

Explanation of movements

Savings and growth

The division has inherited £4,642k savings from the budgets that formed it. £908k new savings relate to the establishment. £3,495k will come from service reduction, including £1,000k on youth centres. Brought forward savings are £239k.

Divisional Director: Mike Pocock

The division’s primary objective is to improve the buildings and facilities which support the learning and development of Lambeth’s children and young people. This includes addressing shortfalls in provision such as the shortage of places in our primary and secondary schools, and improving facilities which are often in poor condition. A major focus is to facilitate the improvement of the services delivered within the buildings, particularly in the transformation of education in our schools. Increasingly, we are trying to coordinate our activities with partners and other Council departments to optimise the estate.

The division will also have responsibility for the following:

- school place planning
- admissions
- health and safety
- ICT support for schools
- capital programmes, including Building Schools for the Future

Subjective analysis summary

	2010/11	2011/12
	Net budget	Net budget
	£000	£000
Government grants	0	(3,675)
Other grants, reimbursements and contributions	0	(419)
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	(413)
Total controllable income	0	(4,507)
Employees	0	1,138
Premises related expenditure	0	192
Transport related expenditure	0	23
Supplies and services	0	864
Third party payments	0	4,367
Transfer payments	0	605
Total controllable expenditure	0	7,189
Net controllable expenditure	0	2,682
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	37
Total non-controllable expenditure	0	37
Net non-controllable expenditure	0	37
Net expenditure	0	2,719
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		0
Transfers, adjustments and inflation		4,532
Savings and growth		(1,813)
Grants		0
2011/12 net budget		2,719

Explanation of movements

Savings and growth

The division has inherited £1,813k of savings from the budgets that formed it. £1,679k of new savings relate to establishment costs. Brought forward savings total £134k.

Divisional Director: Farrukh Akbar

The division provides comprehensive finance and HR services for the department to support its financial management; and also provides strategic support on performance, policy, planning, commissioning, workforce development and equalities and diversity.

The key priorities of the division are:

- to provide sound financial management, support and advice to the department
- to provide an effective service on policy, planning and performance management
- to support and advise schools on their financial management and responsibilities
- to monitor the financial management of the department's capital programme, including the Primary Capital Programme
- to embed a risk management and value for money culture in the department and support compliance with financial and procurement regulations
- to provide sound HR advice and support to the department and to schools
- to develop further joint commissioning work through Joint Commissioning Groups
- to link priority setting and finance planning with service planning and coordinate the production of relevant strategies and plans
- to embed our strategy on equalities and diversity in service provision

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	(180,299)
Other grants, reimbursements and contributions	0	(191)
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	(1,075)
Total controllable income	0	(181,565)
Employees	0	5,569
Premises related expenditure	0	0
Transport related expenditure	0	41
Supplies and services	0	572
Third party payments	0	751
Transfer payments	0	179,828
Total controllable expenditure	0	186,761
Net controllable expenditure	0	5,196
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	354
Total non-controllable expenditure	0	354
Net non-controllable expenditure	0	354
Net expenditure	0	5,550
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		0
Transfers, adjustments and inflation		6,911
Savings and growth		(1,361)
Grants		0
2011/12 net budget		5,550

Explanation of movements**Savings and growth**

The division has inherited £1,361k of savings from the budgets that formed it. £1,122k new savings relate to the establishment and £177k to extra income. Brought forward savings are £62k.

Assistant Director (acting): Cathy Twist

The division aims to help Lambeth children achieve their full potential by supporting schools and early settings to raise achievement and by ensuring children and young people have an excellent learning experience. It supports those services that all children have a right to access and seeks to narrow the achievement gap between children.

The division's key subdivisions are School Standards and Improvement; 14 – 19 Provision; School Improvement Advice and Support; and Research and Statistics. Key work includes:

- improving standards and experiences for under 5s and their families
- supporting and challenging schools and alternative education settings to improve achievement for all pupils
- raising educational achievement and narrowing the gaps between different groups
- further improving opportunities for 14-19-year-olds
- investing in the expansion of primary and secondary school places
- assessing and developing the primary school estate and other building assets

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	(1,874)
Other grants, reimbursements and contributions	0	(1,488)
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	(4,636)
Total controllable income	0	(7,998)
Employees	0	3,600
Premises related expenditure	0	0
Transport related expenditure	0	32
Supplies and services	0	5,312
Third party payments	0	0
Transfer payments	0	57
Total controllable expenditure	0	9,001
Net controllable expenditure	0	1,003
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	339
Total non-controllable expenditure	0	339
Net non-controllable expenditure	0	339
Net expenditure	0	1,342
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		0
Transfers, adjustments and inflation		1,561
Savings and growth		(456)
Grants		237
2011/12 net budget		1,342

Explanation of movements

Savings and growth

The division has inherited £456k savings from the budgets that formed it. £296k new savings relate to the establishment and £100k to extra income. Brought forward savings are £60k.

Grants

In line with the Local Government Finance Settlement, £237k of LSC grant was rolled into the Council's Formula Grant and, as a result, no longer shows up here as departmental income.

Divisional Director: Ade Adetosoye

The over-riding purpose of the division is to ensure that all children are safeguarded, and that vulnerable children and young people’s needs are addressed early and effectively. This is a statutory duty for which the Council is held to account by Government and the public. Our key areas of work include:

- providing an initial response to social care referrals
- assessing vulnerable children in need and providing such children with packages of family support and specialist social care services
- acting as lead agency for children with child protection plans
- supporting looked-after children and unaccompanied asylum-seeking children
- continuing and further developing Joint Commissioning Groups’ programme of work

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	(3,757)
Other grants, reimbursements and contributions	0	(76)
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	(131)
Total controllable income	0	(3,964)
Employees	0	16,675
Premises related expenditure	0	0
Transport related expenditure	0	552
Supplies and services	0	11,400
Third party payments	0	24,274
Transfer payments	0	0
Total controllable expenditure	0	52,901
Net controllable expenditure	0	48,937
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	49
Total non-controllable expenditure	0	49
Net non-controllable expenditure	0	49
Net expenditure	0	48,986
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		0
Transfers, adjustments and inflation		50,773
Savings and growth		(4,326)
Grants		2,539
2011/12 net budget		48,986

Explanation of movements

Savings and growth

The division has inherited £4,326k savings from the budgets that formed it. £2,673k new savings relate to the establishment and £700k to the renegotiation of contracts. A further £500k will come from service reduction. Brought forward savings are £453k.

Grants

Under the Local Government Finance Settlement, £2,539k of grant – principally, CAMHS (£1,198k), Children in Care (£591k), AIDS Support (£335k) and Carers’ (£326k) – was rolled into the Council’s Formula Grant and, as a result, no longer shows up here as income.

Finance and Resources

B012

Executive Director: Mike Suarez

Across its six divisions, the department has four key functions:

- **Supporting members:** providing a management framework at cross-Council level (e.g. Corporate Finance, Internal Audit, Corporate Procurement, Governance and Democracy) to facilitate leadership and decision-making
- **Frontline service** through commissioned and directly provided services in Revenues, Benefits and Customer Services
- **Supporting departments:** providing infrastructure support through AICT and the Facilities Management team
- **Other statutory responsibilities** such as Chief Financial Officer and Monitoring Officer

Departmental budget – service area summary	2010/11 Net budget £000	2011/12 Net budget £000
Applications and ICT Services	4,826	7,402
Corporate Finance	4,838	3,974
Corporate Procurement	(2,337)	(2,249)
Internal Audit	1,323	1,021
Governance and Democracy	5,609	4,368
Revenues, Benefits and Customer Services	13,705	10,324
Net expenditure	27,964	24,840
Subjective analysis summary	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(224,285)	(273,638)
Other grants, reimbursements and contributions	(122)	0
Customer and client receipts – internal	(14,701)	0
Customer and client receipts – external	(8,289)	(12,040)
Total controllable income	(247,397)	(285,678)
Employees	30,098	26,539
Premises related expenditure	7,874	7,610
Transport related expenditure	837	103
Supplies and services	11,123	4,294
Third party payments	7,022	6,380
Transfer payments	218,407	268,485
Total controllable expenditure	275,361	313,411
Net controllable expenditure	27,964	27,733
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(2,893)
Total non-controllable expenditure	0	(2,893)
Net non-controllable expenditure	0	(2,893)
Net expenditure	27,964	24,840
Movements from 2010/11 to 2011/12	£000	
2010/11 working budget	27,964	
Transfers, adjustments and inflation	3,354	
Savings and growth	(6,478)	
Grants	0	
2011/12 net budget	24,840	

Explanation of movements

Transfers, adjustments and inflation

The main movement represents a technical adjustment in AICT (which did not give rise to additional expenditure.) the bulk of the remainder represents centralisation of budgets across departments for procurement purposes and for the “PC refresh” (replacing desktop PCs.)

Savings and growth

Our proposed new savings total £4,835k; brought forward savings total £1,643k.

Grants

Though there is no net movement in grants, a fundamental review of DWP benefits-related grants has revealed a significant increase compared to previously budgeted amounts; and this is matched and reflected by a movement in transfer payments.

Divisional Director: Ed Pereira Garcez

The division’s primary purpose is to develop and implement ICT services through the Council.

Our intention is to achieve sustainable improvements in all areas of Lambeth's service provision by focusing on local needs and preferences. We are also actively working towards making our existing and future services more accessible to the public, using technology to enable us to deliver services based on the needs and choices of local people and to allow customers to access services in the locations they want, at the times they want.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(4,420)	0
Customer and client receipts – external	0	(874)
Total controllable income	(4,420)	(874)
Employees	6,163	5,653
Premises related expenditure	0	0
Transport related expenditure	25	15
Supplies and services	3,058	3,540
Third party payments	0	0
Transfer payments	0	0
Total controllable expenditure	9,246	9,208
Net controllable expenditure	4,826	8,334
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(932)
Total non-controllable expenditure	0	(932)
Net non-controllable expenditure	0	(932)
Net expenditure	4,826	7,402
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		4,826
Transfers, adjustments and inflation		3,151
Savings and growth		(575)
Grants		0
2011/12 net budget		7,402

Explanation of movements

Transfers, adjustments and inflation

The main movement relates to the transfer of budgets from HRE/HRA for recharged services.

Savings and growth

The division proposes £575k savings against the cost of the establishment.

Divisional Director: Jonathan Williams

Corporate Finance is responsible for the strategic and operational management of the Council's finances; treasury management; pensions accounting; financial control and reconciliations overview; performance management; and leading on Value for Money.

The principal accounting functions provided are the coordination of the Council's budget setting process, monitoring of income and expenditure, and production of the statutory financial statements. It provides financial advice to departments, senior management and Members and assesses the implications of changes in legislation or accounting practices.

The team is responsible for the authority's monthly VAT returns process, co-ordination and submission of key returns to HMRC, and providing Corporate co-ordination and support to departments in their monthly Construction Industry Scheme returns and general tax issues.

We also support the whole department through the provision of group accountancy services.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(2,631)	0
Customer and client receipts – external	0	0
Total controllable income	(2,175)	0
Employees	3,585	3,531
Premises related expenditure	0	0
Transport related expenditure	7	3
Supplies and services	1,858	761
Third party payments	1,980	0
Transfer payments	39	0
Total controllable expenditure	7,469	4,295
Net controllable expenditure	4,838	4,295
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(321)
Total non-controllable expenditure	0	(321)
Net non-controllable expenditure	0	(321)
Net expenditure	4,838	3,974
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		4,838
Transfers, adjustments and inflation		63
Savings and growth		(927)
Grants		0
2011/12 net budget		3,974

Explanation of movements**Transfers, adjustments and inflation**

The main movements relate to the impact of the restructure within Corporate Finance.

Savings and growth

New savings total £657k, of which the most significant element relates to employees. Brought forward savings total £270k.

Divisional Director: Sally Leigh

The Corporate Procurement team provides a Corporate focus for the Council's contracting and commissioning activity. Our major objectives are to improve the Council's commissioning, contract management and partnership capability, ensuring excellent value for money.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(2,286)	0
Customer and client receipts – external	(52)	0
Total controllable income	(2,338)	0
Employees	(592)	(891)
Premises related expenditure	1	0
Transport related expenditure	714	0
Supplies and services	(122)	(1,199)
Third party payments	0	0
Transfer payments	0	0
Total controllable expenditure	1	(2,090)
Net controllable expenditure	(2,337)	(2,090)
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(159)
Total non-controllable expenditure	0	(159)
Net non-controllable expenditure	0	(159)
Net expenditure	(2,337)	(2,249)
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		(2,337)
Transfers, adjustments and inflation		415
Savings and growth		(327)
Grants		0
2011/12 net budget		(2,249)

Explanation of movements**Transfers, adjustments and inflation**

The main movements relate to transfer of Council-wide budgets for copying and printing, representing the improved value for money obtained by the Procurement team.

Savings and growth

Of the total savings of £327k, £300k is on employees.

Divisional Director: Mohamed Khan

Internal Audit is a statutory service which serves as an independent, objective assurance and consulting activity, designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

We provide internal audit and anti-fraud services in partnership with external providers.

The anti-fraud service undertakes investigations of suspicions of fraudulent activity committed against the Council and recommends appropriate sanctions. It also recommends anti-fraud measures and controls to minimise fraud and corruption at the Council.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	(122)	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	(174)	0
Total controllable income	(296)	0
Employees	890	874
Premises related expenditure	1	1
Transport related expenditure	16	16
Supplies and services	107	44
Third party payments	605	536
Transfer payments	0	0
Total controllable expenditure	1,619	1,471
Net controllable expenditure	1,323	1,471
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(450)
Total non-controllable expenditure	0	(450)
Net non-controllable expenditure	0	(450)
Net expenditure	1,323	1,021
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		1,323
Transfers, adjustments and inflation		(19)
Savings and growth		(283)
Grants		0
2011/12 net budget		1,021

Explanation of movements**Savings and growth**

The savings relate to establishment, contracts and income.

Divisional Director: Mark Hynes

The Legal Services team provides legal services and advice to the Council using both internal lawyers and a number of key legal external providers through partnership arrangements. The Divisional Director also discharges the Council's statutory Monitoring Officer role.

The Democratic Services and Scrutiny team develops and administers the Council's committee arrangements, supports back-bench Members to hold the Cabinet to account, maintains the electoral register and manages all local elections, provides support to the Mayor and promotes active citizenship by young people through the Youth Mayor.

We also support transformation through finance training; managing and developing the Council's insurance and risk management arrangements; workforce development and employee relations; equalities and diversity; community engagement; and other project work.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(978)	0
Customer and client receipts – external	(1,732)	(2,391)
Total controllable income	(2,710)	(2,391)
Employees	5,952	5,005
Premises related expenditure	1	0
Transport related expenditure	49	41
Supplies and services	2,269	1,748
Third party payments	(13)	0
Transfer payments	61	0
Total controllable expenditure	8,319	6,794
Net controllable expenditure	5,609	4,403
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(35)
Total non-controllable expenditure	0	(35)
Net non-controllable expenditure	0	(35)
Net expenditure	5,609	4,368
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		5,609
Transfers, adjustments and inflation		98
Savings and growth		(1,339)
Grants		0
2011/12 net budget		4,368

Explanation of movements

Transfers, adjustments and inflation

The movements relate to the restructure.

Savings and growth

New savings of £1,239k include £589k on employees, £325k on income, and £209k on contracts. Brought forward savings totalled £100k.

Revenues, Benefits and Customer Services

D120

D127

D160

Divisional Director: David Ashmore

The Revenues team is responsible for the administration, collection and enforcement of council tax and business rates; while Benefits assesses and awards Housing Benefit and/or Council Tax Benefit to entitled Lambeth residents, complying with all statutory regulations, Corporate and local policies.

Financial Shared Services (FSS) provides accounts receivable, income allocation, credit and collections, accounts payable and exchequer services.

Customer Services aims to deliver a unified, enhanced service to the community. The Lambeth Service Centre and Customer Centres deliver many benefits to customers, including accessible services (via internet, email, telephone and in person) and improved customer experience, coupled with improved internal effectiveness and measurable cost savings.

The division also runs Facilities Management for Lambeth's core office buildings, including the provision of maintenance, cleaning and security services.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(224,285)	(273,638)
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(4,386)	0
Customer and client receipts – external	(6,331)	(8,775)
Total controllable income	(235,002)	(282,413)
Employees	14,100	12,367
Premises related expenditure	7,871	7,609
Transport related expenditure	26	28
Supplies and services	3,953	(600)
Third party payments	4,450	5,844
Transfer payments	218,307	268,485
Total controllable expenditure	248,707	293,733
Net controllable expenditure	13,705	11,320
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(996)
Total non-controllable expenditure	0	(996)
Net non-controllable expenditure	0	(996)
Net expenditure	13,705	10,324
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		13,705
Transfers, adjustments and inflation		(354)
Savings and growth		(3,027)
Grants		0
2011/12 net budget		10,324

Explanation of movements

Transfers, adjustments and inflation

The main movements relate to budget strips, the Excellent Cash Management projects and the virement of Corporate complaints budgets to Governance and Democracy.

Savings and growth

New savings relate to £2,000k on debt recovery in FSS. Brought forward savings total 1,027k and relate substantially to establishment costs.

Executive Director: Sue Foster

The Housing, Regeneration and Environment department brings together housing, planning, economic development, property, adult education, regeneration and key environmental services such as waste management and parking.

The department has four key priorities:

- improving value for money
- managing customer care
- managing key services that affect our reputation and customer perceptions
- tackling social exclusion, inequality and discrimination

(Housing services accounted for as part of the Housing Revenue Account (HRA) are not included here, as they do not form part of the department's General Fund budget. The HRA is described, separately, later on in this book.)

Departmental budget – service area summary	2010/11 Net budget £000	2011/12 Net budget £000
Asset Strategy	(580)	(637)
Housing	5,307	6,275
Planning, Regeneration and Enterprise	5,666	3,544
Public Realm	30,345	27,543
Resources	5,192	3,317
Net expenditure	45,930	40,042
Subjective analysis summary	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(7,935)	(7,846)
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(1,813)	(1,813)
Customer and client receipts – external	(64,070)	(61,788)
Total controllable income	(73,817)	(71,447)
Employees	32,872	27,331
Premises related expenditure	1,784	1,594
Transport related expenditure	357	434
Supplies and services	18,631	18,548
Third party payments	39,222	66,926
Transfer payments	36,673	654
Total controllable expenditure	129,538	115,487
Net controllable expenditure	55,721	44,040
Internal recharge income	(9,844)	(4,048)
External recharge income	(757)	(757)
Total non-controllable income	(10,601)	(4,805)
Support services	809	807
Total non-controllable expenditure	809	807
Net non-controllable expenditure	(9,792)	(3,998)
Net expenditure	45,930	40,042
Movements from 2010/11 to 2011/12	£000	
2010/11 working budget	45,930	
Transfers, adjustments and inflation	3,285	
Savings and growth	(9,260)	
Grants	87	
2011/12 net budget	40,042	

Explanation of movements

Transfers, adjustments and inflation

Material transfers include £3,000k transferred into the department for Temporary Accommodation, £1,000k transferred in for Waste Disposal and £450k transferred out for phase 2 of the Excellent Cash Management (ECM) project and other shared savings.

Savings and growth

Total savings of £9,634k are to be made. The largest savings are £3,300k from Waste and Cleansing services and a total of £2,700k arising from a departmental restructure.

The largest growth item – £600k for recharge realignment – is offset by the reversal of previous one-off growth items, including £250k for the Local Development Framework.

Grants

Three grants have been rolled into Formula Grant and then passported to the department, with a total value of £87k.

Divisional Director: Uzo Nwanze

The Council's property assets are valued at £2.3bn and need to be managed effectively and efficiently and ensure value for money.

Asset Strategy provides the following services:

- **strategic asset management** – including alignment with Corporate Plan objectives
- **property acquisition** – all acquisitions, including compulsory purchases
- **valuation and operational estate management** – granting and taking leases, reviews and rationalisation, rental income maximisation and day-to-day management
- **impartial property advice** – to Cabinet, Members and officers of the Council
- **property disposal** – generation of capital receipts to fund capital investment
- **property maintenance, refurbishment and capital works delivery** – ensuring fitness for purpose and Health and Safety compliance of the Corporate estate

In providing these services, we are assisted by the Council's retained external property consultants (Lambert Smith Hamptons) who deal with the some of the transactional work.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(1,512)	(1,511)
Customer and client receipts – external	(1,184)	(1,184)
Total controllable income	(2,696)	(2,695)
Employees	594	610
Premises related expenditure	514	450
Transport related expenditure	5	8
Supplies and services	836	836
Third party payments	21	21
Transfer payments	0	(15)
Total controllable expenditure	1,969	1,910
Net controllable expenditure	(728)	(785)
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	148	148
Total non-controllable expenditure	148	148
Net non-controllable expenditure	148	148
Net expenditure	(580)	(637)
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		(580)
Transfers, adjustments and inflation		102
Savings and growth		(159)
Grants		0
2011/12 net budget		(637)

Explanation of movements

Transfers, adjustments and inflation

Budgets of £102k have been transferred into the division. This is as a result of the Divisional Director budget being transferred from Resources.

Savings and growth

Total savings of £94k have been made, primarily consisting of £85k from restructuring.

A previous temporary growth of £65k, relating to Property Management functions, has been reversed out of the 2010-11 budgets, creating an effective further saving.

Divisional Director: Rachel Sharpe

The division covers a diverse range of functions, grouped under the following main areas:

- **Supply and Demand** provides services including homelessness prevention and assessment, assisting with housing homeless and vulnerable people and providing alternative options for homeless households through the Lettings First Partnership
- **Strategy, Partnerships and Performance** develops strategies to meet housing need and leads on performance management information
- **Regeneration** helps to build strong communities, identifies sites for development and helps people from estates to find work
- **Private Sector Housing** works with landlords and tenants to improve conditions, oversees disabled adaptations and brings private residential properties back into use

Subjective analysis summary

	2010/11	2011/12
	Net budget	Net budget
	£000	£000
Government grants	(427)	(397)
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	(29,927)	(26,974)
Total controllable income	(30,354)	(27,371)
Employees	5,167	4,060
Premises related expenditure	627	527
Transport related expenditure	68	71
Supplies and services	3,278	2,941
Third party payments	0	26,704
Transfer payments	26,854	0
Total controllable expenditure	35,994	34,303
Net controllable expenditure	5,640	6,932
Internal recharge income	(769)	(1,092)
External recharge income	0	0
Total non-controllable income	(769)	(1,092)
Support services	437	435
Total non-controllable expenditure	437	435
Net non-controllable expenditure	(332)	(657)
Net expenditure	5,307	6,275
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		5,307
Transfers, adjustments and inflation		2,601
Savings and growth		(1,663)
Grants		30
2011/12 net budget		6,275

Explanation of movements

Transfers, adjustments and inflation

£2,601k has been transferred in, including £3,000k for Temporary Accommodation and £108k for transferring the Divisional Director budget from Resources, offset by transfers including £100k relating to the 2009-10 Economic Recovery Programme and £78k for ECM Phase 2.

Savings and growth

Savings include £1,055k from restructuring (for example, the transfer of hostels from the HRA) and £100k from transferring services from Town Hall Parade to Olive Morris House.

Grants

Grants of £30k relating to AIDS Support and Mobile Homes have been rolled into Formula Grant and then passported to the division.

Divisional Directors: Les Brown and Alison Young

This division has grown out of the merger of the former Planning division and Regeneration and Enterprise division and the associated budgets. The new division focuses on:

- **strategic regeneration** – supporting the development of major regeneration areas such as Waterloo/South Bank and VNEB. Inward investment will be underpinned by sustaining the sound performance and reputation of our regulatory planning services
- **town centre management and neighbourhood regeneration**, to include major regeneration projects, as well as town centre management and implementation of the master plans for Brixton, Streatham and Norwood, and setting up business improvement districts
- **supporting residents into employment** – including adult education, employment brokerage and support for residents to set up their own businesses

Subjective analysis summary

	2010/11	2011/12
	Net budget	Net budget
	£000	£000
Government grants	(7,507)	(7,449)
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	(2,496)	(3,097)
Total controllable income	(10,003)	(10,546)
Employees	8,207	7,291
Premises related expenditure	67	67
Transport related expenditure	39	44
Supplies and services	8,222	7,560
Third party payments	0	0
Transfer payments	0	0
Total controllable expenditure	16,536	14,962
Net controllable expenditure	6,533	4,416
Internal recharge income	(1,038)	(1,043)
External recharge income	0	0
Total non-controllable income	(1,038)	(1,043)
Support services	171	171
Total non-controllable expenditure	171	171
Net non-controllable expenditure	(867)	(872)
Net expenditure	5,666	3,544
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		5,666
Transfers, adjustments and inflation		167
Savings and growth		(2,346)
Grants		57
2011/12 net budget		3,544

Explanation of movements

Transfers, adjustments and inflation

Budgets of £167k have been transferred into the merged division, mainly relating to transferring in Divisional Director budgets for both Planning and Regeneration & Enterprise.

Savings and growth

£2,190k has been deducted from the 2010-11 budgets, including £1,050k as a result of the merger and restructuring and £606k as a result of additional income generation.

Previous temporary growth of £156k has been removed, made up of £250k reversal of growth for the Local Development Framework, and £94k growth for the Norwood Hall project.

Grants

Grants of £57k relating to Economic Assessment have been rolled into Formula Grant and then passported to the division.

Divisional Director: Carolyn Dwyer

This division is responsible for some of the most visible services the Council provides, which largely shape the public's perception of us. These include waste collection, litter and the general state of the environment.

It is made up of Street Management, Public Protection and Parking and brings together regulatory, compliance and enforcement functions, promoting joined-up working and helping to protect and improve the health, wellbeing and safety of people who live in, work in or travel to or through the borough.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	(30,463)	(30,533)
Total controllable income	(30,463)	(30,533)
Employees	12,553	10,227
Premises related expenditure	563	538
Transport related expenditure	220	298
Supplies and services	6,099	7,193
Third party payments	39,201	40,201
Transfer payments	9,329	323
Total controllable expenditure	67,964	58,780
Net controllable expenditure	37,502	28,247
Internal recharge income	(6,453)	0
External recharge income	(757)	(757)
Total non-controllable income	(7,210)	(757)
Support services	53	53
Total non-controllable expenditure	53	53
Net non-controllable expenditure	(7,157)	(704)
Net expenditure	30,344	27,543
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		30,345
Transfers, adjustments and inflation		1,899
Savings and growth		(4,701)
Grants		0
2011/12 net budget		27,543

Explanation of movements**Transfers, adjustments and inflation**

Material adjustments include £1,000k for waste disposal costs, £729k from remodelling redundant recharge budgets and £108k from transferring the Divisional Director's budget from Resources.

Savings and growth

Total savings of £4,696k have been deducted from the 2010-11 budgets, including £3,300k from Cleansing and Waste services and £564k from staffing budgets.

A previous temporary growth of £5k has been reversed out of the 2010-11 budget.

Divisional Director: Christina Thompson

The division comprises the departmental support teams, including Finance, Performance, Office Services and the Departmental Management Team.

We work closely with Finance and Resources colleagues to deliver services that are regarded as value for money. We ensure that business continuity plans are in place, financial systems are available and appropriate for use and that financial budget setting and monitoring is delivered in an effective manner.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(301)	(302)
Customer and client receipts – external	0	0
Total controllable income	(301)	(302)
Employees	6,354	5,143
Premises related expenditure	12	12
Transport related expenditure	25	13
Supplies and services	196	18
Third party payments	0	0
Transfer payments	490	346
Total controllable expenditure	7,077	5,532
Net controllable expenditure	6,776	5,230
Internal recharge income	(1,584)	(1,913)
External recharge income	0	0
Total non-controllable income	(1,584)	(1,913)
Support services	0	0
Total non-controllable expenditure	0	0
Net non-controllable expenditure	(1,584)	(1,913)
Net expenditure	5,192	3,317
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		5,192
Transfers, adjustments and inflation		(1,484)
Savings and growth		(391)
Grants		0
2011/12 net budget		3,317

Explanation of movements**Transfers, adjustments and inflation**

£1,484k has been transferred out of the division since 2010-11. Of this, material movements include £458k for shared savings and ECM phase 2 and £540k to transfer Divisional Director budgets back to divisions.

Savings and growth

Savings of £991k include £400k from restructuring and £500k from growth no longer required.

Growth of £600k was added to counteract the impact of cost realignment between the General Fund and the HRA.

Office of the Chief Executive

B011

Chief Executive: Derrick Anderson

The Office of the Chief Executive provides a wide range of centralised internal and external support services. It has a key role in both strategic direction and support of the Council and is responsible for providing Human Resources support and innovative solutions to help drive the Council forward. OCE also plays a key role in communication to staff, residents and external partners and in areas of both performance and research.

Departmental budget – service area summary	2010/11 Net budget £000	2011/12 Net budget £000
Campaigns and Communications	1,215	1,188
Chief Executive's Secretariat	502	539
Human Resources	2,273	2,050
Policy, Equalities and Performance	2,145	2,054
Net expenditure	6,136	5,831
Subjective analysis summary	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	(4,002)	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(455)	0
Customer and client receipts – external	(1,169)	(54)
Total controllable income	(5,626)	(54)
Employees	8,033	5,897
Premises related expenditure	1	1
Transport related expenditure	33	30
Supplies and services	3,691	810
Third party payments	3	3
Transfer payments	0	0
Total controllable expenditure	11,761	6,741
Net controllable expenditure	6,136	6,687
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(856)
Total non-controllable expenditure	0	(856)
Net non-controllable expenditure	0	(856)
Net expenditure	6,136	5,831
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		6,136
Transfers, adjustments and inflation		2,237
Savings and growth		(1,600)
Grants		(942)
2011/12 net budget		5,831

Explanation of movements

Transfers, adjustments and inflation

The department transferred out shared savings totalling £1,120k to other departments, resulting in an increase in the cash limit.

A budget adjustment took place to offset the reduction in grant-funded expenditure in the PEP division of £942k due to the cessation of Government grant programmes.

The figure shown does not reconcile to the cash limits on page 22 because we have chosen to show these reductions in terms of their net impact for the sake of clarity.

Savings and growth

The department has offered new savings of £1,269k in an OCE-wide proposal to reduce and realign services, implement matrix working and centralise business support.

This is in addition to brought forward savings of £111k in HR and £220k in PEP.

Grants

The Lambeth First Partnership team will no longer receive grant funding from the Working Neighbourhoods Fund and Future Jobs Fund – a reduction of £942k. This was to fund core LSP posts.

Divisional Director: Julian Ellerby

We deliver the communications strategy, which reflects and builds on the Council’s vision and Corporate Plan priorities. We aim to promote the Council, enhance its reputation and achieve the aims of the services that we deliver, including value for money and take-up.

The division plays a major role in improving the culture and performance of the Council and its staff. Core functions include media, print, design, web, external marketing and internal communications. It has a responsibility to improve the methods by which we communicate and achieve greater targeting of our messages. We also communicate key projects and manage all communication channels on behalf of the Council.

Subjective analysis summary	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(203)	0
Customer and client receipts – external	(188)	0
Total controllable income	(391)	0
Employees	1,647	1,027
Premises related expenditure	0	0
Transport related expenditure	3	3
Supplies and services	(44)	238
Third party payments	0	0
Transfer payments	0	0
Total controllable expenditure	1,606	1,268
Net controllable expenditure	1,215	1,268
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(80)
Total non-controllable expenditure	0	(80)
Net non-controllable expenditure	0	(80)
Net expenditure	1,215	1,188
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		1,215
Transfers, adjustments and inflation		273
Savings and growth		(300)
Grants		0
2011/12 net budget		1,188

Explanation of movements

Transfers, adjustments and inflation

During the year a communications saving of £396k was shared out to all departments, increasing the net OCE budget. This was partially offset by in-year savings.

Savings and growth

The division has contributed savings of £300k to the department’s proposal to reduce and realign services, implement matrix working and centralise business support.

Chief Executive: Derrick Anderson

To help the organisation achieve its overarching aims of protecting the vulnerable while building a platform for future growth and success, the Chief Executive has been clear that the OCE will have four key functions for going forward:

- manage and maintain a positive reputation for the Council, ensuring performance remains satisfactory and external and internal communications remain excellent
- ensure the organisation retains a future focus
- facilitate, support and deliver the cooperative Council
- support the organisation through the period of change and transition

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	0
Total controllable income	0	0
Employees	467	504
Premises related expenditure	0	0
Transport related expenditure	4	4
Supplies and services	31	31
Third party payments	0	0
Transfer payments	0	0
Total controllable expenditure	502	539
Net controllable expenditure	502	539
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	0
Total non-controllable expenditure	0	0
Net non-controllable expenditure	0	0
Net expenditure	502	539
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		502
Transfers, adjustments and inflation		37
Savings and growth		0
Grants		0
2011/12 net budget		539

Explanation of movements

Transfers, adjustments and inflation

The movement of £37k relates to adjustments for one-year budget transfers.

Divisional Director: Nana Amoa-Buahin

The division oversees all matters relating to the workforce: organisational design and development, cultural change, workforce planning and wellbeing. It achieves this by aligning existing capabilities and the supply of new suitable individuals with Lambeth's Corporate Plan and requirements to maximise return on investment and secure success. In ensuring such objectives are achieved, we aim to implement human resource requirements effectively but also pragmatically, taking account of legal and ethical aspects and, as far as is practical, seeking to retain the support and respect of the Trades Unions and the workforce.

The Health and Safety function covers both Council employees and the safety of the public while using Lambeth services, such as schoolchildren and visitors to local offices. The Emergency Planning and Business Continuity functions help ensure the Council's resilience.

Subjective analysis summary

	2010/11 Net budget £000	2011/12 Net budget £000
Government grants	0	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	(252)	0
Customer and client receipts – external	(981)	(54)
Total controllable income	(1,233)	(54)
Employees	3,591	2,877
Premises related expenditure	1	1
Transport related expenditure	17	18
Supplies and services	(106)	(19)
Third party payments	3	3
Transfer payments	0	0
Total controllable expenditure	3,506	2,880
Net controllable expenditure	2,273	2,826
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	(776)
Total non-controllable expenditure	0	(776)
Net non-controllable expenditure	0	(776)
Net expenditure	2,273	2,050
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		2,273
Transfers, adjustments and inflation		577
Savings and growth		(800)
Grants		0
2011/12 net budget		2,050

Explanation of movements**Transfers, adjustments and inflation**

During the year a workforce development saving of £725k was shared out to all departments, increasing the net OCE budget. This was partially offset by in-year savings.

Savings and growth

The division has contributed savings of £689k to the department's proposal to reduce and realign services, implement matrix working and centralise business support.

Brought forward savings total £111k.

Divisional Director: Sophia Looney

The division supports the Chief Executive to ensure the Council delivers its Corporate Plan and realises its ambitions. It provides support, challenge and quality assurance of the organisation in relation to policy, equalities and diversity, performance management, project and programme management and research and consultation. Its work focuses on:

- leading on our transformation into a "cooperative council"
- ensuring – through benchmarking, research and analysis – that the organisation is focussing on the appropriate areas of improvement and performance
- a borough approach to promoting equalities, diversity and community cohesion
- implementing a performance framework across the borough which is focussed on well-researched outcomes to deliver the Council's priorities
- analysing, developing and commissioning policy and developing forward thinking so that the borough is equipped to face the challenges of a changing world
- the organisation's delivery of transformational and service improvement activities
- acting as a centre of excellence, leading and promoting best practice across the organisation in performance and project management, research and consultation
- leading on Corporate regulatory inspections and managing key stakeholder relationships, for example regulatory bodies and central Government
- the work of Lambeth First with partners so that it becomes an excellent LSP and the focus for cross-agency delivery through the Sustainable Community Strategy

Subjective analysis summary

	2010/11	2011/12
	Net budget	Net budget
	£000	£000
Government grants	(4,002)	0
Other grants, reimbursements and contributions	0	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	0	0
Total controllable income	(4,002)	0
Employees	2,309	1,489
Premises related expenditure	0	0
Transport related expenditure	9	5
Supplies and services	3,829	560
Third party payments	0	0
Transfer payments	0	0
Total controllable expenditure	6,147	2,054
Net controllable expenditure	2,145	2,054
Internal recharge income	0	0
External recharge income	0	0
Total non-controllable income	0	0
Support services	0	0
Total non-controllable expenditure	0	0
Net non-controllable expenditure	0	0
Net expenditure	2,145	2,054
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		2,146
Transfers, adjustments and inflation		1,350
Savings and growth		(500)
Grants		(942)
2011/12 net budget		2,054

Explanation of movements

Transfers, adjustments and inflation

This is mainly in relation to the loss of Working Neighbourhoods Fund (WNF) and Future Jobs Fund (FJF) grant funding. The division also reclaimed £320k funding from other departments for the 2009/10 one-year adjustment in relation to the Economic Recovery Programme.

Savings and growth

The division has contributed savings of £280k to the departmental proposal to reduce and realign services, implement matrix working and centralise business support.

Brought forward savings total £220k.

Grants

The Lambeth First Partnership team will no longer receive grant funding from the WNF and FJF; a net impact on the division of £942k. This is part of the wider context of grant reduction; WNF is reducing by approximately £3,500k from 2010/11 levels and FJF by approximately £1,600k.

Part V

Council finances outside the General Fund

Housing Revenue Account

B04H

Executive Director: Sue Foster

The Housing Revenue Account is the ring-fenced rent account that funds the Council's activity as a landlord. Housing management services, which are the tenant-focused services arising from our role as landlord, are delivered through Lambeth Living, the Council's ALMO. Front line services are mainly provided through the telephone-based Service Centre and face-to-face reception services in area offices.

Housing Property and Technical Services is responsible for the physical management of our stock, as opposed to Housing Management's tenancy management function. Key activities are managing the responsive and planned repairs and the delivery of the capital programme.

The Council continues to provide the housing regeneration activity that is key to developing the borough and its estates, as well as the statutory strategic function.

Subjective analysis summary

	2010/11	2011/12
	Net budget	Net budget
	£000	£000
Government grants	(10,248)	(6,886)
Other grants, reimbursements and contributions	0	0
Interest	(441)	0
Customer and client receipts – internal	0	0
Customer and client receipts – external	(155,758)	(158,466)
Total controllable income	(166,447)	(165,352)
Employees	7,484	7,471
Premises related expenditure	54,435	55,012
Transport related expenditure	15	19
Supplies and services	6,388	5,558
Third party payments	35,193	37,153
Transfer payments	(19,540)	(9,045)
Total controllable expenditure	83,975	96,168
Net controllable expenditure	(82,472)	(69,184)
Internal recharge income	(2,381)	(7,765)
External recharge income	(89)	0
Total non-controllable income	(2,470)	(7,765)
Support services	12,143	13,403
Capital financing, interest payable, appropriations etc.	70,770	63,546
Total non-controllable expenditure	82,913	76,949
Net non-controllable expenditure	80,443	69,184
Net expenditure	(2,029)	0
Movements from 2010/11 to 2011/12		£000
2010/11 working budget		(2,029)
Transfers, adjustments and inflation		1,500
Savings		(7,238)
Growth		5,235
Grants		2,532
2011/12 net budget		0

Explanation of movements

Transfers, adjustments and inflation

This figure relates entirely to inflation (the Corporate policy of 0% inflation relates to GF only.)

Savings

The savings are made up of £1,000k on the impact on prices of new repairs and maintenance contracts; £350k as a result of a restructure; with the rest being due to the combined impact of the rent rise, the freeze on tenant service charges and capital charges.

Growth

A £2,000k contribution to balances; £500k to transfer hostels to General Fund; £270k increase in insurance costs; £190k for increased costs around fraud; £45k for metered electricity and £1,045k for gas servicing; the rest is contingency for new budget pressures.

Grants

Housing subsidy for 2011/2012 means a £2,532k withdrawal of revenue for the HRA – which equates to an increase in expenditure of the same amount, as the grant no longer offsets it.

Capital accounting and budgeting

The Council's General Fund budget is concerned with revenue activities – that is, the day to day running costs incurred in providing services. In a general sense, revenue expenditure (and income) arises from recurring items – the costs of running the services we deliver, but also interest we pay and receive, employer contributions to employee pensions, even charges arising from Private Finance Initiative (PFI) schemes.

But accountancy regulations recognise another type of expenditure – namely, capital. Money spent for the purchase or improvement of assets like land, buildings, equipment, or even investments, which will be of use or benefit for more than one financial year, may need to be classified as capital. There is also capital income, for example the proceeds from the sale of land, buildings and other capital assets, which is often described as capital receipts.

Both capital expenditure and the use of capital receipts is strictly regulated by legislation in both the private and public sectors. This is to prevent organisations from wrongly classifying revenue as capital, for example where revenue resources are constrained or where the tax treatment varies between categories. Under the Local Government & Housing Act 1989, by which Lambeth is bound, all expenditure is regarded as revenue unless specifically classified as capital.

This would not be such a problem if the distinction was as clear-cut as it appears here. But, for example, the salaries of the builders who work on a new school may be capital in nature (since, without the builders, there would be no asset); while the salaries of maintenance staff at the same school would be revenue, as they contribute to the day-to-day running costs.

Because these are often large-scale infrastructure projects, the building process can itself continue over periods of more than a year and is prone to delay and slippage, be it through bad weather or lengthy planning discussions. So we need to track and monitor our capital programme quite separately from our revenue activity.

And we need to bear in mind the timing and size of capital projects' implications for the revenue budgets; to stay with our school example, there is little point in building the school if we cannot then staff it with teachers, heat and light it, and purchase sufficient equipment in the years to follow.

For all of these reasons, Lambeth must set a separate capital budget to ensure that capital money is only spent on allowable capital projects and that, when the various sources are considered together, there is enough money to cover all the projects we want to carry out.

With this in mind, the pages that follow set out in summary Lambeth's capital programme as it currently stands, both from the point of view of what we plan to spend and on where the money is to come from.

The capital investment programme

The significant reductions in government funding, an asset base reduced by historic disposals and unfavourable market conditions have all made funding the capital investment programme extremely challenging. Various forms of credit arrangement (such as loans, municipal bonds and the Private Finance Initiative) are potential sources of finance: but the statutory Prudential Code for Capital Finance in Local Authorities requires us to consider their prudence, sustainability and affordability.

The Council invested £419.9m in improvements to housing, schools and transport infrastructure from 2007/08 to 2009/10. Almost 75% of the financing for this came from central Government. The average reduction in Government funding for local authority capital investment of 45% will therefore substantially reduce asset investment. This cut will be felt more acutely in Lambeth, where funding will decrease by more than the national average. The two largest indicators of this are the cuts of 60% by the Department for Education and 74% by the Department for Communities and Local Government (DCLG), which have led to the cancellation of the Building Schools for the Future programme and a 60% decrease in Decent Homes funding, respectively. The Council's Emergency Budget in July 2010 also identified actions taken to reduce the funding gap on the Capital Investment Programme from £36.7m in February 2010 to £23.5m.

The Council has responded to this incredibly challenging environment by fundamentally reviewing

its policies for capital investment, funding, reporting and governance.

The Capital Investment Hierarchy illustrates how funding is prioritised, with projects that maintain the council's basic operational infrastructure forming the foundation of the pyramid and projects that increase service capability and capacity at the top.

In considering all of the financing options available to the Council, the most important factor is how investment will be funded. Innovative financing solutions such as the PFI provide the initial finance for public sector infrastructure. However, the public body must pay an annual fee for the use of the infrastructure that includes the repayment of that initial finance. The fundamental question is, therefore, where does the extra funding come from to make this payment? The PFI is only an attractive option where the Government provides that funding through a grant to meet the capital financing element (as with the Myatt's Field and Norwood Hall projects).

This is also true of solutions such as municipal bonds, pooled infrastructure funds to attract pension fund assets and credit arrangements in general. In each case, the fundamental question is: where does the funding come from to provide the investor with a return? The financing strategy has therefore evolved into a funding strategy.

Capital receipts from the sale of assets have historically been the principal source of locally generated funding for capital investment. A fundamental review of asset ownership around two key questions: is an asset required to deliver this service and does that asset need to be owned by the Council? – will inform a revised Asset Management Strategy in June 2011.

The current depression in the property market creates risks around the timing and value of disposals, particularly of properties that require redevelopment, where demand has been reduced by the high cost of capital. Forecasts indicate that this may persist into the medium term. Prioritising investment so as not to rely on new disposals manages the risk that poor value will be achieved.

Asset sales are a finite resource – we will eventually run out of assets to sell. Long term, we will need to fund asset investment from revenue, as a sustainable, recurrent resource. The first steps have been taken by making an ongoing contribution to capital investment from the General Fund revenue budget (£8m over three years) and providing ongoing funding for investment in roads and pavements from the Parking Places Revenue Account (£6.5m over three years.)

The Council must pay over to the DCLG a proportion of capital receipts from the sale of properties. This is referred to as "capital receipts pooling". However, the Council can avoid this pooling requirement for housing receipts arising from disposals other than Right To Buy if it reinvests these receipts in affordable housing or regeneration projects. To do this, we identify a pool of such schemes, known as the Total Capital Allowance (TCA), and set any eligible receipts against this pot. To implement this requirement, schemes have been identified in the proposed capital programme as either affordable housing or regeneration projects. The TCA for 2011/12 is £211.2m.

In addition to this, the Council will be actively using its reserves to ensure that investment in high priority projects can proceed. The full balance of £31m will be drawn down from the capital receipts reserve over the three years of the Capital Investment Programme and a further £6.4m will be drawn down from earmarked reserves. Transparency has been improved by setting out the funding and expenditure profile summarised below. It should be noted that a number of Government departments have not yet announced their allocations of capital grants to local authorities.

Over the next twelve months, it is likely that additional funding will become available through asset disposals and new grant allocations. Projects will be unnecessarily delayed if these resources are not allocated during that period. This requires a more dynamic approach and the programme will continue to evolve during the financial year. The July Finance Review will update the profile of expenditure to take account of financial outturn and allocate new resources; a new Budget Update in November will provide a mid-cycle review of performance and allocate additional resources.

Projects whose implementation is contingent on new asset sales are set out in the Capital Investment Pipeline (not included here.) The introduction of this – and the scale of the disposals programme – will make good governance even more important. The officer-led Strategic Asset Management Group will therefore be augmented by a member-led Asset Review Group. The role of these groups is to advise the Strategic Leadership Board and Cabinet.

Although the anticipated value of receipts from disposals significantly exceeds the value of projects in the pipeline, the disposal of some properties will need to be agreed within the first quarter of 2011-12 to enable the implementation of the most urgent projects.

Housing – during 2011-12, the Council will invest £38.2m to improve council housing in Lambeth. Investment will be in the key areas of works to meet the Decent Homes standard, bringing void properties back into use and housing regeneration. The Government is reforming the council housing finance system and intends to replace the Housing Revenue Account subsidy system with a locally controlled system. As a consequence, the Government has only provided capital funding (in the form of the Major Repairs Allowance) for one year and this has provisionally been allocated to Decent Homes work. However, the exact composition of the programme will be developed in consultation with United Residents Housing and Lambeth Living.

Primary schools – the focus here is expanding primary schools to provide additional pupil places. The largest expansion projects are at Sunnyhill and Hitherfield schools and the construction of a new Norwood school. Fenstanton primary school will be rebuilt to create space for a new secondary school and a new, modern building will be constructed to house the Livity special school.

Secondary schools – the Secretary of State for Education announced the cancellation of the Building Schools for the Future programme in July 2010. However, funding for Dunraven, Norwood and Lilian Baylis schools at the previously announced levels was confirmed on 6 August. Funding for a new academy on the site of Fenstanton primary school was confirmed in December, but at a substantially reduced level of £18.3m, a reduction of 40% on the previous amount. The feasibility of building a school of this size with this funding is being investigated.

Regeneration – the Council's ambitious Future Lambeth regeneration programme is delivering major investment projects that will encourage physical, social and economic improvements in the borough. The Government has confirmed £14.2m of funding towards new facilities at Norwood Hall. This project will be delivered through PFI, so funding will be in the form of a revenue grant that helps the Council make the annual revenue payments to the private sector partner delivering the service.

Highways and Transportation – investment in roads and pavements will increase to £7.5m over the three years to 2013-14. Transport for London (TfL) has confirmed £5.1m of grant funding for transport projects in 2011-12. The specific projects funded are being agreed with TfL.

Operational buildings – the Council has developed a planned maintenance programme to ensure that its buildings are in a fit condition. The Council is working in partnership with One Housing Group and Thames Reach to purchase housing in the borough for people living with AIDS and HIV.

Other – this area includes proposals developed with Black Cultural Archives to utilise funding from the Heritage Lottery Fund to redevelop Raleigh Hall as a centre for black heritage.

The capital investment programme – summary 2011-12 to 2013-14

Programme	Initiative	Funding							Investment profile					
		Capital receipts		Capital reserve	Borrowing	Grants	s106	Major Repairs Reserve	Total	2010-11	2011-12	2012-13	2013-14	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Housing		19,682	0	30,339	3,832	246	32,545	86,644	42,551	44,093	0	0	86,644	
	Decent Homes	800	0	15,679	968	0	30,935	48,382	19,481	28,901	0	0	48,382	
	Voids	16,000	0	2,292	0	0	0	18,292	10,168	8,124	0	0	18,292	
	Neighbourhood regeneration	1,192	0	4,851	209	246	0	6,498	2,057	4,441	0	0	6,498	
	Other	607	0	6,317	25	0	1,610	8,559	8,445	114	0	0	8,559	
	Private sector housing (General Fund)	1,083	0	0	2,630	0	0	3,713	1,513	2,200	0	0	3,713	
	Private sector housing (Housing Revenue Account)	0	0	1,200	0	0	0	1,200	887	313	0	0	1,200	
Primary schools		18,617	0	1,515	49,764	3,814	0	73,711	13,006	37,211	18,106	5,388	73,711	
	Modernisation and primary expansion	18,617	0	1,515	44,466	3,814	0	68,412	11,808	33,110	18,106	5,388	68,412	
	Capital maintenance	0	0	0	3,016	0	0	3,016	0	3,016	0	0	3,016	
	Devolved formula capital	0	0	0	1,412	0	0	1,412	686	727	0	0	1,412	
	ICT	0	0	0	870	0	0	870	512	358	0	0	870	
Secondary schools		4,243	0	4,789	34,402	0	0	43,434	16,547	14,701	11,256	930	43,434	
	New	3,473	0	3,592	33,500	0	0	40,565	14,332	14,047	11,256	930	40,565	
	ICT	466	0	766	905	0	0	2,137	1,297	840	0	0	2,137	
	Preparation for second phase of new builds	304	0	431	(3)	0	0	732	918	(186)	0	0	732	

Program me	Initiative	Funding							Investment profile					
		Capital receipts	Capital reserve	Borrowing	Grants	s106	Major Repairs Reserve	Total	2010-11	2011-12	2012-13	2013-14	Total	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Highways and transportation														
	Street management	3,740	7,659	0	14,509	4,696	0	30,604	14,149	11,455	2,500	2,500	30,604	
	Waste and streetcare	2,887	7,200	0	14,504	4,696	0	29,287	13,299	10,988	2,500	2,500	29,287	
		853	459	0	5	0	0	1,317	850	467	0	0	1,317	
Regeneration														
	Future Streatham	13,562	10,771	0	43	0	0	24,376	2,501	7,755	7,000	7,120	24,376	
	Future Clapham	10,972	8,568	0	0	0	0	19,540	420	5,000	7,000	7,120	19,540	
	Other	1,322	1,000	0	0	0	0	2,322	567	1,755	0	0	2,322	
		1,268	1,203	0	43	0	0	2,514	1,514	1,000	0	0	2,514	
Other														
	Other	2,764	1,464	0	13,496	1,030	0	18,754	7,879	10,875	0	0	18,754	
	Youth and community facilities	1,039	310	0	7,305	133	0	8,787	4,397	4,389	0	0	8,787	
		0	0	0	4,848	0	0	4,848	973	3,875	0	0	4,848	
	Parks & open spaces	826	1	0	1,343	897	0	3,066	2,105	961	0	0	3,066	
	ICT	900	1,153	0	0	0	0	2,053	403	1,650	0	0	2,053	
Operational buildings														
	Social care	342	4,028	0	3,705	0	0	8,075	3,912	4,163	0	0	8,075	
	Non-core buildings	0	94	0	3,621	0	0	3,715	1,052	2,663	0	0	3,715	
	Office buildings	0	2,050	0	0	0	0	2,050	1,500	550	0	0	2,050	
	Other	0	1,884	0	0	0	0	1,884	934	950	0	0	1,884	
		342	0	0	84	0	0	426	426	0	0	0	426	
Total														
		62,950	23,922	36,643	119,751	9,786	32,545	285,598	100,544	130,254	38,862	15,938	285,598	

