

WANDSWORTH BOROUGH COUNCIL

Consultation with the Local Business Community

Report by the Executive Director of Finance on the Council's Budget Plans for 2024/25 and future years

SUMMARY

The Council wishes to continue its regular consultation with the local business community about its budget plans for future years. This report provides an overview of these plans and invites views to be taken into account when decisions are made on the council tax for 2024/25 and budgets for future years. Comments on the Council's budget plans can be received up until 15th February 2024.

RECOMMENDATION

1. Local businesses are invited to make comments on the Council's budget plans, for consideration by the Finance Committee on 27th February 2024 and the Executive on 4th March 2024 before deciding upon recommendations to the full Council for setting the council tax for 2024/25 and budget frameworks for future years.

BACKGROUND MATERIAL

2. Statutory guidelines determine much of the content of the papers that are available for consultation. Wandsworth Business Partnership members may wish to refer to the following background material:
 - [Statement of Accounts 2022-23](#)
 - [General Fund Capital Programme 2023 to 2027](#)
 - [HRA Business Plan Update 2023/24](#)
 - [HRA Business Plan Update 2023/24 \(appendix A\)](#)
 - [Council General Revenue Budget 2023-2027](#)
 - [Council's Medium Term Financial Strategy](#)
 - [Housing and Regeneration on the Housing Revenue Account Budget \(including Rents for Council Dwellings\)](#)
 - [Appendix A - C](#)
 - [Appendix D – F](#)

MAIN FEATURES OF BUDGET PLANS FOR 2022/23 AND FUTURE YEARS

Capital and Major Works Programmes

3. For council housing, the repairs and improvements works continue with a programme of £86.5 million in 2024/25 and £31.9 million in 2025/26. In addition, another £98.3 million is being invested into new build, regeneration projects and environmental improvements in 2024/25 and £71.6 million in 2025/26 all of which contribute to the combined Housing Revenue Account capital programme totalling £190.9 million in 2024/25 and £103.5 million in 2025/26. This is to be financed by capital receipts, borrowing, capital reimbursements including service charges and grants which include the utilisation of the retained Right to Buy receipts, grant where available and the application of Section 106 receipts held for affordable housing or capital reserves built up over previous years.
4. Capital expenditure for other services is financed by grants and by realising the invested proceeds of the sale of council assets. Total expenditure in the current year is £94.6 million; this includes £24.8 million of spending on schools and other children's facilities. The programme for 2024/25 is £163.6 million, which includes a further £45.8 million spending on schools and other children's facilities and for 2025/26 £28 million which includes £15.3 million on schools and other children's facilities. These figures include new schemes for 2024/25 and future years.

Revenue Budget and Council Tax

5. The Mayor of London (Mr Sadiq Khan) has issued a consultation document on the GLA budget requirement and precepts for 2024/25. This shows the total GLA precept increasing by £37.26 (8.6%) from £434.14 to £471.40 which is the maximum limit the government has set for the GLA increase in the provisional settlement. Of this sum £20 is to fund transport, £13 for police and the remainder (a 2.99% increase) for non-police services. The Mayor will confirm his final precept once he has considered the implications of the provisional local government and police settlements.
6. The provisional Settlement Funding Assessment for 2024/25 was published on 18th December. Once again this was a single year settlement which continues to make the medium term outlook uncertain as the distribution of funding between boroughs could be impacted in future years by formula changes. It announced no new funding streams and confirmed that several planned reforms to local government finance have been further delayed until the next Parliament.
7. The Secretary of State has set the level at which general Council Tax can increase prior to a referendum at 2.99% for 2024/25 (2.99% in 2023/24). However, in addition, as last year, local authorities responsible for adult social care will be given additional Council Tax flexibility on top of this general threshold, on the understanding that this additional revenue will be used for adult social care services. The Council applied an adult social care precept of

2% in 2017/18, 2018/19, 2019/20 and 2020/21, 3% in 2021/22, 1% in 2022/23 and 2% in 2023/24.

8. The Council's General Revenue budget 2023-2027 report includes net service expenditure proposals for 2024/25 totalling £235.8 million. It highlights that, in order to set a council tax level for 2024/25 which does not breach the 4.99% referendum level, consideration will need to be given to known additional spending pressures and a review of earmarked reserves, in combination with the possibility of generating savings proposals.
9. The draft revenue budget framework. The power of the Council to significantly vary its expenditure upwards is limited in each of its financial frameworks due to factors such as the provision for local referenda introduced within the Government's Localism Act, the need to legally balance the Housing Revenue Account and the level of capital receipts available. Therefore, any decision to reorder spending priorities is in reality based on the competing needs of services for current budgeted expenditure.

Council housing rents

10. Average social rents for the Council's housing stock are currently £138.82 per week. Rents were considered at the Housing Committee on 23rd January 2024 where it was agreed that Council rents would be increased by a maximum of 7.7% from April 2023 in line with Council policy and national policy which established a maximum rent increase through the Rent Standard. In addition to rent, some tenants are charged for service charges in relation to their properties which are itemised separately. Where tenants benefit from these services, the individual charges for the following year are calculated by block and estate and linked to property size, using an estimate of based on prior actual costs uplifted by inflation, with overall increases from year to year capped where applicable to maintain general affordability. The average charge for services for those who pay is to be around £11.70 per week. Average Council rents remain lower than equivalent private sector rental levels and the Council continues to maintain a financially viable Housing Revenue Account business plan based upon current assumptions.

TIMETABLE

11. Written comments, received by 15th February 2024, will be considered by the Finance Committee on 27th February 2024 and the Executive on 4th March 2024.

Responses can be emailed to financeconsultation@wandsworth.gov.uk. The Executive will then present recommendations to the full Council (at a meeting on 6th March) for setting the Council's council tax for 2024/25 and revenue budget framework for future years.

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