

WANDSWORTH BOROUGH COUNCIL

Consultation with the Local Business Community

Report by the Director of Resources on the Council's Budget Plans for 2022/23 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 2022/23 and budgets for future years. Comments on the Council's budget plans can be received up until 11 February 2022.

RECOMMENDATION

1. Local businesses are invited to make comments on the Council's budget plans, for consideration by the Finance, Resources and Climate Sustainability Overview and Scrutiny Committee on 23 February 2022 and the Executive on 28 February 2022 before deciding upon recommendations to the full Council for setting the Council Tax for 2022/23 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 2020-21](#)
- [General Fund Capital Programme 2021/22 to 2024/25](#)
- [General Fund Capital Programme 2021/22 to 2024/25 \(appendix A\)](#)
- [General Fund Capital Programme 2021/22 to 2024/25 \(appendix B\)](#)
- [General Fund Capital Programme 2021/22 to 2024/25 \(appendix C\)](#)
- [General Fund Capital Programme 2021/22 to 2024/25 \(appendix D\)](#)
- [HRA Business Plan Update 2021/22](#)
- [HRA Business Plan Update 2021/22 \(appendix A\)](#)
- [Council General Revenue Budget 2021-2025](#)
- [Council Wide Budget \(appendix 1-8\)](#)
- [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 2021/22 AND FUTURE YEARS

Capital and Major Works Programmes

3. For council housing, the repairs and improvements works continue with a programme of £54.8 million in 2022/23 and £34.2 million in 2023/24. In addition, another £108.7 million is being invested into new build, regeneration projects and environmental improvements in 2022/23 and £80.9 million in 2023/24 all of which contribute to the combined Housing Revenue Account capital programme totalling £174.3 million in 2022/23 and £119.7 million in 2023/24. 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 £69.5 million; this includes £17 million of spending on schools and other children's facilities. The programme for 2022/23 is £93.3 million, which includes a further £7.6 million spending on schools and other children's facilities and for 2023/24 £55 million which includes £11.2 million on schools and other children's facilities. These figures include new schemes for 2022/23 and future years.

Revenue Budget and Council Tax

5. The Mayor of London (Mr Sadiq Khan) has issued a consultation document on the Greater London Assembly (GLA) budget requirement and precepts for 2022/23. This shows the total GLA precept increasing by £31.93 (8.8%) from £363.66 to £395.59 for 2022/23 of which £20 will fund transport, £10 for policing and crime and £1.93 for the London Fire Brigade. For the purposes of the budget framework this increases by 2% in each subsequent year.
6. The provisional Settlement Funding Assessment for 2022/23 totals £98.2 million which is slightly higher than the equivalent figure in 2021/22 (due to inflationary uplifts). Overall, Government support has dropped since 2016 by £16.4 million i.e.14% in cash terms and there is a risk that it could drop further following the outcome of the fair funding review. It is currently very unclear what the future settlements might look like and whether there will be a revision to the way funds are distributed between councils. However, Members should be aware that there remains a significant risk of a shift of resources away from London authorities and therefore the gap in future years could grow.

7. The Secretary of State has set the level at which general Council Tax can increase prior to a referendum at 1.99% for 2022/23 (1.99% in 2021/22). 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 and 3% in 2021/22. The Government are allowing an increase of 1% in 2022/23.
8. The Council's General Revenue budget 2021-2025 report includes net service expenditure proposals for 2022/23 totalling £200.2 million. It highlights that, in order to set a council tax level for 2022/23 which does not breach the 2.99% 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. Rents for the Council's social rented housing stock from April 2022 were considered at the Housing & Regeneration Overview and Scrutiny Committee on 20 January 2022 where it was agreed, that in response to the current economic circumstances and to alleviate some of the financial pressure that the council's tenants were facing, to freeze rents at current levels for existing tenants. Average social rents in Wandsworth are currently £129.63 per week. In addition to rent, some services have been previously unpooled from the rent charge and are itemised separately. Where tenants benefit from these services the individual charges are calculated based on actual costs with increases from year to year capped where applicable. The current average charge for services is £9.57 per week. Average Council rents continue to remain lower than they were in 2015 and the Council continues to maintain a financially viable Housing Revenue Account business plan based upon current assumptions.

TIMETABLE

11. Written comments, received by 11 February 2022, will be considered by the Finance, Resources and Climate Sustainability Overview and Scrutiny Committee on 23rd February 2022 and the Executive on 28 February 2022. Responses can be emailed to financeconsultation@wandsworth.gov.uk. The Executive will then present recommendations to the full Council (at a meeting on 9 March) for setting the Council's Council Tax for 2022/23 and revenue budget framework for future years

FENELLA MERRY
Director of Resources

The Town Hall,
Wandsworth,
SW18 2PU.
28 January 2022