

COUNCIL BUDGETS 2024-2025



WANDSWORTH BOROUGH COUNCIL – BUDGET BOOK 2024/25

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ANALYSIS OF SERVICE BUDGETS 2024/25

£'000	Health	Children's	Environment	Finance	Housing	Transport	GENERAL FUND TOTAL	Dedicated Schools Budget	Housing Revenue Account	TOTAL
EXPENDITURE										
Salaries	24,734	53,455	3,615	9,373	7,175	5,216	103,570	142,359	23,673	269,601
Premises	94	778	6,294	738	960	1,609	10,471	0	65,458	75,929
Use of Transport	1,317	7,576	109	41	22	18	9,082	0	309	9,391
Supplies and Services										
- Funding to Voluntary Bodies	19	0	5	608	0	0	632	0	0	632
- Other	4,273	6,182	1,870	18,309	2,459	3,438	36,530	44,814	12,339	93,683
Third Party Payments										
- Precepts, Levies and Charges	0	807	15,699	893	0	690	18,090	0	0	18,090
- Other	126,096	31,747	21,298	3,885	44,070	7,895	234,991	1,082	6,060	242,132
Transfer Payments	10,833	1,192	0	133,863	1,258	12,446	159,591	1,979	553	162,123
Support Services Recharges	3,564	6,961	3,403	17,381	834	4,035	36,179	0	11,727	47,906
Depreciation and Impairment	93	4,202	4,815	-17,821	0	7,842	-870	0	28,310	27,440
Capital Financing Charges	0	0	0	0	0	0	0	0	49,394	49,394
TOTAL	171,023	112,898	57,107	167,270	56,776	43,190	608,264	190,233	197,823	996,321

ANALYSIS OF SERVICE BUDGETS 2024/25 (continued)

£'000	Health	Children's	Environment	Finance	Housing	Transport	GENERAL FUND TOTAL	Dedicated Schools Budget	Housing Revenue Account	TOTAL
INCOME										
Government Grants	51,733	13,086	0	130,433	6,096	0	201,348	172,903	0	374,252
Other Grants & Contributions	2,159	1,503	523	325	312	596	5,419	108	0	5,527
Customer & Client Receipts	21,551	2,278	10,955	14,976	25,119	44,328	119,207	17,222	180,716	317,144
Interest	0	0	0	27,604	17	0	27,621	0	13,903	41,524
Recharge Income	0	4,201	298	6	110	72	4,686	0	0	4,686
Internal Charges	0	0	0	1,946	2,669	298	4,914	0	0	4,914
Contribution from Reserves	0	0	0	100	585	0	685	0	3,204	3,889
TOTAL	75,444	21,068	11,775	175,390	34,908	45,293	363,877	190,233	197,823	751,934
NET EXPENDITURE										
	95,580	91,830	45,332	-8,120	21,868	-2,104	244,387	0	0	244,387

New Homes Bonus Funding
 Improved Better Care Fund
 Other Non-Service Specific Grants
 Service Pressures Contingency
 General Fund inflation from November 2023 to end of 2024/25

-6,477
-16,985
-34,127
4,000
21,450
<u>212,248</u>

GENERAL FUND REVENUE SUMMARY

SUMMARY BY COMMITTEE

<u>COMMITTEE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Children's	90,367,640	91,829,950	91,461,100	91,461,100
Environment	46,994,000	45,331,700	44,633,600	44,626,600
Finance	(3,956,400)	(8,119,900)	(5,926,000)	(2,944,300)
Health	91,686,900	95,579,700	94,942,300	93,082,800
Housing	21,880,700	21,868,300	21,565,800	21,513,300
Transport	(5,710,700)	(2,103,700)	(842,300)	1,428,900
Overall Committee Total	241,262,140	244,386,500	245,834,500	249,168,400

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	209,191,200	209,191,200	209,191,200	209,191,200
Inflation to Current Prices	23,338,100	24,643,500	24,653,500	24,673,500
Changes in Government Grants	(6,769,500)	(5,525,400)	(5,525,400)	(5,525,400)
Other Government or Outside Body Changes	(207,600)	2,404,100	4,431,400	6,795,600
Demand Led Growth	4,707,900	14,783,100	13,338,100	13,418,100
Efficiency Savings	(76,700)	(2,771,600)	(3,637,600)	(5,047,600)
Investment Priorities	5,071,240	10,502,950	9,332,300	4,417,100
Other Growth & Savings	5,911,400	(8,936,400)	(5,908,600)	1,286,300
Budget Transfers	96,100	94,600	(40,400)	(40,400)
NET EXPENDITURE	241,262,140	244,386,500	245,834,500	249,168,400

CHILDREN'S COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Business Resources	18,674,600	19,553,500	19,192,500	19,192,500
Children and Families	49,469,900	50,659,500	50,659,500	50,659,500
Early Help	11,858,700	11,313,100	11,313,100	11,313,100
Education Standards and Inclusion	10,364,440	10,303,850	10,296,000	10,296,000
CHILDREN'S COMMITTEE TOTAL	90,367,640	91,829,950	91,461,100	91,461,100

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	82,899,500	82,899,500	82,899,500	82,899,500
Inflation to Current Prices	6,238,300	6,609,600	6,609,600	6,609,600
Changes in Government Grants	(2,900,500)	0	0	0
Other Government or Outside Body Changes	(209,800)	(209,500)	(209,500)	(209,500)
Demand Led Growth	600,000	2,911,000	2,550,000	2,550,000
Efficiency Savings	0	(573,800)	(573,800)	(573,800)
Investment Priorities	634,540	7,850	0	0
Other Growth and Savings	2,901,800	16,300	16,300	16,300
Income Generation	(15,700)	(34,300)	(34,300)	(34,300)
Budget Transfers	219,500	203,300	203,300	203,300
NET EXPENDITURE	90,367,640	91,829,950	91,461,100	91,461,100

CHILDREN'S COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	53,577,700	53,455,200	53,455,200	53,455,200
Premises	797,640	777,550	769,700	769,700
Transport	6,822,000	7,575,700	7,214,700	7,214,700
Supplies & Services	8,857,700	6,181,427	6,181,427	6,181,427
Third Party Payments	31,911,500	32,553,800	32,553,800	32,553,800
Transfer Payments	1,191,500	1,191,500	1,191,500	1,191,500
Support Service Recharges	6,961,400	6,961,300	6,961,300	6,961,300
Depreciation & Impairment	4,201,900	4,201,900	4,201,900	4,201,900
TOTAL EXPENDITURE	114,321,340	112,898,377	112,529,527	112,529,527
<u>Income</u>				
Government Grants	(15,987,900)	(13,086,227)	(13,086,227)	(13,086,227)
Other Grants & Contributions	(1,503,100)	(1,503,100)	(1,503,100)	(1,503,100)
Customer & Client Receipts	(2,259,700)	(2,278,300)	(2,278,300)	(2,278,300)
Recharge Income	(4,203,000)	(4,200,800)	(4,200,800)	(4,200,800)
TOTAL INCOME	(23,953,700)	(21,068,427)	(21,068,427)	(21,068,427)
NET EXPENDITURE	90,367,640	91,829,950	91,461,100	91,461,100

CHILDREN'S COMMITTEE

BUSINESS RESOURCES

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Directorate & Business Resources	10,849,000	11,077,900	10,716,900	10,716,900
SEN Travel Assistance	6,975,400	7,775,400	7,775,400	7,775,400
School Support	850,200	700,200	700,200	700,200
	18,674,600	19,553,500	19,192,500	19,192,500

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	16,206,600	16,206,600	16,206,600	16,206,600
Inflation to Current Prices	1,119,700	1,182,000	1,182,000	1,182,000
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	109,000	109,000	109,000	109,000
- London Pension Fund Authority Levy increase	(709,200)	(709,200)	(709,200)	(709,200)
Demand Led Growth				
- Special Educational Needs Transport pressures	0	800,000	800,000	800,000
- Growth Pressures in Children's Services	600,000	961,000	600,000	600,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(62,400)	(62,400)	(62,400)
- Directorate Staffing Review	0	(200,000)	(200,000)	(200,000)
Other Growth and Savings				
- 22-289 (Sep 22) Magic Breakfast Pilot	0	(150,000)	(150,000)	(150,000)
Budget Transfers	1,348,500	1,416,500	1,416,500	1,416,500
NET EXPENDITURE	18,674,600	19,553,500	19,192,500	19,192,500

CHILDREN'S COMMITTEE

CHILDREN AND FAMILIES

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Children in Need Teams	4,825,000	4,825,100	4,825,100	4,825,100
Children Looked After Teams	7,426,100	7,591,100	7,591,100	7,591,100
External Care Placements	14,960,400	14,950,400	14,950,400	14,950,400
Family & Community Services	9,266,200	9,266,200	9,266,200	9,266,200
Family Centres & Contact Service	1,243,200	1,243,200	1,243,200	1,243,200
Adoption, Fostering & Permanency	2,152,400	2,152,400	2,152,400	2,152,400
Special Education Needs Disability & Psych Service	2,672,000	3,822,000	3,822,000	3,822,000
Safeguarding Standards	1,153,600	1,153,600	1,153,600	1,153,600
Social Care Academy	1,051,400	1,076,200	1,076,200	1,076,200
Youth Offending Team	689,500	689,800	689,800	689,800
Specialist Services for Families	4,030,100	3,889,500	3,889,500	3,889,500
	49,469,900	50,659,500	50,659,500	50,659,500

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2023/24 ORIGINAL BUDGET	46,471,500	46,471,500	46,471,500	46,471,500
Inflation to Current Prices	3,752,000	3,899,000	3,899,000	3,899,000
Changes in Government Grants				
- 23-083 (Mar 23) Household Support Fund Grant Income	(2,666,000)	0	0	0
- 23-226 (Jul 23) Household Support Fund Grant Income	(234,500)	0	0	0
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	263,700	263,700	263,700	263,700
- Climate Change Levy Increase	0	200	200	200
Demand Led Growth				
- Disabled Children's Respite (Agency Home & Community Care)	0	1,150,000	1,150,000	1,150,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(148,300)	(148,300)	(148,300)
Investment Priorities				
- 23-407 (Nov 23) Cost of Living Response - Youth Bus	69,000	0	0	0
Other Growth and Savings				
- 23-083 (Mar 23) Household Support Fund Grant Spend	2,666,000	0	0	0
- 23-226 (Jul 23) Household Support Fund Grant Spend	234,500	0	0	0
- 23-384 (Nov 23) Corporate Parenting - Our Ambitions as a Council	0	165,000	165,000	165,000
- Business Rates - 2023/24 Base Liability Adjustment	1,300	1,300	1,300	1,300
Income Generation				
- 23-99 (Mar 23) Annual Review of Charges	(100)	(100)	(100)	(100)
- 24-49 (Feb 24) Annual Review of Charges		(100)	(100)	(100)
Budget Transfers	(1,087,500)	(1,142,700)	(1,142,700)	(1,142,700)
NET EXPENDITURE	49,469,900	50,659,500	50,659,500	50,659,500

CHILDREN'S COMMITTEE

EARLY HELP

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Afterschool & Holiday Play Centres	29,200	10,600	10,600	10,600
Youth Services	190,500	190,500	190,500	190,500
Children's Centres	2,445,900	1,962,600	1,962,600	1,962,600
Early Years Central & Management Costs	1,165,200	1,165,700	1,165,700	1,165,700
Early Years - Dedicated Schools Grant	43,900	43,900	43,900	43,900
Innovation & Impact Service	95,000	95,000	95,000	95,000
PUBLIC HEALTH	7,889,000	7,844,800	7,844,800	7,844,800
	11,858,700	11,313,100	11,313,100	11,313,100

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	10,866,600	10,866,600	10,866,600	10,866,600
Inflation to Current Prices	796,000	838,500	838,500	838,500
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	30,100	30,100	30,100	30,100
- Climate Change Levy Increase	0	100	100	100
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(42,400)	(42,400)	(42,400)
Investment Priorities				
- 22-388 (Nov 22) Cost of Living Response - a 'Warmer Welcome'	98,100	0	0	0
- 23-407 (Nov 23) Cost of Living Response - Healthy Start and Vouchers for Free School Meals	54,000	0	0	0
- Cost of Living Response - a 'Warmer Welcome' 2023/24	370,000	0	0	0
Income Generation				
- 23-99 (Mar 23) Annual Review of Charges	(15,600)	(15,600)	(15,600)	(15,600)
- 24-49 (Feb 24) Annual Review of Charges	0	(18,500)	(18,500)	(18,500)
Budget Transfers	(340,500)	(345,700)	(345,700)	(345,700)
NET EXPENDITURE	11,858,700	11,313,100	11,313,100	11,313,100

EDUCATION STANDARDS AND INCLUSION

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
School Participation & Improvement	2,624,300	2,599,300	2,599,300	2,599,300
Lifelong Learning	105,040	69,450	61,600	61,600
Pupil Services	130,800	130,800	130,800	130,800
Psychology Service	983,700	983,700	983,700	983,700
Special Education Needs & Disability Services	2,751,600	2,751,600	2,751,600	2,751,600
Schools Depreciation	3,769,000	3,769,000	3,769,000	3,769,000
	10,364,440	10,303,850	10,296,000	10,296,000

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2023/24 ORIGINAL BUDGET	9,354,800	9,354,800	9,354,800	9,354,800
Inflation to Current Prices	570,600	690,100	690,100	690,100
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	96,600	96,600	96,600	96,600
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(120,700)	(120,700)	(120,700)
Investment Priorities				
- 23-230 (Jul 23) Borough of Sanctuary	35,600	0	0	0
- Cost of Living Response - Lifelong learning	7,840	7,850	0	0
Budget Transfers	299,000	275,200	275,200	275,200
NET EXPENDITURE	10,364,440	10,303,850	10,296,000	10,296,000

ENVIRONMENT COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Arts	1,084,800	879,400	843,800	843,800
Climate Change	634,600	578,800	413,300	413,300
Highways Operations and Streetscene	177,200	5,900	1,900	(1,100)
Leisure	16,638,400	15,778,500	15,673,500	15,670,500
Waste	28,459,000	28,089,100	27,701,100	27,700,100
ENVIRONMENT COMMITTEE TOTAL	46,994,000	45,331,700	44,633,600	44,626,600

Variation Analysis	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	42,398,300	42,398,300	42,398,300	42,398,300
Inflation to Current Prices	2,180,500	2,388,000	2,398,000	2,418,000
Other Government or Outside Body Changes	(38,000)	(11,400)	(11,400)	(11,400)
Demand Led Growth	133,900	133,900	133,900	133,900
Efficiency Savings	(700)	(86,800)	(108,800)	(125,800)
Investment Priorities	964,500	384,800	154,800	154,800
Other Growth and Savings	670,000	(893,700)	(1,378,700)	(1,388,700)
Budget Transfers	685,500	1,018,600	1,047,500	1,047,500
NET EXPENDITURE	46,994,000	45,331,700	44,633,600	44,626,600

ENVIRONMENT COMMITTEE

ARTS SERVICE

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Arts Service	1,084,800	879,400	843,800	843,800
	1,084,800	879,400	843,800	843,800
Variation Analysis	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
2023/24 ORIGINAL BUDGET	864,500	864,500	864,500	864,500
Inflation to Current Prices	30,700	38,600	38,600	38,600
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	900	900	900	900
Demand Led Growth				
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(10,400)	(10,400)	(10,400)
- Use of S106 and Other External Funding	0	(10,000)	(10,000)	(10,000)
Investment Priorities				
- 23-231 (July 23) London Borough of Culture Bid	220,000	30,000	0	0
Budget Transfers	(31,300)	(34,200)	(39,800)	(39,800)
NET EXPENDITURE	1,084,800	879,400	843,800	843,800

ENVIRONMENT COMMITTEE

CLIMATE CHANGE SERVICE

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Climate Change	634,600	578,800	413,300	413,300
	634,600	578,800	413,300	413,300

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Variation Analysis				
2023/24 ORIGINAL BUDGET	675,700	675,700	675,700	675,700
Inflation to Current Prices	13,400	32,100	32,100	32,100
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	1,600	1,600	1,600	1,600
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(16,700)	(16,700)	(16,700)
Investment Priorities				
- 23-237 (July 23) Climate Change projects	264,900	0	0	0
- Cost of Living Response - WRAP Service	125,400	0	0	0
- Climate Change priority initiatives (WESS)	5,000	0	0	0
- 24-32 (Feb 24) Climate Update and Plan Refresh	0	200,000	0	0
Other Growth and Savings				
Removal of Temporary Budgets	(17,400)	(223,300)	(223,300)	(223,300)
Budget Transfers	(434,000)	(90,600)	(56,100)	(56,100)
NET EXPENDITURE	634,600	578,800	413,300	413,300

ENVIRONMENT COMMITTEE

HIGHWAYS OPERATIONS AND STREETSCENE

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Inspection & Enforcement	369,600	233,200	233,200	233,200
Network Management	(713,300)	(748,200)	(752,200)	(755,200)
Tree Root Provision	367,700	367,700	367,700	367,700
Winter Maintenance	153,200	153,200	153,200	153,200
	177,200	5,900	1,900	(1,100)

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	35,800	35,800	35,800	35,800
Inflation to Current Prices	72,400	87,300	87,300	87,300
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	11,200	11,200	11,200	11,200
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(15,900)	(19,900)	(22,900)
Investment Priorities				
- 23-205 (June 23) Mega Skips	154,800	154,800	154,800	154,800
Other Growth and Savings				
- 23-400 (Dec 23) Fees & Charges	0	(69,000)	(69,000)	(69,000)
- Fixed Penalty Notice for Fly-Tipping/Littering	0	(100,000)	(100,000)	(100,000)
Budget Transfers	(97,000)	(98,300)	(98,300)	(98,300)
NET EXPENDITURE	177,200	5,900	1,900	(1,100)

ENVIRONMENT COMMITTEE

LEISURE

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Leisure, Culture & Bereavement	4,402,800	3,396,400	3,296,400	3,296,400
Libraries	5,241,400	5,114,700	5,112,700	5,111,700
Registrars	185,600	185,600	185,600	185,600
Leisure and Culture Services	6,808,600	7,081,800	7,078,800	7,076,800
	16,638,400	15,778,500	15,673,500	15,670,500

Variation Analysis	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	14,717,600	14,717,600	14,717,600	14,717,600
Inflation to Current Prices	474,700	559,000	559,000	559,000
Other Government or Outside Body Changes				
- Lee Valley Park Levy	31,700	50,000	50,000	50,000
- North East Surrey Crematorium Board	(500)	(500)	(500)	(500)
- Employers Pension Contribution Increase	11,600	11,600	11,600	11,600
- Climate Change Levy Increase	0	7,800	7,800	7,800
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(700)	(16,200)	(21,200)	(24,200)
Investment Priorities				
- Cost of Living Response (CoLC):				
- CoLC Warm Spaces & Increased Library Hours	77,700	0	0	0
- CoLC Increased Library Hours	110,000	0	0	0
Other Growth and Savings				
- Business Rates Charges	1,500	1,500	1,500	1,500
- Leisure Services Removal of COVID-19 Support	0	(1,000,000)	(1,100,000)	(1,100,000)
- Leisure and Culture Contract	0	234,400	234,400	234,400
Budget Transfers	1,214,800	1,213,300	1,213,300	1,213,300
NET EXPENDITURE	16,638,400	15,778,500	15,673,500	15,670,500

FINANCE COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
General Services - Chief Executive's Group	11,380,900	12,746,200	12,222,000	11,616,000
General Services - Resources Directorate	(26,178,700)	(29,480,700)	(26,480,600)	(22,946,400)
Revenue Services	7,512,200	6,716,500	6,473,000	6,426,500
Property Services	(1,858,200)	(3,303,500)	(3,338,500)	(3,238,500)
Economic Development	1,746,800	1,773,600	1,770,100	1,770,100
Environmental Services and Regulatory Services	3,440,600	3,428,000	3,428,000	3,428,000
FINANCE COMMITTEE TOTAL	(3,956,400)	(8,119,900)	(5,926,000)	(2,944,300)

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	(6,754,400)	(6,754,400)	(6,754,400)	(6,754,400)
Inflation to Current Prices	1,655,000	1,984,400	1,984,400	1,984,400
Changes in Government Grants	0	0	0	0
Other Government or Outside Body Changes	(200,800)	(191,700)	(191,700)	(191,700)
Demand Led Growth	0	2,455,000	1,455,000	1,455,000
Efficiency Savings	(28,000)	(1,156,900)	(1,449,900)	(1,449,900)
Investment Priorities	2,676,600	8,977,000	8,317,500	3,921,800
Other Growth and Savings	24,700	(11,781,400)	(7,550,000)	(172,600)
Budget Transfers	(1,329,500)	(1,651,900)	(1,736,900)	(1,736,900)
NET EXPENDITURE	(3,956,400)	(8,119,900)	(5,926,000)	(2,944,300)

FINANCE COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	8,311,400	9,372,900	8,699,100	8,116,600
Premises	1,055,900	738,200	788,200	888,200
Transport	40,600	40,600	40,600	40,600
Supplies & Services	11,353,800	18,308,800	17,488,300	16,258,200
Third Party Payments	5,720,800	5,385,800	4,769,500	709,300
Transfer Payments	135,258,500	133,862,900	133,862,900	133,862,900
Support Service Recharges	16,667,700	17,381,300	16,120,200	16,120,200
Depreciation & Impairment	(17,820,600)	(17,820,600)	(17,820,600)	(17,820,600)
TOTAL EXPENDITURE	160,588,100	167,269,900	163,948,200	158,175,400
<u>Income</u>				
Government Grants	(131,485,700)	(130,432,700)	(130,432,700)	(130,432,700)
Other Grants & Contributions	(225,400)	(325,400)	(325,400)	(325,400)
Customer & Client Receipts	(14,345,900)	(15,075,900)	(15,075,900)	(15,075,900)
Interest	(16,564,000)	(27,604,400)	(22,088,800)	(13,334,300)
Recharge Income	(5,600)	(5,600)	(5,600)	(5,600)
Internal charges	(1,917,900)	(1,945,800)	(1,945,800)	(1,945,800)
TOTAL INCOME	(164,544,500)	(175,389,800)	(169,874,200)	(161,119,700)
NET EXPENDITURE	(3,956,400)	(8,119,900)	(5,926,000)	(2,944,300)

FINANCE COMMITTEE

GENERAL SERVICES - CHIEF EXECUTIVE'S GROUP AND OTHER

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Corporate Initiatives	736,200	1,870,900	1,469,900	863,900
Community and Partnerships	1,636,200	1,451,500	1,451,500	1,451,500
Emergency Planning	254,500	254,200	254,200	254,200
Registration of Electors	760,700	760,700	760,700	760,700
Apprenticeship Levy	562,900	562,900	562,900	562,900
Corporate Management	7,430,400	7,846,000	7,722,800	7,722,800
	11,380,900	12,746,200	12,222,000	11,616,000

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	10,021,300	10,021,300	10,021,300	10,021,300
Inflation to Current Prices	1,054,900	1,093,000	1,093,000	1,093,000
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	147,800	147,800	147,800	147,800
- London Boroughs Grant Scheme 2024/25	0	3,200	3,200	3,200
Demand Led Growth				
- Increases in External Audit Fees	0	155,000	155,000	155,000
- Bank Card Transaction Cost increases	0	200,000	200,000	200,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(35,300)	(35,300)	(35,300)
- Restructuring of Graduate Trainee Scheme	0	(92,000)	(185,000)	(185,000)
Investment Priorities				
- Cost of Living Response Measures	186,100	(44,100)	(44,100)	(44,100)
- 23-237 (July 23) Brought forward Coronation Grant	13,000	0	0	0
- Change Programme Projects	123,200	442,000	0	0
- Strengthening Corporate Core	0	500,000	500,000	0
- 24-98 (Feb 24) Annual Equalities Update - AccessAble	0	60,000	20,000	0
- 24-99 (Feb 24) Wandsworth Skills Offer	0	61,000	142,000	56,000
Other Growth and Savings				
- Removal of One-off Items from Base	(223,100)	(223,100)	(253,300)	(253,300)
- 23-318 (Sept 23) Additional Senior Management Capacity	0	207,000	207,000	207,000
- Corporate Project Management Improvement	0	160,200	160,200	160,200
- Other Minor Developments	15,500	15,500	15,500	15,500
Budget Transfers	42,200	74,700	74,700	74,700
NET EXPENDITURE	11,380,900	12,746,200	12,222,000	11,616,000

FINANCE COMMITTEE

GENERAL SERVICES - FINANCE

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
General Services Finance	(7,961,500)	(11,263,500)	(8,263,400)	(4,729,200)
Capital Financing Account	(18,217,200)	(18,217,200)	(18,217,200)	(18,217,200)
	(26,178,700)	(29,480,700)	(26,480,600)	(22,946,400)

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	(25,187,000)	(25,187,000)	(25,187,000)	(25,187,000)
Inflation to Current Prices	(61,700)	65,600	65,600	65,600
Other Government or Outside Body Changes				
- LPFA Levy (Inner London)	(419,500)	(419,500)	(419,500)	(419,500)
Demand Led Growth				
- Information Technology pressures pending full review	0	1,000,000	0	0
- Future projected use of Refugee Reserve	0	1,100,000	1,100,000	1,100,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(700)	(131,900)	(131,900)	(131,900)
- Unused Accruals Relating to Goods Received	0	(500,000)	(500,000)	(500,000)
Investment Priorities				
- 23-237 (Jul 23) Workspace and Great Employer Pilots	99,300	0	0	0
- Cost of Living Crisis Response	110,600	4,010,100	4,616,200	2,000,000
- Change Programme Projects	247,700	2,742,600	1,444,000	0
- 23-89 (Feb 24) Revenue impact of Capital Bids	0	848,000	1,279,000	1,496,000
Other Growth and Savings				
- Interest on Treasury Investments	0	(12,149,900)	(7,888,300)	(510,900)
- Microsoft Licences (Renewals Fund)	351,900	351,900	351,900	351,900
- Reversal of temporary budgets	(24,000)	(15,700)	(15,700)	(15,700)
- Reduction in Agency Staff - reduced rebate	0	150,000	150,000	150,000
Budget Transfers	(1,295,300)	(1,344,900)	(1,344,900)	(1,344,900)
NET EXPENDITURE	(26,178,700)	(29,480,700)	(26,480,600)	(22,946,400)

FINANCE COMMITTEE

REVENUE SERVICES

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Council Tax & Business Rates Collection	1,403,200	1,349,700	1,349,700	1,349,700
Housing & Council Tax Benefits	6,109,000	5,366,800	5,123,300	5,076,800
	7,512,200	6,716,500	6,473,000	6,426,500

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	6,856,300	6,856,300	6,856,300	6,856,300
Inflation to Current Prices	439,000	438,100	438,100	438,100
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	39,800	39,800	39,800	39,800
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(7,700)	(7,700)	(7,700)
- Increased Housing Benefit Overpayment Recovery	0	(260,000)	(260,000)	(260,000)
- Staffing Efficiencies Linked to Rollout of Universal Credit	0	(50,000)	(250,000)	(250,000)
Investment Priorities				
- 23-237 (July 23) New Burdens Grant use from 2022/23	161,000	0	0	0
- Cost of Living Response measures	539,100	68,900	25,400	(21,100)
Other Growth and Savings				
- Removal of one off budgets	(108,900)	0	0	0
Budget Transfers	(414,100)	(368,900)	(368,900)	(368,900)
NET EXPENDITURE	7,512,200	6,716,500	6,473,000	6,426,500

FINANCE COMMITTEE

PROPERTY SERVICES

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Commercial Properties	(5,278,620)	(5,745,620)	(5,745,620)	(5,745,620)
Energy and Sustainability Team	485,800	39,000	(46,000)	(46,000)
Operational Properties	2,801,920	2,270,420	2,320,420	2,420,420
Properties Pending Disposal	132,700	132,700	132,700	132,700
	(1,858,200)	(3,303,500)	(3,338,500)	(3,238,500)

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	(3,153,000)	(3,153,000)	(3,153,000)	(3,153,000)
Inflation to current prices	110,600	253,300	253,300	253,300
Changes in Government Grants				
Other Government or Outside Body Changes				
- National Non Domestic Rates Revaluations				
- Employers Pension Contribution Increase	17,000	17,000	17,000	17,000
- Climate Change Levy increase	0	5,900	5,900	5,900
Demand Led Growth				
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(27,300)	(59,300)	(59,300)	(59,300)
Investment Priorities				
- 23-237 (Jul 23) Future accommodation review	747,000	0	0	0
- 23-237 (Jul 23) Council buildings energy audits	100,000	0	0	0
- 23-237 (Jul 23) Schools energy audits	62,000	0	0	0
- 23-100 (Feb 24) Relocation of Frogmore Depot	0	100,000	150,000	250,000
Other Growth and Savings				
- Business Rates adjustments	13,300	15,400	15,400	15,400
- Additional Rental Income from Commercial Properties	0	(470,000)	(470,000)	(470,000)
Budget Transfers	272,200	(12,800)	(97,800)	(97,800)
NET EXPENDITURE	(1,858,200)	(3,303,500)	(3,338,500)	(3,238,500)

FINANCE COMMITTEE

Economic Development

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Economic Development	608,600	535,300	531,800	531,800
Town Centres	1,138,200	1,238,300	1,238,300	1,238,300
	1,746,800	1,773,600	1,770,100	1,770,100

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	1,473,900	1,473,900	1,473,900	1,473,900
Inflation to Current Prices	104,700	119,900	119,900	119,900
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	14,100	14,100	14,100	14,100
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(15,100)	(15,100)	(15,100)
Investment Priorities				
- 23-237(Jul 23) Cost of Living - Supporting Businesses	100,000	0	0	0
- SME Resource Efficiency Support	5,800	0	0	0
- Cost of Living Crisis Measures	44,300	3,500	0	0
- 24-96 High Streets and Town Centres Update	0	100,000	100,000	100,000
Other Growth and Savings				
- Removal of temporary budgets	0	77,300	77,300	77,300
Budget Transfers	4,000	0	0	0
NET EXPENDITURE	1,746,800	1,773,600	1,770,100	1,770,100

FINANCE COMMITTEE

ENVIRONMENTAL SERVICES AND REGULATORY SERVICES

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Coroners' Court and Mortuary	721,600	721,600	721,600	721,600
Regulatory Services	2,719,000	2,706,400	2,706,400	2,706,400
	3,440,600	3,428,000	3,428,000	3,428,000

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	3,234,100	3,234,100	3,234,100	3,234,100
Inflation to Current Prices	7,500	14,500	14,500	14,500
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(5,600)	(5,600)	(5,600)
Investment Priorities				
- 23-237 (Jul 23) Air Quality Initiatives	45,000	0	0	0
- 23-279 (Sep 23) Air Quality Action Plan	92,500	185,000	185,000	185,000
Other Growth and Savings				
NET EXPENDITURE	3,440,600	3,428,000	3,428,000	3,428,000

HEALTH COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Adult Service Operations	90,334,800	94,775,900	94,165,800	92,306,300
Commissioning and Quality Standards	21,255,300	21,486,300	21,486,300	21,486,300
Business Resources	5,813,500	5,702,800	5,702,800	5,702,800
Public Health	(26,724,300)	(27,543,000)	(27,543,000)	(27,543,000)
Community Safety	1,007,600	1,157,700	1,130,400	1,130,400
HEALTH COMMITTEE TOTAL	91,686,900	95,579,700	94,942,300	93,082,800

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	81,266,600	81,266,600	81,266,600	81,266,600
Inflation to Current Prices	9,248,300	9,327,300	9,327,300	9,327,300
Changes in Government Grants	(2,458,200)	(5,480,400)	(5,480,400)	(5,480,400)
Other Government or Outside Body Changes	144,300	144,300	144,300	144,300
Demand Led Growth	800,000	5,500,000	5,500,000	5,500,000
Efficiency Savings	(48,000)	(802,000)	(1,295,000)	(2,635,000)
Investment Priorities	545,600	883,300	660,000	140,500
Other Growth and Savings	2,145,000	4,671,100	4,750,000	4,750,000
Budget Transfers	43,300	69,500	69,500	69,500
NET EXPENDITURE	91,686,900	95,579,700	94,942,300	93,082,800

HEALTH COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	24,301,600	24,734,400	24,734,400	24,523,400
Premises	93,700	93,700	93,700	93,700
Transport	1,317,300	1,317,300	1,317,300	1,317,300
Supplies & Services	4,094,300	4,273,000	4,049,700	3,741,200
Third Party Payments	120,150,700	126,115,400	125,701,300	124,361,300
Transfer Payments	10,832,900	10,832,900	10,832,900	10,832,900
Support Service Recharges	6,082,600	6,082,500	6,082,500	6,082,500
Depreciation & Impairment	92,700	92,700	92,700	92,700
TOTAL EXPENDITURE	166,965,800	173,541,900	172,904,500	171,045,000
<u>Income</u>				
Government Grants	(48,749,900)	(51,733,200)	(51,733,200)	(51,733,200)
Other Grants & Contributions	(2,159,400)	(2,159,400)	(2,159,400)	(2,159,400)
Customer & Client Receipts	(21,850,900)	(21,550,900)	(21,550,900)	(21,550,900)
TOTAL INCOME	(75,278,900)	(77,962,200)	(77,962,200)	(77,962,200)
NET EXPENDITURE	91,686,900	95,579,700	94,942,300	93,082,800

HEALTH COMMITTEE

ADULT SERVICE OPERATIONS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Adult Service Operations Teams	14,328,800	14,302,400	14,302,400	14,302,400
Early Help & Enablement Services	1,076,300	1,076,300	1,076,300	1,076,300
Services for Adults with Learning Disabilities	39,462,600	39,403,700	39,403,700	39,403,700
Services for Adults with Mental Health Needs	10,485,200	10,150,200	10,036,100	9,796,100
Services for Older People, Sensory & Physical Disabilities	24,849,700	28,897,700	28,597,700	27,497,700
Borough of Sanctuary Operational & Team Budget	132,200	945,600	749,600	230,100
	90,334,800	94,775,900	94,165,800	92,306,300

Variation Analysis	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	81,518,700	81,518,700	81,518,700	81,518,700
Inflation to Current Prices	7,483,500	7,495,000	7,495,000	7,495,000
Changes in Government Grants				
- Adult Social Care Discharge Fund Grant Income	0	(1,587,800)	(1,587,800)	(1,587,800)
- ASC Market Sustainability and Improvement Fund Grant Income	0	(2,638,400)	(2,638,400)	(2,638,400)
- ASC Market Sustainability and Improvement Fund - Workforce Fund Grant Income	(1,973,200)	0	0	0
- Winter Pressures Grant Loss	712,000	712,000	712,000	712,000
- Social Care In Prisons Grant income	(1,900)	(1,900)	(1,900)	(1,900)
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	79,700	79,700	79,700	79,700
Demand Led Growth				
- Demographic Pressures resulting in New Packages of Care	0	2,700,000	2,700,000	2,700,000
- Care Package Growth - Cost increases due to market rates	0	2,000,000	2,000,000	2,000,000
- Growth pressures in Adult Social Care	800,000	800,000	800,000	800,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(5,600)	(5,600)	(5,600)
- 23-163 (June 23) Transformation of Day Opportunities	(48,000)	(100,000)	(100,000)	(100,000)
- 23-295 (Sep 23) Mental Health Commissioning Review	0	(35,000)	(228,000)	(468,000)
- Older People Delivery Plan		(600,000)	(900,000)	(2,000,000)
Investment Priorities				
- 23-237 (Jun 23) Adult Social Care Assessment	130,000	0	0	0
- 23-230 (Jul 23) Refugee and Resettlement Team	244,000	87,800	44,000	0
- Rephasing of Refugee and Resettlement Team Budget	(200,000)	192,100	7,900	0
- 23-230 (Jul 23) Borough of Sanctuary	88,200	665,700	697,700	230,100
Other Growth and Savings				
- Removal of Short Term Staffing Efficiencies	0	80,600	80,600	80,600
- 23-295 (Sep 23) Mental Health Commissioning Review	0	0	78,900	78,900
- Adult Social Care Discharge Fund Grant Spend	0	1,587,800	1,587,800	1,587,800
- ASC Market Sustainability and Improvement Fund Grant Spend	0	2,638,400	2,638,400	2,638,400
- ASC Market Sustainability and Improvement Fund - Workforce Fund Grant Spend	1,973,200	0	0	0
- Winter Pressures Grant Spend Removal	(712,000)	(712,000)	(712,000)	(712,000)
- Social Care In Prisons Grant Spend	1,900	1,900	1,900	1,900
- 23-297 (Sept 23) Overnight Respite	(58,900)	(117,800)	(117,800)	(117,800)
Budget Transfers	297,600	14,700	14,700	14,700
NET EXPENDITURE	90,334,800	94,775,900	94,165,800	92,306,300

HEALTH COMMITTEE

COMMISSIONING & QUALITY STANDARDS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Adult Public Health Services	10,765,900	10,765,900	10,765,900	10,765,900
Advocacy, Supported Employment & Other Minor Services	454,400	454,400	454,400	454,400
Commissioning Teams	2,063,000	2,078,500	2,078,500	2,078,500
Prevention & Wellbeing Services	6,335,900	6,557,400	6,557,400	6,557,400
Professional Standards & Safeguarding	1,636,100	1,630,100	1,630,100	1,630,100
	21,255,300	21,486,300	21,486,300	21,486,300

Variation Analysis	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	19,644,200	19,644,200	19,644,200	19,644,200
Inflation to Current Prices	1,217,500	1,230,600	1,230,600	1,230,600
Changes in Government Grants				
- Rough Sleepers Drug and Alcohol Treatment Grant Income	(204,500)	(204,500)	(204,500)	(204,500)
- Substance Misuse Grant Income	(8,900)	(8,900)	(8,900)	(8,900)
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	21,500	21,500	21,500	21,500
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(11,700)	(11,700)	(11,700)
Investment Priorities				
- 23-226 (Jul 23) Cost of Living Response - St Michael's (Kitchen)	5,000	0	0	0
Other Growth and Savings				
- Rough Sleepers Drug and Alcohol Treatment Grant Spend	204,500	204,500	204,500	204,500
- Substance Misuse Grant Spend	8,900	8,900	8,900	8,900
- Sexual Health Services - Growth pressures	645,000	645,000	645,000	645,000
- Removal of Short Term Staffing Efficiencies	0	25,200	25,200	25,200
- 23-83 (Mar 23) Cost of Living Response - Family Action & Wellfamily Foodbank Partnership	0	(73,500)	(73,500)	(73,500)
Budget Transfers	(277,900)	5,000	5,000	5,000
NET EXPENDITURE	21,255,300	21,486,300	21,486,300	21,486,300

HEALTH COMMITTEE

BUSINESS RESOURCES

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Business Resources	5,813,500	5,702,800	5,702,800	5,702,800
	5,813,500	5,702,800	5,702,800	5,702,800

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	5,345,700	5,345,700	5,345,700	5,345,700
Inflation to Current Prices	281,200	300,900	300,900	300,900
Changes in Government Grants				
- War Pensions - Grant Income Decrease	100	100	100	100
- Client Level Data Flow - Grant Income 2023/24	(22,500)	0	0	0
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	28,900	28,900	28,900	28,900
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(20,200)	(20,200)	(20,200)
Investment Priorities				
- 23-237 (Jun 23) Social Care Implementation Grant	116,600	0	0	0
- 23-237 (Jun 23) Client Short Long Term Data Collection	22,700	0	0	0
Other Growth and Savings				
- Removal of Short Term Staffing Efficiencies	0	33,900	33,900	33,900
- War Pensions - Grant Spend Decrease	(100)	(100)	(100)	(100)
- 2023 24 Client Level Data Flow - Grant Spend	22,500	0	0	0
Budget Transfers	18,400	13,600	13,600	13,600
NET EXPENDITURE	5,813,500	5,702,800	5,702,800	5,702,800

PUBLIC HEALTH

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Children 0-5	68,800	85,000	85,000	85,000
Health Protection	12,700	12,700	12,700	12,700
NHS Health Checks	463,600	463,600	463,600	463,600
Obesity	20,000	20,000	20,000	20,000
Other Public Health	2,224,400	2,165,300	2,165,300	2,165,300
Physical Activity	233,400	248,200	248,200	248,200
Sexual Health	437,800	437,800	437,800	437,800
Smoking & Tobacco	186,300	187,400	187,400	187,400
Public Health Grant	(30,371,300)	(31,163,000)	(31,163,000)	(31,163,000)
	(26,724,300)	(27,543,000)	(27,543,000)	(27,543,000)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Variation Analysis				
2023/24 ORIGINAL BUDGET	(26,092,100)	(26,092,100)	(26,092,100)	(26,092,100)
Inflation to Current Prices	235,600	254,400	254,400	254,400
Changes in Government Grants				
- Public Health - Grant Income 2023/24	(959,300)	(959,300)	(959,300)	(959,300)
- Public Health - Grant Income 2024/25		(791,700)	(791,700)	(791,700)
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	9,900	9,900	9,900	9,900
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(20,500)	(20,500)	(20,500)
Investment Priorities				
- 23-226 (Jul 23) Cost of Living Response - Mental Health First Aid Training	16,600	0	0	0
- 23-226 (Jul 23) Cost of Living Response - Wandsworth Food Strategy	50,000	0	0	0
Other Growth and Savings				
- Removal of Short Term Staffing Efficiencies	0	10,300	10,300	10,300
Budget Transfers	15,000	46,000	46,000	46,000
NET EXPENDITURE	(26,724,300)	(27,543,000)	(27,543,000)	(27,543,000)

HEALTH COMMITTEE

COMMUNITY SAFETY

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Community Safety	1,007,600	1,157,700	1,130,400	1,130,400
	1,007,600	1,157,700	1,130,400	1,130,400

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	850,100	850,100	850,100	850,100
Inflation to Current Prices	30,500	46,400	46,400	46,400
Other Government or Outside Body Changes				
- Employer's Pension Contribution Increase	4,300	4,300	4,300	4,300
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(9,000)	(9,000)	(9,000)
Investment Priorities				
- 23-237 (Jul 23) New Burdens Domestic Abuse Act	58,900	0	0	0
- 23-407 (Nov 23) Cost of Living Response STORM: Recovery and Well Being	13,600	27,300	0	0
Independent Domestic Violence Advisers & Multi Agency Risk Assessment Conferences	0	(89,600)	(89,600)	(89,600)
Other Growth and Savings				
- 23-293 (Sep 23) Staffing and Domestic Violence	60,000	338,000	338,000	338,000
Budget Transfers	(9,800)	(9,800)	(9,800)	(9,800)
NET EXPENDITURE	1,007,600	1,157,700	1,130,400	1,130,400

HOUSING COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Housing Management and Service Strategy	591,100	648,700	596,200	543,700
Housing Services	20,516,700	20,446,700	20,446,700	20,446,700
Private Sector Housing	772,900	772,900	522,900	522,900
HOUSING COMMITTEE TOTAL	21,880,700	21,868,300	21,565,800	21,513,300

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	17,542,900	17,542,900	17,542,900	17,542,900
Inflation to Current Prices	2,986,900	3,002,600	3,002,600	3,002,600
Changes in Government Grants	(1,410,800)	(45,000)	(45,000)	(45,000)
Other Government or Outside Body Changes	47,600	47,600	47,600	47,600
Demand Led Growth	2,374,000	938,200	938,200	938,200
Efficiency Savings	0	(10,600)	(10,600)	(10,600)
Investment Priorities	250,000	250,000	0	0
Other Growth and Savings	54,100	106,600	54,100	1,600
Budget Transfers	36,000	36,000	36,000	36,000
NET EXPENDITURE	21,880,700	21,868,300	21,565,800	21,513,300

HOUSING COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	7,244,900	7,175,400	7,122,900	7,070,400
Premises	962,200	959,500	959,500	959,500
Transport	21,500	21,500	21,500	21,500
Supplies & Services	2,489,100	2,458,700	2,458,700	2,458,700
Third Party Payments	46,724,900	44,069,800	43,819,800	43,819,800
Transfer Payments	1,257,500	1,257,500	1,257,500	1,257,500
Support Service Recharges	830,400	833,800	833,800	833,800
TOTAL EXPENDITURE	59,530,500	56,776,200	56,473,700	56,421,200
<u>Income</u>				
Government Grants	(7,674,600)	(6,096,100)	(6,096,100)	(6,096,100)
Other Grants & Contributions	(810,300)	(896,900)	(896,900)	(896,900)
Customer & Client Receipts	(26,369,100)	(25,119,100)	(25,119,100)	(25,119,100)
Interest	(16,500)	(16,500)	(16,500)	(16,500)
Recharge Income	(110,000)	(110,000)	(110,000)	(110,000)
Internal Charges	(2,669,300)	(2,669,300)	(2,669,300)	(2,669,300)
TOTAL INCOME	(37,649,800)	(34,907,900)	(34,907,900)	(34,907,900)
TOTAL NET EXPENDITURE	21,880,700	21,868,300	21,565,800	21,513,300

HOUSING COMMITTEE

HOUSING MANAGEMENT AND SERVICE STRATEGY

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Affordable Housing and Service Strategy	(25,000)	(25,000)	(25,000)	(25,000)
Animal Welfare	40,900	40,900	40,900	40,900
Graffiti Removal	252,300	252,700	252,700	252,700
House Purchase and Leaseholder Advances	(18,400)	(18,400)	(18,400)	(18,400)
Travellers Site	7,500	8,700	8,700	8,700
Warden Services, Watch and Telecare	333,800	389,800	337,300	284,800
	591,100	648,700	596,200	543,700
	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	422,700	422,700	422,700	422,700
Inflation to Current Prices	64,300	73,900	73,900	73,900
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	5,400	5,400	5,400	5,400
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(4,500)	(4,500)	(4,500)
Investment Priorities				
- CCTV pilot staffing resources	52,500	105,000	52,500	0
- Supported Housing Wardens costs	1,600	1,600	1,600	1,600
Budget Transfers	44,600	44,600	44,600	44,600
NET EXPENDITURE	591,100	648,700	596,200	543,700

HOUSING COMMITTEE

HOUSING SERVICES

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Individuals With No Recourse to Public Funds	458,300	458,600	458,600	458,600
Direct Homelessness Costs	15,776,700	15,689,500	15,689,500	15,689,500
Homelessness Prevention Schemes	1,052,300	1,052,300	1,052,300	1,052,300
Housing Services Administration	3,229,400	3,246,300	3,246,300	3,246,300
	20,516,700	20,446,700	20,446,700	20,446,700

Variation Analysis	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	16,598,400	16,598,400	16,598,400	16,598,400
Inflation to Current Prices	2,921,500	2,927,100	2,927,100	2,927,100
Changes in Government Grants				
- Homelessness Prevention Grant Top Up	(1,410,800)	0	0	0
- Increased Homelessness Prevention Grant Future Years	0	(45,000)	(45,000)	(45,000)
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	42,200	42,200	42,200	42,200
Demand Led Growth				
- 23-179 (Jun 23) Temporary Accommodation Pressures	2,374,000	3,490,000	3,490,000	3,490,000
- Temporary Accommodation - Projected Volume Reduction from LHA uplift	0	(2,551,800)	(2,551,800)	(2,551,800)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(5,600)	(5,600)	(5,600)
Budget Transfers	(8,600)	(8,600)	(8,600)	(8,600)
NET EXPENDITURE	20,516,700	20,446,700	20,446,700	20,446,700

HOUSING COMMITTEE

PRIVATE SECTOR HOUSING

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Home Improvement Agency	0	0	0	0
Private Sector Housing	772,900	772,900	522,900	522,900
	772,900	772,900	522,900	522,900

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	521,800	521,800	521,800	521,800
Inflation to Current Prices	1,100	1,600	1,600	1,600
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(500)	(500)	(500)
Investment Priorities				
- 23-278 (Sep 23) - Discretionary Licensing Scheme	250,000	250,000	0	0
NET EXPENDITURE	772,900	772,900	522,900	522,900

TRANSPORT COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Precepts & Levies	333,500	340,200	340,200	340,200
Planning and Transport	1,979,900	2,352,800	2,030,900	1,886,900
Traffic and Engineering	(8,024,100)	(4,796,700)	(3,213,400)	(798,200)
TRANSPORT COMMITTEE TOTAL	<u>(5,710,700)</u>	<u>(2,103,700)</u>	<u>(842,300)</u>	<u>1,428,900</u>

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	(8,161,700)	(8,161,700)	(8,161,700)	(8,161,700)
Inflation to Current Prices	1,029,100	1,331,600	1,331,600	1,331,600
Changes in Government Grants	0	0	0	0
Other Government or Outside Body Changes	49,100	2,624,800	4,652,100	7,016,300
Demand Led Growth	800,000	2,845,000	2,761,000	2,841,000
Efficiency Savings	0	(141,500)	(199,500)	(252,500)
Investment Priorities	0	0	0	0
Other Growth and Savings	131,500	(1,021,000)	(1,616,000)	(1,736,000)
Budget Transfers	441,300	419,100	390,200	390,200
NET EXPENDITURE	<u>(5,710,700)</u>	<u>(2,103,700)</u>	<u>(842,300)</u>	<u>1,428,900</u>

TRANSPORT COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	5,042,400	5,216,400	5,187,500	5,187,500
Premises	1,601,100	1,608,800	1,608,800	1,608,800
Transport	17,800	17,800	17,800	17,800
Supplies & Services	3,656,100	3,438,300	3,438,300	3,438,300
Third Party Payments	8,439,300	8,585,100	8,585,100	8,585,100
Transfer Payments	9,846,200	12,445,900	14,473,200	16,837,400
Support Service Recharges	4,077,800	4,035,400	3,977,400	3,924,400
Depreciation & Impairment	7,841,800	7,841,800	7,841,800	7,841,800
TOTAL EXPENDITURE	40,522,500	43,189,500	45,129,900	47,441,100
<u>Income</u>				
Other Grants & Contributions	(645,600)	(595,600)	(595,600)	(595,600)
Customer & Client Receipts	(45,217,600)	(44,327,600)	(45,006,600)	(45,046,600)
Recharge Income	(71,600)	(71,600)	(71,600)	(71,600)
Internal Charges	(298,400)	(298,400)	(298,400)	(298,400)
TOTAL INCOME	(46,233,200)	(45,293,200)	(45,972,200)	(46,012,200)
TOTAL NET EXPENDITURE	<u>(5,710,700)</u>	<u>(2,103,700)</u>	<u>(842,300)</u>	<u>1,428,900</u>

TRANSPORT COMMITTEE

PRECEPTS AND LEVIES

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Precepts and Levies	333,500	340,200	340,200	340,200
	333,500	340,200	340,200	340,200

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	333,500	333,500	333,500	333,500
Other Government or Outside Body Changes				
- Environment Agency Levy	0	6,700	6,700	6,700
NET EXPENDITURE	333,500	340,200	340,200	340,200

TRANSPORT COMMITTEE

TRAFFIC AND ENGINEERING

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
CCTV	175,200	88,700	88,700	88,700
Concessionary Fares	10,175,300	12,778,000	14,805,300	17,169,500
Engineering - Parking & Traffic	709,100	675,500	675,500	675,500
Engineering - Highways	11,837,300	11,998,800	11,992,800	11,986,800
Engineering - Road Safety	411,400	423,200	423,200	423,200
Parking Administration	3,190,000	3,189,900	3,189,900	3,189,900
Parking including Contract Management	(34,522,400)	(33,950,800)	(34,388,800)	(34,331,800)
	(8,024,100)	(4,796,700)	(3,213,400)	(798,200)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2023/24 ORIGINAL BUDGET	(10,157,300)	(10,157,300)	(10,157,300)	(10,157,300)
Inflation to Current Prices	899,500	1,162,000	1,162,000	1,162,000
Other Government or Outside Body Changes				
- Concessionary Fares	0	2,602,700	4,630,000	6,994,200
- Employers Pension Contribution Increase	20,000	20,000	20,000	20,000
- Traffic Technology Levy	0	(33,700)	(33,700)	(33,700)
Demand Led Growth				
- Behaviour Change Affecting Parking Income	800,000	2,845,000	2,761,000	2,841,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(92,500)	(122,500)	(151,500)
Other Growth and Savings				
- 23-35 (Feb 23) Fees & Charges	0	(135,000)	(135,000)	(135,000)
- 23-62 Feb 24 Review of Parking Fees & Charges	0	(1,320,000)	(1,650,000)	(1,650,000)
- 24-62 Feb 24 Review of CCTV Fees & Charges	0	(90,000)	(90,000)	(90,000)
Budget Transfers	413,700	402,100	402,100	402,100
NET EXPENDITURE	(8,024,100)	(4,796,700)	(3,213,400)	(798,200)

TRANSPORT COMMITTEE

PLANNING AND TRANSPORT

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Building Control	408,400	400,500	398,500	395,500
Development Management	(146,700)	236,900	(44,100)	(177,100)
Information & Business Support	88,700	88,700	88,700	88,700
Policy & Design	1,298,600	1,162,200	1,154,200	1,147,200
Transport Strategy	330,900	464,500	433,600	432,600
	1,979,900	2,352,800	2,030,900	1,886,900

Variation Analysis	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	1,662,100	1,662,100	1,662,100	1,662,100
Inflation to Current Prices	129,600	169,600	169,600	169,600
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	29,100	29,100	29,100	29,100
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(49,000)	(77,000)	(101,000)
Other Growth and Savings				
- Planning Fee Income Reductions	0	700,000	435,000	315,000
- Transport Strategy Service Review	0	174,000	174,000	174,000
- Slow Recovery from COVID-19		-300,000	-300,000	-300,000
- 23-45 Feb 23 Feasibility Study 2324		-40,000	-40,000	-40,000
- 23-300 (Sept 23) Local Plan	131,500	0	0	0
- 24-62 Feb 24 Review of Fees & Charges		-10,000	-10,000	-10,000
Budget Transfers	27,600	17,000	(11,900)	(11,900)
NET EXPENDITURE	1,979,900	2,352,800	2,030,900	1,886,900

FINANCE COMMITTEE - CENTRAL SUPPORT

These are memorandum accounts, fully recharged to other services

SUMMARY BY SERVICE AREA

CENTRAL SUPPORT

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Central Services - Resources Directorate	13,438,900	13,354,400	13,354,400	13,354,400
Central Services - Chief Executive's Group	5,229,300	4,980,400	4,861,300	4,861,300
Change and Innovation Directorate	13,281,200	14,287,800	13,214,100	13,214,100
Property Services Support Functions	9,638,600	9,787,000	9,728,800	9,728,800
	41,588,000	42,409,600	41,158,600	41,158,600

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
2023/24 ORIGINAL BUDGET	34,122,300	34,122,300	34,122,300	34,122,300
Inflation to Current Prices	1,157,600	1,440,000	1,440,000	1,440,000
Changes in Government Grants	0	0	0	0
Other Government or Outside Body Changes	195,700	201,600	201,600	201,600
Demand Led Growth	0	1,000,000	0	0
Efficiency Savings	(28,000)	(271,900)	(364,900)	(364,900)
Investment Priorities	512,900	64,000	(5,600)	(5,600)
Other Growth and Savings	359,400	590,400	560,200	560,200
Budget Transfers	5,268,100	5,263,200	5,205,000	5,205,000
NET EXPENDITURE	41,588,000	42,409,600	41,158,600	41,158,600

FINANCE COMMITTEE - CENTRAL SUPPORT

SUBJECTIVE ANALYSIS
CENTRAL SUPPORT

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
<i><u>Expenditure</u></i>				
Employees	25,966,500	26,075,200	25,824,400	25,824,400
Premises	8,399,900	8,548,300	8,548,300	8,548,300
Transport	291,500	291,500	291,500	291,500
Supplies & Services	7,184,000	7,866,500	6,866,500	6,866,500
Third Party Payments	2,985,800	2,867,800	2,867,800	2,867,800
Depreciation & Impairment	869,600	869,600	869,600	869,600
TOTAL EXPENDITURE	45,697,300	46,518,900	45,268,100	45,268,100
<i><u>Income</u></i>				
Government Grants	(26,300)	(26,300)	(26,300)	(26,300)
Other Grants & Contributions	(1,805,100)	(1,805,100)	(1,805,100)	(1,805,100)
Customer & Client Receipts	(1,292,300)	(1,292,300)	(1,292,300)	(1,292,300)
Internal Charges	(985,600)	(985,600)	(985,600)	(985,600)
TOTAL INCOME	(4,109,300)	(4,109,300)	(4,109,300)	(4,109,300)
TOTAL NET EXPENDITURE	41,588,000	42,409,600	41,158,800	41,158,800

FINANCE COMMITTEE - CENTRAL SUPPORT

CENTRAL SERVICES - FINANCE DIRECTORATE

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Finance Directorate and General Services	611,300	611,300	611,300	611,300
Financial Management	2,965,900	2,965,900	2,965,900	2,965,900
Financial Services	7,274,600	7,238,000	7,238,000	7,238,000
Revenues Services	2,587,100	2,539,200	2,539,200	2,539,200
	13,438,900	13,354,400	13,354,400	13,354,400

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	8,079,200	8,079,200	8,079,200	8,079,200
Inflation to Current Prices	62,600	123,400	123,400	123,400
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	65,500	65,500	65,500	65,500
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(700)	(67,300)	(67,300)	(67,300)
Investment Priorities				
- Change Programme - Procurement software	33,500	0	0	0
Budget Transfers	5,198,800	5,153,600	5,153,600	5,153,600
NET EXPENDITURE	13,438,900	13,354,400	13,354,400	13,354,400

FINANCE COMMITTEE - CENTRAL SUPPORT

CENTRAL SERVICES - CHIEF EXECUTIVE'S GROUP

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Complaints, Consultations and FOI Team	564,400	567,400	567,400	567,400
Communications and Corporate Design	358,700	340,700	340,700	340,700
Member Services	2,396,400	2,396,400	2,396,400	2,396,400
Policy, Performance and Analysis	731,600	625,500	599,400	599,400
Chief Executive, Support and Trainees	1,178,200	1,050,400	957,400	957,400
	5,229,300	4,980,400	4,861,300	4,861,300

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	4,546,600	4,546,600	4,546,600	4,546,600
Inflation to Current Prices	258,000	279,000	279,000	279,000
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	30,700	30,700	30,700	30,700
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(21,400)	(21,400)	(21,400)
- Restructuring of Graduate Trainee Programme	0	(92,000)	(185,000)	(185,000)
Investment Priorities				
- 23-237 (July 23) Cost of Living change commission	76,000	0	0	0
- Cost of Living Response	34,600	(5,600)	(5,600)	(5,600)
- Change Programme	57,200	26,100	0	0
Other Growth and Savings				
- Miscellaneous budget adjustments	(8,500)	(14,600)	(14,600)	(14,600)
- Drop out of short-term budgets	0	(117,800)	(117,800)	(117,800)
Budget Transfers	234,700	349,400	349,400	349,400
NET EXPENDITURE	5,229,300	4,980,400	4,861,300	4,861,300

FINANCE COMMITTEE - CENTRAL SUPPORT

CHANGE AND INNOVATION DIRECTORATE

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Directorate and Support	0	277,600	277,600	277,600
Customer Experience	2,733,000	2,674,000	2,630,500	2,630,500
ICT and Digitalisation	7,074,200	8,074,200	7,044,000	7,044,000
Human Resources and Organisational Development	3,474,000	3,262,000	3,262,000	3,262,000
	13,281,200	14,287,800	13,214,100	13,214,100

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	11,742,000	11,742,000	11,742,000	11,742,000
Inflation to Current Prices	724,500	764,000	764,000	764,000
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	81,400	81,400	81,400	81,400
Demand Led Growth				
- Information Technology pressures pending review	0	1,000,000	0	0
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(43,200)	(43,200)	(43,200)
Investment Priorities				
- 23-083 (Jan 23) Cost of Living Hub	55,300	0	0	0
- 23-237 (Jul 23) Workspace and Great Employer Pilots	99,300	0	0	0
- Change Programme staffing	157,000	43,500	0	0
Other Growth and Savings				
- Microsoft Licences (Renewals Fund)	351,900	351,900	351,900	351,900
- 23-318 (Sept 23) Change Programme		352,800	352,800	352,800
- Removal of One-Off Items from the Base	0	0	(30,200)	(30,200)
Budget Transfers	69,800	(4,600)	(4,600)	(4,600)
NET EXPENDITURE	13,281,200	14,287,800	13,214,100	13,214,100

FINANCE COMMITTEE - CENTRAL SUPPORT

PROPERTY SERVICES SUPPORT FUNCTIONS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Borough Valuers	640,200	640,200	640,200	640,200
Building Costs	5,182,400	5,330,800	5,330,800	5,330,800
Schools and Building Capital	422,000	422,000	363,800	363,800
Facilities Management	3,394,000	3,394,000	3,394,000	3,394,000
	9,638,600	9,787,000	9,728,800	9,728,800

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £
Variation Analysis				
2023/24 ORIGINAL BUDGET	9,754,500	9,754,500	9,754,500	9,754,500
Inflation to Current Prices	112,500	273,600	273,600	273,600
Other Government or Outside Body Changes				
- Employers Pension Contribution Increase	18,100	18,100	18,100	18,100
- Climate Change Levy Increase	0	5,900	5,900	5,900
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(27,300)	(48,000)	(48,000)	(48,000)
Other Growth and Savings				
- National Non Domestic Rates adjustments	16,000	18,100	18,100	18,100
Budget Transfers	(235,200)	(235,200)	(293,400)	(293,400)
NET EXPENDITURE	9,638,600	9,787,000	9,728,800	9,728,800

WANDSWORTH BOROUGH COUNCIL

FINANCE COMMITTEE – 27TH FEBRUARY 2024

EXECUTIVE – 4TH MARCH 2024

Report by the Executive Director of Finance on the Council Tax Requirement and Council Tax for 2024/25

SUMMARY

This is the second council tax setting exercise under the current Administration and is based on budgets that reflect its priorities as set out in the Corporate Plan. This report aims to balance the Council’s overall financial position and future outlook with supporting households with the current cost of living crisis.

The Cabinet Member’s recommendation indicates a Council Tax Requirement and total tax amounts for 2024/25 as shown in bold below which represents a freeze in Wandsworth’s share of the main council tax and a 2% increase in relation to the adult social care precept.

The Conservators’ charge will increase by 8.9% and the GLA increase for the year is 8.6%. Revised figures are as follows:

	<u>2023/24</u>	<u>2024/25</u>	
	£m	£m	
Council Tax Requirement	68.698	71.379	
Majority of the borough:	£	£	
Wandsworth Council	409.80	409.80	0.0%
Adult Social Care Precept	70.20	79.94	2.0%
Greater London Authority	434.14	471.40	8.6%
Total Band D	914.14	961.14	5.1%
Commons part of the borough:	£	£	
Wandsworth Council	409.80	409.80	0.0%
Adult Social Care Precept	70.20	79.94	2.0%
Greater London Authority	434.14	471.40	8.6%
Wimbledon & Putney Commons Levy	35.96	39.15	8.9%
Total Band D	950.10	1,000.29	5.3%
Average Band D bill	921.31	968.77	

Council Tax 2024/25GLOSSARY

GLA	-	Greater London Authority
NHB	-	New Homes Bonus
NNDR	-	National Non-Domestic Rate
RSG	-	Revenue Support Grant
W&PCC	-	Wimbledon and Putney Commons' Conservators

RECOMMENDATIONS

1. The Finance Committee are recommended to support the recommendations of the Cabinet Member for Finance, shown in paragraph 2. If they approve any views, comments or recommendations on this report, they will be submitted to the Executive for their consideration.
2. The Cabinet Member for Finance recommends the Executive as follows:
 - (a) to approve the General Fund budget variations and further spending requirements shown in paragraphs 5 to 7 and in Appendix A;
 - (b) to endorse the proposals for reserves as described in paragraphs 20 to 25 and as summarised in Appendix C;
 - (c) to recommend the Council, in the form shown in Appendix D and Appendix E, to give effect to the council tax requirement and council tax amounts for 2024/25 which represents a freeze in the Council's main element of council tax and a 2% increase for the adult social care precept element;
 - (d) to recommend the Council to adopt the budget framework shown in Appendix E, subject to any variations subsequently approved by the Executive within the overriding restriction that unearmarked reserves should not be forecast to fall below £6.75m in 2024/25 (paragraph 48);
 - (e) to agree that, should it be necessary following the meeting of the Greater London Authority (GLA) on 22nd February 2024, the Executive Director of Finance be authorised to update the content of this report for any changes to the GLA's band D council tax as shown in this report, for the approval of full Council at its meeting on 6th March 2024; and
 - (f) to recommend the Council to implement from 1st April 2025 a 100% council tax premium for second homes and to reduce the period after which empty homes are charged a council tax premium from two years to one, as detailed in paragraphs 52-57.

INTRODUCTION

3. Section 32 of the Local Government Finance Act 1992 requires the Council to calculate its budget requirement before 11th March, and Section 30 requires that by the same date the Council sets amounts of council tax for each category of

(Paper No. 24-88)

dwellings in its area. The Council's Constitution requires the Executive to submit to the Council, in February or early March, after having regard to the advice of the Executive Director of Finance, its estimates in relation to revenue budgets for the current financial year, the revenue budgets for future financial years including allocation to different services and projects, and reserves for specified and general contingencies for the forthcoming financial year, the budget requirement and basic amounts of tax.

4. For these calculations, this paper updates the revenue budget for 2024/25 approved in January in Paper No. 24-23 to include the latest estimates of expenditure and notified levies and precepts. It then considers reserves, including the need for a general reserve appropriate to meet contingencies, and reviews the financial reserves appropriate for specific purposes. The calculation of the council tax requirement follows, with the calculation of the Council's share of council tax. It also sets out the requirements of the Greater London Authority. The Cabinet Member for Finance then comments on proposed council tax levels and the results for taxpayers in 2024/25 are set out in paragraph 37 and the recommended revenue budget framework is discussed in paragraph 47.

COUNCIL NET REVENUE EXPENDITURE

5. In January 2024 the Executive approved an aggregate budget for 2024/25 of £235.803m at November 2023 prices (Paper No. 24-23). Since then, a number of other adjustments have been accommodated, including changes in specific grants (including some additional funding included within the final local government finance settlement) and revised estimates on a number of budget lines. Budget variations approved by the Executive in this cycle, with the support of the relevant Committee, are detailed in Appendix A.
6. Further, additional budget has been included within the 'corporate core' of the Council, centred largely within the Chief Executive's Group, which is a key enabler in the delivery of priorities set out in the Corporate Plan. Teams in the corporate core work across the Council to add capacity and provide corporate support to priorities. From the delivery of the Council's first independent Cost of Living Commission, the first Citizens' Assembly on air quality, key projects like the democracy review, submitting a bid to be London Borough of Culture, rolling out a local ULEZ support scheme, the enhanced partnership working, and the journey to become a 'campaigning council' - these work areas are very broad and often require upfront pump-priming investment to initiate. Since the election, the ambition of the new administration has led to a substantial uplift in work required to deliver a fairer, compassionate, more sustainable borough at pace.
7. These enabling services include policy, communications, climate change, resident engagement, governance and analytics. Experience over the past year is that these supporting services need to be more agile and responsive to the demands of the organisation. This will often mean a need to apply extra resources in certain areas to support project delivery or to deliver a particular corporate initiative. Additional budget totalling £1m over two years is proposed for inclusion in the budget, with spend delegated to the Assistant Chief Executive, to invest in supporting the ongoing

Council Tax 2024/25

delivery of corporate priorities in a much more agile way and to streamline the journey being taken to transform the way the Council engages with its residents.

8. The Council's budget remains sensitive to inflation with 1% of inflation adding £4.4m to costs. The proposed inflation contingency for 2024/25 is £21.45m. The Council's exposure to inflation will be impacted by a number of factors including CPI (currently 4%), externally set levies and precepts, energy prices, nationally agreed pay awards and the Government's decision to increase the National Living Wage by 9.8% (14.8% for those under 21) from April 2024. As a result, weighted average inflation has been assumed at 4.9% in 2024/25, dropping to 3.1% in 2025/26 and 2.7% thereafter.
9. Subject to approval of the revenue budget variations, the Council's net expenditure for 2024/25 through to 2026/27 is as follows:

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£m	£m	£m
Budgets as per Paper No. 24-23	235.803	238.305	246.223
Concurrent budget variations (Appendix A)	-0.131	-0.220	0.077
Other technical adjustments	8.715	7.750	2.869
Provision for inflation	21.449	35.574	48.138
Service Pressures Contingency	4.000	0.000	0.000
Revised committee budgets	269.837	281.409	297.307
New Homes Bonus	-6.477	-2.000	-2.000
Non-Service Specific Grants	-34.127	-34.127	-34.127
Improved Better Care Fund	-16.985	-16.985	-16.985
Council Net Expenditure	212.248	228.297	244.196

10. As detailed in Paper No. 24-23, in common with the rest of the sector, the Council is facing significant demand pressures, in particular in relation to social care services and homelessness. In addition ongoing income pressures remain in relation to parking and planning, with no sign of recovery to previous levels. Additional budget provision has already been made as a result, however these budgets will need to be kept under review with the continuing and unprecedented level of uncertainty around service budgets.
11. Government recognition of these continuing funding pressures is evidenced by its continuation of the adult social care precept, first introduced in 2016/17, which gives those authorities responsible for adult social care an extra flexibility on their council tax referendum threshold to be used entirely for social care. The Local Government Finance Settlement for 2024/25 confirmed that local authorities could again raise this precept, with the limit set at 2% for Wandsworth.
12. In addition extra Government funding has been allocated to social care in the settlement however significant unfunded pressures such as homelessness continue, with no certainty around funding.

(Paper No. 24-88)

13. In light of these and other specific risks identified as part of the budget setting process, a Service Pressures Contingency budget has been set at £4m for 2024/25.
14. As detailed in Paper No. 24-23 the 2024/25 budget includes a number of contract, service delivery and back office efficiencies. In addition there are a number of service reviews being undertaken by Directors and a corporate change programme (more detail is contained in Paper No. 24-91 elsewhere on this agenda) which are expected to deliver ongoing savings in order to help deliver a longer term financially sustainable position.

LOCAL GOVERNMENT FINANCE SETTLEMENT

15. The Final Local Government Finance Settlement 2024/25 has confirmed a core spending power increase of 9.9% for Wandsworth. This includes an assumed council tax increase of 4.99%. Whilst the settlement has again recognised particular pressures within social care and allocated additional funding for that purpose, the £8m of additional funding received in 2024/25 is not enough to cover demand pressures and inflation across Council services in the coming year (estimated to total £13m). The settlement is again for one year only, which impedes longer term planning, and there continues to be a structural underfunding of the sector at a national level.
16. Revised modelling for business rates shows estimated income of £97.4m for 2024/25. This is an increase of £3.1m on the amount currently assumed for 2023/24 and reflects the Government's inflationary increase (6.7%) of the multipliers, applied through a mix of increased bills and section 31 grants, adjusted for the number of properties, plus the business rates top up grant.
17. It is difficult to project forward what Government funding may be in future years as, for the sixth year running, the latest finance settlement is for one year only. There will be pressure on a future government in the next spending review to manage expenditure within the context of low economic growth and the Institute of Fiscal Studies predicts real term cuts after the election for unprotected budgets such as local government. The current Government also remains committed (albeit it has again been delayed until the next parliament) to a "Fair Funding Review" of local authority baseline funding allocations, with the aim of redistributing available resources at a national level. At this stage it seems more likely that the review would present a risk for councils such as Wandsworth, rather than an opportunity.
18. Due to this uncertainty an assumption has been made that any future increases in Government funding to the sector are likely to be countered by a decrease for Wandsworth due to the formula redistribution and so future settlement funding levels are assumed to remain at current levels in cash terms.
19. The additional Government funding comes with a requirement to produce productivity plans to be submitted to the Department for Levelling Up, Housing and Communities "setting out how [Councils] will improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers' money" with a deadline for completion of summer 2024.

(Paper No. 24-88)

Council Tax 2024/25**GENERAL FUND REVENUE RESERVES**

20. The calculation of the Council's requirements has to include the amount of financial reserves which it will be appropriate to raise or use in the financial year and the Council must also make an appropriate prudent allowance for contingencies for the forthcoming year. In addition, under Section 25 of the Local Government Act 2003, the Council's Chief Financial Officer must report to the Council on the following matters:
- (a) the robustness of the estimates made for the purposes of the calculations; and
 - (b) the adequacy of the proposed financial reserves, having considered the proposals within this paper.
21. The Executive Director of Finance considers the estimates to be robust and that it would be prudent to again retain a general reserve for contingencies of all kinds of about £13.5m. The range of uncertainties in the next financial year is indicated by the items shown in Appendix B.
22. Special reserves are those appropriate for meeting future expenditure in performing the Council's functions. The reserves, their purpose and the expected change in their balances under existing policies, including the proposals in this report, are shown in Appendix C.
23. The final 2022/23 outturn report left the general reserve with a balance of £14.65m (of which £13.5m is the agreed contingency level) so that £1.15m could be used to fund 2023/24 expenditure. This, along with other planned movement in reserves, will then be used to fund the Council's net expenditure.

<u>Use of Balances and Reserves</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£m	£m	£m	£m
Council's Net Expenditure	196.997	212.248	228.297	244.195
Net Use of Reserves	-3.703	-12.537	-9.628	-4.517
Use of General Fund Working Balance	-1.150			
Budget Requirement	192.144	199.711	218.669	239.678

24. Overall, there is a net use of reserves anticipated at the end of 2023/24 due to agreed one-off use of the General Fund working balance and investments funded from the Cost of Living Reserve, the corporate change programme via the Service Transformation Reserve and a drawdown on grant income held in the Refugee and Homelessness Support Reserve. In addition a £3.3m top up of the Investment Volatility Reserve is assumed. For 2024/25 and 2025/26 there is a continuing planned use of reserves relating to these time limited initiatives and in later years an ongoing use of reserves largely relating to additional pension contributions following the triennial pension valuation.

25. In January the Minister for Local Government said that councils “can and should consider drawing on their reserves” to help deal with the financial crisis. The Council’s approach to the use of reserves is detailed in [Appendix C](#).

CALCULATION OF COUNCIL TAX AMOUNTS

Collection Fund

26. The tax requirements of the Council are aggregated with those of the precepting authorities within the Collection Fund. The Council’s part represents its budget requirement less its share of retained Business Rates, and any Collection Fund surplus or deficit.
27. With regard to the council tax element, it is estimated that the Collection Fund will have a surplus of £3.842m at 31st March 2024. Of this amount £2.032m will be credited to the Council’s General Fund in 2024/25. The remainder is passed to the GLA.
28. Local business rates due are also credited to the Collection Fund and are shared between the Council (30%), the GLA (37%) and the Government (33%). The impact of changes in net collectible debt due to properties being removed from the listing, bad debt and appeals provision required feed into the Collection Fund and are shared 24 between the Council, GLA and Government. The Council holds a Business Rates Volatility Reserve which is used to reflect accounting adjustments in business rates income.

Wandsworth Council Tax Requirement

29. After taking account of business rates and central Government support and the use of balances and reserves detailed in paragraph 23, the amount that this Council needs to raise from council tax for its own purposes in 2024/25 is as follows:

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£m	£m	£m	£m
Net Budget Requirement	192.144	199.711	218.669	239.678
Collection Fund Surplus	-2.082	-2.032	-2.000	-2.000
	<u>190.062</u>	<u>197.679</u>	<u>216.669</u>	<u>237.678</u>
Less:				
Retained Business Rates	-56.669	-58.327	-58.327	-58.327
Business Rates Top-Up	-37.605	-39.089	-39.089	-39.089
Revenue Support Grant	-27.090	-28.884	-28.884	-28.884
	<u>-121.364</u>	<u>-126.300</u>	<u>-126.300</u>	<u>-126.300</u>
Wandsworth Council Tax Requirement	68.698	71.379	90.369	111.378

Council Tax 2024/25

30. The statutory form of calculation by the Council relating to 2024/25 is shown in Appendix E, with details in Appendix D.

Council Tax Base

31. The council tax bases are calculated annually by the Executive Director of Finance under authority delegated by the Council at its meeting on 4th February 2004. These have now been determined as 143,513 for the Borough as a whole and 27,937 for the Wimbledon and Putney Commons Conservators' (W&PCC) area. The figures for 2022/23 were 141,015 and 28,098. Growth of 800 properties each year has been assumed for future years and the tax base figures incorporate the estimated effect of the revised Council Tax Reduction Scheme.

Wimbledon and Putney Commons Conservators (W&PCC)

32. The Council is required to treat as a special expense the levy of the W&PCC, and formally resolved to do so for successive financial years at its meeting on 10th March 1993. For 2024/25 this levy amounts to £1,093,728, an increase of £83,309 on the levy of £1,010,149 for 2023/24. As a special expense it must be charged only to taxpayers within the Conservators' area, who will therefore have tax amounts £39.15 (£35.96 in 2023/24) higher than elsewhere in the Borough at Band D, an 8.9% increase. This is the maximum W&PCC are allowed to increase their levy by (it can be increased each year by a maximum of September's RPI).
33. The Council has to calculate first an average Band D tax element (dividing the tax needs shown in paragraph 29 by the 143,513 tax base figure), and then separate amounts for the majority of the Borough (excluding the special expenses) and for the Conservators' levy area. The statutory form of statement is shown in Appendix E and the amounts are:

Annual Band D bill	2024/25	2023/24	Increase
	£	£	£
Majority of the Borough	489.74	480.00	9.74
W&PCC area of the Borough	528.89	515.96	12.93
Average	497.37	487.17	10.20

34. Having calculated Band D amounts, the Council has to calculate for each part of its area the amounts of tax for valuation bands other than D. The calculation is made by applying the statutory proportion for each band to the relevant Band D amount. The amounts are shown in Appendix E part (d)(viii).

Council Tax Referenda

35. The Government has confirmed the council tax referendum thresholds for 2024/25 and that an increase in the relevant amount of council tax that is considered to be excessive is 3% or more. However, councils with adult social care responsibilities will also be able to increase council tax by a further 2% as detailed in paragraph 111.

Greater London Authority

36. The Mayor of London is expected to increase the precepts with the result of the GLA element on council tax bills increasing by £37.26 (8.6%) from £434.14 to £471.40 for 2024/25. The GLA is due to consider its final budget on 22nd February 2024 i.e. after the dispatch date for papers for this meeting of the Finance Committee but before the Executive. Should the GLA change their budget and/or council tax requirement, it is proposed that the Executive Director of Finance be authorised to update the content of this report for any changes to the GLA's budget and precept reported within this report, for the approval of the Executive on 4th March 2024 and the full Council at its meeting on 6th March 2024 when considering the council tax requirement.

COUNCIL TAX AMOUNTS

37. Combining this Council's tax amount with that of the GLA produces total band D amounts as follows for 2024/25:

	Average	Majority	Conservators' Area
Band D	£	£	£
Wandsworth Council	497.37	489.74	529.12
Greater London Authority	471.40	471.40	471.40
	968.77	961.14	1,000.52

38. The amounts for all valuation bands are shown in [Appendix E](#) part (f). After taking account of discounts, exemptions and the distribution of properties over valuation bands, the average bill for all dwellings in the borough is estimated to be around £916 which is expected to remain as the lowest average bill in the country.

COMMENTS OF THE CABINET MEMBER FOR FINANCE

39. This is this Labour Administration's second budget and continues to be one with fairness and compassion at its heart. This Administration is committed to doing all it can to make sure this Council truly is ambitious for all.
40. Future spend levels continue to be difficult to predict and high inflation continues to put pressure on Council budgets. There is unprecedented demand for some of the Council's services and the Conservative Government must take responsibility for making the cost of living crisis worse. The impact of high inflation is having a huge impact on our residents. We will step up where this Government is failing.
41. Future uncertainty is exacerbated by single year finance settlements and we urge the Government to end this practice in order to help councils plan for the longer term.
42. We continue to see increased demand for services from some of our most vulnerable residents and our promise is to respond in a fair and compassionate

Council Tax 2024/25

manner. Our budget proposals include continued support across a range of services and an extended offer for those struggling during this cost of living crisis.

43. We know our residents are struggling with the cost of living crisis and we are committed to doing what we can to help. On balance I once again recommend that the main element of the Council's share of council tax is frozen at current levels. We will deliver the same low council tax and provide better services for all.
44. Recognising the continuing and growing pressures on our social care services, in order to protect these critical services as much as possible, I recommend an adult social care precept increase of 2% in 2024/25, which will help to fund these critical services.
45. And to protect the most financially vulnerable we will give those households on the lowest incomes access to a simpler, more generous Council Tax Reduction Scheme, which removes the need for residents to make a minimum contribution and instead bases support solely on income levels and household type.
46. In addition, we will boost our commitment to this Council's cost of living response, already the biggest in London, and will continue to support residents in a number of important ways. I therefore recommend this budget to the Council.

FUTURE YEARS' BUDGET FRAMEWORK

47. The budget variations, inflation allowances and grant assumptions described earlier in this report hypothecate average Band D tax amounts for the Council element of £618 in 2025/26 and £760 in 2026/27 without further efficiencies, income and/or use of reserves to constrain council tax increases in future years. The budget framework showing these amounts is given in Appendix F.
48. In accordance with the Council's Constitution, the Council should be recommended to adopt this framework on the basis that the Executive may then approve budget variations within the overriding restrictions that unearmarked reserves should not be forecast to fall below £6.75m (50% of that set aside for contingencies) in 2024/25.
49. The detailed budget by Committee for 2023/24 to 2026/27 is available on the Council's website here <https://www.wandsworth.gov.uk/the-council/how-the-council-works/council-finances/council-budget/> and will be published as part of the Council's Budget Book.
50. Taking all of the above matters into account, it is recommended that for 2024/25 the Council's general element of the council tax is frozen and, in light of continuing pressure on adult social care services, an adult social care precept increase of 2% is levied. Each 1% of council tax income foregone equates to a loss of council tax income of £0.7m per annum ongoing. A freeze on the main element of council tax erodes the income base by £2.1m per annum, ongoing.
51. In order to avoid breaching assumed future Government referendum limits the Council Tax Requirement shown in future years in Appendix F will need to be reduced by £34.8m by the end of the framework period, likely to be through a

combination of additional income (Council generated or Government funding), budget reductions and the use of reserves. Whilst the Council has reserves identified to meet some of these pressures, these cannot be used indefinitely and, as in previous years, the Council will need to identify efficiencies and other sources of income to help meet the ongoing budget shortfall. The gap will need to be addressed by the Council in its Medium Term Financial Strategy due to be submitted to the Executive and the Council for approval in September 2024.

THE LEVELLING UP AND REGENERATION ACT

52. In March 2023, in anticipation of the Levelling Up and Regeneration Bill becoming law, the Council agreed in principle from 1st April 2024 to:
- (a) charge a 100% council tax premium on second homes;
 - (b) shorten the timeframe for charging the current “long term empty” council tax premium from two years to one.
53. The aim of the legislation is to incentivise the occupation of empty properties which, considering the acute national housing crisis and lack of available housing in the borough, is a key priority for this Council. The majority of other London boroughs are taking a similar position.
54. The Bill did not receive Royal Assent until 26th October 2023. This delay means the earliest possible implementation for the second homes premium is now 1st April 2025, so long as a formal decision is made by full Council and published to local residents by 1st April 2024. As a shortening of the long term empty premium timeframe is a change to an existing provision, it can be brought in from the start of the next financial year without notice, once agreed by full Council. Therefore, the earliest start date potentially would be 1st April 2024.
55. The Council would retain 51% of all additional income collected with 49% passed to the GLA. It is estimated there are around 500 second home properties in the borough and potentially 90 properties impacted at any one time by the proposed change to the long term empty premium. It is estimated that additional income for the Council of £0.3m could be generated each year.
56. There is no requirement to consult with residents before bringing in these measures, but a notice of intention must be given regarding the second home premium at least 12 months before implementation. However work will need to be carried out over the coming months to identify eligible properties (differentiating between properties used as genuine second homes and those held by landlords that are empty between lettings, for instance) and this will involve communication with residents as part of the process.
57. It is therefore recommended that the Council agrees to adopt these proposals at its meeting on 4th March, with both being implemented from the 1st April 2025.

Council Tax 2024/25

CONSULTATION

58. The Council has a statutory duty to consult with business ratepayers' representatives. A copy of Paper No. 24-23, the report by the Executive Director of Finance on the Council's budget plans for 2024/25 and future years, was placed on the Economic Development Office business home page on the Council's website. Written comments have been invited by 15th February in order to be considered by the Executive.

EQUALITY IMPACT AND NEEDS ANALYSIS

59. The Equality Act 2010 requires that the Council when exercising its functions must have "due regard" to the need to eliminate discrimination, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. As such an Equality Impact and Needs Analysis (EINA) has been undertaken on the proposals in this report and is attached as Appendix G. This takes into account the Executive decision to extend the scope of EINAs to consider the socio-economic factors of the proposals.

SUPPORTING THE WANDSWORTH ENVIRONMENT AND SUSTAINABILITY STRATEGY (WESS)

60. Whilst this report has no direct impact, the Council's resources will continue to be utilised as necessary to support the WESS via specific service delivery and further investment, where appropriate.

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Executive Director of Finance

19th February 2024

Background Papers

The following background papers were used in the preparation of this report:

1. The Council's Budget Book 2023/24
2. Budget variations approved by the Executive in this financial year
3. Service committees' budget variation requests in this cycle
4. Final Local Government Finance Settlement notification
5. GLA precept and levying bodies' documents.

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the Committee Secretary can supply it if required.

Council Tax 2024/25**APPENDIX A****CONCURRENT GENERAL FUND REVENUE BUDGET VARIATIONS**

	<u>2024/25</u> £'000	<u>2025/26</u> £'000	<u>2026/27</u> £'000
<u>CHILDREN'S – 08.02.2024</u> Fees and Charges (Paper No. 24-49)	-19	-19	-19
<u>ENVIRONMENT – 06.02.2024</u> Wandsworth Environment & Sustainability Strategy (Paper No. 24-32)	+200		
<u>TRANSPORT - 19.02.2024</u> Fees & Charges (Paper No. 24-62)	-1,420	-1,750	-1,750
<u>FINANCE – 27.02.2024</u> Annual Equalities Update – AccessAble (Paper No. 24-98)	+60	+20	
High Street and Town Centres Update (Paper No. 24-96)	+100	+100	+100
Relocation of Frogmore Depot to Sergeant Industrial Estate (Paper No. 24-100)	+100	+150	+200
Revenue Cost of Capital Bids (Paper No. 24-89)	+848	+1,279	+1,496
TOTAL GENERAL FUND BUDGET VARIATIONS	-131	-220	+77

**EXAMPLES OF CONTINGENCIES WHICH COULD INCREASE
GENERAL FUND EXPENDITURE**

- (a) Changes in application of legislation and the conditions for Government specific grants.
 - (b) Increase in inflation above the levels anticipated when setting the budget.
 - (c) The application of higher than anticipated inflation indices to contracted-out services, where increases are contractually based on the inflation index for specified calendar months.
 - (d) Retendering of service contracts at higher costs due to factors such as the Working Time Directive, the statutory minimum wage, the London Living Wage and less competitive markets.
 - (e) Unforeseen difficulties in recovering arrears, requiring additional provision to be made for doubtful debts.
 - (f) Other unforeseen demands, and opportunities for service improvements in line with the Council's general policies, which could not be accommodated within approved budgets.
 - (g) Utilisation of specific grants already consolidated into the budget.
 - (h) Budgetary pressures facing services arising from changes in local demographics such as adult social services and housing, and increased demand for statutory services especially in relation to looked after children.
 - (i) Impact of the cost of living crisis on demand for Council services.
 - (j) Shortfalls in capital receipts, adding to the net interest borne by the General Fund.
 - (k) Cost of a local disaster not covered by Government grant under the Bellwin Scheme.
 - (l) Transferred responsibilities from health authorities to local authorities.
 - (m) Reduction in income streams due to the continuing economic difficulties.
 - (n) Differences in levy or charge from that estimated before formal notice issued by levying bodies.
-

GENERAL FUND REVENUE RESERVES

Reserves are an important part of the Council's financial planning. The Council retains a level of reserves to mitigate current risks and ensure financial sustainability whilst enabling investment. This last point is of particular relevance to the current administration that is working towards delivery of its strategic priorities. Reserves and their use should therefore adequately reflect future needs, mitigate against risk and provide opportunities for service investment towards delivery of the Corporate Plan whilst helping the Council work towards longer term financial resilience.

Their use can allow the Council to smooth the impact of underlying funding and service changes but must be carefully considered as part of longer-term planning as their use cannot be regarded as a sustainable long term strategy to fill the gap from budget pressures and funding reductions. However reserves are a useful tool to manage issues over the short and medium term to allow time for proper consideration of any structural adjustments to the base budget that are needed.

A reserves strategy enables us to do this in a planned way. Within the budget framework being recommended for approval the assumed use of reserves relate to:

- Earmarked reserves are being used for time limited investment to fund important policy objectives such as providing crisis / longer term support during the cost of living crisis, homelessness / refugee support and the corporate change programme.
- Draw down to enable the smoothing of impacts over time to protect the council tax requirement (applied in relation to employer's pension contributions).
- IT investment being funded from the Renewals Fund, the balance on which has been built up over time for that purpose.
- A continued need for reserves to smooth the impact of inflation, service pressures and reductions in funding, enabling time for the planning and implementation of change to deliver savings.

The following reserves are legally part of the Council's General Fund, though earmarked for specific purposes. The reserves, their purposes, and the expected change in their balances, under existing policies, are summarised below:

	Balance 1st April 2023 £'000	Budgeted Change 2023/24 £'000	Balance 1st April 2024 £'000	Budgeted Change 2024/25 £'000	Balance 1st April 2025 £'000
Financial Resilience Reserve	97,046	-6,907	90,139	-689	89,450
This reserve was established in 2014/15 in recognition of the substantial pressures on budgets and diminishing Government support. Any surplus or deficit balance at year end will be transferred into/from this reserve. A £5m transfer from this reserve will be made during 2023/24 to top up the Cost of Living Reserve shown below.					
Pensions Resilience Reserve	43,424	-850	42,574	-850	41,724
This reserve was established in 2017/18 by consolidating the balances on three other pension related reserves. This reserve will continue to mitigate the impact of future increases in employer's pension contributions following fund revaluation, provide for any deficit to be funded for those pensions falling under the remit of the London Pension Fund Authority and meet costs relating to pensions enhancements which fall outside statutory pension schemes (mainly for teachers). The March 2022 actuarial valuation resulted in an increase in the Council's contribution rate from 18% to 19.1%. To mitigate the impact of this on Council budgets £0.85m of this reserve (the cash impact of the increase) will be used each year over the period of the valuation.					
Renewals Fund					
Net Use - Revenue		-792		-792	
Net Use – Capital *		-857			
Increase in Fund		475		475	
	26,610	-1,174	25,436	-317	25,119
This fund is for "loans" to services with unusually large requirements for building refurbishment, energy conservation schemes, computer software and vehicle and plant replacements. The planned expenditure is chiefly for IT hardware and software. Capital usage in 2023/24 relates to building related capital expenditure, as reported in the capital report elsewhere on this agenda.					
Service Transformation Reserve	11,052	-1,647	9,405	-4,275	5,130
This reserve was established to meet the short-term costs of service restructuring including redundancy. As agreed in Paper No. 23-318, some funding is being drawn from this reserve to invest in additional capacity to deliver a corporate Change Programme which will deliver longer term efficiencies.					
Investment Volatility Reserve	1,500	3,275	4,775	0	4,775
This reserve was established at 2022/23 outturn in anticipation of the International Financial Reporting Standard 9 override coming to an end. The current override means the annual gains/losses arising from changes in capital value of pooled investments such as multi asset funds sit solely on the Council's balance sheet. When the override ends from 2025/26 any gains/losses will need to be recognised in revenue. This reserve will help to mitigate against that risk and to smooth any impact on revenue between years.					

	Balance 1st April 2023 £'000	Budgeted Change 2023/24 £'000	Balance 1st April 2024 £'000	Budgeted Change 2024/25 £'000	Balance 1st April 2025 £'000
Finite Services Fund	1,410	0	1,410	0	1,410
This reserve provides for some pre-financing of identified costs of limited duration such as providing support from the General Fund for the two regeneration schemes where costs fall outside of the Housing Revenue Account.					
Refugee and Homelessness Support Reserve	7,374	-112	7,262	-2,045	5,217
This reserve was established at 2022/23 outturn (Paper No. 23-237) to reflect unused ringfenced Government grant. From this, a £1.75m commitment was made to establishing a new Borough of Sanctuary Fund (Paper No. 23-230) plus further drawing to support the staffing of the Council's response. In addition, the reserve is being used to fund direct costs in year across a number of services relating to housing and supporting refugees.					
Cost of Living Reserve	8,400	2,855	11,255	-4,361	6,894
This reserve was originally established in 2022/23 in recognition of the significant pressures on the cost of living. A further £5m top up during 2023/24 is recommended in Paper No. 24-94 making a total allocation to date of £15m, as well as a planned draw down in year.					
Specific Grant Reserve	1,000	0	1,000	0	1,000
This reserve was established for potential over-estimates or losses of specific Government grants for General Fund services, such as housing benefits.					
Other Balances (including DSO)	8,644	0	8,644	0	8,644
Reserve balances relating to accrued surpluses from the Council's Operational Services and Design Service Direct Services Organisations are used to enable future investment in plant and equipment or to meet redundancy costs if they arise.					
TOTAL REVENUE RESERVES AVAILABLE FOR COUNCIL TAX SETTING PURPOSES	206,480	Rev: -3,703 Cap: -857	201,920	Rev: -12,537 Cap: 0	189,383

APPENDIX D**Amounts to be calculated by the Council for the purposes of
Section 31A of the Local Government Finance Act 1992
for the year 2024/25**

	<u>£'000</u>	<u>See Note</u>
(a) The expenditure the Council estimates it will incur in the year in performing its functions and will charge to a Revenue Account, other than a BID revenue account, for the year in accordance with proper practices;	1,012,172	1
(b) Such allowance as the Council estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year in accordance with proper practices;	13,500	
(c) The financial reserves which the Council estimates it will be appropriate to raise in the year for meeting its estimated future expenditure;	NIL	
(d) Such financial reserves as are sufficient to meet so much of the amount estimated by the Council to be a revenue account deficit for any earlier financial year as has not already been provided for;	NIL	
(e) Any amounts which it estimates will be transferred in the year from its General Fund to its Collection Fund in accordance with section 97(4) of the Local Government Finance Act 1988; and	NIL	
(f) Any amounts which it estimates will be transferred from its General Fund to its Collection Fund pursuant to a direction under section 98(5) of the Local Government Finance Act 1988 and charged to a revenue account for the year.	NIL	
SUB-TOTAL	<u>1,025,672</u>	
<u>LESS</u>		
(a) The income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices;	867,470	1
(b) Any amounts which it estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with section 97(3) of the Local Government Finance Act 1988;	60,786	

(Paper No. 24-88)

- | | | | |
|-----|--|--------|---|
| (c) | Any amounts which it estimates will be transferred from its Collection Fund to its General Fund pursuant to a direction under section 98(4) of the Local Government Finance Act 1988 and will be credited to a revenue account for the year; and | NIL | |
| (d) | The amount of the financial reserves which the Authority estimates that it will use in order to provide for the items mentioned in (a), (b), (e) and (f) above. | 26,037 | 2 |

SUB-TOTAL	954,293
-----------	---------

DIFFERENCE (Council Tax Requirement)	71,379
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<u>Note 1</u>	<u>Expenditure</u> £'000	<u>Income</u> £'000
Gross Expenditure/Income	1,000,322	809,524
Central Government Funding & Localised Business Rates		67,973
Less internal recharges	-9,600	-9,600
Plus inflation to end of 2024/25	21,450	0
Less credit from Collection Fund shown separately		-427
	1,012,172	867,470

<u>Note 2</u>	£'000
General reserves available (paragraph 21)	13,500
Add drawings from special reserves (<u>Appendix C</u>)	12,537
	26,037

FORM OF COUNCIL RESOLUTION

- (a) That the revised revenue estimates for the year 2023/24 referred to in Paper No. 24-23 as adjusted and the revenue estimates for 2024/25 as summarised in this report be approved;
- (b) That the details of the council tax requirement for the year 2024/25, as set out in Appendix D of this paper, be approved;
- (c) That it be noted that the following amounts for the year 2024/25 have been calculated in accordance with the delegation made by the Council on 4th February 2004 and with regulations made under Section 33(5) and 34(4) of the Local Government Finance Act 1992:
- (i) 143,513 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year; and
 - (ii) 27,937 being the amount calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its council tax base for the year for dwellings in the Wimbledon and Putney Commons Conservators' Levy Area;
- (d) That it be noted in accordance with Section 25 of the Local Government Act 2003 that the Executive Director of Finance has reported that the estimates are sufficiently robust for the purposes of the calculations and that the proposed financial reserves are adequate, and the following amounts be now calculated by the Council for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:
- (i) £1,025,671,540 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A of the Act;
 - (ii) £954,293,017 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
 - (iii) £71,378,523 being the amount by which the aggregate at d(i) above exceeds the aggregate at (d)(ii) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year;
 - (iv) £497.37 being the amount at (d)(iii) divided by the amount at (c)(i) above, calculated by the Council in accordance with Section 33(1) of the Act as the basic amount of its council tax for the year;

- (v) £1,093,728 being the aggregate amount of all special items referred to in Section 34(1) of the Act, namely the levy of the Wimbledon and Putney Commons Conservators;
- (vi) £489.74 being the amount at (d)(iv) above less the result given by dividing the amount at (d)(v) above by the amount at (c)(i) above, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates;
- (vii) £528.89 being the amount given by adding to the amount at (d)(vi) above the amount of the special item at (d)(v) above divided by the amount at (c)(ii) above, calculated by the Council in accordance with Section 34(3) of the Act as the basic amount of its council tax for the year for dwellings in that part of its area to which the special item relates; and
- (viii)

<u>Valuation Band</u>	Wimbledon and Putney Commons Conservators' Levy Area	All other parts of the Council's Area
	£	£
A	352.60	326.50
B	411.36	380.91
C	470.13	435.33
D	528.89	489.74
E	646.43	598.58
F	763.96	707.41
G	881.49	816.24
H	1,057.79	979.49

being the amounts given by multiplying the amounts at (d)(vi) and (d)(vii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

- (e) That it be noted that for the year 2024/25 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Greater London Authority	
<u>Valuation Band</u>	£
A	314.27
B	366.64
C	419.02
D	471.40
E	576.16
F	680.91
G	785.67
H	942.80

- (f) That having calculated the aggregate in each case of the amounts at (d)(viii) and (e) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2024/25 for each of the categories of dwellings shown below:

<u>Valuation Band</u>	Wimbledon and Putney Commons Conservators' Levy Area	All other parts of the Council's Area
	£	£
A	666.87	640.77
B	778.00	747.55
C	889.15	854.35
D	1,000.29	961.14
E	1,222.59	1,174.74
F	1,444.87	1,388.32
G	1,667.16	1,601.91
H	2,000.59	1,922.29

GENERAL REVENUE BUDGET FRAMEWORK

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£m	£m	£m	£m
Original Budget	209.191	209.191	209.191	209.191
Inflation to Current Prices	23.338	24.644	24.654	24.674
Developments	8.733	10.683	12.210	10.226
Concurrent Budget Variations	0	-0.131	-0.220	0.077
Revised Committee Budgets	241.262	244.387	245.835	249.168
Inflation	3.754	21.450	35.574	48.138
Service Pressures Contingency	0	4.000	0	0
New Homes Bonus	-2.421	-6.477	-2.000	-2.000
Non-Service Specific Grants	-28.613	-34.127	-34.127	-34.127
Improved Better Care Fund	-16.985	-16.985	-16.985	-16.985
Total	196.997	212.248	228.297	244.194
Planned Use of Reserves	-4.854	-12.537	-9.628	-4.517
Budget Requirement	192.143	199.711	218.670	239.677
Collection Fund surplus	-2.082	-2.032	-2.000	-2.000
Retained Business Rates	-56.669	-58.328	-58.328	-58.328
Business Rates "Top-up"	-37.605	-39.089	-39.089	-39.089
Revenue Support Grant	-27.090	-28.884	-28.884	-28.884
Council Tax Requirement	68.698	71.379	90.369	111.377
Band D Council Tax	£	£	£	£
Wandsworth Majority	480.00	489.74	618.44	759.61
Greater London Authority	434.14	471.40	480.83	490.45
Total	914.14	961.14	1,099.27	1,250.06
Adult Social Care Precept increase		2%		
Assumed council tax referendum limit in future years			2.99%	2.99%
Budget reductions or use of reserves needed in future to maintain council tax increases within referendum limits			16.447	34.822

SSA EQUALITY IMPACT AND NEEDS ANALYSIS

Directorate	Finance
Service Area	Financial Management
Service/policy/function being assessed	Council Tax setting
Which borough (s) does the service/policy apply to	Wandsworth
Staff involved	Fenella Merry, Katherine Burston, John O'Sullivan
Date approved by Directorate Equality Group (if applicable)	n/a
Date approved by Policy and Review Manager All EINAs must be signed off by the Policy and Review Manager	15th February 2024
Date submitted to Directors' Board	n/a

SUMMARY

Please summarise the key findings of the EINA.

The Council is obliged to set a balanced budget and commensurate Council Tax level in accordance with the Local Government Finance Act 1992.

For 2024/25, the key features of the proposed budget are a 2.1% increase in the overall average Wandsworth element of the Council Tax which comprises:

- a freeze in the Wandsworth general expenditure element of the Council Tax,
- a 2% increase in the precept (as allowed by Government) in support of Adult Social Care services
- an 8.9% increase in the Wimbledon & Putney Commons Conservators' levy for those properties subject to the charge.

Separately, and outside of the Council's control, there will be an 8.6% increase in the GLA element of the Council Tax, leading to an overall increase of 5.2% for average band D, or £47.50 per year.

The Government's Spending Review announced that local authorities responsible for adult social care would be given additional 2% flexibility on their current council tax referendum threshold to be used entirely for social care.

The council tax generated from the proposed 2% increase in the precept will generate additional income of £1.4 million to be attributed to adult social care. This "precept" also has to be shown on the face of council tax bills and in the "information supplied with the demand notice".

Taking the precept will have a positive impact on users of adult social care in Wandsworth. The Council has used the maximum allowed increase for the precept for 2024/25, which is the same as the limit set nationally in 2023/24. Support for vulnerable

adults will be maintained and service users will see no change.

EINAs will be undertaken on any changes to services which result from the setting of this year's Budget. These will be reported to the relevant OSC when changes are proposed.

Additionally, the Council maintains the Wandsworth Discretionary Social Fund which provides discretionary support to the most vulnerable Wandsworth residents who are experiencing hardship and crisis. The Council is also introducing, with effect from 1st April 2024, a simpler and more generous Council Tax Reduction Scheme.

1. Background

Briefly describe the service/policy or function:

The recommendation in the report is: -

- to recommend the Council to give effect to the council tax requirement and council tax amounts for 2024/25 as follows:

	Average	Majority	Conservators' Area
	£	£	£
Wandsworth Council	497.37	489.74	528.89
Greater London Authority	471.40	471.40	471.40
	968.77	961.14	1,000.29

2. Analysis of need and impact

PART 1 – CHANGES TO WANDSWORTH'S SHARE OF THE OVERALL COUNCIL TAX CHARGE

In terms of Council Tax liability, residents fall into one of the following 4 categories:

1. those liable to pay full Council Tax,
2. those eligible for some form of discount or exemption (other than Council Tax Support),
3. those eligible for Council Tax Support,
4. those with no Council Tax liability.

The increase in the Council's share of the Band D Council Tax for the majority of the borough would result in a cash increase of £9.74 per year (£0.19 per week) for the majority of those required to pay the full charge. The increase in the Wandsworth element of the Council Tax stems from the Government's offer to allow Councils to increase Council Tax, provided that the additional amount is used in support of Adult Social Care i.e. some of its most vulnerable residents.

Group 1 - Those liable to pay full Council Tax

For the majority of Wandsworth residents, the Council believes that the proposed small increase will have a positive impact. Wandsworth is known as an affluent borough with high

(Paper No. 24-88)

levels of employment (88.6% of residents over 16 are economically active and 85.5% are in employment (as at September 2023)), although currently there are 8,265 out of work claimants. Trends remain low for Universal Credit and Job Seekers Allowance - data as at January 2024.

Group 2 - Those eligible for some form of discount or exemption (other than Council Tax Support)

Single Person Discount is the main discount allowed amounting to just over 44,400 properties. The Council has no equalities monitoring information about this group. In addition, there are 229 properties where a banding reduction has been awarded in respect of a disability. Again, the Council holds no additional equalities information on this group. The impact on those in receipt of discounts is as per Group 1 but the effect of the reduction would be proportionately less.

For example, a Band D taxpayer in the majority of the borough who is eligible for a single person discount would be subject to an increase of £7.31 per year (£0.14 per week) rather than £9.74 per year (£0.19 per week).

Group 3 – Those with no Council Tax liability

From 2024/25 the proportion of Council Tax liability on which Council Tax Reduction is calculated for working age claimants will be 100% (currently 70% although some households are protected from the 30% minimum contribution based on their circumstances). This is a change from 2023/24 as the CTR scheme has been amended to remove the minimum contribution and remove the need to recalculate eligibility triggered by a household’s small income changes. The revised scheme will therefore be simpler and more generous. The number of dwellings that are long term vacant (more than 6 months) is 165 and of these 74 are attracting a council tax premium for being vacant for more than 2 years. The effect on this group is neutral.

Group 4 – Those with no Council Tax liability

The effect on this group is neutral.

PART 2 – USE OF THE ADULT SOCIAL CARE PRECEPT

Protected group	Findings		
Age	Age band	Census data (2021)	Adults’ cohort
	18-64	88.3%	42.00%
	65-74	6.5%	13.80%
	75+	5.2%	44.10%
	Total	268,172	3,827
<p>Adult Services support significantly more older residents than the borough average. Age 18-64 – 42.0%, age 65-74 – 13.8%, age -75+ 44.1%. Total service users 3827</p>			

Disability	<p>Census data 2021: 11.4% of residents defined as disabled under the Equality Act.</p> <p>Profile of Adult Social Care Service Users: The majority of service users have physical disabilities or physical frailty as their main area of difficulty. In 2022/23, 990 individuals had a mental health condition as their main difficulty and 880 individuals had learning disability (all ages).</p>														
Sex	<p>Census data 2021: 53% of residents are female.</p> <p>Profile of Adult Social Care Service Users: 53.7% are female.</p> <p>Adult Services support slightly more female residents than the borough average.</p>														
Gender reassignment	<p>Data at the borough level on gender reassignment was published for the first time following the 2021 Census. This reported that 92.86% of the borough population said their gender identity was the same as their sex registered at birth, higher than London and England. In total, 1,691 (0.62%) Wandsworth residents indicated a change in gender identity with 713 (0.26%) stating their gender identity was different to that of birth but did not provide a write in response to what they identified with. Of the 1,690 residents who indicated a change in gender identity, there was an even split between males and females. 3 in 5 were aged under 44 years of age.</p>														
Marriage and civil partnership		<table border="1"> <thead> <tr> <th data-bbox="590 1155 1007 1193">Geography</th> <th data-bbox="1011 1155 1273 1193">Wandsworth (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="590 1200 1007 1261">Never married and never registered in civil partnership</td> <td data-bbox="1011 1200 1273 1261">55.8</td> </tr> <tr> <td data-bbox="590 1267 1007 1328">Married or in a registered civil partnership</td> <td data-bbox="1011 1267 1273 1328">33</td> </tr> <tr> <td data-bbox="590 1335 1007 1395">Divorced or civil partnership dissolved</td> <td data-bbox="1011 1335 1273 1395">6.4</td> </tr> <tr> <td data-bbox="590 1402 1007 1462">Widowed or surviving civil partnership partner</td> <td data-bbox="1011 1402 1273 1462">3.0</td> </tr> <tr> <td data-bbox="590 1469 1007 1529">Separated, but still legally married or still legally in a civil partnership</td> <td data-bbox="1011 1469 1273 1529">1.8</td> </tr> </tbody> </table>	Geography	Wandsworth (%)	Never married and never registered in civil partnership	55.8	Married or in a registered civil partnership	33	Divorced or civil partnership dissolved	6.4	Widowed or surviving civil partnership partner	3.0	Separated, but still legally married or still legally in a civil partnership	1.8	
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Pregnancy and maternity	<p>ONS - Conceptions to residents of England and Wales</p> <table border="1"> <thead> <tr> <th data-bbox="590 1693 839 1771"></th> <th data-bbox="844 1693 1273 1771">Under 18s conception rate / 1,000 - Female - <18 yrs 2021</th> </tr> </thead> <tbody> <tr> <td data-bbox="590 1778 839 1816">Wandsworth</td> <td data-bbox="844 1778 1273 1816">7.7</td> </tr> <tr> <td data-bbox="590 1823 839 1861">England</td> <td data-bbox="844 1823 1273 1861">13.1</td> </tr> </tbody> </table>				Under 18s conception rate / 1,000 - Female - <18 yrs 2021	Wandsworth	7.7	England	13.1						
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Race/ethnicity	<p>Census data 2021: 32.2% of residents are from Black, Asian and minority ethnic communities.</p>														

	<table border="1"> <thead> <tr> <th colspan="2">ONS Census 2021</th> </tr> <tr> <th>Ethnicity</th> <th>Wandsworth (%)</th> </tr> </thead> <tbody> <tr> <td>White</td> <td>67.8</td> </tr> <tr> <td>Asian</td> <td>11.7</td> </tr> <tr> <td>Mixed</td> <td>6.3</td> </tr> <tr> <td>Other</td> <td>4.1</td> </tr> <tr> <td>Black</td> <td>10.1</td> </tr> </tbody> </table> <p>Profile of Adult Social Care Service Users: 45.1% of service users were from Black, Asian and minority ethnic communities, higher than the general borough population. The largest proportion come from the Black or Black British community. 26.8% are from Black/Black British background, 11.9% from Asian/Asian British background, 3.7% of other ethnic background and 2.7% from Mixed ethnic background.</p>	ONS Census 2021		Ethnicity	Wandsworth (%)	White	67.8	Asian	11.7	Mixed	6.3	Other	4.1	Black	10.1																			
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Religion and belief, including non-belief	<p>Census data (2021) for all population of Wandsworth:</p> <table border="1"> <thead> <tr> <th>Religion</th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Christian</td> <td>139,656</td> <td>42.6</td> </tr> <tr> <td>Buddhist</td> <td>2,275</td> <td>0.7</td> </tr> <tr> <td>Hindu</td> <td>6,419</td> <td>2</td> </tr> <tr> <td>Jewish</td> <td>1,756</td> <td>0.5</td> </tr> <tr> <td>Muslim (Islam)</td> <td>32,519</td> <td>9.9</td> </tr> <tr> <td>Sikh</td> <td>967</td> <td>0.3</td> </tr> <tr> <td>Other religion</td> <td>1,871</td> <td>0.6</td> </tr> <tr> <td>No religion</td> <td>118,543</td> <td>36.2</td> </tr> <tr> <td>Religion not stated</td> <td>23,500</td> <td>7.2</td> </tr> <tr> <td>Total</td> <td>327,506</td> <td>100</td> </tr> </tbody> </table> <p>Data on adult social care clients is not available by this protected characteristic</p>	Religion	No.	%	Christian	139,656	42.6	Buddhist	2,275	0.7	Hindu	6,419	2	Jewish	1,756	0.5	Muslim (Islam)	32,519	9.9	Sikh	967	0.3	Other religion	1,871	0.6	No religion	118,543	36.2	Religion not stated	23,500	7.2	Total	327,506	100
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<p>older LGBT service users or Black, Asian and ethnic diverse young men</p>																													
<p>Socio-economic status (to be treated as a protected characteristic under Section 1 of the Equality Act 2010) Include the following groups:</p> <ul style="list-style-type: none"> • Deprivation (measured by the 2019 English Indices of Deprivation) • Low-income groups & employment • Carers • Care experienced people • Single parents • Health inequalities • Refugee status 	<p>An estimated 35,539 people experience income deprivation across Wandsworth. There were 20,397 households on universal credit in December 2023, and 19.3% of the households were deemed to be social renting.</p> <table border="1" data-bbox="529 705 1326 1142"> <thead> <tr> <th colspan="4">Low-income groups & employment – DWP 2023</th> </tr> <tr> <th>Measures</th> <th>Wandsworth (%)</th> <th>London (%)</th> <th>England (%)</th> </tr> </thead> <tbody> <tr> <td>People on Universal Credit</td> <td>10.3</td> <td>16.2</td> <td>15</td> </tr> <tr> <td>People claiming out of work benefits</td> <td>3.4</td> <td>5</td> <td>3.8</td> </tr> </tbody> </table> <p>Wandsworth has a lower percentage of residents claiming Universal Credit or out of work benefits compared to London and England.</p> <table border="1" data-bbox="529 1171 1326 1346"> <thead> <tr> <th colspan="4">Single parent – ONS Census 2021</th> </tr> <tr> <th>Measure</th> <th>Wandsworth (%)</th> <th>London (%)</th> <th>England (%)</th> </tr> </thead> <tbody> <tr> <td>Lone parent family</td> <td>10.2</td> <td>13.3</td> <td>11.1</td> </tr> </tbody> </table>	Low-income groups & employment – DWP 2023				Measures	Wandsworth (%)	London (%)	England (%)	People on Universal Credit	10.3	16.2	15	People claiming out of work benefits	3.4	5	3.8	Single parent – ONS Census 2021				Measure	Wandsworth (%)	London (%)	England (%)	Lone parent family	10.2	13.3	11.1
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Data gaps

Data gap(s)	How will this be addressed?
n/a	n/a

3. Impact

Protected group	Positive	Negative
Age	As 58.0% of Adult Social Care service users are aged 65 and over - taking the precept will have a positive	Although the increase in council tax will support vulnerable residents who

	<p>impact in that it will ensure these vulnerable residents continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.</p>	<p>are service users of adult social care it will mean that residents will see an increase in their council tax. In order to mitigate the impact of this small rise on vulnerable residents, the Council introduced in Paper No.16- 28 a 0% minimum contribution for vulnerable households including those on certain disability benefits and households where there is a child under 3. This support has been promoted by the Council to ensure that eligible residents are aware of its availability.</p>
Disability	<p>As the majority of Adult Social Care service users have physical disabilities or physical frailty as their main area of difficulty taking the precept will have a positive impact in that it will ensure these vulnerable residents continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.</p>	<p>As above</p>
Sex	<p>As 53.7% of Adult Social Care service users are female taking the precept will have a positive impact in that it will ensure that vulnerable female residents continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.</p>	<p>As above</p>
Gender reassignment	<p>Taking the precept will support gender reassignment service users of Adult Social Care and ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.</p>	<p>As above</p>
Marriage and civil partnership	<p>Taking the precept will support service users of Adult Social Care</p>	<p>As above</p>

	regardless of their relationship status and will ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	
Pregnancy and maternity	Taking the precept will support service users of Adult Social Care regardless of whether they are pregnant or have recently given birth and will ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Race/ ethnicity	Taking the precept will support service users of Adult Social Care from Black, Asian and minority ethnic backgrounds and ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Religion and belief, including non-belief	Taking the precept will support service users of Adult Social Care and ensure vulnerable residents, regardless of their faith or belief, continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Sexual orientation	Taking the precept will support service users of Adult Social Care and ensure vulnerable residents, regardless of their sexual orientation, continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Socio-economic status (to be treated as a protected characteristic under Section 1 of	Taking the precept will support service users of Adult Social Care and ensure the most vulnerable residents, continue to receive support. Some social care provision is means tested, which will provide	As above

<p>the Equality Act 2010) Include the following groups:</p> <ul style="list-style-type: none"> • Deprivation (measured by the 2019 English Indices of Deprivation) • Low-income groups & employment • Carers • Care experienced people • Single parents • Health inequalities • Refugee status 	<p>further support for those in socio-economic groups or situations that are more difficult. This council tax decision is separate from any decision on services provision which may impact residents.</p>	
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4. Actions

Action	Lead Officer	Deadline
Individual EINAs are undertaken alongside any decision to change or reduce a service as a result of budget changes	Individual officers reporting	As changes are implemented

5. Consultation

<p>Statutory consultation on the Council's service expenditure and council tax setting has been undertaken with business ratepayers' representatives.</p>

WANDSWORTH BOROUGH COUNCIL

FINANCE COMMITTEE – 27TH FEBRUARY 2024

EXECUTIVE – 4TH MARCH 2024

COUNCIL – 6TH MARCH 2024

Report by the Executive Director of Finance on Proposed Additions to the General Fund
Capital Programme

SUMMARY

This is the annual General Fund capital bids report and is the second under the current Administration.

At this stage it is proposed to add capital schemes costing £44.4 million to the capital programme in 2023/24 and future years, including £9.4 million being met by CIL and Section 106 receipts, £1.7 million from grants and contributions, and £33 million from council capital resources (receipts or borrowing).

These additions include extra investment in the borough's highways and footways, decarbonisation and sustainability projects, immediate upgrades required to leisure centres, investment in the Family Hub model and a number of schemes to make the borough a more attractive place.

In addition, work is currently being undertaken to fundamentally review the Council's approach to the capital programme to ensure future investment proposals are appropriately aligned with Council priorities. The outcome of that review will come back to this Committee in the summer and, where appropriate, recommend further capital investment in the borough.

GLOSSARY

CIL	Community Infrastructure Levy
DfE	Department for Education
DIFS	Development Infrastructure Funding Study
GLA	Greater London Authority
HRA	Housing Revenue Account
NCIL	Neighbourhood Community Infrastructure Levy

PWLB	Public Works Loan Board
S106	Section 106 receipts
SCIL	Strategic Community Infrastructure Levy
TfL	Transport for London
VNEBOA	Vauxhall Nine Elms Battersea Opportunity Area
WESS	Wandsworth Environment and Sustainability Strategy

RECOMMENDATIONS

1. The Finance Committee are recommended to support the recommendations in paragraph 2. If they approve any views, comments or recommendations on the report, these will be submitted to the Executive or the appropriate regulatory and other committees for their consideration.
2. The Executive is recommended to:
 - (a) approve the additions to the General Fund Capital Programme as set out in Appendix A to this report;
 - (b) approve General Fund revenue budget variations of £848,000 in 2024/25, £1.279 million in 2025/26, £1.496 million in 2026/27 and £1.685 million in 2027/28 to reflect the revenue effects as set out in Appendix A to this report;
 - (c) recommend the Council to adopt the capital programme summarised in paragraph 40, and shown in full in Appendix B, and the capital resources statement shown in paragraph 41;
 - (d) to approve the Council's Capital Strategy for 2024/25 as set out in Appendix C; and
 - (e) Note the ongoing review of the approach taken to capital investment to ensure it best reflects this Council's future strategic investment priorities as detailed in paragraph 37.

INTRODUCTION

3. On 18th October 2023, on the recommendation of the Executive (Paper No. 23-320), the Council adopted the General Fund Capital Programme and its financing for the years 2023/24 to 2027/28. The Executive requested Directors to put forward any proposed additions for consideration in this cycle of meetings. This paper updates the previous review in the light of latest information on potential finance and of the additional spending now proposed.

(Paper No. 24-89)

CURRENT APPROVED PROGRAMME

4. The table below shows the current approved capital programme (Paper No. 23-320), totalling £293.2 million and its financing before the additions and other changes subject to approval in this report. The expected spend per year has been updated to reflect the latest forecast of cash flows for each scheme:

Current capital programme

	2023/24 £000	2024/25 £000	2025/26 £000	Future Years £000	TOTAL £000
Committee					
Health	1,249	541	541	541	2,872
Environment	8,019	5,202	544	3	13,768
Children's	24,828	45,779	15,254	770	86,631
Finance	21,693	20,004	2,547	0	40,244
Housing (non-HRA)	2,010	2,893	1,980	800	7,683
Transport	36,835	89,150	7,185	4,850	138,020
	94,634	163,569	28,051	6,964	293,218
Financed By					
Grants and Other Contributions	14,714	17,739	7,510	410	40,373
Section 106 and CIL Receipts	54,073	132,772	14,741	6,423	208,009
Earmarked Reserves	857	0	0	0	857
Revenue Contribution	131	131	131	131	524
Capital Receipts/ Borrowing	24,859	12,927	5,669	0	43,455
	94,634	163,569	28,051	6,964	293,218

FINANCING THE GENERAL FUND CAPITAL PROGRAMME

5. The potential sources of finance for the Council's capital expenditure are: -
- grants and other contributions earmarked for particular schemes or services, and obtained only on condition that a corresponding addition is made to the programme;
 - Government capital grants not earmarked for particular schemes or services;
 - Strategic Community Infrastructure Levy (SCIL), Neighbourhood Community Infrastructure Levy (NCIL) and Section 106 payments;
 - usable capital receipts and reserves (currently invested and generating revenue income);
 - contributions from Council revenue accounts; and
 - borrowing.

(Paper No. 24-89)

6. Using earmarked resources to finance capital spend has no financial cost to the Council as these resources are only to be used for this purpose. These are therefore the first source of finance for any qualifying schemes. Some resources are given for a specific project (e.g. TfL grant which is bid for using a list of proposed schemes) and some have a wider restriction (e.g. CIL receipts, a Section 106 agreement may refer to provision of educational services rather than naming a school or ward) which gives the Council some scope to allocate them to finance priority schemes.
7. The use of non-earmarked grants/contributions or the Council's own receipts and reserves does have an opportunity cost, as they can only be used once. This cost is calculated as the loss of the interest that would have been received had this money been invested per the Council's Treasury Policy.
8. If no other funding is available and borrowing (either internal or external) is taken, then the Council will need to repay the cost of this borrowing which is a charge to revenue. In addition to paying interest charges on any debt it must also create a General Fund revenue "minimum revenue provision" (MRP) budget to contribute to paying down this debt. This is similar in concept to paying off the capital on a mortgage.

Grants and Reimbursements

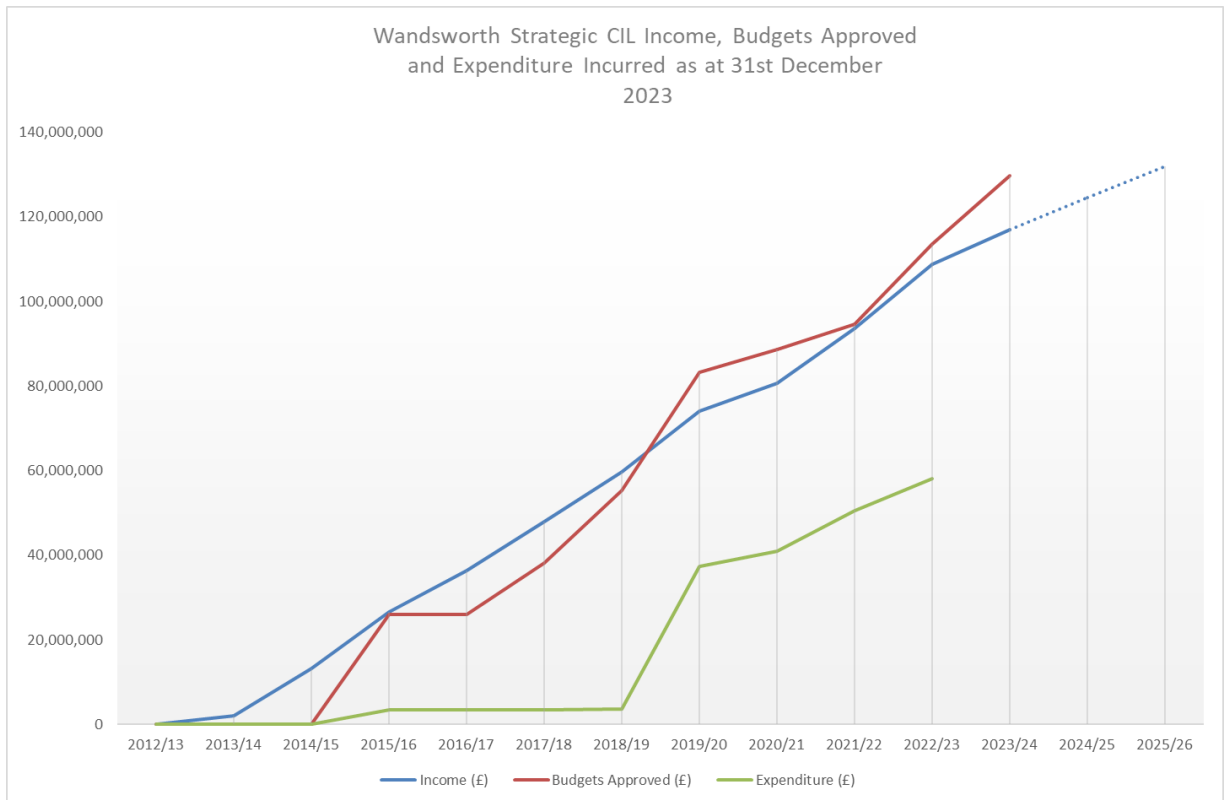
9. The revised capital programme shows grants and reimbursements use totalling £266.7 million. The most significant of these are Section 106 and CIL contributions totalling £217.5 million, of which £63 million relates to transport schemes and £75.7 million relates to Nine Elms. The table in [Appendix B](#) identifies significant grants and reimbursements associated with programmed capital schemes and summarises the proposed financing of the revised capital programme.

Community Infrastructure Levy

10. CIL is a levy which local authorities can charge on new developments and use to fund infrastructure in the local area. This levy came into force in Wandsworth in November 2012. The CIL is a standard charge based on development size and location, and is index linked from the date that the scheme was introduced to the date of planning approval. Under the requirements of the legislation governing the CIL, at least 15% of all receipts must be earmarked for use in the local area (Neighbourhood CIL or NCIL) from where they are received. After a further deduction of an amount set aside for administration, capped at a maximum of 5%, outstanding CIL income, referred to as Strategic CIL (SCIL), is treated as general resources to fund general infrastructure works throughout the Borough, not ringfenced to the area of development. CIL income arising within the Vauxhall Nine Elms Opportunity (VNEB) Area is currently subject to separate arrangements as

set out in Paper No. 13-135 where the payments will be used to pay for relevant infrastructure within the Opportunity Area.

11. The use of SCIL receipts must fall within the CIL Regulations’ definition of allowable expenditure and CIL spend must support the provision of infrastructure to support growth in the borough. As part of its Local Plan submission the Council must set out its approach to its prioritisation of SCIL use. The Planning Inspector will then consider how this relates to the provision of infrastructure as set out in the Council’s Infrastructure Delivery Plan, and whether the delivery of that plan is achievable.
12. The actual level of SCIL receipts are affected by many varying factors outside the Council’s control (such as general market conditions, the timing and phasing of developments and any subsequent revisions to planning applications). The Executive has already made decisions to commit SCIL to some schemes with planned expenditure in excess of receipts held but spend to date is lower than this and significant additional sums will be due to the Council in future years. The table in Appendix D lists SCIL receipts to date, those schemes to be funded and spend to date. The following graph summarises the position:



13. The figures above include the proposed use of an estimated £1 million per annum of SCIL receipts for the years since 2019/20 to fund revenue maintenance costs which fall within the CIL Regulations’ definition of allowable expenditure. The

actual value of SCIL applied to fund infrastructure maintenance costs in 2022/23 was calculated to be £1,008,000. Future SCIL receipts will be applied towards the costs of infrastructure maintenance from 2025/26, subject to further SCIL being received.

14. By the end of quarter three 2023/24, the gross amount of SCIL received was £116.9 million. Expenditure to date funded by SCIL is £61.8 million and future commitments already made to schemes approved to be funded by SCIL is a further £67.8 million. To date, therefore, an over commitment of £12.7 million of SCIL has been made to fund projects compared to SCIL receipts. In cash terms, however, there are £55.1 million of unspent receipts currently available, with the progress of some projects being dependent on factors outside of the Council's control.
15. The forecast for receipts in future years of £7.5 million per year is based on payment demand notices that have been issued to developers and where estimated due dates for payments are known, with a broader assumption of receipts made in later years. Whilst this forecast is prudent, receipts are not guaranteed as actual levels are affected by many varying factors which are outside the Council's control such as general market conditions, the timing and phasing of developments and any subsequent revisions to planning applications. SCIL receipts for future years beyond 2025/26, whilst expected, have not been forecast in these figures. Estimates suggest that these could continue at around £7.5 million per year up to 2027/28. There is a risk that future receipts could be lower than estimated, which would directly impact on the funding resources available to deliver any further new schemes and impact on the resources available to fund eligible revenue spend. In addition, the Government plans to review how developer contributions (through s106 and CIL) currently work. Given the uncertainty over the level and timing of future SCIL receipts, careful consideration needs to be given to approving SCIL funded schemes to ensure funds are only spent once sufficient resources have actually been received.
16. There is therefore an estimated £2.3 million of SCIL available up to the end of 2025/26, and potentially £17.3 million up to the end of 2027/28 that could be allocated to fund infrastructure schemes, including to meet the Council's climate change priorities. These figures are before any approvals included within this paper. As cashflows for both SCIL receipts and SCIL-funded schemes develop and more accurate spend profiles are available, future capital update reports will continue to provide updates on the forecast SCIL balance available for allocating to specific schemes.
17. The Levelling Up and Regeneration Act became law on 26 October 2023. The Act sets out proposals for a new Infrastructure Levy, amongst other planning reform measures. It is intended that the new mandatory Infrastructure Levy will largely replace the current system of developer contributions (CIL and S106 including provision of affordable housing), with levy rates set and revenues collected by local

planning authorities. The Infrastructure Levy will need to be administered alongside existing CIL liabilities and S106 planning obligations which carry with the land, in some instances (e.g. larger phased sites) for many years. Currently S106 payments become due according to trigger points in the legal agreement (e.g. prior to commencement, on completion), and CIL is due on commencement and then in accordance with the instalment plan. In contrast, the new Infrastructure Levy will crystallise at the point of completion of development and it is therefore expected that in transitioning between regimes a funding 'lull' may arise. Local authorities will be able to borrow money against future Infrastructure Levy receipts to deliver infrastructure, if needed. In broad terms, changes will take place once regulations and revised national policy are in place. The timetable for this is unclear – in December 2023 the Secretary of State confirmed a commitment to further consultation on the key principles of the Levy design in the first half of 2024.

Realisation of Investments

18. The amount of the Council's investments at any time reflects daily variations in routine cashflows as well as capital spending, debt redemption and new capital receipts. The Council's Treasury Management Strategy and Policy for 2024/25 Paper 24-90 sent to this committee, shows expected total investments in excess of £650 million at 31st March 2024. The Council's total cash invested at the end of December 2023 was £690 million. These balances relate almost entirely to current liabilities and to General Fund and Housing Revenue Account (HRA) reserves for contingencies and specific purposes. The only investments available specifically for financing the general capital programme are those arising from General Fund capital receipts and an element of the Renewals Fund.
19. As the use of HRA receipts for capital spending in the General Fund is in most cases restricted by Regulation, the forecast capital receipts shown in the table in paragraph 23 includes mainly estimates relating to sales of General Fund sites already identified as surplus, amounting to £20 million over the next five years. These figures include estimates of further receipts due largely from the former Northcote Library site. In general, future receipts are estimated to be at much lower levels than have been received in recent years. Limited HRA receipts are anticipated to become available for General Fund use, with £1.7 million forecast in 2023/24 and £1.5 million per year thereafter currently estimated and included in the receipt forecast.
20. In addition to funding capital expenditure, capital receipts could also be used for revenue spend under the Government's "flexible use of capital receipts" initiative reported to this committee in Paper No. 21-281. This could contribute to alleviating the pressure on revenue resources but would however reduce the availability of resources for capital spending. So far the Executive Director of Finance has not used this option, nevertheless it remains a potentially useful flexibility and could contribute to alleviating some of the pressure on revenue resources. The last

update to the “use of flexible receipts strategy” was reported to this committee in Paper No. 23-320 and noted the intention to potentially make use of this flexibility in relation to continued changes to IT infrastructure and further digitalisation, plus costs associated with other invest to save projects such as office accommodation rationalisation plus investment in children’s and adult social services, with the aim of delivering ongoing efficiency savings.

21. The Government in February 2024 consulted on proposals to amend guidance on capital flexibilities for local authorities. The consultation requested views on a set of options with respect to capital flexibilities and borrowing, to be managed locally, that could be used to encourage and enable local authorities to invest in ways that reduce the cost of service delivery and provide more local levers to manage financial resources. Any resulting changes to “flexible use of capital receipts” guidance will be reported in subsequent reports to this Committee.
22. The Council’s General Fund capital framework was revised in January 2015 (Paper No. 15-25) to require an available resources limit, whereby a minimum level of capital receipts to be retained was set annually. The Council’s General Fund capital framework was amended in February 2021 (Paper No. 21-64) to remove this to enable the Council to expend capital receipts in full and minimise the potential need to borrow.
23. The table below compares the estimated capital resources with the capital expenditure to be financed before the inclusion of the new bids proposed in this report:

	<u>2023/24</u> £’000	<u>2024/25</u> £’000	<u>2025/26</u> £’000	<u>2026/27</u> £’000	<u>2027/28</u> £’000
Usable Capital Resources at start of year	20,013	10,307	6,552	8,966	0
Add: Grants and reimbursements	46,753	117,786	48,885	45,518	5,859
Add: Revenue contributions	1,088	131	131	131	541
Add: New capital receipts	3,400	5,830	7,615	1,650	1,650
Less: Capital expenditure	(70,947)	(147,502)	(44,217)	(49,644)	(400)
Assumed slippage	10,000	20,000	(10,000)	(10,000)	(10,000)
Borrowing	0	0	0	3,379	2,350
Usable Capital Resources at end of year	10,307	6,552	8,966	0	0

24. Based on the latest forecast of the level of resources available once new bids are agreed, it is estimated that usable capital receipts will be exhausted by the end of

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2024/25. The Council will try to identify alternative funding sources, if resources are entirely depleted, then the Council will need to consider borrowing to fund any further capital investment.

Borrowing

25. Over many years the Council has benefited from a steady flow of capital receipts as asset use has been reviewed/rationalised. As a result the Council is in the very unusual position of having so far avoided the need to borrow to fund General Fund capital investment.
26. Any use of borrowing will add to future years' revenue costs at a time when future revenue support from central Government is uncertain and there are constraints on the level to which borrowing can be supported by council tax increases.
27. However, as flagged over the past few years, unless other sources and/or external funding are identified, the Council will need to consider borrowing to fund future General Fund capital expenditure that it wishes to pursue. It is standard practice for local authorities to borrow to fund capital investment for the benefit of the borough and Wandsworth is an outlier in this respect. Available resources have, up until now, matched the Council's investment ambitions and so borrowing has been avoided. But historically low capital receipts are predicted to soon be depleted and CIL income received to date is already over committed. The current Administration has committed to delivering a fair, compassionate and more sustainable Council and the levels of future capital investment must be able to support these ambitions.
28. When borrowing is taken, the Council will need to pay interest (charged to revenue) and create a General Fund revenue minimum revenue provision (MRP) budget to contribute to paying down this debt. In total, for every £1 million of capital spend funded by external borrowing, over 25 years using the forecast PWLB borrowing rates, there will be an ongoing revenue cost in the region of £90,000 per annum.
29. The Government first consulted on revised MRP guidance in February 2022 with the aim of strengthening the duty for councils to make an appropriate MRP in response to some high profile cases of councils having very low MRPs relative to their levels of debt. Following consultation responses the proposals were amended and a revised consultation was opened in February 2024 and any changes to MRP guidance will be reported in subsequent reports to this Committee.
30. The Prudential Code allows local authorities to set their own limits on borrowing as part of the freedoms and flexibilities introduced in the 2003 Local Government Act. The revised Code required all authorities to publish prudential indicators from 2023/24. Prudential Indicators are designed to support and record local decision making in a manner that is publicly accountable. When the Council borrows, the indicators should be used to monitor the overall level of borrowing and capital plans

to ensure it remains financially sustainable. Prudential indicators are included in the Treasury Management Policy for 2024/25 also presented to this Committee. These will be reviewed, and an acceptable level of borrowing set, as part of the ongoing capital investment strategy review.

Contributions from Revenue

31. Contributions directly from Council revenue accounts are rarely available for funding the capital programme because of the impact on Council Tax.
32. The Renewals Fund is a General Fund revenue reserve with a balance of £26.9 million as at 31st March 2023. Its balance has built up over time in order to fund (largely irregular) spend such as building refurbishment, computer hardware and vehicle and plant equipment. This reserve can therefore be considered as a source of funding for future capital expenditure in order to maintain capital receipts and avoid borrowing and the additional revenue cost that incurs.

ADDITIONS TO THE CAPITAL PROGRAMME

Phase 1

33. The additions to be included as this year's approvals will be considered in two separate phases and this report includes proposals in the first phase. This first phase puts forward for approval the most urgent and continuing need to invest in the borough.
34. The general assumptions in relation to the funding of new capital schemes in this first phase are as follows:
 - (a) schools expenditure for repairs and new places (both primary and secondary) is currently fully funded from either Government grant or from directly linked site sales. A list of prioritised repairs and maintenance schemes has been presented to the Children's Committee with a reserve list of schemes identified if additional funding becomes available;
 - (b) routine bids for Empty Properties Grants and Disabled Facilities Grants totalling £1.1 million are included in Appendix A and are funded from grant or other contributions and so have no impact on available General Fund capital receipts;
 - (c) highways and other related schemes bids include £8.5 million capital investment in carriageways and footways over the capital framework period in order to boost those areas of the borough in need of additional investment; and

- (d) schemes to be funded from Section 106 contributions or Community Infrastructure Levy (CIL) will be assessed on their merits and, whilst these may initially be predicated on assumed levels of receipts, any successful bids will ultimately need to take account of actual resources.

35. Following consultation with Cabinet Members, additions to the General Fund capital programme have been included for recommendation, taking account of the resulting revenue costs. Gross additions of £44.4 million, are included, with £9.4 million met by CIL and Section 106 receipts, £1.7 million from grants and contributions, and £33.3 million from capital receipts or borrowing. The additions of £44.4 million recommended are shown in Appendix A to this report and are summarised as follows:

Capital Bids Summary	Capital Costs					TOTAL	Full Year Revenue Effect £000
	2023/24	2024/25	2025/26	2026/27	2027/28		
	£'000	£000	£000	£000	£000		
Committee							
Health	-	428	-	-	541	969	0
Environment	-	5,756	3,525	151	-	9,432	438
Children's	-	3,433	1,000	1,000	1,000	6,433	250
Finance	704	3,752	-	-	-	4,456	188
Housing (non-HRA)	-	330	470	200	-	1,000	6
Transport	-	4,383	5,950	5,850	5,950	22,133	802
TOTAL	704	18,082	10,945	7,201	7,491	44,423	1,685
Financed By							
Grants & Contributions	-	668	470	-	541	1,679	
S106	-	150	100	-	-	250	
SCIL	-	4,008	3,140	1,000	1,000	9,148	
Capital Receipts / Borrowing	704	13,256	7,235	6,201	5,950	33,346	
TOTAL	704	18,082	10,945	7,201	7,491	44,423	

36. The main additions to the capital programme are as follows:

- Carriageways and footways are receiving additional budget over the framework period of £19.8 million in total. This will mean total investment in this area over the next five years (including the current year) of £38.5m, a significant increase compared to previous levels of investment, with an expectation that this higher level of annual investment will continue until the overall network is brought up to a more acceptable standard.

- £2.2 million on decarbonisation schemes in relation to the Council's operational property portfolio.
- A further £2 million for schemes contributing towards the Wandsworth Environment and Sustainability Strategy funded by developer contributions.
- Further investment of £3.6 million in the Council's leisure centres to bring them up to an acceptable standard.
- Almost £2.7 million of improvements across a number of service areas to benefit children in the borough including an initial tranche of funding for the roll out of the Family Hub model.
- A £5m Town Centre Investment Fund was added into the approved capital programme in February 2022, funded by capital receipts and CIL, to take forward improvement schemes to town centres in the south of the borough. It is proposed that the remaining budget of £3.5 million be allocated to improvements around Tooting town centre.

Phase 2

37. Work is currently being undertaken to fundamentally review the Council's approach to the capital programme to ensure future investment proposals are appropriately aligned with Council priorities. This will include a strategic review of the relative needs across the borough to ensure investment priorities are targeted appropriately. The review will link with other work being done to realise the Council's ambition of ensuring that developer contributions are maximised and their use targeted appropriately. The review will also consider the potential to borrow in order to invest in capital infrastructure.
38. The outcome of this full review will come back to this Committee in the summer and, where appropriate, recommend further capital investment in the borough.

REVISED CAPITAL PROGRAMME

39. The programme approved in Paper No. 23-320 has been amended to reflect variations and budget variations subsequently, and budget variations for expenditure requested in this committee cycle. Cashflows have been revised to latest estimates, where appropriate.
40. The amended capital programme, together with the additions, is shown in full in Appendix B. Total capital expenditure and revenue effects are shown in the following table:

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	£000	£000	£000	£000	£000
Programme as per Paper No. 23-320:	94,634	163,569	28,051	6,564	400
Approved additions to the programme:	4,280	17,994	0	0	0
New bids to be approved in this report:	704	18,082	10,945	7,201	7,491
Approved programme:	99,618	199,645	38,996	13,765	7,891
Revision of cashflows:	(27,036)	(33,024)	16,980	43,080	0
Reductions:	(931)	(1,037)	(814)	0	0
Revised programme following review of schemes:	71,651	165,584	55,162	56,845	7,891

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>Revenue Full</u>
	£000	£000	£000	£000	£000	<u>Year Effect</u>
<u>Financed By</u>						£000
Grants & Contributions	15,796	34,874	7,980	530	0	0
S106 / NCIL	5,932	43,767	14,429	2,710	400	3,227
Strategic CIL	12,829	21,555	10,684	28,533	1,000	3,577
Nine Elms Funding	22,197	33,407	11,362	8,745	0	3,634
Earmarked reserves	957	0	0	0	0	0
Capital Receipts / Borrowing	13,809	31,850	10,576	16,196	5,950	1,448
Revenue funding	131	131	131	131	541	0
	71,651	165,584	55,162	56,845	7,891	11,886

41. The table below compares the estimated capital resources with the capital expenditure to be financed, based on the revised programme including the new capital bids summarised in paragraph 34. This includes an assumed level of cashflow slippage in relation to the delivery of the projects across the framework period to reflect potential outcomes:

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	£'000	£'000	£'000	£'000	£'000
Usable Capital Resources at start of year	20,013	9,603	0	0	0
Add: Grants and reimbursements	46,753	118,604	49,455	45,518	6,400
Add: Revenue contributions	1,088	131	131	131	541
Add: New capital receipts	3,400	5,830	7,615	1,650	1,650
Less: Capital expenditure	(71,651)	(165,584)	(55,162)	(56,845)	(7,891)
Assumed slippage	10,000	20,000	(10,000)	(10,000)	(10,000)
Borrowing	0	11,416	7,961	19,546	9,300
Usable Capital Resources at end of year	9,603	0	0	0	0

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42. Based on the revised programme, the £20 million usable resources at the start of 2023/24 are expected almost fully expended by 2024/25. The assumed borrowing shown relates largely to the recent purchase of a new waste and food waste fleet plus new capital additions. The need for internal borrowing will be considered to fund any shortfall. Officers will continue to refine spend and slippage assumptions, continuing to maximise the use of other funding sources (CIL, Section 106, grants, Renewals Fund etc) where appropriate. An approach to borrowing will form part of the capital investment strategy currently being worked up.

REVENUE EFFECTS

43. Capital payments financed by grant have no revenue effect provided that the timing of the grant receipt is matched to the spend. Payments financed by the realisation of investments entail loss of interest on those investments. There is also a revenue impact of using CIL and Section 106 receipts as their use inevitably reduces cash balances available for investment.
44. The revenue costs of the programme will be less than originally budgeted for in the current year because of the revision of cashflows shown in paragraph 40 and forecast reducing interest rates. The revenue effects, based on the loss of investment interest using the budgeted average treasury return rate for each year of the new bids has been forecast to be £5.3 million across the period 2023/24 to 2027/28 and positive revenue budget variations are proposed as a result.

FUTURE BIDS AND THE CAPITAL PIPELINE

45. It is important to consider potential future demands when deciding how much new spend is considered affordable as there are some potentially large items of capital spend in the pipeline. On current estimates the availability of capital receipts to fund future bids is extremely limited and inevitably there will need to be an increasing reliance on other forms of funding such as SCIL, the use of reserves and a need to borrow. All future bids will be subject to further due diligence and confirmation of positive business cases, suitable pay back periods and any available funding streams.
46. Any future capital schemes that emerge as part of service remodelling and deliver ongoing revenue savings tend to come forward for approval as and when, but such schemes will still need to be reviewed in detail before going through the approval process.
47. Further consideration will also need to be given to any potential capital investment linked to the proposed leisure strategy and any other investment priorities identified, such as the Wandsworth Town Hall WorkSpace Strategy and the Alton redevelopment, in particular how any such investment might be funded.

GENERAL CAPITAL PROGRAMME FRAMEWORK

48. The table in paragraph 41 updates the general capital budget framework to take account of the latest forecast of spending, grants and receipts. It also includes reference to the financial years 2025/26, 2026/27, and 2027/28. To serve as the new framework, it needs to be adopted as such at a meeting of the full Council.
49. The current capital framework timescale was approved by the Finance and Corporate Resources OSC in Paper No. 15-25 and approved by the Executive on 28th January 2015, the capital framework was amended from three to five years. Paper No. 21-64 reported to the Finance, Resources and Climate Sustainability OSC in February 2021 recommended that the Council be able to expend capital receipts in full and minimise the potential need to borrow.
50. The Council must balance the flexibility given by retaining capital resources against the cost of borrowing, whether internally from cash surpluses or externally in a formal debt instrument. The cost of borrowing will continue to be considered when approving additional spend which does not have external financing (such as earmarked grant or contributions) identified from the outset.
51. Capital receipts have steadily reduced since 2010 as the scale of Council investment has outstripped the reducing number of capital receipt opportunities that have become available. Looking forward, receipt balances are forecast to continue in the downward trend, expending by 2024/25 and resulting in a potential borrowing requirement. In order to minimise borrowing, the Council will maximise all external funding avenues.

APPROVALS UNDER DELEGATED AUTHORITY

52. Members are reminded that the Council's Constitution now allows for some capital schemes to be added to the approved capital programme by the Executive Director of Finance under delegated authority in the following limited circumstances:
 - a. Where schemes are fully funded by ringfenced specific funding, unless the proposed scheme is subject to public consultation (in which case consultation under SO83(A) is required); and
 - b. For schemes up to £100,000 subject to a maximum total spend and within defined parameters around the types of schemes being approved as decided by the Council each year.
53. It is proposed that a maximum total spend of £0.5 million for non-ringfenced schemes be set for 2024/25. It is worth noting that only one scheme not funded by grant or other ringfenced funding totalling £34,000 was added to the approved capital programme via this route during 2017/18, and £45,000 in 2018/19.

(Paper No. 24-89)

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Executive Director of Finance

19th February 2024

Appendices

Appendix A – Proposed Additions to General Fund Capital Programme (new bids)

Appendix B – Summary of revised five year capital programme

Appendix C – Capital Strategy 2024/25

Appendix D – Strategic CIL Receipts, Projects Committed to and Expenditure Incurred

Background papers

There are no background papers to this report.

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the Democratic Services Officer can supply it if required.

Appendix A

Proposed Additions to General Fund Capital Programme

Capital Bids Summary

Capital costs

Revenue Effects

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000	Full Year £'000
Committee							
Health	-	428	-	-	-	541	-
Environment	-	5,756	3,525	151	-	9,432	438
Children's	-	3,433	1,000	1,000	1,000	6,433	250
Finance	704	3,752	-	-	-	4,456	188
Housing (non-HRA)	-	330	470	200	-	1,000	6
Transport	-	4,383	5,950	5,850	5,950	22,133	802
TOTAL	704	18,082	10,945	7,201	7,491	44,423	1,685

Financed By	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Grants & Contributions	-	668	470	-	541	1,679
S106	-	150	100	-	-	250
SCIL	-	4,008	3,140	1,000	1,000	9,148
Capital Receipts/ Borrowing	704	13,256	7,235	6,201	5,950	33,346
	704	18,082	10,945	7,201	7,491	44,423

Disabled Facilities Grants
Loans to Leaseholders

Grant
Receipts

Total Housing

330 470 - -
- - 200 -
330 470 200 -

6

Transport

Blocked gullies & ongoing renewal to improve condition
Boroughwide gully Replacement and monitoring Software
Boroughwide highway bridges and structures works
Capitalised Repairs: - Footways
Capitalised Repairs: - Carriageways
Street Signage Improvements
Zebra crossings x 5
School Streets Phase 5

Receipts
Receipts
SCIL
SCIL & Receipts
Receipts
SCIL
Grant & S106
SCIL

Transport

TOTAL PROPOSED ADDITIONS

150 - - 100 10
150 - - 8
100 100 100 15
2,000 2,250 2,250 322
1,250 3,250 3,250 383
250 250 250 37
150 100 - 12
333 - - 17

-	4,383	5,950	5,850	5,950	802
704	18,082	10,945	7,201	7,491	1,685

Appendix B

Scheme	Funded by
HEALTH	
Better at Home Improvement Scheme	Grant
Health Bus	Grant
Joint Integrated Community Equipment	Grant & Revenue funding
Occupational Therapist DFG	Grant
TOTAL HEALTH COMMITTEE	

REVISED PROGRAMME				
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
90	90	0	0	180
0	50	0	0	50
871	541	541	1,082	3,035
288	288	0	0	576
1,249	969	541	1,082	3,841

ENVIRONMENT

LEISURE CENTRES

Balham & Wandie Leisure Centres - Replacement/refurbishment of Air Handling systems	SCIL
Latchmere Leisure Centre - Roof Structure Repairs	SCIL
Latchmere Leisure Centre Boundary Wall Repairs	Receipts
Latchmere Leisure Centre Intruder Alarm Replacement	Receipts
WESS Latchmere Leisure Centre - LED Lighting installation	SCIL
Swimming pool improvements	SCIL
Replacement/refurbishment of Pool Filtration vessels at various leisure centres	SCIL
Door Replacement- Leisure Centres	Receipts
All Leisure Centres - Latchmere, Balham, Tooting Leisure, Wandie, Putney, Roehampton. Renewal of Sports and Studio Hall flooring	SCIL
Air Handling Unit Upgrades - Latchmere, Putney and Tooting Leisure Centres	Receipts
BMS Controls Upgrades - Various Leisure Centres	Receipts
Heating repairs and replacements at various leisure centres	Receipts
Lift Replacements at various leisure centres	Receipts
Roehampton Leisure Centre - Renewal of roof coverings	SCIL
Accessible Toilet/Change Area Refurbishment - Balham and Putney Leisure Centres	Receipts

Funded by

REVISED PROGRAMME					
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme	
£'000	£'000	£'000	£'000	£'000	
25	131	0	0	156	
10	158	0	0	168	
10	15	95	0	120	
0	66	0	0	66	
0	0	0	0	0	
216	100	30	0	346	
5	85	0	0	90	
0	321	0	0	321	
5	0	0	0	5	
0	254	506	0	760	
0	152	151	151	454	
0	498	0	0	498	
0	791	0	0	791	
0	67	0	0	67	
0	78	78	0	156	

<u>Scheme</u>	<u>Funded by</u>
Play Centre Installation- Putney Leisure Centre	Receipts
Putney Leisure Centre Dryburgh Hall Kitchen refurbishment	Receipts
Tooting Leisure Centre - Replacement of Failed Pool Basin Tiling	Receipts
TOTAL LEISURE CENTRES	

REVISED PROGRAMME					
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme	
£'000	£'000	£'000	£'000	£'000	£'000
0	291	0	0	0	291
0	80	0	0	0	80
0	48	0	0	0	48
271	3,135	860	151		4,417

<u>Scheme</u>	<u>Funded by</u>
OUTDOOR FACILITIES	
Battersea Sports Centre - New 7 a-side 3G area	SCIL
Resurfacing of courts 1-10 at Battersea Park Millennium Arena	SCIL
Wandle Recreation Centre - Replacement of Netting and Fences for the Artificial Pitches and Patch Repairs	SCIL
Barn Elms Sports Centre- Replacement of Artificial Multi-Use Games Surface	SCIL
Renewal of Tooting Bec athletics track	SCIL
Tooting Bec Lido filtration project	SCIL
Tooting Lido - Poolside Surface Refurbishment	Receipts
Tooting Bec Lido Pavilion	Grant
Battersea Park : - Improvements funded from Formula E	Receipts
Battersea Park - River Wall	Receipts
Boroughwide Parks Railings and Pathways	SCIL
Boroughwide - Essential repairs to roads & paths across parks, open spaces and cemeteries in the borough	SCIL
Furzedown Recreation Ground Improvements	SCIL
Garratt Park Court & Gym Improvement works	S106
Grass Playing Pitch Drainage	SCIL
Harroway Gardens redesign and landscape	S106
King George's Park Play Space Repairs	S106
Pocket Parks	SCIL
Refurbishment and Replacement of Boundary Railings	Receipts
Resurfacing of Footpaths	Receipts
Roehampton Playing Fields	S106
Shillington Park - pathway lighting installation	SCIL
St Mary's Church Boundary Wall - Essential Repairs	S106
Tooting Common Lakeside playground refurbishment	SCIL
TOTAL OUTDOOR FACILITIES	

2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme	
£'000	£'000	£'000	£'000	£'000	£'000
81	0	0	0	0	81
10	65	0	0	0	75
0	87	0	0	0	87
0	172	0	0	0	172
11	0	0	0	0	11
2,409	0	0	0	0	2,409
49	0	0	0	0	49
103	0	0	0	0	103
30	50	50	97	0	227
192	1,151	740	0	0	2,083
0	300	0	0	0	300
20	40	40	104	0	204
0	520	165	0	0	685
25	225	0	0	0	250
100	1,110	185	0	0	1,395
100	268	0	0	0	368
0	13	0	0	0	13
0	400	400	0	0	800
0	20	0	0	0	20
70	229	0	0	0	299
30	134	0	0	0	164
0	63	0	0	0	63
1	8	0	0	0	9
10	251	123	0	0	384
3,241	5,106	1,703	201		10,251

Scheme

Funded by

CEMETERIES & CREMATORIA

Putney Vale Cemetery Burial Space Extension
 WESS Putney Vale Crematorium Environmental System Repair
 Wandsworth Cemetery Burial Space Extension
TOTAL CEMETERIES & CREMATORIA

SCIL
 SCIL
 SCIL

REVISED PROGRAMME						Future Years	Total Cost of Scheme
2023/24	2024/25	2025/26	£'000		£'000		
£'000	£'000	£'000	£'000		£'000	£'000	
20	222	0	0	0	0	242	
70	0	0	0	0	0	70	
110	178	0	0	0	0	288	
200	400	0	0	0	0	600	

LIBRARIES & HERITAGE

Battersea District Library Roof & Glass Dome repair and replacement
 Balham children's library refurbishment
 Balham Library - Roofing Works
 Putney Library
 WESS Earlsfield Library - Replacement of Heating Plant, Pipework & Radiators
 WESS Southfields Library - Replacement of Heating Plant
 Wandsworth Town Library Fit-Out (Fairfield)
TOTAL LIBRARIES & HERITAGE

SCIL
 SCIL
 SCIL
 SCIL
 SCIL
 SCIL
 SCIL
 Receipts

35	115	0	0	0	0	150
0	0	120	0	0	0	120
0	130	0	0	0	0	130
1,245	0	0	0	0	0	1,245
0	142	0	0	0	0	142
0	232	0	0	0	0	232
901	0	0	0	0	0	901
2,181	619	120	0	0	0	2,920

NEIGHBOURHOOD CIL SCHEMES

Putney Park Lane improvements
 Riverwalk Improvements and Riverside Lighting - Vicarage Gardens
 Shillington Park Playground & Outdoor Gym Improvements
 Wandsworth Local Fund Coronation Gardens
 Wandsworth Park Playground & Grassland Improvements
 Windmill Gardens - playspace
TOTAL NEIGHBOURHOOD CIL SCHEMES

NCIL
 Receipts
 NCIL
 NCIL
 NCIL
 NCIL
 NCIL

25	68	0	0	0	0	93
0	0	0	0	0	0	0
110	20	0	0	0	0	130
10	120	0	0	0	0	130
10	207	0	0	0	0	217
12	0	0	0	0	0	12
167	415	0	0	0	0	582

OTHER ENVIRONMENT SCHEMES

Garratt Park Depot Upgrade
 Replacement of Parks Police Service vehicles
 Waste Fleet vehicles
 £5m Emerging environmental strategy fund
 Cleaner Borough Plan - waste collection
 Wandsworth Environment and Sustainability Strategy
 Cleaner Borough Plan - Esetates Waste & Recycling Bins
TOTAL OTHER ENVIRONMENT SCHEMES

Receipts
 Receipts
 Receipts
 SCIL
 Grant
 SCIL
 Receipts

0	550	650	0	0	0	1,200
100	0	0	0	0	0	100
2,700	6,200	0	0	0	0	8,900
180	2,469	0	0	0	0	2,649
100	2,381	0	0	0	0	2,481
0	1,000	1,000	0	0	0	2,000
0	694	0	0	0	0	694
3,080	13,294	1,650	0	0	0	18,024

TOTAL ENVIRONMENT COMMITTEE

9,140	22,969	4,333	352	36,794
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Scheme

Funded by

REVISED PROGRAMME					Future Years	Total Cost of Scheme
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme		
£'000	£'000	£'000	£'000	£'000		

TRANSPORT

Funded by

REVISED PROGRAMME					Future Years	Total Cost of Scheme
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme		
£'000	£'000	£'000	£'000	£'000		
45	0	0	0	45		
35	10	0	0	45		
80	10	0	0	90		

CCTV

Mobile CCTV to combat flytipping
Speed Indicator Devices (20mph)

TOTAL CCTV SCHEMES

HIGHWAYS

Additional budget for Capitalised Repairs Carriageways & Footways

Battersea Power Station Western Entrance
Blocked Gullies & ongoing renewal to improve condition
Boroughwide - Tree Works
Capitalised Repairs: - Footways
Capitalised Repairs: - Carriageways
Cycle Parking at Railway Stations
Falcon Road Corridor Study (Battersea Link)
Flood Alleviation Works - SUDS
Garratt Lane Cycleways Network
Implementation of Walking and Cycling Strategy
Lower Richmond Road Safety Corridor Review
Mitcham Lane Safety & Corridor Improvements
Old York Road improvements
One way streets conversion to two way cycling
Pedestrian Crossings - at 10 locations borough wide
Putney High Street Public Realm & Environment Improvements
Refurbishment of East Putney railway bridges
Remote monitoring of gullies
Signal controlled pedestrian crossings
Til. Cycle Parking
Totterdown Street pedestrianisation
Upper Richmond Road and Putney Stations
Wandsworth Bridge / Bridge end road
Wandsworth Bridge Corrosion Protection
WESS Air quality monitoring stations
WESS Bike hangars
WESS Cycle Parking On Street
WESS E-cargo bike sustainable freight grants
WESS Putney High St area Cycle Improvements

Receipts	1,000	1,000	1,000	1,000	4,000
Nine Elms CIL	2,500	0	0	0	2,500
Receipts	60	90	90	348	588
SCIL	150	136	0	0	286
Receipts & SCIL	766	1,000	1,000	9,750	12,516
Receipts & SCIL	2,750	2,750	2,750	13,750	22,000
SCIL	20	100	100	249	469
Receipts & SCIL	40	160	200	0	400
SCIL	100	150	150	254	654
Grant	15	15	0	120	150
Grant	50	0	0	0	50
SCIL	20	151	100	0	271
SCIL	240	260	0	0	500
SCIL	200	1,901	0	0	2,101
SCIL	100	100	64	64	328
SCIL	160	142	0	0	302
SCIL	560	698	0	0	1,258
SCIL	0	400	0	0	400
Receipts	95	0	0	0	95
SCIL	30	170	0	0	200
Grant	116	0	0	0	116
Receipts & SCIL	50	80	220	0	350
SCIL	0	666	1,334	0	2,000
SCIL	0	550	0	0	550
SCIL	1,144	0	0	0	1,144
SCIL	150	0	0	0	150
SCIL	180	464	0	0	644
SCIL	30	0	0	0	30
SCIL	0	16	0	0	16
SCIL	20	130	0	0	150

Scheme	Funded by
WESS School cycle parking	SCIL
WESS School Streets	SCIL
WESS Wandsworth Bridge (cycle resurfacing)	SCIL
Ostlers Road S278	S278 receipts
Improvement to Battersea Park Station	Nine Elms CIL & S106
Increased Bus Capacity and Pump Priming New Services	Nine Elms CIL
Key Gateways	Nine Elms CIL
Nine Elms Highways, Pedestrian and Public Realm	Nine Elms CIL & S106
Nine Elms Park	Nine Elms CIL
Queenstown Road Corridor Scheme (Nine Elms Element)	Nine Elms CIL
Riverwalk	Nine Elms CIL
ASDA Clapham Junction	S106
Wandsworth Town Station - Access for all	SCIL & S106
Changing Places Toilet facilities at Clapham Junction Station	Grant
Electric Charging points - grant funded	Grant
WESS Electric Vehicle Charge Points	SCIL
Bedford Hill Public Realm and Road Safety	NCIL & Receipts
Battersea High Street Public Realm - phase 2	NCIL
Battersea High Street - Improvements for Businesses & Market Traders	SCIL
B305 Corridor study – Lombard Rd, Vicarage Crescent and Westbridge Rd	NCIL
Culvert Road Rail Bridge underpass	NCIL
Culvert Road Traffic Signal Junction Improvements	SCIL
Elmbourne Road Improvements	SCIL
Feasibility and Implementation for controlled crossing – Southcroft Road and Mitcham Lane	Receipts
Heaver Estate & Traffic Reduction Measures	NCIL
Heathbrook Youth Centre / Elays Network Scheme	SCIL
Northcote Road & Abyssinia Close improvements	SCIL/S106
Putey High Street Improvements	NCIL
Refresh of Road Signage	Receipts
Southfields Public Realm Upgrade	NCIL, SCIL, S106 & Grant
Specialised Street Lighting Columns	Receipts
Wandsworth Bridge Bearing Replacement	SCIL
Boroughwide highway bridges and structures works	Receipts
Street Signage Improvements	Receipts
Boroughwide Gully Replacement and Monitoring Software	Receipts
Wandsworth Bridge cycle scheme	Grant
Burntwood Lane	Grant
A219 Tibbets Corner Roundabout	Grant

REVISED PROGRAMME						Future Years	Total Cost of Scheme
2023/24	2024/25	2025/26	£'000	£'000	£'000	£'000	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
21	0	0	0	0	21	21	
100	423	0	0	0	523	523	
0	50	0	0	0	50	50	
0	18	0	0	0	18	18	
0	5,167	4,667	4,668	0	14,502	14,502	
0	2,500	2,510	0	0	5,010	5,010	
2,380	0	0	0	0	2,380	2,380	
745	10,000	8,000	2,687	0	21,432	21,432	
1,670	8,704	0	0	0	10,374	10,374	
30	950	770	0	0	1,750	1,750	
75	150	100	1,390	0	1,715	1,715	
0	81	0	0	0	81	81	
140	817	409	0	0	1,366	1,366	
100	0	0	0	0	100	100	
300	161	0	0	0	461	461	
1	309	0	0	0	310	310	
25	21	0	0	0	46	46	
0	195	0	0	0	195	195	
16	10	0	0	0	26	26	
90	10	0	0	0	100	100	
10	140	0	0	0	150	150	
13	121	0	0	0	134	134	
10	39	0	0	0	49	49	
10	140	0	0	0	150	150	
0	85	65	0	0	150	150	
0	49	0	0	0	49	49	
205	39	0	0	0	244	244	
98	0	0	0	0	98	98	
82	0	0	0	0	82	82	
120	100	0	0	0	220	220	
0	34	0	0	0	34	34	
3,650	440	0	0	0	4,090	4,090	
0	100	100	200	0	400	400	
0	250	250	500	0	1,000	1,000	
0	150	0	0	0	150	150	
50	0	0	0	0	50	50	
50	50	0	0	0	100	100	
200	0	0	0	0	200	200	

Scheme

Merton Road Bus Priority
 Frogmore Depot Office Improvements
 Highways Improvements - Trinity Rd/Glenburnie Rd
 River Promenade Works (PRIF)
 Upper Richmond Road Improvements
 Tooting Town Centre Investment
 Wandsworth Town Centre Transformation Scheme
 Waste Fleet HVO Infrastructure
 Wandsworth Local Fund Bikehangars
 Zebra crossings x 5
 School Streets Phase 5
TOTAL HIGHWAYS

Funded by

Grant
 Earmarked reserve
 S106
 SCIL
 S106
 SCIL
 SCIL
 Receipts
 NCIL
 S106
 SCIL

TOTAL TRANSPORT COMMITTEE

Funded by

PRIMARY EDUCATION
PRIMARY EXPANSION
 Floreat/Atheldene - Primary School (New Build)
 Oasis Academy Putney School (New Build)

Grant
 Grant

PRIMARY PLANNED MAINTENANCE

Broadwater Primary Ceiling works
 Conditions Survey
 Design Development
 Falconbrook Primary School - Asbestos removal works
 Fircroft Primary School - Toilets
 Granard Primary School - Lighting and Fire Alarm Phase 1 works
 Heathmere Primary School Replace Mesh Fence
 Heathmere Primary - Replacement Electrics/Alarm/CCTV
 Hillbrook Primary School - Windows and Doors replacement Phase 1
 Honeywell Infant/Junior School - Damp Remedial Work
 Sellincourt Primary - Pupil & Staff Toilets

Grant
 Grant
 Grant
 Grant & Contribution
 Grant
 Grant & Contribution
 Grant
 Grant & Contribution
 Grant & Contribution
 Grant & Contribution
 Grant & Contribution
 Grant & Contribution

		REVISED PROGRAMME				Future Years	Total Cost of Scheme
2023/24	2024/25	2025/26	£'000	£'000	£'000	£'000	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
10	30	0	0	0	40		
100	0	0	0	0	100		
49	0	0	0	0	49		
35	114	0	0	0	149		
0	412	824	0	0	1,236		
0	500	1,250	0	0	3,500		
800	2,000	2,000	0	0	21,262	26,062	
100	0	0	0	0	100		
0	150	0	0	0	150		
0	150	100	0	0	250		
0	333	0	0	0	333		
21,831	46,121	28,053	57,992	57,992	153,997		
REVISED PROGRAMME							
21,911	46,131	28,053	57,992	57,992	154,087		
2023/24							
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
0	66	0	0	0	66		
20	28	0	0	0	48		
20	94	0	0	0	114		
2024/25							
0	10	0	0	0	10		
20	0	0	0	0	20		
40	0	0	0	0	40		
4	0	0	0	0	4		
1	0	0	0	0	1		
20	377	0	0	0	397		
4	0	0	0	0	4		
300	306	0	0	0	606		
381	24	0	0	0	405		
12	0	0	0	0	12		
3	0	0	0	0	3		

Scheme	REVISED PROGRAMME					Total Cost of Scheme
	2023/24	2024/25	2025/26	Future Years	£'000	
Sellincourt Primary School - External Window Works Phase 1	192	33	0	0	0	225
Shaftesbury Primary - Window replace/repair & Rewiring	10	0	0	0	0	10
Shaftesbury Park Primary School - Boiler Replacement phase 1	188	10	0	0	0	198
Sheringdale Primary School - Phase 2 Window Replacement Programme Contingency	5	12	0	0	0	17
Unallocated Schools planned maintenance	24	0	0	0	0	24
	0	2,757	0	0	0	2,757
TOTAL PRIMARY EDUCATION	1,204	3,529	0	0	0	4,733
SECONDARY EDUCATION	1,224	3,623	0	0	0	4,847
SECONDARY EXPANSION						
St. Cecilia's Church of England School (Additional 1FE)	80	1,060	140	0	0	1,280
	80	1,060	140	0	0	1,280
SECONDARY PLANNED MAINTENANCE						
Ernest Bevin College - Main building cladding	54	0	0	0	0	54
Ernest Bevin College - Cold Water Tanks & Science Block Ventilation	4	0	0	0	0	4
	58	0	0	0	0	58
TOTAL SECONDARY EDUCATION	138	1,060	140	0	0	1,338
SPECIAL SCHOOLS						
SPECIAL EXPANSION						
Little Hillbrook Specialist Nursery Resource Base	89	0	0	0	0	89
Paddock Special School expansion at Broadwater Primary	2,400	10,170	7,000	0	0	19,570
	2,489	10,170	7,000	0	0	19,659
SPECIAL PLANNED MAINTENANCE / OTHER						
Oakdene - Internal Refurbishment and Remodelling	1	0	0	0	0	1
Paddock Primary School Roofing	1	0	0	0	0	1
Garratt Green Playground Refurbishment	0	334	334	666	1,334	1,334
Heathbrook Park playground refurbishment	0	333	333	667	1,333	1,333
Latchmere Recreation Ground playground refurbishment	0	333	333	667	1,333	1,333
Lady Allen Adventure Playground Refurbishment	0	382	0	0	382	382
	2	1,382	1,000	2,000	4,384	4,384

Scheme

Funded by

REVISED PROGRAMME					Future	Total Cost
2023/24	2024/25	2025/26	Years	of Scheme		
£'000	£'000	£'000	£'000	£'000	£'000	

TOTAL SPECIAL SCHOOLS/OTHER

2,491	11,552	8,000	2,000	24,043
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HIGH NEEDS CAPITAL PROVISION

Unallocated High Needs Provision
 Ark Putney Academy/ lift installation
 Burntwood Secondary Academy new resource base
 Granard Primary new resource base
 Oak Lodge Special adaptions (SLCN needs)
 Paddock Special School expansion
 Southmead Primary extend resource base
 Swatfield Primary new resource base
TOTAL HIGH NEEDS CAPITAL PROVISION

Grant
 Grant
 Grant
 Grant
 Grant
 Grant
 Grant
 Grant

0	15,385	0	0	15,385
10	0	0	0	10
8	0	0	0	8
1,150	151	0	0	1,301
464	0	0	0	464
100	360	0	0	460
278	0	0	0	278
15	8	0	0	23
2,025	15,904	0	0	17,929

OTHER EDUCATION FUNDED SCHEMES

Schools Devolved Capital
 School Admissions System

Grant
 Receipts

TOTAL OTHER EDUCATION FUNDED SCHEMES

400	440	0	0	840
69	0	0	0	69
469	440	0	0	909

TOTAL EDUCATION

6,347	32,579	8,140	2,000	49,066
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OTHER CHILDREN'S SERVICES

Conversion/Extension Foster Carers' Properties
 Oakdene Children's Home Improvements
 Various Retention Payments
 George Shearing Centre Multi Sport Pitches
 Family Hubs (3 sites)
 Earsfield Primary School - Boiler Renewal
 Fircroft Primary Roof Repairs
 Furzedown Primary - ASHP heating system

Receipts
 Receipts
 Receipts
 Receipts
 Receipts
 Grant
 Grant
 Grant

0	150	150	0	300
100	101	0	0	201
30	273	0	0	303
0	423	0	0	423
0	961	0	0	961
445	20	0	0	465
300	139	0	0	439
100	371	0	0	471

Scheme

Southmead Primary ASD Learning Space
 Batterssea - Nine Elms: School and Community Provision
 St John Bosco Savio/ Devereux
 Riversdale Primary - HN
 WESS Schools Smallwood Prim Decarbonisation LED Lighting
 WESS Schools Riversdale Prim Decarbonisation LED Lighting
 WESS Schools Garratt Park Sch Decarbonisation LED Lighting
 Ernest Bevin Sixth Form Boiler works
 The Alton ASD Provision
 Paddock Primary & Secondary Schools -Access Controls
 Paddock Secondary School - Playspace Perimeter Fencing
 Urgent Health & Safety Works
 Ernest Bevin - Hospital/Home Tuition Service
 West Hill - School/Childrens Centre Entrance
TOTAL OTHER CHILDREN'S SERVICES

Funded by

Grant
 Nine Elms CIL
 Grant
 Grant
 SCIL
 SCIL
 SCIL
 Grant
 Grant
 Grant
 Grant
 Grant
 Grant
 Grant

REVISED PROGRAMME					
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme	
£'000	£'000	£'000	£'000	£'000	
15	229	0	0	244	
16,500	29,350	8,104	770	54,724	
366	29	0	0	395	
30	0	0	0	30	
70	0	0	0	70	
31	0	0	0	31	
50	0	0	0	50	
11	0	0	0	11	
118	36	0	0	154	
417	20	0	0	437	
110	23	0	0	133	
50	0	0	0	50	
18	0	0	0	18	
2	0	0	0	2	
18,763	32,125	8,254	770	59,912	

TOTAL CHILDREN'S COMMITTEE

25,110	64,704	16,394	2,770	108,978
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FINANCE

OPERATIONAL BUILDINGS

Corporate Buildings - works to ensure Health and Safety & regulatory compliance
 Cyclical Roof and Fabric Replacement/Repairs
 Statutory Compliance Remedial Works Core Buildings
 Emergency Plant and Equipment In Core Buildings
 Operational Property Plant Renewal
 Minimum Energy Efficiency rating compliance work
 WESS Decarbonisation Projects
 Public Sector Decarbonisation Scheme of operational buildings and schools

Funded by

Renewals Fund
 Receipts
 Receipts
 Receipts
 Receipts
 Receipts
 Renewals Fund
 S106 & SCIL
 Grants, receipts & SCIL
 Receipts
 Receipts

REVISED PROGRAMME					
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme	
£'000	£'000	£'000	£'000	£'000	
500	0	0	0	500	
0	448	0	0	448	
210	0	0	0	210	
439	290	0	0	729	
229	0	0	0	229	
357	0	0	0	357	
696	0	0	0	696	
574	0	0	0	574	
50	200	0	0	250	
0	2,232	0	0	2,232	
3,055	3,170	0	0	6,225	

IT SERVICES

SSA wide, Replace access control system hardware and software
 Decarbonisation of Operational Properties
TOTAL OPERATIONAL BUILDINGS

Scheme	REVISED PROGRAMME					Future Years	Total Cost of Scheme
	2023/24	2024/25	2025/26	£'000	£'000		
Funded by							
ICT Infrastructure	Receipts	76	60	0	0	0	136
Server Virtualisation Platform Replacement	Receipts	130	0	0	0	0	130
Wide Area Network Change	Receipts	134	0	0	0	0	134
Windows 11 End Point Devices	Receipts	247	702	0	0	0	949
Wi-fi/Wireless System Replacement	Receipts	0	818	0	0	0	818
Core Switch Replacement	Receipts	160	0	0	0	0	160
Firewall Replacement	Receipts	33	0	0	0	0	33
TOTAL IT SERVICES		780	1,580	0	0	0	2,360
PROPERTY SERVICES							
Acquisition of Atheldene and Surrounding Sites	Receipts	20	4,525	0	0	0	4,545
Northcote Library & associated site	Receipts	4,000	1,659	459	0	0	6,118
TOTAL PROPERTY SERVICES		4,020	6,184	459	0	0	10,663
SCHEMES IN THE NINE ELMS REGENERATION AREA							
Health Facilities	Nine Elms CIL	1,100	11,072	0	0	0	12,172
Utilities	Nine Elms CIL	323	0	0	0	0	323
TOTAL SCHEMES IN THE NINE ELMS REGENERATION AREA		1,423	11,072	0	0	0	12,495
ECONOMIC DEVELOPMENT							
South London Innovation Corridor	Grant	360	0	0	0	0	360
TOTAL ECONOMIC DEVELOPMENT		360	0	0	0	0	360
GENERAL FINANCE & CORPORATE SERVICES							
Coroner's Court refurbishment	SCIL/receipts	749	0	0	0	0	749
General Fund Inflation budget	Receipts & SCIL	100	4,702	3,387	0	0	8,189
WESS Library of things	SCIL	40	0	0	0	0	40
Loans to Other Bodies	Receipts	0	100	0	0	0	100
Public Realm Investment Fund unallocated (PRIF)	Receipts	51	0	0	0	0	51
Council Funded Decarbonisation Projects - Phase 2	Grant	500	500	0	0	0	1,000
UK Shared Prosperity Fund	Grant	276	530	0	0	0	806
Strategic Site Acquisition - 9 Ram St, former Salvation Army	Grant	1,500	0	0	0	0	1,500
TOTAL GENERAL FINANCE & CORPORATE SERVICES	Receipts	3,216	5,832	3,387	0	0	12,435
TOTAL FINANCE COMMITTEE		12,854	27,838	3,846	0	0	44,538

Scheme

HOUSING

Disabled Facilities Grants
 Empty Properties Grant
 Loans to Leaseholders
 Wandsworth Affordable Housing Programme
 Wandsworth CCTV Network Digital Upgrade
 Housing Assistance Support System Upgrade

Funded by

Grant
 S106
 Receipts
 S106
 SCIL & Receipts
 Grant

REVISED PROGRAMME					
2023/24	2024/25	2025/26	Future Years	Total Cost of Scheme	
£'000	£'000	£'000	£'000	£'000	£'000
885	1,373	470	0	2,728	
125	500	425	800	1,850	
100	100	100	200	500	
0	1,000	1,000	1,540	3,540	
212	0	0	0	212	
65	0	0	0	65	
1,387	2,973	1,995	2,540	8,895	
71,651	165,584	55,162	64,736	357,133	

TOTAL GENERAL FUND CAPITAL PROGRAMME

TOTAL HOUSING COMMITTEE

Appendix B**SUMMARY OF GENERAL FUND CAPITAL PROGRAMME 2023/24 - 2027/28**

		REVISED PROGRAMME			
		2023/24	2024/25	2025/26	Future Years
		£000	£000	£000	£000
HEALTH					
	Adult Care & Health	1,249	969	541	1,082
		1,249	969	541	1,082
ENVIRONMENT					
	Leisure Centres	271	3,135	860	151
	Libraries and Heritage	2,181	619	120	0
	Outdoor Facilities	3,241	5,106	1,703	201
	Neighbourhood CIL Schemes	167	415	0	0
	Cemeteries and Crematoria	200	400	0	0
	Other Environment Services	3,080	13,294	1,650	0
		9,140	22,969	4,333	352
CHILDREN'S					
	Other Children's Services	18,763	32,125	8,254	770
	Other Primary Schemes	1,204	3,529	0	0
	Secondary Education	138	1,060	140	0
	Special Schools	2,491	11,552	8,000	2,000
	Additional Places	20	94	0	0
	High Needs Capital Provision	2,025	15,904	0	0
	Other Education Funded Schemes	469	440	0	0
		25,110	64,704	16,394	2,770
FINANCE					
	Economic Development	360	0	0	0
	General Finance & Corporate Services	3,216	5,832	3,387	0
	IT Services	780	1,580	0	0
	Operational Buildings	3,055	3,170	0	0
	Property Services	4,020	6,184	459	0
	Schemes in the Nine Elms Regeneration Area	1,423	11,072	0	0
		12,854	27,838	3,846	0
HOUSING					
	Disabled Facilities Grants	885	1,373	470	0
	Empty Properties Grant	125	500	425	800
	Loans to Leaseholders	100	100	100	200
	Other Housing Schemes	277	1,000	1,000	1,540
		1,387	2,973	1,995	2,540
TRANSPORT					
	CCTV Schemes	80	10	0	0
	Highways	21,831	46,121	28,053	57,992
		21,911	46,131	28,053	57,992
TOTAL GENERAL FUND CAPITAL PROGRAMME		71,651	165,584	55,162	64,736

Appendix B

Revised five year capital programme

	REVISED PROGRAMME					Total £'000	Revenue Effects Full Year £'000
	2023/24 £'000	2024/25 £'000	2025/26 £'000	Future Years £'000	£'000		
Committee							
Health	1,249	969	541	1,082	3,841	184	
Environment	9,140	22,969	4,333	352	36,794	-	
Children's	25,110	64,704	16,394	2,770	108,978	5,231	
Finance	12,854	27,838	3,846	-	44,538	2,433	
Housing (non-HRA)	1,387	2,973	1,995	2,540	8,895	427	
Transport	21,911	46,131	28,053	57,992	154,087	7,228	
TOTAL GENERAL FUND CAPITAL PROGRAMME	71,651	165,584	55,162	64,736	357,133	15,503	

	2023/24	2024/25	2025/26	Future Years	Total
Use of Capital Resources					
Grants & Contributions	15,796	34,874	7,980	530	59,180
S106 & NCIL	5,932	43,767	14,429	3,110	67,238
SCIL	12,829	21,555	10,684	29,533	74,601
Nine Elms CIL	22,197	33,407	11,362	8,745	75,711
Earmarked reserves	957	-	-	-	957
Revenue funding	131	131	131	672	1,065
Capital receipts/ Borrowing	13,809	31,850	10,576	22,146	78,381
TOTAL USE OF CAPITAL RESOURCES	71,651	165,584	55,162	64,736	357,133

Appendix B

Use of Capital Resources

	<u>2023/24</u> £'000	<u>2024/25</u> £'000	<u>2025/26</u> £'000	<u>Future Years</u> £'000	<u>Total</u> £'000
<u>Health</u>					
Revenue Financing	131	131	131	672	1,065
Disabled Facilities Grant	708	288	-	-	996
Public Health Grant	-	50	-	-	50
Contributions	410	410	410	410	1,640
Capital Receipts	-	90	-	-	90
	1,249	969	541	1,082	3,841
<u>Environment</u>					
NCIL	167	415	-	-	582
SCIL	3,805	9,084	2,803	104	15,796
S106	251	648	-	-	899
Other Grants and Reimbursements	3,116	-	-	-	3,116
Capital Receipts	1,801	12,822	1,530	248	16,401
Earmarked reserves	-	-	-	-	-
	9,140	22,969	4,333	352	36,794
<u>Children's</u>					
SCIL	151	1,000	1,000	2,000	4,151
Nine Elms CIL	13,374	-	-	-	13,374
S106	3,126	29,350	8,104	770	41,350
Basic Need/LA Maintenance	20	94	-	-	114
High Needs Provision	5,248	26,139	7,000	-	38,387
Schools Devolved Formula Capital grant	400	440	-	-	840
Schools Condition Grant	2,325	4,271	-	-	6,596
School Contributions	187	60	-	-	247
Capital Receipts	279	3,350	290	-	3,919
	25,110	64,704	16,394	2,770	108,978

	<u>2023/24</u> £'000	<u>2024/25</u> £'000	<u>2025/26</u> £'000	<u>Future Years</u> £'000	<u>Total</u> £'000
<u>Finance</u>					
SCIL	762	4,702	-	-	5,464
Nine Elms CIL	1,423	11,072	-	-	12,495
S106	1,160	500	-	-	1,660
GLA Strategic Investment Pot (SIP)	360	-	-	-	360
Other Grants and Reimbursements	276	530	-	-	806
Renewals Fund	857	-	-	-	857
Capital Receipts	8,016	11,034	3,846	-	22,896
	12,854	27,838	3,846	-	44,538
<u>Housing</u>					
Disabled Facilities Grant	950	1,373	470	-	2,793
SCIL	212	-	-	-	212
S106	125	1,500	1,425	2,340	5,390
Other Grants and Reimbursements	100	100	100	-	300
Capital Receipts	-	-	-	200	200
	1,387	2,973	1,995	2,540	8,895
<u>Transport</u>					
NCIL	213	724	-	-	937
SCIL	7,899	6,769	6,881	27,429	48,978
Nine Elms CIL	7,400	22,335	11,362	8,745	49,842
S106	1,114	10,630	4,900	-	16,644
Transport for London	991	345	-	120	1,456
Future High Street Fund	129	596	-	-	725
GULCS Grant	-	149	-	-	149
OLEV Grant	-	12	-	-	12
Other Grants and Reimbursements	602	18	-	-	620
Capital Receipts	3,462	4,554	4,910	21,698	34,624
Earmarked reserves	100	-	-	-	100
	21,910	46,132	28,053	57,992	154,087
TOTAL USE OF CAPITAL RESOURCES	71,650	165,585	55,162	64,736	357,133

Appendix B
Wandsworth Environment and Sustainability Strategy (WESS) fund
including Carbon Offset

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Existing WESS schemes					
WESS Bike hangars	180	464	-	-	644
WESS Cycle Parking On Street	30	-	-	-	30
WESS Earlsfield Library - Replacement of Heating Plant, Pipework & Radiators	-	142	-	-	142
WESS E-cargo bike sustainable freight grants	-	16	-	-	16
WESS Electric Vehicle Charge Points	-	310	-	-	310
WESS Putney High St area Cycle improvements	20	130	-	-	150
WESS Putney Vale Crematorium DENOX & Heat Exchanger Connection	70	-	-	-	70
WESS School cycle parking	21	-	-	-	21
WESS School Streets	100	423	-	-	523
WESS Southfields Library - Replacement of Heating Plant	-	232	-	-	232
WESS Wandsworth Bridge (cycle resurfacing)	-	50	-	-	50
WESS Library of things	40	-	-	-	40
WESS Air quality monitoring stations	150	-	-	-	150
WESS Decarbonisation Projects	696	-	-	-	696
WESS Schools Smallwood Prim Decarbonisation LED Lighting	70	-	-	-	70
WESS Schools Riversdale Prim Decarbonisation LED Lighting	31	-	-	-	31
WESS Schools Garratt Park Sch Decarbonisation LED Lighting	50	-	-	-	50
Public Sector Decarbonisation Scheme of operational buildings and schools	574	-	-	-	574
Council Funded Decarbonisation Projects - Phase 2	500	500	-	-	1,000
Unallocated budget	180	2,469	-	-	2,649
	2,712	4,736	-	-	7,448
Prior year Expenditure	552				552
Total Wandsworth Environment and Sustainability Strategy fund	3,264	4,736	-	-	8,000

WANDSWORTH BOROUGH COUNCIL

THE COUNCIL'S CAPITAL STRATEGY 2024/25

1. This capital strategy is in response to CIPFA's Prudential Code and Treasury Management Code and sets out the long-term context within which capital expenditure, borrowing and investment decisions are made. It is to be approved by full Council. The overall aim of the framework is to demonstrate that such decisions properly take account of stewardship, prudence, value for money, sustainability, proportionality and affordability.
2. Both the Prudential Code and the Treasury Code were revised in December 2021 with full implementation of both these codes required from 2023/24. The amendments to both Codes largely related to commercial investments such as purchase of investment properties, investments in subsidiaries or investments for service objectives including regeneration. The wording changes within the revised Prudential Code were incorporated into the 2022/23 Capital Strategy (Paper No. 22-70). The update to the Prudential Code also introduced the need for Prudential Indicators for all boroughs to further strengthen the testing of limits and boundaries. Estimated Prudential Indicators for 2024/25 are included as Appendix E to the Treasury Management Policy elsewhere on this agenda as Paper No. 24-90. These estimated Prudential Indicators will be monitored and updated as required through 2024/25 and if any material change is needed will be reported to this Committee in June/July 2023 with the Treasury Management Outturn report of 2023/24.

3. **Capital Expenditure – General Fund Capital Programme**

Overview of Governance Process

- 3.1 The General Fund (non-HRA) capital programme is one of the Council's four financial frameworks, as detailed in the Council's Medium Term Financial Strategy. It is based upon the approved capital schemes, Treasury Management Strategy, Asset Management strategy, capital resources projections and an annual process for prioritising additions which recognises cost in use and sustainability issues
- 3.2 It contains currently approved spending and assesses commitments in the context of reserves and resources anticipated in the medium-term outlook.
- 3.3 Monitoring of capital expenditure is embedded throughout the organisation with project managers working with finance teams to update their cost estimates and budgets. These reports are regularly reviewed by the Council's management team, and monitoring reported to Committees periodically.

(Paper No. 24-89)

3.4 Capital budgets are reviewed and reported annually to Full Council. Budgets are reviewed and updated throughout the year, with additional capital budgets approved where appropriate. These projects are prioritised based on their ability to meet strategic priorities, ensure continued service delivery, reduce annual revenue costs and protect Council income. All bids are reviewed by senior officer working groups and lead Council Members before being presented for consideration and approval at Full Council.

General assumptions are as follows:

- a) schools expenditure for repairs and new places (both primary and secondary) is currently fully funded from either Government grant or from directly linked site sales. A list of prioritised repairs and maintenance schemes has been presented to the Children's Committee with a reserve list of schemes identified if additional funding becomes available;
- b) routine bids for Empty Properties Grants and Disabled Facilities Grants totalling £1.1 million are included in Appendix A and are funded from grant or other contributions and so have no impact on available General Fund capital receipts;
- c) highways and other related schemes bids include £8.5 million capital investment in carriageways and footways across the Borough over the capital framework period in order to boost those areas of the borough in need of additional investment; and
- d) schemes to be funded from Section 106 contributions or Community Infrastructure Levy (CIL) will be assessed on their merits and, whilst these may initially be predicated on assumed levels of receipts, any successful bids will ultimately need to take account of actual resources.

3.5 It is important to consider potential future demands when deciding how much new spend is considered affordable as there are some potentially large items of capital spend in the pipeline. Any future capital schemes that emerge as part of service remodelling and deliver ongoing revenue savings tend to come forward for approval as and when, but such schemes will still need to be reviewed in detail before going through the approval process.

3.6 Capital spend and the availability of resources to finance that spend are monitored by the Executive Director of Finance on a monthly basis.

Long-term view of capital spending plans

3.7 The General Fund capital programme considers the programme and available resources for the current year and four subsequent years. The Council's ability to finance capital spending is restricted only by its own view on

(Paper No. 24-89)

affordability, subject to the Government's possible imposition of limits on local authority borrowing for macro-economic reasons

3.8 The potential sources of finance for the General Fund capital programme are:

- e) *Grants* – either earmarked for specific schemes or services, or available for any scheme. There is no revenue effect, provided that the receipt of grant is not significantly delayed.
- f) *CIL and Section 106 receipts* – can be used to finance capital infrastructure works. Where receipts are held in reserves, there is a loss of investment interest associated with their use.
- g) *Revenue and Renewals Fund* – other than specific schemes from the Renewals Fund this is rarely used because of the impact upon council tax.
- h) *Capital Receipts* freely available to the General Fund – these are used where resources from the above three categories are not available. There is a loss of investment interest associated with their use. The Council has an active policy of rationalising and disposing of under-utilised assets and has used the proceeds extensively over time to support the capital programme. The framework takes account of the forecast availability of capital receipts in determining the size of the capital programme that is affordable. There is also the possibility of capital receipts being used for revenue spend in limited circumstances under the Government's "flexible use of receipts" initiative. This could contribute to alleviating the pressure on revenue resources but would reduce the availability of resources for capital spending.
- i) *Borrowing* – this is currently not used by the General Fund, other than in the limited circumstances of internal borrowing for a school spend-to-save scheme. However, the potential to generate new capital receipts has diminished over time to the point now where capital receipts are at a relatively low level. The Council will therefore need to consider borrowing to fund future General Fund capital expenditure unless other sources and/or external funding are identified. If borrowing is taken, then the Council will need to pay interest (charged to revenue) and create a "minimum revenue provision (MRP) budget to contribute to paying down this debt.

4. **Capital Expenditure – Housing Revenue Account (HRA) Capital Programme**

Overview of Governance Process

4.1 The HRA Budget Framework is another of the Council's four financial frameworks as detailed in the Council's Medium Term Financial Strategy. It is

(Paper No. 24-89)

based upon the 30-year HRA business plan that models the cycles of work necessary to maintain the housing stock to decent homes standard.

- 4.2 The framework plots both projected capital and revenue resources. It is generally reset annually in January by the Executive, monitored throughout the year by the Executive Director of Finance, at Committee, and reviewed again in September by the Executive. When considering decisions on rents for the Council's housing stock, regard is given to the overriding objective of keeping the HRA business plan in balance. It is also the subject of specific risk management reports by the Assistant Director of Finance (Revenue Services).
- 4.3 The HRA business plan is also the basis for the four-year budget framework that sets parameters within which the Executive may commit HRA resources (both capital and revenue) under the Council's Constitution.
- 4.4 The HRA capital programme element of the business plan follows a similar approach to the General Fund capital programme in that the cash flows for existing approved schemes are reviewed in September by the Executive and capital additions are generally approved in January. Schemes can be approved and added to the programme during other committee cycles subject to approval of budget variations.

Long-term view of capital spending plans

- 4.5 In addition to the four-year budget framework of spend and resources the HRA capital programme considers estimated spend and affordable resources over the 30-years of the Business Plan. Future requirements are based upon the stock condition survey which is a statistical based exercise that estimates future spend requirements based on current condition of the stock and specific lifecycles of the components of the stock.
- 4.6 The potential sources of finance for the HRA capital programme are in some cases similar to those for the General Fund programme but with other notable differences. These include: -
 - a) *Capital receipts* – receipts arising from disposals of HRA sites or from vacant property sales not subject to Right to Buy pooling arrangements. However the ability to raise capital income at the scale achieved previously through sale has diminished through the revision to the Sales Policy approved in September 2022.
 - b) *Right to Buy 1-4-1 receipts* – the residual receipts from Right to Buy sales that are retained by the Council, as per the agreement with the Government, to be used for one-for-one replacement build.

- c) *Grants and reimbursements* – Section 106 funds (specifically for Affordable Housing), other capital grants and reimbursements, in particular from leaseholders.
- d) *Borrowing* – it is currently assumed that borrowing will begin to be required from 2024/25 to support the Council’s ambitions for estate regeneration and new housing development. HRA borrowing, whether internal or external, increases HRA debt. HRA debt in Wandsworth is currently £169 million largely as a result of the HRA subsidy buy-out in 2012. It is anticipated that there will need to be a significant increase in HRA borrowing over the next 5-10 years with the current estimate that over £700 million of additional borrowing will be required. The first £140 million of this long-term borrowing is now forecast for 2024/25 based on current expenditure profiles.
- e) *Major Repairs Reserve* – this is used where resources from the above four categories are not available. Any amount used must be affordable within the 30-year business plan.

4.7 The overriding aim of the HRA capital programme is to maintain an investment level consistent with that assumed in the stock condition survey in order to keep, as a minimum standard, the housing stock decent. The risk of changes to the assumptions used in the business plan and the effect on reserves are considered.

4.8 The following table shows the estimated HRA capital spend and the financing of that expenditure as in the currently approved framework.

Programme Area	2023/24	2024/25	2025/26	2026/27	Total
	£000s	£000s	£000s	£000s	£000s
Total Expenditure	157,188	201,362	173,660	182,551	714,761
Financed By:					
Capital Receipts	2,500	1,500	1,500	1,500	7,000
Right to Buy 1-4-1 Receipts	10,077	4,114	3,173	882	18,246
S106 Receipts	455	-	-	-	455
Capital Grant	19,408	20,944	16,478	6,999	63,829
Leaseholder Major Works Charges	5,123	6,001	12,544	5,023	28,691
Borrowing	15,116	140,493	110,363	137,858	403,830
Contribution to (-) / from (+) Major Repairs Reserve	+104,509	+28,310	+29,602	+30,289	+192,710
Total Financing	157,188	201,362	173,660	182,551	714,761

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Investments

- 5.1 The underlying objectives of the Council's Investment Policy are security of the capital sums invested and liquidity to ensure the funds invested are available for expenditure when needed. Once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities. The Council's Investment activities are conducted in a manner that regards the successful identification, monitoring and control of risk as of prime importance and accordingly the analysis and reporting includes a substantial focus on the risk implications.

Treasury Management Investments

- 5.2 These are investments that arise from the Council's cash flows and ultimately represent balances which need to be invested until the cash is required for use in the course of business.
- 5.3 The Council's policy on Treasury Management Investments is submitted to the Finance Committee, the Executive and approved by the full Council. The overall arrangements and strategy for the ensuing financial year are reviewed and approved in the Treasury Policy Statement at this Committee (as Appendix A), an Annual Report after the end of the financial year and a mid-year review report in November or December. From time to time the Executive Director of Finance may submit additional reports recommending changes in Policy for approval if circumstances require.
- 5.4 The Council's Treasury Management Practices (TMPs) are in accordance with the Treasury Management Code issued by CIPFA in 2002, which was revised in 2011, 2017, and most recently in late December 2021. As prescribed in the new Code, the Executive Director of Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Executive Director of Finance will also ensure that those engaged in treasury management follow the policies and procedures set out. The present arrangements are documented and monitored by the responsible officer in effective day to day management of the treasury management function. Treasury management activities and issues are reviewed monthly by a meeting within the Finance Directorate, attended by the Executive Director of Finance (or her deputy) and day to day treasury management activities are handled by the Accountancy Team within the Financial Management Division of the Finance Directorate. Treasury management staff attend training courses and seminars to ensure they maintain sufficient knowledge as prescribed by the Code in order to keep up to date with current developments.
- 5.5 Treasury management advisers are appointed at least once within the lifetime of each Council to carry out an independent review of the Council's treasury management activities. The next lifetime review is due in January 2025.
- 5.6 The Council's detailed investment policy is contained within the Treasury Policy Statement as Appendix A. Its overriding purpose is the control of risk. It

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specifies the types of investments that may be used and the limits of their use. These limits relate to the maximum time period for each investment type and to the maximum amount that may be held at any one time. The choice of limits is governed by the requirement to safeguard the security of the Council's portfolio and to spread risk through suitable diversification. The Council uses credit rating information from the three main credit rating agencies (Fitch, Moody's and Standard and Poor's) and this data is supplemented by other available information where appropriate. The limits also consider liquidity requirements and finally the yield that may be obtained.

- 5.7 The Council held investments of £690 million at the end of December 2023 and the average rate of return for 2023/24 as at end of December 2023 is 4.8% (excluding investment property). The Council is budgeting to begin 2024/25 with investments in excess of £650 million and the estimated movements for the following two years based upon current cash flows show that investments are likely to reduce as the HRA Regeneration schemes progress and other balances fall.

Investments that are not part of Treasury Management Activity

- 5.8 The Council may invest in other financial assets and property primarily for financial return that are not part of Treasury Management activity. These activities are subject to similar assessments of risk as for Treasury Management investments. They are approved as part of the capital programme as described in Sections 2 or 3 of this Capital Strategy.
- 5.9 Investment Property. The Council's Corporate Asset Strategy was approved by the Executive in November 2015. One of its aims was to identify opportunities to generate General Fund revenue income by acquiring commercial property in strategic locations and in some cases transferring surplus operational properties to the investment portfolio. Legal advice confirmed that it is legal for the Council to invest in property in or out of the Borough; in particular Section 12 of the Local Government Act 2003 enables the Council to invest "for the purposes of the prudent management of its financial affairs".
- 5.10 All acquisitions undergo rigorous value for money appraisals and require Executive approval in the same way as other Council capital spending proposals. Any budget for acquisition of investment properties is only added to the General Fund capital programme after consideration of affordability in the light of the available capital resources. All schemes are financed by capital receipts generally available to support the capital programme in the usual way. So far no borrowing has been taken up to facilitate such investments.
- 5.11 Properties to be acquired by the Council are selected after going through robust procedures to assess the security of the investment in the short, medium and long term. The objective is to maintain satisfactory financial returns and to achieve capital growth. The strategy limits acquisitions to small retail, or industrial units that are well located and relatively easy to let and

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ignores riskier investments in larger investment lots such as shopping centres.

5.12 The Council's property team is supported through the acquisition process by specialist property investment surveyors and legal advisers. The Council may contract agents in the market to help identify potential investment properties for acquisition that may not be widely marketed, or commission its specialist property advisers to undertake a search for specific strategic properties. The adviser undertakes negotiations with the vendor for the acquisition subject to approval by officers. A set of assessment criteria are used in evaluating the suitability of properties. These criteria are assessed against weighting factors ranging from Excellent to Unacceptable, and are as follows: -

- a) Location
- b) Tenancy strength/strength of covenant
- c) Length of tenure
- d) Occupier's lease length
- e) Repairing terms/obligations
- f) Lot size (value of the investment)

5.13 If a property is considered to meet the Council's investment criteria, the Council commissions a Property Investment Surveyor (not the same one used to identify the property) to provide a market report on the property. This report will include commentary on the credit worthiness of the tenant, an opinion of value and a recommendation in respect of the provisionally agreed acquisition price. This is undertaken in accordance with the Royal Institute of Chartered Surveyors Red Book.

5.14 Prior to acquiring any properties, officers also undertake a further due diligence exercise including reviewing the leases, commissioning a building survey and report, a mechanical and electrical survey, a valuation report, and ensuring that there is an Energy Performance Certificate in place with a rating of at least D, but this has been revised to B due to changing regulations. Solicitors also undertake legal due diligence with a further review of the leases, the planning position and a report on title, highlighting any potential title defects.

5.15 All investment properties are revalued annually at fair value as part of the Council's preparation of final accounts and audit process. Consideration is given at the end of each financial year as to whether impairment of any properties is required.

5.16 In 2015/16 the Council approved a policy to acquire commercial investment properties to augment its revenue budgets. Between 2014/15 and 2017/18, when funding of the scheme ended, the Council spent a net £27.6 million on the purchase of 10 properties. There was an additional acquisition in 2019 of Sergeant Industrial Estate, which was acquired for strategic purposes.

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- 5.17 The properties were carefully selected using a range of weighted criteria that considered location, strength of covenant, lot size, ease of re-letting , yield, etc. The properties' locations are diverse and range from Wandsworth, Islington, Nine Elms to Cardiff. All the acquisitions were inspected and appraised by qualified external investment valuers and reviewed and agreed by Property Services.
- 5.18 The pandemic and increasing interest rates have had an adverse impact on property letting. Online retailing has also weakened the rents on high street properties. . Despite these negative impacts on the capital fluctuations of property investments, because of the varied and diverse nature of the acquired portfolio and the location of the properties the portfolio as a whole has managed to weather the downturn in this investment class. The portfolio currently generates rents of £2.2 million per annum which represents a return of 3.87% on the Council's original investment. There have been a small number of properties in the portfolio where rents have decreased due to lease renewals where market evidence shows that the new rents are lower than the rents in the old leases. . However, this has been balanced by increases realised from other parts of the portfolio.
- 5.19 Loans supporting Service Outcomes. The Council may make loans to organisations such as Staff Mutuals, other Service Providers, Voluntary Organisations or start up loans to Wandsworth based Business Improvement Districts (BIDS). The detailed terms of each loan will be determined on an individual basis by the Executive Director of Finance, subject to an overall maximum limit of £5 million per loan with the exception of BIDS which is £1 million. If the loan is for cash flow or revenue purposes it is reported as part of the Council's treasury investments. A hypothetical £5 million loan amount would equate to 0.7% of average investments in 2023/24 therefore poses little risk for the Council and as result independent advice is not sought in addition to Executive Director of Finance approval as set out in the Treasury Management Policy Statement 2024/25 presented to this committee (Appendix A, paragraph 3.2.5). Loans can also be made for capital purposes, and such loans are approved as part of the capital programme.

6 Borrowing

- 6.1 **External Borrowing.** The Council's only external long-term borrowing is the Public Works Loan Board (PWLB) debt taken up for the HRA Subsidy Buy-Out in 2012. This is repayable in equal instalments of principal and is due to be fully repaid in 2025. The original loan was for £223 million and £17.2 million will be outstanding at the end of the 2023/24 financial year. The interest due is fully charged to the Council's HRA. The Council also offers deposit facilities to other bodies such as the North East Surrey Crematorium Board and the Western Riverside Waste Authority. At 31st December 2023 £21.5m was held for WRWA and £0.5m for NESCB. The Council's General Fund has no external debt other than any amounts relating to these deposit facilities.

6.2 **Internal Borrowing.** This arises where capital expenditure is neither financed by those sources of finance other than borrowing, nor matched by a corresponding increase in external borrowing. In recent years the Council has had substantial cash balances, and these have been used to support internal borrowing where required as it is cheaper than external borrowing. The HRA borrowed £210 million internally for the HRA subsidy buy-out in 2012 to supplement the £223 million external borrowing. This has been partially repaid and it is anticipated that £79 million of internal borrowing will remain outstanding at the end of 2023/24. The HRA has also borrowed internally to support 70% of the spend for one-for-one replacement as detailed in 3.5 d). This borrowing is repaid in the year following its advance. The General Fund has not internally borrowed for many years other than for a school spend to save scheme as mentioned in 2.7 c). Cash balances for internal borrowing are only available to the extent that the Council has reserves that have not yet been required for their original purpose and the availability may well reduce over the next few years.

6.3 The following table shows current estimates of the Council's External and Internal Borrowing outstanding balances based upon the currently approved capital programme:

6.4

	<u>2023/24</u> £000	<u>2024/25</u> £000	<u>2025/26</u> £000	<u>2026/27</u> £000
Current External Borrowing	17,202	0	0	0
Estimated Internal Borrowing	76,018	66,526	57,014	47,511
	93,220	66,516	57,014	47,511

6.5 **Minimum Revenue Provision.** Regulations issued under the Local Government Act 2003 require local authorities to calculate an annual amount of minimum revenue provision (MRP) to be set aside from revenue for the repayment of debt that is "prudent". The MRP should not take account of capital expenditure on HRA assets. The Council has an MRP to repay the internal borrowing by the Dedicated Schools Budget (DSB) for a spend- to-save scheme as referred to in 2.7c). This was originally to be repaid over nine years but has been extended for a further twelve years, will be fully charged to the DSB and will more than cover any minimum required under guidance. The annual statement on the Council's MRP policy is contained within the Treasury Policy Statement and approved by full Council in February or March.

6.6 The Government consulted on MRP guidance in February 2022. The proposals were to strengthen the duty to make a MRP and proposed adding additional text to regulations to make it explicit that that capital receipts may

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not be used in place of the revenue charge and prudent MRP must be determined with respect to a authority's total capital financing requirement. Following the consultation and after sector concerns, the proposals were amended to offer more flexibility regarding capital loans, balancing the need for MRP with the risk of non-repayment. In February 2024 the consultation following the above amendments was opened by Government. Any changes to MRP guidance will be reported in subsequent reports to this Committee when the outcome to the follow up consultation is known.

- 6.7 **Voluntary Revenue Provision.** Although the HRA is not required by regulation to provide an MRP, an equivalent amount has been prudently charged to the HRA on an annual basis as a voluntary revenue provision. For the HRA in Wandsworth the policy is to charge an annual amount to reflect both the actual repayment of the HRA's external debt and the repayment of its internal borrowing over agreed time periods.
- 6.8 **Authorised and Operational Borrowing Limits.** Section 3 of Part 1 of the Local Government Act 2003 requires local authorities to set a borrowing limit and operational boundary each year. This is contained within the Treasury Policy Statement and approved by full Council in February or March each year. The limit was set at £200 million in February 2023 for 2022/23 and a limit of £210 million is proposed for 2024/25.

Strategic CIL Receipts, Projects Committed to and Expenditure Incurred as at 31st December 2023			
SCIL Receipts	£		
Total SCIL Receipts to 31st December 2023	-116,932,683		
	SCIL Budget Committed	Expenditure Incurred to date	Net Remaining Budget
	£	£	£
Projects to be funded by SCIL			
£5m Town Centre Investment Fund	2,310,000	0	2,310,000
Abyssinia Close Improvements	119,000	0	119,000
Additional budget for Capitalised Repairs Carriageways & Footways	4,000,000	0	4,000,000
All Leisure Centres - Renewal of Sports and Studio Hall flooring	139,000	112,245	26,755
Balham children's library refurbishment	120,000	0	120,000
Balham Library - Roofing Works	130,000	142	129,858
Battersea District Library Roof & Glass Dome repair and replacement	150,000	0	150,000
Battersea Park - Fountain Toilets Expansion	90,000	21,458	68,542
Battersea River Wall – urgent stabilisation works	489,000	0	489,000
Battersea Sports Centre - New 7 a-side 3G area	87,000	6,300	80,700
Blocked Gullies & ongoing renewal to improve condition	162,000	61,618	100,382
Beacon Libraries Programme - Putney Library	914,100	413,179	500,921
Boroughwide - Essential Repairs to Roads & Paths Across Parks	204,000	0	204,000
Boroughwide - Tree Works	451,541	166,110	285,431
Capitalised Repairs: - Footways	1,000,000	0	1,000,000
Capitalised Repairs: -Carriageways	3,500,000	0	3,500,000
CCTV Network Digital Upgrade	923,980	711,980	212,000
Completed SCIL projects as at 31/12/23	43,744,358	43,744,358	0
Culvert Road Traffic Signal Junction Improvements	150,000	16,350	133,650
Cycle Parking at Railway Stations	500,000	31,110	468,890
Decarbonisation Schemes in Operational Buildings and Schools	575,000	5,802	569,198
East Putney Railway Bridges Refurbishment	400,000	0	400,000
Falcon Park Community Sports Centre Installations	40,000	30,063	9,937
Falcon Road Corridor Study (Battersea Link)	40,000	0	40,000
Flood Alleviation Works - SUDS	953,798	299,798	654,000
Furzedown Recreation Ground Improvements	685,000	0	685,000
Grass Playing Pitch Drainage	1,400,000	5,150	1,394,850
Heaver Estate & Traffic Reduction Measures	150,000	0	150,000
Inflation Provision for Capital Projects	4,802,000	0	4,802,000
Latchmere Leisure Centre - Roof Structure Repairs	176,000	8,071	167,929
Leisure Centres - Balham & Wandle Air Handling Systems	156,000	0	156,000
Leisure Centres - Pool Filtration Vessels	179,000	88,652	90,348
Leisure Centres - Swimming Pool Improvements	396,000	50,423	345,577
Leisure Centres - Ventilation Systems	98,000	22,624	75,376
Lower Richmond Road Safety Corridor Review	300,000	29,330	270,670
Mitcham Lane Safety & Corridor Improvements	500,000	399	499,601
Old York Road Public Realm Improvements	2,000,000	49,443	1,950,557
One Way Streets - Conversion to Two Way for Cycling	471,000	142,211	328,789
Pedestrian Crossings - at locations borough wide	382,612	80,612	302,000
Pedestrian Crossings - Signal Controlled	200,000	0	200,000
PRIF River Promenade Works	483,400	334,407	148,993
Public Realm Investment Fund unallocated	12,000	0	12,000
Putney High Street - Public Realm & Environment Improvements	2,405,250	2,121,451	283,799
Putney Vale Cemetery Burial Space Extension	263,251	21,251	242,000
Resurfacing of courts 1-10 at Battersea Park Millennium Arena	75,000	0	75,000
Roehampton Leisure Centre - Renewal of Roof Coverings	170,000	89,340	80,660
SCIL Infrastructure Maintenance (revenue)	7,000,000	3,744,253	3,255,747
Southfields Public Realm Upgrade	825,000	440,000	385,000
Tooting Bec Athletics Track	527,000	370,624	156,376
Tooting Bec Lido	3,729,000	1,420,526	2,308,474
Tooting Common Lakeside playground refurbishment	384,000	0	384,000
Totterdown Street pedestrianisation	150,000	0	150,000
Upper Richmond Road & Putney Stations	2,000,000	0	2,000,000
Wandle Recreation Centre - Artificial Pitch Repairs	90,000	2,909	87,091
Wandsworth Bridge / Bridge end road	550,000	0	550,000
Wandsworth Bridge Bearing Replacement	3,840,000	0	3,840,000
Wandsworth Bridge Corrosion Protection	7,679,200	6,534,575	1,144,625
Wandsworth Cemetery Burial Space Extension	301,000	13,380	287,620
Wandsworth Environmental and Sustainability Strategy (WESS)	3,528,366	403,565	3,124,801
Wandsworth One Way System	21,611,000	0	21,611,000
Wandsworth Town Station - Access for all	900,000	240,000	660,000
Total Approved SCIL Funded projects	129,611,858	61,833,710	67,778,147
Value of SCIL Receipts Over Committed to date	12,679,175		
Forecast of further CIL receipts by 31.3.2026	-15,000,000		
Forecast Value of SCIL Receipts Uncommitted by 31.3.2026	-2,320,825		
Cash Balance of SCIL Receipts unspent to date		-55,098,972	

WANDSWORTH BOROUGH COUNCIL

FINANCE COMMITTEE – 27TH FEBRUARY 2024

EXECUTIVE – 4TH MARCH 2024

COUNCIL – 6TH MARCH 2024

Report by the Executive Director of Finance on the Council's Treasury Policy for
2024/25

SUMMARY

This report reviews the Treasury Management activities so far during 2023/24 and makes proposals for 2024/25 for approval by full Council, in accordance with CIPFA's revised Treasury Management Code, the Council's Treasury Policy Statement and the Local Government Act 2003.

Approval is now sought for an updated Treasury Policy Statement for 2024/25, including the determination of the Council's borrowing limit and operational boundary, and the Minimum Revenue Provision policy for the financial year 2024/25. Prudential Indicators are also included where the affordability limit is assessed and calculate the impact of capital investment decisions on the budget requirement and therefore the Council Tax.

Investments at the start of the financial year 2023/24 were £722 million and have reduced to £690 million as at 31st December 2023. Investments are expected to be in excess of £650 million at 31st March 2024. The average return on investments as at 31st December 2023 is 4.8% and is expected to be between 4.8% and 5.0% at year end. Long term investments in pooled funds have cumulatively dropped in capital value in 2023/24 by £1.3m as at 31st December 2023, however are expected to yield revenue income in 2023/24 in excess of £5.9m.

External debt has reduced to £26 million at the end of December 2023 and will be £17 million at 31st March 2024 as the planned repayment of the HRA subsidy buy out debt continues.

GLOSSARY

BIDS	Business Improvement Districts
CCLA	Charities, Church of England, Local Authorities
CIPFA	Chartered Institute of Public Finance and Accountancy
DMADF	Debt Management Account Deposit Facility
DSB	Dedicated Schools Budget
HRA	Housing Revenue Account

DLUHC	Department for Levelling Up, Housing and Communities
MMFs	Money Market Funds
MRP	Minimum Revenue Provision
PWLB	Public Works Loan Board
GLA	Greater London Authority
IFRS	International Financial Reporting Standard

RECOMMENDATIONS

1. The Finance Committee are recommended to support the recommendations to the Executive in paragraph 2. If they approve any views, comments or recommendations on the report, these will be submitted to the Executive for consideration.
2. The Executive to recommend the Council -
 - (a) to authorise the Executive Director of Finance to determine the Council's Treasury Policy Statement for 2024/25 based on the Statement in Appendix A;
 - (b) to approve, as required under Section 3 of Part 1 of the Local Government Act 2003, for the financial year 2024/25 an authorised borrowing limit and operational boundary of £210 million increased from £200 million as shown in paragraph 39 and referenced in Appendix A
 - (c) to approve, as recommended under Guidance issued under the Local Government Act 2003, a minimum revenue provision (MRP) for 2024/25 to repay internal borrowing by the Dedicated Schools Budget (DSB) over a period of twelve years, as shown in paragraphs 38 to 42.
 - (d) to approve the Prudential Indicators in Appendix E.

INTRODUCTION

3. The Council's Treasury Policy Statement defines both the overall arrangements for treasury management and the expectations for the ensuing financial year. These arrangements are in accordance with the Treasury Management Code issued by CIPFA in 2002, which was most recently revised in December 2021. They also have regard to the Prudential Code issued by CIPFA in 2017 which again was most recently revised in December 2021. The Prudential Code was considered at this committee in February 2022 as part of the Capital Strategy 2022/23 (Paper No. 22-70). Implementation of both Codes was mandatory from 1 April 2023. The amendments to the Treasury Management Code and Prudential Code largely still relate to investments that are not part of treasury management activity and do not arise from cash flows and debt management. These are commercial investments such as purchase of investment properties, investments in subsidiaries or investments for service objectives including regeneration. The Council's investment arrangements take due notice also to Investment Guidance issued under Section 15 of the Local Government Act 2003 by the Department for Levelling Up, Housing and Communities (DLUHC). The revised Treasury Management Code also introduces strengthened

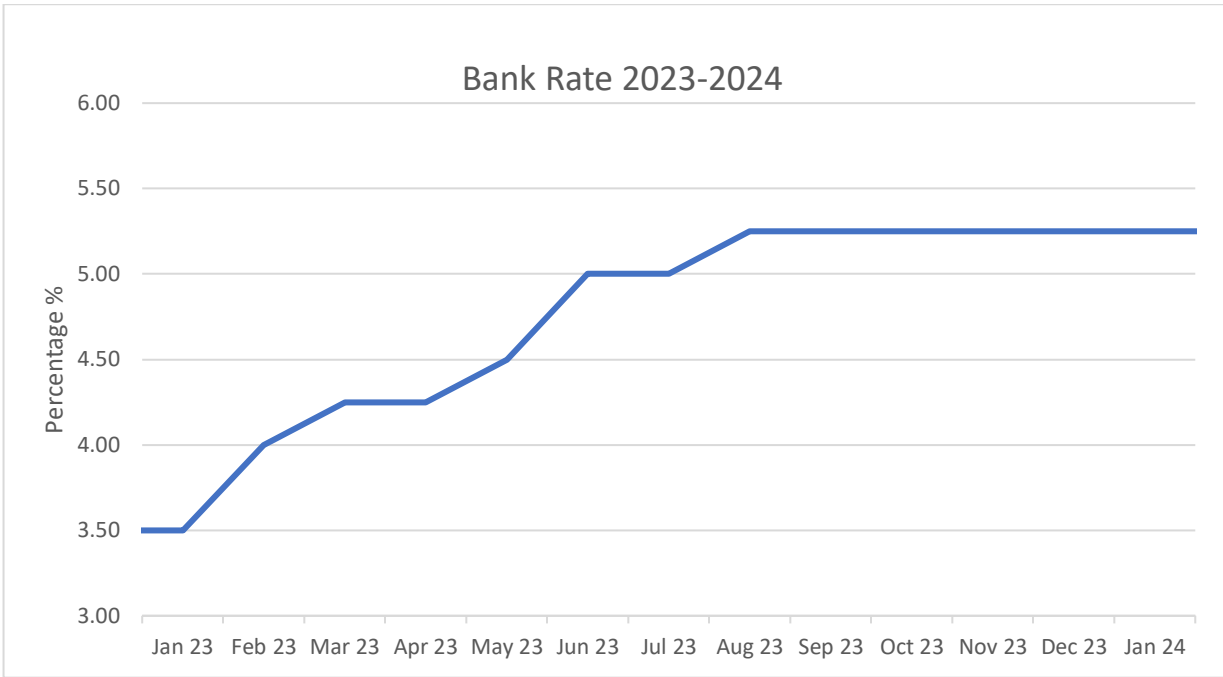
requirements for skills and training for those responsible for management, delivery, governance, and decision making in treasury management.

4. The overall arrangements for Treasury Management include provision for review and updating of the Statement at about this time of year. The last annual review of the Statement was in February 2023 (Paper No. 23-086) and a mid-year review was more recently produced in November 2023 (Paper No. 23-412). The updated Statement for 2024/25 is attached as Appendix A to this report. Subsequent paragraphs comment on experience to date in 2023/24 and policy for 2024/25 and future years.
5. The Council has a proactive and robust Treasury Management function which whilst protecting the Council's assets, strives to yield a healthy return on investments for the Council. It also engages independent specialist advisors to ensure the approach being taken is maximising returns where possible. The Council has over the last three years undertaken various projects and analysis of options to derive the correct mix of investments for the Council depending on the economic backdrop at that specific time. Moving into 2024/25 this will continue, whilst appreciating interest rates are expected to remain high in the short term before beginning to decrease in 2024.

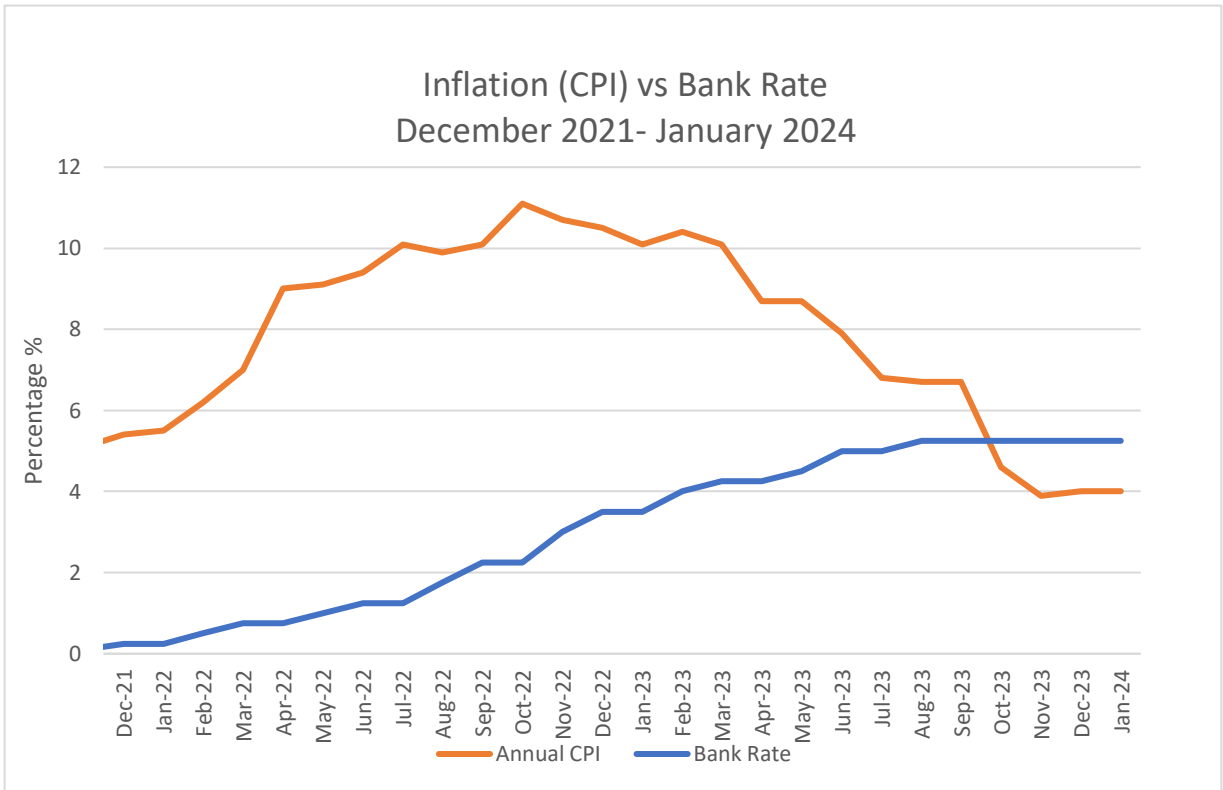
TREASURY MANAGEMENT EXPERIENCE IN 2023/24

ECONOMIC BACKGROUND

6. At the start of the financial year the country continued to be economically impacted by events of the previous year specifically the war in Ukraine, rising energy prices and the extension of the Government's Energy Price Guarantee, and the cost-of-living crisis. In April 2023 inflation had reduced to 8.7% and the Bank Rate was 4.25%.
7. In May 2023, the Bank of England's Monetary Policy Committee (MPC) raised the Bank Rate to 4.5% in an effort to continue to reduce inflation. At that time the MPC forecast a path for the Bank Rate to peak at around 4.75%, before falling to 3.5% by the end of 2023. However, as inflation increased in the first quarter of 2023, the MPC increased the Bank Rate to 5% in June and to 5.25% in August (the 14th consecutive increase since December 2021). Inflationary pressures continued to intensify through the summer reflecting the increasing uncertainty in the economy due to rising prices and production costs across multiple sectors.
8. Between September 2023 and February 2024, the MPC held the Bank Rate at 5.25%. Whilst inflation (CPI) remained at 4.0% in both January 2024 and December 2023 compared to 3.9% in November 2023, forecasts still predict the Bank Rate has hit its peak and the consensus is that the rate will begin to drop, possibly as early as June 2024.
9. The following graph shows the change in bank rate between January 2023 and 2024:



10. The graph below shows the combined CPI and Bank Rate between December 2021 and January 2024:



INVESTMENTS

11. The Council's investments at 31st December 2023 were £690 million compared to £722 million at the start of the year. This figure is compared to £783 million at 31st December 2022 and the budgeted average for 2023/24 of £650 million. The level of investment during the year has remained above £681 million and peaked at £786 million in May 2023. The reduction in balances is as expected and is largely a result of capital programme spend increasing after multiple years of rephasing after the pandemic and grant income returning to pre pandemic payment structures. Investment balances are expected to finish the year in excess of £650 million. The size and composition of the Council's investments at 31st March 2023 and 31st December 2023 is shown in Appendix C.
12. The Council's overall average rate of interest on investments is 4.8% as at 31st December 2023. Benchmarking illustrates this is higher than the budgeted rate of 2.7% and compares to 2.2% in 2022/23 and 0.6% in 2021/22. This significant improvement to budget is directly linked to the consecutive Bank Rate increases continuing throughout 2023 and investment types immediately responding to and pre-empting future Bank Rate increases and then factored that into local authority investment interest rates meaning higher rated investments were achieved at times before the Bank Rate increase that followed. When budgets were set in December 2022 the Bank rate was expected to peak at 4.25% in the summer of 2023 and then start to reduce, in reality the Bank Rate had reached 4.25% by 23rd March 2023 and is expected to hold at 5.25% until mid-2024. Whilst less of an effect, the current rate of return is also still slightly diluted by historic investments made when the Bank Rate was lower but that still encompass part of the 2023/24 financial year (the table in paragraph 13 shows this). The effect of the rapid rise in interest rates in 2023 will therefore favourably impact the 2024/25 to 2026/27 financial years and budgets will be set accordingly.
13. The Council's strategy allows the use of a number of different investment products in order to spread risk, ensure liquidity and maximise returns. By engaging with the market, brokers and the Council's specialist independent advisor, officers continue to ensure the range of products is as broad as possible and used to maximum advantage. The table below shows investments as at 31st December 2023:

	31st December 2023				
	% of investment portfolio	Total Investments £m	Average return %	Weighted Average return 2023/24 (investments pre 1st April 2023)	Weighted Average return 2023/24 (investments post 1st April 2023)
Bank Fixed Term Deposits – 1 year	38.4%	265.0	4.9%	4.3%	5.4%
Local Authority Fixed Term Deposits – 1 year	26.5%	182.5	4.4%	3.8%	5.1%
Multi Asset Funds	13.7%	94.3	5.4%	4.6%	5.4%
MMFs (same day)	11.3%	77.8	4.9%	2.5%	4.9%
MMF (+1 day)	6.1%	42.2	4.9%	1.7%	4.9%
CCLA	4.0%	27.5	5.2%	4.2%	5.2%
NatWest Reserve Account*	0.0%	0.7	3.3%	1.0%	3.3%
DMADF**	0.0%	0.0	4.5%	0.0%	4.6%
Subtotal	100.0%	690.0	4.8%	3.6%	5.2%
Less amount invested on behalf of:					
- Western Riverside Waste Authority		-21.5			
- North East Surrey Crematorium Board		-0.5			
Total		668.0			

*The NatWest Reserve Account is used to hold small surplus funds

**No investments were held in the DMADF at 31st December 2023, but matured investments contributed to the rate of return of 2023/24.

Short Term Liquid Investments

14. Investments have reduced as a result of scheduled payments in 2023/24 in relation to the Northern Line Extension. As at 31st December 2023 £77.8 million is held in Money Market Funds (MMFs) which is slightly higher than expected. MMF average rates on 31st December 2023 were 5.31% compared to 3.21% at 31st December 2022. MMFs were budgeted at 4% for 2023/24 to follow just under Bank Rate predictions at that time.
15. The one day access MMF has continued to rapidly grow in capital value throughout 2023/24. As a Variable Net Asset Value Fund (VNAV), the investment is directly related to the price of the fund and therefore, when the price increases the value of the fund will also increase. As a result, the counterparty limit for VNAV funds was increased from 10% to 12.5% (council

investment to fund assets ratio) in the Treasury Management Mid-Year Review. The Council's investment as at 31st December 2023 is £42.2 million (10.7% of the fund's assets). In the first 9 months of 2023/24 the Council's investment has grown by £1.1m which offset capital growth loss on long term funds as discussed in paragraphs 20 to 22. Currently, the capital growth of this fund is not proposed to be withdrawn (to revenue) as it is expected to continue to grow. As such a further £7.6m was invested in January 2024 to increase the Council's share to 11.8%.

Short Term Fixed Term Deposits

16. Opportunities for fixed term deposits at much higher rates is widespread in 2023/24 as all counterparties are following the Bank Rate increases. The Council, whilst mindful of risk, is maximising investments at this time as a result. New fixed term deposits (comprising banks and local authority investments) were budgeted to achieve 4.00% in 2023/24 compared to 0.45% in 2022/23. As at 31st December 2023 fixed term deposits are achieving 4.67% collectively. Whilst rates across these two types of lenders are now much higher (and higher than the Bank Rate), the Council's overall rate remains lower as it includes fixed term deposits committed whilst interest rates were low as discussed in paragraph 12. As the Council will continue to make fixed term deposits before year end it is expected that the overall achieved rate on fixed term deposits will be in excess of 4.8%. This increase would be generated by around £60 million of new or 'rolled over' investments across the final quarter of 2023/24. These investments are expected to be made at rates in excess of 5.00% depending on demand. As these will be made in the final quarter of 2023/24 they will have the greater financial impact in the 2024/25 financial year. The different investment rates offered and achieved by the Council on fixed term deposits between December 2021 and December 2023 are shown in the below table:

Fixed Term Deposit Rates achieved	31st December 2021	31st December 2022	31st December 2023
One year	0.57%	4.12%	5.24%
Six months	0.26%	3.72%	5.38%
Three months	0.22%	3.58%	5.32%

17. Officers have actively tried to maximise new deposit opportunities by rolling over bank investments in 2023/24 (subject to liquidity and counterparty checks) and analysing opportunities with new banks. Between October and December 2023, the Council has arranged £140 million of fixed term deposits with banks at an average rate of 5.50% which has earned the Council £4.7 million in interest (£2.3 million attributable to 2023/24 and £2.4 million to 2024/25). At 31st December 2023 the Council has achieved a 4.91% weighted average return on its bank investments that cover all or part of 2023/24. This is more than double the 2.08% return at 31st December 2022.
18. The Council continues to lend to other local authorities to diversify the portfolio and rates vary by demand for a fixed term investment. At present the market is buoyant as other local authorities seek short term loans that may be beneficial compared to short term Public Works Loan Board (PWLB) borrowing. As this

type of lending is low risk the Council has offered a higher level of loans to other local authorities as a result and will continue to do so into 2024 (subject to cashflow needs and counterparty checks) until the bank rate begins to gradually decline into 2024/25 in line with expectations. Between October and December 2023, the Council has arranged £103 million of fixed term deposits with local authorities at an average rate of 5.42% which has earned the Council £3.2 million in interest (£1.8 million attributable to 2023/24 and £1.4 million to 2024/25). As at 31st December 2023 the Council has achieved a 4.38% weighted average return on local authority investments that cover 2023/24. This lower rate is again due to previous year lower return investments still being in place in 2023/24 and the greater effect will be seen in future years. No local authority lending is taken which is lower than the Debit Management Account Deposit Facility (DMADF) on any given day.

19. The Council has used the DMADF where appropriate in 2023/24 as the rates have generally been just below local authority investments. No investments were held in the DMADF at 31st December 2023. The average rate achieved to 31st December 2023 in the DMADF is 4.55%.

Long Term Investments

20. As at 31st December 2023 pooled investment funds (Multi Asset Funds and the CCLA Property Fund) have achieved an average interest rate of 5.35% with an investment balance of £121.8 million. This rate of return is slightly higher than normal as return is against a lower fund value. These funds are generally expected to return around 5% and budgets are set in 2024/25 based on this assumption.
21. However, as reported in the 2023/24 Treasury Management Mid-Year Review, these investments have seen a large fall in their capital value since the summer of 2022 due to turbulence in the economic environment. Since this time all the funds in this overall category have been experiencing fluctuations however, as at November 2023, have started to show signs of recovery. It is important to note that, by their very nature, these investments are still volatile due to high interest rates and the subsequent effect especially on the property market.
22. The table below is a summary of the current value of the principal investments held at 31st December 2023 and the change to 30th September 2023, showing the loss in value overall from principal but recovery commencing:

	Principal £m	September 2023 Valuation £m	December 2023 Valuation £m	Loss from Principal as at 31st Dec 2023
Multi Asset Funds	100.0	89.7	94.3	-5.7
Property Funds	30.0	27.5	27.5	-2.5
Total Value	130.0	117.2	121.8	-8.2

23. The Council has seen a reduction of this size before when markets crashed as a result of the pandemic in March 2020. At this time there are no plans to withdraw from these funds but to continue to hold them long term as is their purpose. Combined with capital growth from the LVNAV fund as referenced in

paragraphs 14 to 15, capital bearing funds are showing a net loss of principal of £6.0 million.

24. In 2015/16 the Council approved a policy to acquire commercial investment properties to augment its revenue budgets. Between 2014/15 and 2017/18, when funding of the scheme ended, the Council spent a net £27.6 million on the purchase of 10 properties. There was an additional acquisition in 2019 of Sergeant Industrial Estate, which was acquired for strategic purposes.
25. The properties were carefully selected using a range of weighted criteria that considered location, strength of covenant, lot size, ease of letting, yield, etc. The properties' locations are diverse and range from Wandsworth, the City of London, Islington, Nine Elms to Cardiff. All the acquisitions were inspected and appraised by qualified external investment valuers and reviewed and agreed by Property Services.
26. The pandemic has had an adverse impact on most forms of investments, including property letting. Online retailing has also weakened the rents on high street properties. Despite this, because of the varied nature of the acquired portfolio and the location of the properties the portfolio as a whole has managed to weather the downturn in this investment class. The portfolio currently generates rents of £2.194 million, up from £1.924 million from the initial rents, which represents a return of 3.94% on the Council's original investment. There have been a small number of properties in the portfolio where rents have decreased but this has been balanced by increases realised from the majority of the portfolio.
27. A full report on the 2023/24 treasury management performance will be made to committee in July 2024 as part of the outturn 2023/24 publication, in accordance with the arrangements prescribed in the Policy Statement.

REVIEW OF LONGER TERM INVESTMENTS

28. As communicated to this Committee in July (Paper No. 22-220), the Council added to its Multi Asset Fund investments in 2022/23 after a fund selection process with its specialist investment advisors, Link Treasury Services (Link). It was planned that the investments would be staggered in early 2022/23 in line with cash flow needs, further risk assessments, and to allow for set up time of new funds. However, following advice from Link, and as subsequently communicated in the 2022/23 Mid-Year Review (Paper No. 22-395) the final investment into the Royal London Sustainable Growth Trust Fund (£20 million out of a total of £50 million overall) was paused due to the volatility in the market and at that time no decision being made on the override of International Financial Reporting Standard 9 (IFRS 9). After a year long pause due to the aftermath of volatility caused in September 2022, the second phase of multi asset fund investments was completed in September 2023 by investing £20m in the Royal London Sustainable Growth Fund which was set up in September 2022. Officers are continuing to progress with the next tranche of Multi Asset Investments in 2024.
29. Since its introduction IFRS 9 has been "overridden" (i.e. does not apply) in relation to local authorities but that override was due to expire at the end of 2022/23. Government announced in January 2023 that the override would be

extended for another two years to the end of 2024/25. This means that annual gains or losses arising from changes in fair value (i.e. capital) of pooled investments such as Multi Asset Funds would not need to be charged to revenue in the General Fund in the year that they occur (and therefore impact the Council Tax requirement) until 2025/26. During the extension of this override, any loss or gain will continue to sit solely on the Council's Balance Sheet. As the override was only extended rather than confirmed as applying indefinitely, the working assumption is that it will come to an end in 2024/25. The Council will therefore continue to make provision in an earmarked reserve for IFRS 9 as detailed in paragraph 33.

30. Officers continue to be proactive on maintaining the Council's high rate of return which in turn yields the Council in excess of £32 million gross per annum at present. As the Bank Rate reduces it is clear that this high rate environment across all investment types and durations will not continue. Officers are therefore progressing with a third tranche of multi asset investments with Link with re-evaluation of funds in Spring 2024. When funds are selected and set up, there is no immediate requirement to investment in them. The outcome of re-evaluation will be presented to this Committee within the Treasury Outturn Report 2023/24 in June or July 2024.
31. Ultimately the aim of the proposed amendments to the Treasury Policy Statement detailed later in this paper is to continue to protect the security and liquidity of the Council's investments whilst increasing the Council's overall return by recognising that average cash balances have continued to rise over the past few years and, whilst projected to reduce from their current historically high level, are predicted to continue at a sustained level in the short to medium term at least. Treasury budgets will be adjusted in 2024/25 to reflect this change in policy, once implemented.

DEBT

32. The size and composition of the Council's debt at 31st March 2023 and 31st December 2023 is shown in Appendix D. Gross debt has reduced from £43 million to £26 million reflecting repayments of PWLB debt. A further repayment will be made before the end of 2024/25. No new long-term borrowing has been undertaken in 2023/24 and none is expected for the remainder of the year.

REGULATIONS

33. The use of Money Market Funds by local authorities as non-capital expenditure is governed by regulation which refers to European legislation. The governance and wording of this regulation has been amended to take effect from the date the United Kingdom ceases to be a member of the European Union as The Money Market Funds (Amendment) (EU Exit) Regulations 2019 No. 394.
34. The impact of International Financial Reporting Standards IFRS 9 on (measurement of) Financial Instruments is outlined above in paragraphs 28-31. All capital bearing funds will continue be analysed alongside regulation updates from Government and, if necessary, the Council will continue to make provision by setting aside a sum within a reserve. This specific earmarked reserve is estimated to hold £4.8m at 31st March 2024, representing approximately 80%

of current capital bearing fund losses if the IFRS 9 override ends, and represents 3% of the current value of all capital bearing funds (£164 million).

PROPOSED UPDATED TREASURY POLICY STATEMENT

35. The Council continues to have high levels of balances which is expected to reduce over the next three years whilst remaining above £570 million. It is therefore proposed that two changes are made to the Treasury Policy Statement for future investment into Multi Asset Funds as follows.
36. The Council can currently place £35 million per fund up to an aggregate of £135 million in individual Corporate Bonds (grade BBB and above), Fixed Income Funds, Equity Funds, and Mixed Asset Funds (including Multi Asset Credit). The Council currently has invested £100 million in these fund types. **It is proposed this is increased to an aggregate of £150 million from £135 million and the marker changed to a maximum of 25% from 20% for any new cumulative investment as a ratio of total investments.** This is so the Council may invest further income in 2024/25 if it decides to do so and after undertaking specialist advice on any new fund selection and within percentage boundaries outlined. **This change is described in Appendix A at paragraph 3.2.5 (b) (vi).**
37. The Strategy for 2024/25 considers the outlook for investment and debt levels for the period 2024/25 to 2026/27, taking into account estimates of major cash flow movements. These estimates are shown in the table in paragraph 4.1 in Appendix A.
38. The Council is projecting to begin the year with investments in excess of £650 million. Repayments of £17.2 million of PWLB loans taken up for the Housing Revenue Account (HRA) on 28th March 2012 will fall due during the year. The estimated movements for the following two years based upon current cash flows show that investments are likely to reduce as the HRA regeneration and development schemes progress and other balances fall.
39. Authorised Borrowing Limit and Operational Boundary for 2024/25 The Council has to set a borrowing limit and operational boundary for 2024/25 under Section 3 of Part 1 of the Local Government Act 2003. This limit refers only to gross borrowing, ignoring investments, and it is intended that it reflects the maximum amount that a local authority decides that it can borrow without further reference back to Council. This limit was set at £200 million for 2023/24 in February 2023, reflecting the existing long-term borrowing of £36 million at 1 April 2023, and allowing for the possibility of borrowing for a “spend-to-save” scheme, and short-term fluctuations in cash flows, including deposit facilities offered to other bodies and external funds, such as the North East Surrey Crematorium Board and Western Riverside Waste Authority. Long-term borrowing is expected to be £17 million at 1st April 2024 and £134 million of long-term borrowing is currently planned for 2024/25 (in relation to the Housing Revenue Account). A limit of £210 million is therefore proposed for the borrowing limit and operational boundary for 2024/25, reflecting the existing borrowing, and allowing for other possible requirements.
40. MRP Statement for 2024/25 Regulations issued under the Local Government Act 2003 require local authorities to calculate an annual amount of Minimum

Revenue Provision (MRP) to be set aside from revenue for the repayment of debt that is “prudent”. Accompanying guidance, to which local authorities should have regard, recommends the preparation of an annual statement of policy on making MRP, for approval by full Council. The MRP should not take account of capital expenditure on housing assets.

41. For Wandsworth a “prudent” MRP was, until 2017/18, nil, reflecting the fact that the Council’s debt related to the Housing Revenue Account. However, in 2016/17 internal borrowing of £7 million took place to partially fund the scheme to develop Greenmead/Ronald Ross schools to be charged to the Dedicated Schools Budget (DSB).
42. It was proposed that the Council would have an MRP, commencing in 2017/18 and charged to the DSB, to repay any such internal borrowing, at the equivalent to the PWLB rate for nine years. From 2018/19 onwards, the repayment period has been extended to twelve years. This will still be more than cover any minimum required under guidance for a “prudent” MRP. Potential borrowing as illustrated in the Proposed Additions to General Fund Capital Programme 2024/2025 (Paper 24-89) sent this committee suggests potential borrowing will require an Minimum Revenue Provision in future years.

CAPITAL STRATEGY

43. The requirement to produce an annual Capital Strategy was introduced in 2018 by amendments to CIPFA’s Prudential Code and remains within the 2021 update. The Prudential Code allows local authorities to set their own limits on borrowing as part of the freedoms and flexibilities introduced in the 2003 Local Government Act. This is achieved by setting limits to ensure that spending is affordable, prudent and sustainable. The addition of a Capital Strategy to this framework gives further context and direction to these decisions. The 2021 update to the Code also introduces the need for Prudential Indicators for all boroughs to further strengthen the testing of limits and boundaries. A revised Prudential Code was published in December 2021 and was considered at this committee in February 2022 as part of the Capital Strategy 2022/23 (Paper No. 22-70). Implementation was mandatory from 2023/24. Investment property is still addressed via the CIPFA Prudential Property Investment guidance which specifically addresses the decision making process for investing in property. Prudential Indicators are included as Appendix E to this report. The proposed Capital Strategy for 2024/25 (Paper 24-89) will be reported to this Committee elsewhere on this agenda.

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Executive Director of Finance

19 February 2024

Background Papers

No background papers were used in the preparation of this report: -
All reports to the Overview and Scrutiny Committees, regulatory and other committees, Executive and the full Council can be viewed on the Council website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001 in which case the Democratic Services Officer can supply a copy if required.

WANDSWORTH BOROUGH COUNCIL

TREASURY POLICY STATEMENT – MARCH 2024

1. SCOPE OF CORPORATE TREASURY MANAGEMENT

- 1.1. Treasury management activities are defined as the ‘management of the Council’s cash flows, banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks, supporting the achievement of the Council’s business and service objectives.
- 1.2. All cash, bank balances, financial assets, borrowings and credit arrangements held or made by any person in the course of their employment by the Council fall within the scope of Corporate Treasury Management, apart from items specifically excepted for this purpose by the Executive. The current exceptions are:
- (a) Funds held as cash and as bank balances, and managed by officers of the Education and Youth Services for the purposes of school journey grants, and voluntary funds;
 - (b) Funds held as cash and as bank balances and managed by officers of the Adult Social Services Care and Public Health and Children’s Services Departments’ Care Establishments for small items of expenditure and on behalf of residents;
 - (c) Funds held in bank accounts for school disbursements and managed by officers in schools that have exercised their right to use different bankers from the Council; and
 - (d) Pension Fund investments and balances under the control of investment managers appointed by the Pensions Committee.

2. ADMINISTRATION

- 2.1. The Executive Director of Finance’s responsibilities for Treasury Management are prescribed in the Council’s Financial Regulations. Corporate Treasury Management is part of the statutory responsibility of the Executive Director of Finance’s under Section 151 of the Local Government Act 1972, and no other Council or school employee is authorised to borrow or make credit arrangements on behalf of the Council.
- 2.2. Subject to 2.3 below, the Executive Director of Finance’s has delegated authority in relation to Treasury Management as follows:
- (a) To invest any surplus balances of the Council’s funds other than the Pension Fund and to sell investments for the purpose of re-investment or to meet the needs of a particular fund;

(b) to administer the Council's external debt within the ambit of any policy as to borrowing which the Council may have from time to time determined, and specifically:

(i) to raise, repay, renew and otherwise vary the terms of the loans; and

(ii) to enter into any collateral agreements necessary to facilitate effective debt management; and

(iii) to negotiate and enter into leasing agreements in order to finance the acquisition of vehicles, plant and equipment and to enter into any collateral agreements necessary to facilitate an effective leasing policy.

2.3. The Executive Director of Finance 's shall submit for the approval of the full Council by 31st March of each year, a Treasury Policy Statement defining the overall arrangements and strategy for the ensuing financial year, a report on the exercise of their delegated authority by 30th September in the following financial year, and a mid-year review report. Such statements and reports will have regard to good professional practice and relevant codes such as the CIPFA Guide to Treasury Management in the Public Services. The Policy Statement shall distinguish between general strategy, which shall be followed without exception, and strategy specific to the circumstances foreseen for the coming year, from which the Director may depart if changed circumstances so require provided that the departure shall be reported to the next available meeting of the Finance Committee, the Executive and the Council. The Director may depart from the policy to act upon the lowest credit rating of the three credit rating agencies when making investment decisions, following consultation with the Cabinet Member for Finance, if circumstances become such that investment opportunities under this policy are so restricted that it is not possible to place investments other than with the Debt Management Account Deposit Facility (DMADF).

2.4. The Executive Director of Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Executive Director of Finance will also ensure that those engaged in treasury management follow the policies and procedures set out. The present arrangements are documented and monitored by the responsible officer in effective day to day management of the treasury management function.

2.5. Treasury Management activities and issues shall be reviewed at least monthly at the Treasury Management meeting within the Finance Department chaired by the Director and attended by the Assistant Director. This meeting discusses strategic decisions relating to items such as structure of investments and timing of long-term borrowing. The Executive Director of Finance or, in their absence, the Assistant Director of Financial Management may authorise changes in strategy previously defined at a monthly meeting if circumstances require.

2.6. Treasury Management advisers shall be appointed at least once within the lifetime of the Council to carry out an independent review of the Council's Treasury Management activities. The next review is due in January 2025.

3. GENERAL STRATEGY

3.1. Corporate Treasury Management will be conducted in a manner that regards the successful identification, monitoring, and control of risk as of prime importance, and accordingly the analysis and reporting of treasury management will include a substantial focus on the risk implications and employ suitable performance measurement techniques within the context of effective risk management.

3.2. Investments:

3.2.1. Cash Balances

The Council shall not borrow in order to make financial investments. Investment of the Council's surplus cash balances (other than the exceptions listed under longer term investments) shall be for up to 364 days through brokers in the sterling money market, through an investment firm in Certificates of Deposit (CDs), directly through the Government's DMADF, directly with sterling AAA rated Money Market Funds (MMFs), or directly with sterling A rated Notice Funds at banks owned 20% or more by the UK Government (e.g. NatWest Group). Investments may also be placed directly with institutions where more attractive interest rates can be obtained than by investing through brokers. Where MMFs are used, the choice of fund shall be determined at the monthly Treasury Management meeting within the Finance Directorate, as described in paragraph 2.5 above. At least 20% of the portfolio shall be invested for 3 months or less, and the remaining balance shall be invested for periods of between 3 months and 364 days, except in the case of longer-term investments referred to in paragraph 3.2.5.

3.2.2. Investments:

Investments shall, subject to the exceptions listed under long term investments in paragraph 3.2.5, be placed with institutions in accordance with the following criteria shown in the table and sub-paragraphs below. Any non-UK financial institution must have a country of origin with a sovereign credit rating of at least AA.

<u>Policy para 3.2.2</u>	<u>Short-term rating</u>	<u>Long-term rating</u>	<u>Short-term watch</u>	<u>Institution</u>	<u>Maximum Investment</u>	<u>Maximum Investment > 6 months</u>
(a)	F1+	AA-	Not Negative	UK or non-UK	£50m	£30m
(b)				UK Local Authority or precepting authority	£100m	£100m
(c)	F1+	AA-	Negative	UK or non-UK	£20m	Nil
(d)	F1+	A	Not Negative	UK or non-UK	£20m	£20m
(e)	F1+	A	Negative	UK or non-UK	£10m	Nil
(f)	F1	A	Not Negative	UK or non-UK	£10m	£10m
(g)	F1	A+	Negative	UK or non-UK	£5m	Nil
(h)	F1	A	Not Negative	UK or non-UK – 2 out of 3 rating agencies	£10m	3 months only
(i)				NatWest Group	£50m	

- (a) up to £50 million with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, AA- long-term, and a short-term watch that is not negative, (or equivalent under Moody's or Standard and Poor's), and where generally no more than £30 million is placed for periods longer than 6 months;
- (b) up to £100 million with other UK local authorities or precepting authorities;
- (c) up to £20 million for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, AA- long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- (d) up to £20 million with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);
- (e) up to £10 million for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- (f) up to £10 million with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);
- (g) up to £5 million for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A+ long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- (h) up to £10 million with UK or non-UK institutions for a maximum of 3 months where 2 out of 3 credit rating agencies have a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's); and
- (i) up to £50 million with banks owned 20% or more by the UK Government (e.g. NatWest Group). Included in this limit is any balance held in notice funds held with these institutions.

The credit ratings from Fitch, Moody's and Standard and Poor's shall be reviewed on a monthly basis and before any investment is placed, and the lowest of the three will be used.

3.2.3. Bank Investments:

In addition to criteria set out in 3.2.2 investments with banks shall not exceed the following percentage parameters.

- (j) No more than 40% of total investments shall be held in banks as fixed term deposits (this excludes those banks owned 20% or more by the UK Government (e.g. NatWest Group).
- (k) No more than 30% of total investments shall be held in overseas banks as fixed term deposits.

- (l) No more than 10% of total investments shall be held in one overseas sovereign country in relation to fixed term deposits.

The above investment criteria shall be regarded as maximum levels and due regard shall be had to market conditions. Restrictions on the above limits may be placed from time to time on a temporary basis by the Executive Director of Finance or, in their absence, the Assistant Director. Any such temporary restrictions applied shall be reported to the next available meeting of the Finance Committee, the Executive and the Council.

3.2.4. Money Market Funds and Short Dated Income Funds

Investments may also be placed directly in sterling MMFs with AAA ratings or with Short Dated Income Funds with AA ratings. Investments shall be placed in accordance with the following criteria:

- (a) These Funds may be either short dated funds with daily liquidity or slightly longer dated funds with a short notice period. Where MMFs are used this is to be determined at the monthly Treasury Management meeting within the Finance Department, as described in paragraph 2.5 above. Daily operation of the funds will be managed by the Treasury Management Team within the Financial Management Division.
- (b) The maximum overall limit for the use of MMFs and Short Dated Income Funds shall be 50% of total investments.
- (c) The maximum limit for each counterparty with AAA rating shall be £50 million.
- (d) The Federated +1 day MMF may exceed £50 million to allow for capital appreciation which may take an initial investment over that value. This capital value will be formally reviewed at the monthly Treasury Management Meeting with the Executive Director of Finance at each £100,000 additional excess achieved.
- (e) Each MMF shall have as a minimum AAA credit rating from one of the three main credit rating agencies and, if the Fund has more than one rating, each rating shall be AAA.
- (f) Each Short Dated Income Fund shall have as a minimum AA credit rating from one of the three main credit rating agencies.
- (g) The maximum investment placed in any Fund shall not exceed 12.5% of the total assets under management in the Fund.
- (h) For an AA rated Short Dated Income Fund, the maximum investment in any Fund shall not exceed £5 million, or 7.5% of assets under management, whichever is the lower.
- (i) Short Dated Income Funds held at a bank which is 20% or more owned by the UK Government (e.g. NatWest Group) are exempt from the criteria in paragraphs 3.2.4 (f-h) but subject to the restriction in paragraph 3.2.2 (i).

3.2.5. Longer Term Investments. Investments for periods longer than 364 days must be authorised by the Executive Director of Finance and placed in accordance with the following criteria:

- (a) Investments shall be for no longer than three years, unless specifically identified as one of the exceptions under b) below. The amount that can prudently be invested for longer than 364 days (with banks or local authorities), but for no longer than three years must relate to forecasts of investments taking into account foreseeable net spending needs and allowing for adequate reserves and contingencies. As investment levels are expected to remain above £620 million for the next two years, a prudent limit for the maximum amount to be invested for longer than 364 days but for no longer than three years is £100 million. Investments over 364 days shall not exceed £50 million with any individual counterparty. Non-specified investments of this type must also have 50% of the aggregate total maturing within two years.
- (b) Investments may be placed for periods longer than three years as follows. Any such investments will not count against the £100 million limit in a) above.
 - (i) Up to £50 million may be placed in a Property Fund that is set up under a scheme approved by HM Treasury so that it does not count as capital expenditure. Total investments in a Property Fund should not be greater than 5% of total investments, or greater than 10% of the lowest cash flow projection over 3 years (inclusive of the year of investment), when placed.
 - (ii) Up to £50 million may be placed in a Covered Bond. The bond will have a maturity period of no longer than three years and will have a credit rating of AAA from at least one of the three credit rating agencies. If the bond issuer is one of the institutions on the Council's investment list this investment will not count against the limit for that counterparty under paragraph 3.2.2.
 - (iii) Loans may be made to Staff Mutuals, other Service Providers or Voluntary Organisations at market rates of interest. The detailed terms of each loan will be determined on an individual basis by the Executive Director of Finance, subject to an overall maximum limit of £5 million per loan.
 - (iv) Loans may be made by any Joint Venture arrangement, development partner or vehicle set up for the purpose of regenerating the Council's housing estates. This may be in either cash or backed by property assets. Any such investment shall not exceed £50 million per investment/ loan type and £125 million in total.
 - (v) Loans may be made to Wandsworth based Business Improvement Districts (BIDS) for start-up loans at up to market rates of interest to an overall maximum limit of £1 million.
 - (vi) Investments may be made from the Pensions Resilience Reserve and other cash balances up to an aggregate limit of **£150 million** (increased from £135 million) for around five years, subject to meeting the criteria that investments do not count as capital expenditure. The following classes of assets may be utilised – Individual Corporate Bonds (grade BBB and above), Fixed Income

Funds, Equity Funds and Mixed Asset Funds (including Multi Asset Credit). In addition, investments may be made in products akin to those currently used by the Pension Fund. Where practicable, suitable hedging arrangements will be made on all such investments; however, it is recognised that hedging (outside a fund) against downside risk will often be cost prohibitive therefore risk management will focus on diversification. The total amount invested with any one manager shall not exceed £35 million unless capital appreciation takes an initial investment over that value. Any new investment should not make the cumulative investments higher than **25%** (increased from 20%) of total investments or 25% of the lowest cash flow projection over 3 years (inclusive of the year of investment) when placed.

- (vii) The investment of amounts set aside from HRA reserves for repayment of long-term PWLB loans which may be invested for longer periods, as long as the maturity date is no later than the maturity date of the long-term PWLB loan.

3.3. No credit arrangements shall be undertaken except:

- (a) leases of land and buildings approved by the Executive or under powers delegated to the Head of Property or another officer; and
- (b) finance leases for vehicles, plant, and equipment on terms more favourable than realisation of investments.

3.4. Generally, at least 90%, and always at least 80% of the Council's borrowing shall be taken in the form of loans raised for a period in excess of one year and, if practicable, with an average original period of at least six years. Long-term loans shall be taken up either through brokers in the sterling money market, the Public Works Loan Board (PWLB), or by the issuing of a bond.

4. STRATEGY FOR 2024/25

4.1. The following table considers the outlook for investment and debt levels for the period 2024/25 to 2026/27 considering estimates of major cash flow movements. The top half the table shows the Council's opening net investment position if borrowing was taken at the start of the year. The second part of the table shows overall investment outlook for the 31st of March each year:

	<u>2024/25</u> £'m	<u>2025/26</u> £'m	<u>2026/27</u> £'m
Estimated investments 1st April	660.0*	629.4	621.8
Estimated debt 1st April	-17.2	0	0
Estimated new HRA borrowing	-134.3	-237.2	-368.1
Deposit facilities for other bodies & funds	-22.3	-22.3	-22.3
Net investments/debt 1st April	486.2	369.9	231.4
Estimated investments 1st April	660.0	629.4	621.8
<u>Deduct</u>			
Capital payments - General	-145.6	-65.2	-66.8
Capital payments - HRA	-201.4	-215.8	-308.9
Net Movement in funds, reserves & provisions - General	-5.3	-24.5	-42.7
Net Movement in funds, reserves & provisions -HRA	-5.0	41.9	26.7
<u>Add</u>			
New HRA borrowing receipts	134.3	105.6	136.5
Capital receipts	15.6	7.6	1.7
HRA capital receipts	32.6	76.5	140.8
Capital grants	118.6	49.6	45.6
Revenue provision for capital & credit liabilities	42.8	19.4	20.9
<u>In-year net cash movement before loans</u>	<u>-13.4</u>	<u>-4.9</u>	<u>-46.2</u>
Net investments/debt 31st March	472.8	365.0	185.2
<u>Estimated investments 31st March</u>	<u>629.4</u>	<u>621.8</u>	<u>570.0</u>
Deposit facilities for other bodies	-24.7	-24.7	-24.7
Repayment of existing debt	17.2	0.0	0.0
Repayment of new HRA borrowing	0.0	2.7	5.6

4.2. The Council begun 2023 with investments of £722 million and is expecting to finish 2023/24 with balances in excess of £660 million*. Repayments of £17.2 million of new PWLB loans taken up for the HRA on 28th March 2012 fall due during the year. The estimated movements for the following two years based upon current cash flows show that investments are likely to fall as the HRA regeneration schemes progress and the level of other balances reduces but remain strong.

4.3. Authorised Borrowing Limit and Operational Boundary for 2024/25:

The Council has to set a borrowing limit and operational boundary for 2024/25 under Section 3 of Part 1 of the Local Government Act 2003. This limit refers only to gross borrowing, ignoring investments, and it is intended that it reflects the maximum amount that a local authority decides that it can borrow without further reference back to Council. This limit was set at £200 million in February 2023, reflecting the existing long-term borrowing of £34 million at 1st April 2023, and allowing for the possibility of borrowing for a “spend-to-save” scheme, and short-term fluctuations in cash flows, including deposit facilities offered to other bodies and external funds, such as the

North East Surrey Crematorium Board or Western Riverside Waste Authority. Existing long-term borrowing is £17 million at 1st April 2024 and no new external borrowing is expected to be taken before the year end. A limit of £210 million is therefore proposed for the borrowing limit and operational boundary for 2024/25, reflecting the existing borrowing, and allowing for other possible requirements.

The Town Hall
Wandsworth
SW18 2PU

Fenella Merry
Executive Director of Finance

19 February 2024



INVESTMENTS AT 31 DECEMBER 2023

	Value £m	Interest Rate	Fitch Ratings		
			Long Term	Short Term	Outlook
Bank					
Natwest Reserve Account	0.7	3.25%	A	F1+	Not Negative
Money Market Funds					
Deutsche Sterling Platinum (CNAV)	27.8	5.31%	AAA rating		
State Street Sterling Liquidity Fund (Premier) (CNAV)	50.0	5.34%	AAA rating		
Federated Global Cash Plus (VNAV) 1 Day Notice	42.2	5.30%	AAA rating		
Fixed - Under 3 Months Remaining					
Australia and New Zealand Banking Group Ltd.	10.0	4.71%	A+	F1	Not Negative
Central Bedfordshire Council	10.0	5.40%	N/a	N/a	
Central Bedfordshire Council	5.0	5.30%	N/a	N/a	
Cheshire East Council	12.5	5.35%	N/a	N/a	
Derbyshire County Council	10.0	5.00%	N/a	N/a	
Landesbank Hessen-Thuringen	10.0	5.32%	A+	F1+	
Leeds City Council	10.0	5.50%	N/a	N/a	
National Bank of Kuwait (international) Plc	10.0	5.76%	A+	F1+	Not Negative
National Westminster Bank PLC (RFB)	15.0	5.76%	A	F1	Not Negative
National Westminster Bank PLC (RFB)	10.0	4.45%	A	F1	Not Negative
National Westminster Bank PLC (RFB)	10.0	4.41%	A	F1	Not Negative
North Lanarkshire Council	5.0	4.00%	N/a	N/a	
Suffolk County Council	10.0	5.40%	N/a	N/a	
Surrey County Council	5.0	5.60%	N/a	N/a	
Toronto Dominion Bank	10.0	5.37%	AA-	F1+	Not Negative
Toronto Dominion Bank	10.0	5.32%	AA-	F1+	Not Negative
Fixed - 3 to 6 Months Remaining					
Aberdeen City	5.0	5.55%	N/a	N/a	
Bank of Montreal	5.0	5.50%	AA-	F1+	Negative
Central Bedfordshire Council	5.0	5.45%	N/a	N/a	
Cornwall County Council	10.0	4.45%	N/a	N/a	
DBS Bank Ltd.	10.0	5.48%	AA-	F1+	Not Negative
DBS Bank Ltd.	10.0	5.40%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	5.90%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	5.58%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	5.07%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	4.97%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	4.96%	AA-	F1+	Not Negative
Goldman Sachs International Bank	5.0	5.03%	A+	F1	Not Negative
London Borough of Haringey	10.0	5.55%	N/a	N/a	
Monmouthshire County Council	10.0	5.00%	N/a	N/a	
National Westminster Bank PLC (RFB)	10.0	5.30%	A	F1	
Suffolk County Council	10.0	5.70%	N/a	N/a	
Fixed - 6 Months to 1 Year Remaining					
Basildon Borough Council	10.0	4.85%	N/a	N/a	Not Negative
DBS Bank Ltd.	10.0	5.59%	AA-	F1+	Not Negative
DBS Bank Ltd.	10.0	5.50%	AA-	F1+	Not Negative
DBS Bank Ltd.	10.0	5.12%	AA-	F1+	Not Negative
Goldman Sachs International Bank	5.0	6.13%	A+	F1	Not Negative
London Borough of Brent	10.0	5.80%	N/a	N/a	
London Borough of Brent	10.0	5.60%	N/a	N/a	
National Australia Bank	10.0	5.86%	A+	F1	Not Negative
National Bank of Canada	10.0	5.06%	A+	F1	Not Negative
North Lanarkshire Council	5.0	5.55%	N/a	N/a	
Santander UK Plc	5.0	5.43%	A+	F1	Negative
Telford and Wrekin Council	10.0	5.78%	N/a	N/a	
Toronto Dominion Bank	20.0	6.15%	AA-	F1+	Not Negative
Toronto Dominion Bank	10.0	5.80%	AA-	F1+	Not Negative
West Dunbartonshire Council	10.0	5.75%	N/a	N/a	
West Dunbartonshire Council	10.0	5.70%	N/a	N/a	

Longer Term Investments

CCLA Property Fund 27.5 5.02%

Multi Asset Income Funds

Aegon Diversified Monthly Income Fund 19.8 6.18%
Artemis Monthly Distribution Fund 14.4 4.97%
Fidelity Multi Asset Income Fund 25.0 6.48%
JPM Multi-Asset Income Fund 14.0 3.45%
Royal London Sustainable Fund 21.1 3.72%

TOTAL INVESTMENTS 31 DECEMBER 2023

690.0

INVESTMENTS AT 31 March 2023

<u>Bank</u>	Value £m	Interest Rate	Fitch Ratings	
			Long Term	Short Term
Natwest Reserve Account	0.7	1.00%	A	F1+
<u>Money Market Funds</u>				
Deutsche Sterling Platinum (CNAV)	50.0	4.16%	AAA rating	
State Street Sterling Liquidity Fund (Premier) (CNAV)	8.0	4.15%	AAA rating	
Federated Global Cash Plus (VNAV) 1 Day Notice	19.4	4.02%	AAA rating	
<u>Fixed - Under 3 Months Remaining</u>				
Ashford Borough Council	6.0	4.40%	N/a	
Bank of Montreal	5.0	3.90%	AA-	F1+
Central Bedfordshire Council	10.0	4.40%	N/a	
Cheshire East Council	5.0	4.10%	N/a	
Conwy County Borough Council	5.0	2.05%	N/a	
Cornwall County Council	10.0	4.65%	N/a	
DBS Bank Ltd.	20.0	4.00%	AA-	F1+
First Abu Dhabi Bank	10.0	4.35%	AA-	F1+
First Abu Dhabi Bank	10.0	4.08%	AA-	F1+
First Abu Dhabi Bank	10.0	2.26%	AA-	F1+
First Abu Dhabi Bank	10.0	2.00%	AA-	F1+
First Abu Dhabi Bank	10.0	1.56%	AA-	F1+
Goldman Sachs International Bank	5.0	2.25%	A+	F1
Landesbank Hessen-Thuringen	10.0	4.15%	A+	F1+
London Borough of Havering	5.0	4.15%	N/a	
Moray Council	5.0	1.05%	N/a	
North Lanarkshire Council	5.0	3.92%	N/a	
Stockport MBC	10.0	4.10%	N/a	
Suffolk County Council	5.0	4.15%	N/a	
Suffolk County Council	5.0	3.72%	N/a	
Suffolk County Council	15.0	0.45%	N/a	
<u>Fixed - 3 to 6 Months Remaining</u>				
Cheshire East Council	5.0	4.35%	N/a	
East Dunbartonshire Council	8.0	2.80%	N/a	
Goldman Sachs International Bank	5.0	3.01%	A+	F1
Leeds City Council	10.0	4.65%	N/a	
Leeds City Council	5.0	4.60%	N/a	
Monmouthshire County Council	5.0	2.65%	N/a	
NatWest Bank	5.0	4.35%	A	F1
NatWest Bank	10.0	4.26%	A	F1
Southwark Council	10.0	4.35%	N/a	
Southwark Council	10.0	4.30%	N/a	
Suffolk County Council	10.0	4.40%	N/a	
Suffolk County Council	5.0	2.90%	N/a	
Surrey County Council	5.0	2.65%	N/a	
Telford and Wrekin Council	10.0	4.35%	N/a	
Toronto Dominion Bank	10.0	4.50%	AA-	F1+

Toronto Dominion Bank	10.0	4.35%	AA-	F1+
Toronto Dominion Bank	20.0	3.12%	AA-	F1+
Toronto Dominion Bank	10.0	2.85%	AA-	F1+
Wrexham County Council	5.0	3.25%	N/a	

Fixed - 6 Months to 1 Year Remaining

Australia and New Zealand Banking Group Ltd.	10.0	4.71%	A+	F1
Canadian Imperial Bank of Commerce	10.0	4.30%	AA-	F1+
City of Kingston upon hull	5.0	4.00%	N/a	
City of Kingston upon Hull	10.0	2.35%	N/a	
Cornwall County Council	10.0	3.80%	N/a	
DBS Bank Ltd.	10.0	4.68%	AA-	F1+
DBS Bank Ltd.	10.0	4.50%	AA-	F1+
DBS Bank Ltd.	10.0	4.40%	AA-	F1+
London Borough of Brent	20.0	4.10%	N/a	
National Australia Bank	10.0	5.02%	A+	F1
National Bank of Canada	10.0	4.80%	A+	F1
NatWest Bank	10.0	4.45%	A	F1
NatWest Bank	10.0	4.41%	A	F1
NatWest Bank	10.0	4.40%	A	F1
North Lanarkshire Council	5.0	4.05%	N/a	
North Lanarkshire Council	5.0	4.00%	N/a	
North Lanarkshire Council	5.0	3.95%	N/a	
North Lanarkshire Council	10.0	2.80%	N/a	
Powys County Council	5.0	4.25%	N/a	
Santander UK Plc	5.0	4.63%	A+	F1
Santander UK Plc	5.0	4.25%	A+	F1
Suffolk County Council	5.0	3.80%	N/a	
Suffolk County Council	5.0	3.25%	N/a	
West Dunbartonshire Council	5.0	4.00%	N/a	
West Dunbartonshire Council	10.0	2.85%	N/a	

Longer Term Investments

CCLA Property Fund **28.4** 4.23%

Multi Asset Income Funds

Artemis Monthly Distribution Fund	13.8	5.08%
JPM Multi-Asset Income Fund	13.7	3.79%
Fidelity Multi Asset Income Fund	25.4	4.67%
Aegon Diversified Monthly Income Fund	19.1	4.58%

TOTAL INVESTMENTS 31 MARCH 2023

722.5

APPENDIX D
Paper No. 24-90

TOTAL DEBT

Maturity Date	Rate of Interest	Balance	Balance	
		31/12/2022	31/12/2023	
	%	£'000	£'000	
<u>Long-Term Debt</u>				
Public Works Loan Board - Equal Instalments of Principal Loans	28/03/2025	1.69%	43,004	25,803
Total Long-Term Debt			<u>43,004</u>	<u>25,803</u>
<u>Deposit Facilities for other Bodies</u>				
North East Surrey Crematorium Board			525	540
Western Riverside Waste Authority			11,871	21,547
<u>TOTAL DEBT</u>			<u>55,400</u>	<u>47,890</u>

Appendix E

Prudential Indicators

The Local Government Act 2003 requires councils to have regards for the Prudential Code when determining how much money it can afford to borrow. The Prudential Code requires local authorities ensure their capital investment plans are affordable, prudent and sustainable and treasury management decisions are taken in accordance with sound professional practices. The Prudential Code details a number of measures, limits and parameters known as Prudential Indicators (PIs) that are required to be set, monitored and evaluated each financial year.

The Prudential Code and PIs should be taken into account throughout financial planning processes. Forecasts should be regularly updated as the capital programme develops, and budget proposals should be considered in terms of their impact on the overall corporate position. Integration of these features into financial processes ensures that prudence and affordability are taken into account.

PIs are presented for the forthcoming financial year to Committee in January or February. PIs are then monitored internally at quarterly intervals (if quarterly updates result in material changes they would be published externally as well). PIs are finally presented to Committee in June or July for the preceding year's Outturn.

PIs are included within this report for the forth coming three financial years (2024/25 to 2026/27) and also provide an update to the current financial year (2023/24). 2022/23 outturn is also included as a represented comparator as Prudential Indicators are presented differently from those published in Paper No. 23-320 due to the HRA and the General Fund being split for improved presentation. Years 2023/24 onwards are updated with relevant data such as the revised capital programme and revised interest rate outlook.

The Prudential Borrowing regime, where councils set their own limit on borrowing using Prudential Indicators as controls, is based on the rule that councils are only authorised to borrow long term to fund capital projects, although they can borrow short term for cash flow purposes.

However, Government guidance on Treasury Management requires councils to treat liquidity almost as highly as security when investing surplus cash, and on this basis it should be unusual for a Council to have the need to borrow short term on a regular basis.

The key information in setting PIs is therefore the amount of capital expenditure financed by borrowing and the existing need to borrow.

It should be noted that the calculation of PIs is set by regulations, which defines borrowing as being formal loans and debt as being borrowing plus leases and other similar debt instruments.

These prescribed definitions do not match those used by the Council for its own internal budget monitoring and therefore totals are split where possible to assist users in matching PI figures to those used in budget setting and monitoring throughout the year.

If the Council took new loans, they would be on an annuity basis. These are very similar to a mortgage, with set annual payments split between interest and principal repayment. This means that the element of principal repayment is being taken as making prudent provision for repayment, and included in MRP. Any General Fund borrowing stated for future years is assumed at this stage to be internal borrowing.

Capital Expenditure Indicators

Capital expenditure indicators are designed to provide an overview of capital expenditure plans as they are a key driver of treasury management activity.

A. Capital Expenditure

Councils are only authorised to borrow long term to fund capital spend (although they can borrow very short term to cover cash flow). The financing of the Capital Programme is therefore key to determining future borrowing need.

Capital expenditure forms the basis of determining the need to borrow. The capital expenditure shown in this indicator reflects the actual/estimated Capital Programme for 2022/23 to 2026/27:

	<u>Outturn</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>	<u>Estimate</u> <u>2026/27</u> <u>£000</u>
HRA Capital Programme	119,592	157,188	201,362	173,660	182,551
General Fund Capital Programme	37,060	61,650	145,585	65,162	66,845
Total Capital Expenditure	156,652	218,838	346,947	238,822	249,396
<i>Of Which (HRA):</i>					
Financed from Grants & Contributions	39,951	24,986	26,945	29,022	12,022
Financed by Wandsworth	73,684	117,086	33,924	34,275	32,671
New Borrowing Required by Programme	5,957	15,116	140,493	110,363	137,858
<i>Of Which (GF):</i>					
Financed from Grants & Contributions	21,363	46,753	118,604	49,455	45,518
Financed by Wandsworth	15,697	14,897	15,565	7,746	1,781
New Borrowing Required by Programme	0	0	11,416	7,961	19,546

The estimate of capital expenditure changes during the course of the year as schemes are added and completion dates change.

The amount financed by Wandsworth includes the use of capital receipts that the Council has generated during the current and previous years, plus expected receipts from the disposal of Council assets in future years. Amounts financed by Wandsworth also includes direct revenue contributions and use of earmarked reserves (primarily the HRA Major Repairs Reserve for the HRA).

The General Fund programme is detailed fully in Appendix A of the February 2024 'Update of the General Fund Capital Programme' report (Paper No. 24-89). The HRA capital programme was approved via the 'Housing Revenue Account Budget (including Rents for Council Dwellings)' report (Paper No. 24-12) in January 2024.

B. The Capital Financing Requirement

The Capital Financing Requirement (CFR) determines the authority's underlying need to borrow for capital purposes. Schemes that have no specific funding source increase the authority's underlying need to borrow hence the CFR increases. The level of provision required to repay debt (MRP) also increases, which will decrease the CFR.

HRA CFR	<u>Outturn</u> <u>2022/23</u> £000	<u>Estimate</u> <u>2023/24</u> £000	<u>Estimate</u> <u>2024/25</u> £000	<u>Estimate</u> <u>2025/26</u> £000	<u>Estimate</u> <u>2026/27</u> £000
Capital Financing Requirement (CFR)	171,040	146,488	127,943	239,812	337,992
Year on Year Increase/Decrease in CFR	-24,552	-18,545	+111,869	+98,181	+125,609
Change represented by:					
Schemes financed by Borrowing (incl. leases)	5,957	15,116	140,493	110,363	137,858
MRP contributions to fund the Requirement	-30,509	-33,661	-28,624	-12,182	-12,249
	-24,552	-18,545	111,869	98,181	125,609

General Fund CFR	<u>Outturn</u> <u>2022/23</u> £000	<u>Estimate</u> <u>2023/24</u> £000	<u>Estimate</u> <u>2024/25</u> £000	<u>Estimate</u> <u>2025/26</u> £000	<u>Estimate</u> <u>2026/27</u> £000
Capital Financing Requirement (CFR)	16,300	15,859	15,406	26,357	33,840
Year on Year Increase/Decrease in CFR	-441	-453	+10,951	+7,483	+19,055
Change represented by:					
Schemes (potentially) financed by Borrowing (incl. leases)	0	0	11,416	7,961	19,546
MRP contributions to fund the Requirement	-441	-453	-465	-478	-491
	-441	-453	10,951	7,483	19,055

The CFR increases when there is an increase in spending which is not funded from existing resources. The Council would therefore potentially need to borrow to fund this expenditure. The CFR does not distinguish between real borrowing (either by taking out a loan or financing lease from an external body) and "internal borrowing" from cash flow.

The CFR decreases where there is either no new debt taken or contributions to repay debt are higher than the new debt. This can be seen in the 2023/24 HRA estimated outturn CFR, where the existing borrowing has decreased and no in year borrowing has been taken. In 2024/25 this falls further as even though borrowing is budgeted existing borrowing is in the final year of repayment and opening borrowing in 2025/26 would therefore be greater.

The General Fund CFR remains constant between 2022/23 and 2023/24 where no new borrowing has been taken. Internal borrowing is planned thereafter if the capital programme spends to budget.

After the year-end, the actual capital financing requirement for 2023/24 will be calculated directly from the Council's Balance Sheet. This prudential indicator will be referred to as the actual capital financing requirement in future iterations.

Indicators of Affordability

Affordability indicators are designed to ensure authorities have considered the costs of borrowing in a number of ways before they approve the capital spend that requires them to borrow. To do this, they consider:

The interest and principal repayment costs as a percentage of the Council's revenue budget.
The impact of the change in financing costs on Council Tax.

C. Ratio of Financing Costs to Net Revenue Stream

The General Fund indicator compares the net financing costs budget (interest payable and amounts set aside for actual repayment of principal, and interest receivable) to the Council's Budget Requirement (before Revenue Support Grant, Business Rates and Council Tax). The HRA indicator compares the net financing costs budget (as above) to the HRA to revenue expenditure.

	<u>Outturn</u> <u>2022/23</u>	<u>Estimate</u> <u>2023/24</u>	<u>Estimate</u> <u>2024/25</u>	<u>Estimate</u> <u>2025/26</u>	<u>Estimate</u> <u>2026/27</u>
HRA	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net Financing Costs	28,549	30,579	31,161	27,178	13,444
Net Revenue Stream	152,925	179,565	194,830	183,893	198,546
As a Ratio	18.67%	17.03%	15.99%	14.78%	6.77%

	<u>Outturn</u> <u>2022/23</u>	<u>Estimate</u> <u>2023/24</u>	<u>Estimate</u> <u>2024/25</u>	<u>Estimate</u> <u>2025/26</u>	<u>Estimate</u> <u>2026/27</u>
General Fund	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net Financing Costs	-7,533	-15,719	-17,751	-14,626	-8,124
Net Revenue Stream	170,217	192,143	199,711	217,452	237,216
As a Ratio	-4.43%	-8.18%	-8.89%	-6.73%	-3.42%

Financing costs represent the net interest costs (interest receivable less interest payable on debt) and a prudent provision for debt repayment (the Minimum Revenue Provision).

Financing costs are linked to movements in interest rates, maturity timeframes of debt, as well as principal borrowed. Most borrowing is at a fixed rate, meaning interest payments will not vary, whereas most investments are for under a year meaning there are often amounts maturing which can be reinvested during the year leading to variable rates achieved during the year.

D. The impact of Capital Investment decisions and changes from Interest Rates on the Council Tax

This indicator shows the change in the level of Council Tax each year that will result from the authority's total capital plans. This can be viewed in two ways, both by the impact of the full effect of changes in financing costs as a percentage of Council Tax, or as the increase in a Band D Council Tax. This indicator excludes the impact of the HRA and is therefore re-presented for 2022/23.

	<u>Outturn</u> <u>2022/23</u>	<u>Estimate</u> <u>2023/24</u>	<u>Estimate</u> <u>2024/25</u>	<u>Estimate</u> <u>2025/26</u>	<u>Estimate</u> <u>2026/27</u>
General Fund	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Impact of Change	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Interest Payable</u>					
- Direct borrowing	465	911	820	592	410
<u>Interest Receivable</u>	-8,439	-17,083	-19,036	-15,696	-9,025
<u>Principal Repayment</u>					
- Represented by MRP	441	453	465	478	491
Net Treasury Costs	-7,533	-15,719	-17,751	-14,626	-8,124
Year on Year Change		-8,186	-2,032	+3,125	+6,502
Impact on the Council Tax Requirement		-11.92%	-2.85%	3.50%	5.97%
Impact on a Band D Property		-£58.05	-£14.16	£21.65	£44.81

This indicator is designed to allow Members to make informed decisions on project approval based on affordability to the Council and priority against other cost pressures.

The cost to the Council Tax Payer is either a cost of borrowing to finance the scheme or an opportunity cost of lost income where balances (such as S106, Infrastructure Fund, Capital Receipts) are spent instead of being held as investments.

Interest Receivable is reflective of Bank Rate forecasts. The main element of this income is treasury investments i.e. Fixed Term Deposits with Local Authorities and Banks, Money Market Funds and Property and Multi Asset Funds.

The year on year change in Financing Costs is due to the financing of the capital programme. This will change if further resources are identified to reduce the borrowing requirement, or if there is additional borrowing in the programme.

Indicators of Prudence

Prudence indicators are designed to ensure authorities consider the impact of their spending decisions on borrowing. To do this, they compare Gross Borrowing (being loan debt and other financing lease arrangements) to the Capital Financing Requirement.

E. Gross Debt and the Capital Financing Requirement

The Prudential Code states that 'In order to ensure that over the medium term borrowing will only be for a capital purpose, the local authority should ensure that borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.'

Gross Debt is defined as all external borrowing in the form of loans as well as financing leases.

The limit for debt is based on the current CFR plus the increase in the CFR over the next 3 years (the amount of the capital programme which is financed from borrowing in these years) to comply with the Code.

This limit allows authorities to borrow to meet their current need and to borrow in advance of need where this is prudent. For example, if an authority has £50m borrowing planned for capital spend over the next 3 years and interest rates are anticipated to rise next year, it could be prudent to borrow some of that £50m now.

	<u>Outturn</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>	<u>Estimate</u> <u>2026/27</u> <u>£000</u>
Gross External Debt Limit Set	346,244	371,832	352,834	494,651	622,159
Projected Gross External Debt	48,246	39,549	161,920	270,603	405,811
Amount above/(below) limit	-297,998	-332,283	-190,914	-224,048	-216,348

Debt is projected to stay within the limit set in the medium term.

F. **Authorised Limit for External Debt**

The authorised limit is the absolute limit of borrowing based upon the authority's plans and includes sufficient headroom for unpredictable cash movements. External Debt includes both direct borrowing and indirect borrowing implied in a financing lease or PFI arrangement. It excludes internal borrowing.

	<u>Outturn</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>	<u>Estimate</u> <u>2026/27</u> <u>£000</u>
Authorised Limit Set	150,000	200,000	210,000	295,000	450,000
Projected Gross External Debt	48,246	39,549	161,920	270,603	405,811
Amount above/(below) limit	-101,754	-160,451	-48,080	-24,397	-44,189

The above indicator shows the maximum level of external borrowing including scheduled repayments on annuity loans. The Council's Authorised Limit for External Debt is the same as the Operational Boundary due to the Council not having financing lease or PFI costs.

For 2022/23 and 2023/24 as no new borrowing was taken the amount is substantially lower than the limit set. For 2024/25 onwards assumed borrowing is included therefore the authorised limit set would represent the highest limit in the year, whereas projected gross external debt is lower due to in year repayments of existing (and potentially new) debt.

The Council is projected to stay well within the Authorised Limit set. This limit is at the Council's discretion and any change in the projected external debt should be reflected in this limit.

G. **Operational Boundary**

The operational boundary should be based upon the authority's plans and should show the maximum level of external debt. It is not significant if the operational boundary is breached on occasion although sustained or regular trend above the boundary should warrant further investigation.

	<u>Outturn</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>	<u>Estimate</u> <u>2026/27</u> <u>£000</u>
Operational Boundary Set	150,000	200,000	210,000	295,000	450,000
Projected External Debt	48,246	39,549	161,920	270,603	405,811
Amount below Limit	-101,754	-160,451	-48,080	-24,397	-44,189

The Council is projected to stay well within this limit.

The Council's Operational Boundary is the same as the Authorised Limit for External Debt due to the Council not having financing lease or PFI costs.

Indicators for Treasury Management

The CIPFA Code of Practice sets out best practice in treasury management. All Treasury activities currently adhere to the Code of Practice and regular reviews ensure that this continues.

H. **Maturity Structure of Borrowing**

This indicator sets limits for the amount of fixed rate borrowing that will mature within certain time bands in the future. This is designed to ensure that authorities spread the maturity dates of their loans to avoid the risks associated with having to repay or re-borrow large amounts within a short period.

The Council existing borrowing is on an annuity basis, and all new borrowing will be taken on the same basis, making annual repayments of principal. This indicator is therefore not relevant for the Council as the risk of large values becoming due in any one year is mitigated by the regular repayments.

I. **Actual External Debt**

This is actual external debt subjectively split as at the end of the last financial year and does not include assumptions for future borrowing.

	<u>Outturn</u> <u>2022/23</u> <u>£000</u>
Borrowing	34,404
Other Long Term Liabilities	13,842
Total External Debt	48,246

J. Total Principal Sum Invested Beyond the Period End

Previously, authorities with debt could not invest for greater than 364 days. Under the prudential controls this restriction is lifted (i.e. Authorities can invest for more than one year).

This limit is to ensure that authorities do not invest too much of their portfolio beyond one year (which could lead to losses in interest during times of volatile interest rate fluctuations)

	<u>Outturn</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>	<u>Estimate</u> <u>2026/27</u> <u>£000</u>
Limit	100,000	100,000	100,000	100,000	100,000
Projected LT Investments at 31st March	0	0	0	0	0

Officers are reviewing the levels of "core cash" which could be invested for the medium term with minimal risk to liquidity. These levels will be considered with any potential medium term investments and where the likely increased return outweighs the additional risk of these investments and is significant, longer term investments will be made.

Investments of this type exclude long term investments in property funds, covered bonds, multi asset funds or loans to a Joint Venture arrangement or development partner. These other long term investments are restricted by specific limits as outlined in the Treasury Policy Statement.

WANDSWORTH BOROUGH COUNCIL

BOROUGH RESIDENTS' FORUM – 16TH JANUARY 2024

HOUSING COMMITTEE – 23RD JANUARY 2024

EXECUTIVE – 29TH JANUARY 2024

COUNCIL – 7TH FEBRUARY 2024

Joint Report by the Executive Director of Finance and the Executive Director of Housing and Regeneration on the Housing Revenue Account Budget (including Rents for Council Dwellings)

SUMMARY

In January or February each year the Council has a duty under the Local Government and Housing Act 1989 to formulate proposals for expenditure and income for its housing stock for the following financial year which will ensure that no debit balance occurs for that year on the Housing Revenue Account. This report reviews various matters appertaining to the Housing Revenue Account, including Council housing rents and charges, the housing capital programme and the overall Housing Revenue Account budget framework for the period 2023/24 to 2026/27.

The report first recommends additions to the existing Housing Revenue Account capital programme (as set out in summary in Appendix A) totalling £126.199 million as detailed in Appendix B to this report culminating in an overall capital programme amounting to £714.761 million over the framework period as shown in Appendix C before turning to proposals for revenue expenditure and income.

Insofar as proposals for income are concerned, the Council has a duty to review Council housing rents. Taking account of all relevant factors the Cabinet Member for Housing recommends that Council housing rents are increased by a maximum of 7.7% with effect from the first Monday in April 2024.

The Cabinet Member for Housing also proposes general increases in non-residential charges of 6.7% as set out in Appendix D, again to take effect from the first Monday in April 2024.

Finally, Appendix E shows the revised budget framework that reflects the proposals in this report and Appendix F graphically reflects the revised Housing Revenue Account business plan forecast over both the next 10 and 30 years.

To summarise, on the forecast parameters used, the Housing Revenue Account business plan demonstrates that the Council continues to be in a position to finance future expenditure plans, including the two large-scale regeneration projects and the Homes for Wandsworth development programme, whilst continuing to maintain the Decent Homes standard on existing stock.

Housing Revenue Account Budget (including Rents for Council Dwellings)GLOSSARY

BRF	Borough Residents' Forum
CPI	Consumer Price Index
DHP	Discretionary Housing Payment
DLUHC	Department for Levelling Up, Housing and Communities
GLA	Greater London Authority
HRA	Housing Revenue Account
LHA	Local Housing Allowance
MHCLG	Ministry of Housing, Communities and Local Government
PWLB	Public Works Loans Board

RECOMMENDATIONS

1. The Housing Committee are recommended to support the recommendations in paragraph 2. If the Committee approve any views, comments or recommendations on this report, these will be submitted to the Executive for their consideration.
2. The Cabinet Member for Housing recommends the Executive to recommend to the Council as follows: -
 - (a) that the Housing Revenue Account capital programme additions totalling £126.199 million as set out in Appendix B to the report be approved and that accordingly the total capital programme over the Housing Revenue Account budget framework period totalling £714.761 million as set out in Appendix C to the report be adopted as the Housing Revenue Account approved capital programme;
 - (b) that the existing procurement governance arrangements in relation to the Housing Revenue Account capital programme continue to be approved;
 - (c) to approve that rent charges for all existing tenants in Council owned properties (both Social Rent and Affordable Rent) be increased by a maximum of 7.7% from the first Monday in April 2024;
 - (d) to approve that rent charges for all existing tenants in Council owned temporary accommodation hostel stock at Nightingale Square be increased by a maximum of 7.7% from the first Monday in April 2024;
 - (e) to approve that for other properties (including those previously sold under Right to Part Buy, Equity Share and Social Homebuy options) dwelling rents be increased by a maximum of 7.7% from the first Monday in April 2024;
 - (f) to note that tenants' service charges will continue to be set by the Executive Director of Finance on a cost recovery basis, albeit with a general individual cap applied of 7.7% in line with national guidance, except in exceptional cases where costs have increased significantly due to exceptional inflationary increases for the specific charge or a change in service specification;
 - (g) to note that an overriding restriction is maintained that all tenants with combined basic rent and service charges (the "rent envelope") in excess of an amount equivalent to 45% of the total welfare benefit cap (£219 per week) have their rent envelope capped at its current level (by reducing basic rent where necessary to compensate for any increase in assessed service charges);

Housing Revenue Account Budget (including Rents for Council Dwellings)

- (h) that the Executive Director of Housing and Regeneration be authorised to serve notices upon tenants of Housing Revenue Account dwellings, advising of the rents and service charges to be applied from the first Monday in April 2024;
- (i) that the non-residential charges be increased by an average of 6.7% as set out in Appendix D to the report be approved with effect from the first Monday in April 2024;
- (j) that the estimates shown in Appendix E to the report for the Housing Revenue Account for the financial years 2023/24 through to 2026/27 be adopted as the Housing Revenue Account budget framework, subject to any budget variations subsequently approved by the Executive within the overriding restriction that the Housing Revenue Account reserves shown for 31 March 2027 should not be forecast by the Executive Director of Finance to reduce by more than £40 million; and,
- (k) that the Executive Director of Finance be authorised to prepare the statutory Housing Revenue Account statement for 2024/25 showing the estimates made on the basis of the foregoing proposals.

HOUSING REVENUE ACCOUNT AND BUSINESS PLAN REVIEW

3. Under Part VI of the Local Government and Housing Act 1989, each local authority is required to keep a Housing Revenue Account (HRA) in accordance with proper practices and detailed directions by the Secretary of State. The Act also requires that: -
 - (a) during January or February each year, the Council must formulate proposals for expenditure and income for its housing for the following year, which will ensure, on the best assumptions that can be made at that time, that the HRA for that year does not show a debit balance;
 - (b) these proposals must be implemented and monitored to ensure that the HRA will not show a debit balance; and,
 - (c) within a month of formulating its proposals, a statement must be prepared, showing these proposals and the estimated HRA income and expenditure. This statement must be made available for public inspection until the end of the year following the year to which the statement relates.
4. This report has been prepared to enable the Council to meet the statutory requirement outlined in (a) above for 2024/25, but more importantly in the context of the HRA business planning process, that the Council has prepared longer-term plans for the management of its housing stock that are viable and affordable.
5. The requirement for monitoring, described in (b) above is delegated to the Executive Director of Housing and Regeneration.
6. The requirement to make available the statement referred to in (c) above is met by including the HRA budget framework within the Council's budget publication, which is then made available for reference in public libraries in the borough and on the Council's website. The HRA budget framework is also made published online as part of this report.

HRA CAPITAL EXPENDITURE

7. The HRA capital expenditure estimates have been based on the current cash flows for the capital programme adjusted for slippage as approved in the HRA Business Plan Update in November 2023 (Paper No. 23-374) and any budget virements and budget variations approved since as summarised in Appendix A to this report.
8. The Executive Director of Finance and the Executive Director of Housing and Regeneration propose additions totalling £126.199 million as summarised below and as set out in detail in Appendix B for consideration.

Programme Area	2023/24	2024/25	2025/26	2026/27	Total
	£000s	£000s	£000s	£000s	£000s
Repairs & Improvements	200	11,152	18,086	15,806	45,244
Environmental & Estate Improvements	-	2,300	2,685	799	5,784
Site Developments	2,268	5,764	17,390	26,249	51,671
Purchase of Properties	-	10,000	10,500	-	20,500
House Purchase Grants	-	-	3,000	-	3,000
TOTAL	2,468	29,216	51,661	42,854	126,199

Repairs & Improvements

9. The HRA business plan includes funding for assumed levels of capital spend over the next 30 years based on a statistical survey of the Council's housing stock condition. The stock condition survey undertaken in 2012 identified that on average £25 million per annum (at 2012 prices, equivalent to approximately £35 million at current prices) would need to be invested in the stock to maintain Council owned housing stock to the basic decency standard. At the time this equated to an average expenditure of £1,465 per property per annum for the tenanted stock or £44,000 per property over the life of the 30-year business plan.
10. Despite the changes and challenges to the financial outlook and the impact on the HRA business plan since the self-financing buyout in 2012 the level of funding available for maintaining the current stock, which is considered to be a priority against other calls for capital funding, has been maintained in relative terms.
11. A recent update of the stock condition survey has however indicated that, based on the sample tested, the level of investment in to the existing stock needs to be increased. It is recognised that the original 2012 stock condition survey was produced when the landscape for social housing landlords was very different. Since then responsibilities relating to zero carbon and building/fire safety have increased which, in part, will be driving the requirement to increase the base level of financial resources available for capital works. It is therefore accepted that the level of bids proposed for this bidding round will be significantly higher than those seen in recent years and above the level typically available in the HRA business plan.
12. The precise impact of the refresh of the stock condition survey is still being determined by the Executive Director of Housing & Regeneration. As part of this process it will allow the Council to consider any additional works that may need to be undertaken to meet any new decent homes requirements identified as a result of the government's Social Housing White Paper, any new health and safety requirements

Housing Revenue Account Budget (including Rents for Council Dwellings)

and to identify and cost energy efficiency works that might be undertaken to improve the energy efficiency of the Council's existing council stock and to contribute towards carbon reduction initiatives and targets and which will feed into the wider Asset Management Strategy which is currently being developed.

13. Of the bids submitted by the Executive Director of Housing and Regeneration £45.244 million relate to Repairs & Improvements in Council owned housing stock. For comparison the equivalent level in previous years was £33.5 million in January 2023 and £34.376 million in January 2022 showing a significant uplift in the historic 'normal' level of capital bids. This increased level of bids has been accommodated into the updated HRA business plan.
14. In recognition of the Council's climate change ambitions it is considered that nearly £25 million of that investment is for schemes that will have a positive impact on energy efficiency such heating and building fabric improvements. All of these bids will deliver improvements and assist in meeting carbon reduction targets. Key factors in identifying future works to improve energy efficiency will be identifying, through the stock condition survey, works with the maximum positive impact and where grant can be sought to minimise costs and the potential impact on leaseholders.
15. Included in the above total is £12 million for roof and window renewals, £1 million of which has been set aside for Council owned street properties. Furthermore, the proposed bids contain £1.8 million for kitchen and bathroom renewals to ensure the Council continues its drive to maintain the Decent Homes Standard. This is in addition to previously approved kitchen and bathroom budgets within the existing programme totalling £33 million.
16. £4 million will be specifically invested in to retrofit schemes that are designed to help improve the energy efficiency of the existing stock.
17. Within the capital bids additional financial resources have been requested to cover the costs of schemes that are outside the Government's Decent Homes Standard. They include funding to fix potentially unsafe cladding, the final phase of the fire safety works across the sheltered and short-term let stock and the expansion of the programme to extend and convert properties when they become vacant. This is much needed as the number of households who, when rehoused, require a four bedroom property or bigger, has significantly increased over recent years. Finally, the ongoing aids and adaptations programme does not form part of the Decent Homes Standard but has a significant impact on resources available for decency works.
18. From the chargeable bids submitted for approval an estimated £11.953 million is expected to be recovered from leaseholders as part of their annual major works service charge bills which reduces the call on HRA capital resources. The exact service charge income levels and timing of the bills will be dependent on total scheme costs, which properties benefit from the works (in relation to Boroughwide schemes) and when schemes are sufficiently in progress/completed to enable billing. Where resident leaseholders receive a major works bill over £3,000, then these can now be paid in up to 48 interest free instalments as approved in September 2022. Other schemes are available to assist qualifying resident leaseholders such as Major Works Loans which includes both the Deferred Repayment scheme and the Right to a Loan scheme.

Housing Revenue Account Budget (including Rents for Council Dwellings)

Environmental & Estate Improvements

19. In addition to the Repairs & Improvements bids new provision has also been made within the HRA business plan of up to £3 million per annum from 2024/25 (so for the purpose of this capital bids round totalling £6 million across 2024/25 to 2025/26) for environmental and estate improvements and other works not typically considered to be linked to stock decency. These include, but are not limited to, the renewal of housing estate roads and pavements and the refurbishment of playgrounds which have historically been considered as part of the standard capital bids.
20. Therefore the Executive Director of Housing & Regeneration has included Environmental & Estate Improvement bids totalling £5.784 million. These include a specific provision for a paving scheme on the Ethelburga Estate, provision for a new playground scheme at the Nightingale Square Hostel and a boroughwide provision for Estate Road Resurfacing and Paving where the need is identified as a priority as well as a further provision for any urgent schemes identified throughout the course of the year and where works can be accelerated through leaseholder consultation.
21. A detailed survey of all playgrounds across the Council's stock is currently being undertaken for future improvements as is a survey of the roads, paths and parking areas. The remaining non-specific budget will be used to help cover these costs, though a further increase may, in the future, be required.
22. Where other environmental and estate improvements are being implemented alongside new developments these costs are included within the specific cost of the development scheme.

New Build and Site Developments

23. Bids totalling £51.671 million are proposed in relation to the Homes for Wandsworth development programme which cover five new schemes that are being brought forward for approval and adjustments to existing approved budget levels where costs have increased due to inflation and scope changes.
24. The overall cost of the Homes for Wandsworth development programme assumed in the HRA business plan is in line with the estimates included in Paper No. 24-05 elsewhere on this agenda. Where costs have increased these have been matched with increased external funding and use of either Right to Buy one-for-one replacement receipts or Section 106 Affordable Housing commuted sums as appropriate.

Other HRA Capital Bids

25. A new £20.5 million Purchase of Property bid is proposed at this time. This is effectively a placeholder in the capital programme to enable the Council to respond quickly to any 'match-funded' external grant opportunities that may become available through the Greater London Authority (GLA) or Department for Levelling Up, Housing and Communities (DLUHC). This placeholder budget will only be available if such grant opportunities arise to maximise the overall return on investment and value for money, and on the assumption that the non-grant funded proportion will be funded through increased borrowing and therefore need to be covered through future rents from those new properties purchased.

Housing Revenue Account Budget (including Rents for Council Dwellings)

26. The existing House Purchase Grant scheme, which provides qualifying tenants with grants to purchase a property on the open market as an alternative to Right to Buy, contains the flexibility of bringing funds forward from future years, by looking at the scheme as a rolling programme, so to manage the build-up of any waiting list and manage demand. To maintain resources at the previously assumed level an additional new bid is proposed totalling £3 million. As in previous years some flexibility in draw down of funds is expected between financial years given spend is dependent on completion of purchases and vacation which may be subject to a number of variables.

Capital Expenditure Summary

27. The resulting capital programme over the HRA budget framework period is shown in summary below with the full detail of all schemes contained in [Appendix C](#). The total planned capital expenditure over the framework budget period 2023/24 – 2026/27 totals £714.761 million.

Programme Area	2023/24	2024/25	2025/26	2026/27	Total
	£000s	£000s	£000s	£000s	£000s
Repairs & Improvements	35,287	81,436	70,666	29,618	217,007
Environmental & Estate Improvements	2,444	3,479	3,235	1,170	10,328
Site Developments	61,496	44,524	44,264	77,605	227,889
Regeneration	37,281	54,023	39,053	74,158	204,515
Vehicle Fleet Renewal	100	400	-	-	500
Purchase of Properties	17,580	14,500	10,500	-	42,580
House Purchase Grants	3,000	3,000	5,942	-	11,942
TOTAL	157,188	201,362	173,660	182,551	714,761

28. When considered in conjunction with revised cashflows for existing approved schemes and plans for future development, the capital bids being proposed in this report remain affordable within the HRA business plan. Resources have continued to be identified for new build development and regeneration without impacting on the resources available for repairs and improvements to existing stock which have, as set out above, actually been significantly increased.
29. With regards to the procurement of works and services in relation to the HRA capital bids and more generally across the HRA capital programme, details of the proposed procurement approach will continue to be considered by the officer-led Procurement Board on a scheme by scheme basis, so no further Committee or Executive approvals will be necessary unless the Procurement Board agrees otherwise. Final contract awards will be made under the Council's SO83(a) procedure unless positive budget variations are necessary which will then require Executive approval in the normal way if not containable within existing approved resources.

HRA CAPITAL INCOME**Capital Financing**

30. On existing policies, the financing of the HRA capital programme comes from several sources as follows: -
- (a) Current government regulations allow any housing capital receipts resulting from land and property sales (other than statutory Right to Buy sales) to be retained by the Council. Current projections are that usable receipts of £2.5 million will be generated in 2023/24. As disposals are assumed to be kept to a minimum in future the HRA business plan generally assumes an ongoing level of capital receipts from the disposal of minor sites at a minimal level of around £1.5 million per year;
 - (b) Capital receipts from Right to Buy sales are covered by a voluntary agreement between the Council and the then Ministry for Housing, Communities and Local Government (MHCLG) (now DLUHC) whereby retained receipts from Right to Buy sales over an assumed level must be utilised to fund no more than now 40% (previously 30%) of the replacement and development cost of re-provision of low cost social housing within now five years (previously three years) of receiving those receipts. The HRA business plan assumes £10.077 million of capital receipts (known as Right to Buy one-for-one replacement receipts) are applied in 2023/24 and £4.114 million in 2024/25 to support the delivery of non-grant supported development schemes under the Homes for Wandsworth programme. The revised Retained Right to Buy receipts and the use for replacement supply guidance has also set a cap on the number of properties that can now be directly acquired rather than developed. As such these receipts will generally support the Homes for Wandsworth development programme where it is more advantageous to do so rather than seek other forms of external grant funding;
 - (c) As approved in the September 2015 HRA Business Plan update (Paper No. 15-315) the Council has the option of funding the social and affordable housing elements of its two regeneration schemes from Section 106 Affordable Housing commuted sums, grant funding or additional Right to Buy one-for-one replacement receipts insofar as they are available. The current HRA business plan therefore assumes that £0.455 million of the future regeneration re-provision cost of the development of Sphere Walk (previously known as Shuttleworth Road) is met from Section 106 Affordable Housing commuted sums. Officers will consider the optimum future application and use of held and forecast Section 106 Affordable Housing commuted sums to maximise affordable housing delivery;
 - (d) Available grant funding. The HRA business plan includes significant amounts of future grant from the GLA in support of the various affordable housing delivery programmes and from DLUHC for the acquisition programme part funded from the Local Authority Housing Fund. The total grant funding becoming available is estimated at £19.208 million in 2023/24 and £20.744 million in 2024/25. The Council will seek additional affordable housing grant from the GLA (where available) for those homes being delivered under the Homes for Wandsworth development programme. Any further grant allocation that reduces the net cost of the Homes for Wandsworth development programme to the HRA and will

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reduce the need for future borrowing. Additionally £400,000 of grant from the Government's Waking Watch Replacement Fund is anticipated over the next two financial years to install an alarm system at Eliot Court and Wentworth Court which will mean that the waking watch service currently in place can be stood down;

- (e) Where capital expenditure is incurred in relation to properties previously sold on long leases the costs are chargeable to the leaseholder as part of the annual service charge billing process. The estimated level of leaseholder major works contributions is £5.123 million in 2023/24 based on the September 2023 billing and £6.001 million in 2024/25. The introduction of the extended repayment periods for qualifying leaseholders' major works bills (Standing Order 83(a) No. HO 23 refers) will not have an impact on the level of resources available for application as part of financing capital expenditure;
- (f) Internal and External Borrowing. Short-term internal borrowing is utilised to fund the balance of expenditure on Right to Buy one-for-one reversion schemes with longer term external borrowing likely to be taken on to fund the regeneration schemes and the Homes for Wandsworth development programme delivery. Borrowing wouldn't normally be utilised to fund repairs and improvements which would generally be funded from the Major Repairs Reserve as set out below. The assumption within the HRA business plan is that £15.116 million of new internal borrowing will be required in 2023/24 and £6.171 million in 2024/25 to support current ongoing reversion commitments.

Over the 30-year HRA business plan it is currently assumed that around £705 million of new borrowing is required with £680 million assumed to be long-term debt. This first £134 million of this long-term borrowing is now forecast for 2024/25 based on current expenditure profiles. It will need to be determined whether this will actually be external borrowing from the Public Works Loans Board (PWLB) or further internal borrowing from the General Fund closer to the time that it is actually necessary to borrow to finance expenditure; and

- (g) Contributions to or from the Major Repairs Reserve consisting of a revenue charge for depreciation, as defined by accounting regulations, that continues to be put into the HRA's major repairs capital reserve and is used to fund capital works. This charge, which considers actual inflation levels, stock movements and depreciation on non-dwellings such as garages, is estimated to contribute £27.155 million in 2023/24 and £28.130 million in 2024/25 towards funding future capital works; and finally the HRA's capital and revenue reserves, which totalled £255.810 million at the beginning of 2023/24, will be used as the balancing item, insofar as these continue to remain available.

31. In summary, and based on the overall expenditure proposals and profiles, the HRA capital programme will require financing as follows: -

Programme Area	2023/24	2024/25	2025/26	2026/27	Total
	£000s	£000s	£000s	£000s	£000s
Total Expenditure	157,188	201,362	173,660	182,551	714,761
Financed By:					
(a) Capital Receipts	2,500	1,500	1,500	1,500	7,000

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(b) Right to Buy 1-4-1 Receipts	10,077	4,114	3,173	882	18,246
(c) S106 Receipts	455	-	-	-	455
(d) Capital Grant	19,408	20,944	16,478	6,999	63,829
(e) Leaseholder Major Works Charges	5,123	6,001	12,544	5,023	28,691
(f) Borrowing	15,116	140,493	110,363	137,858	403,830
(g) Use of the Major Repairs Reserve	104,509	28,310	29,602	30,289	192,710
Total Financing	157,188	201,362	173,660	182,551	714,761

32. Based on the estimated levels of capital expenditure and the anticipated sources of capital financing the balance on the Major Repairs Reserve is expected to reduce from a current position of £102 million (opening balance 2023/24) to being fully exhausted (except for the minimum £25 million balance considered prudent to retain at all times which provides a contingency against risks and unforeseen events) by the end of 2023/24.
33. The position regarding the actual financing of capital expenditure will continue to be kept under review by the Executive Director of Finance to ensure the most effective and prudent use of available resources which may include maximising the use of internal borrowing where possible and appropriate as an alternative to more expensive external debt finance.

HRA REVENUE EXPENDITURE**Supervision, Management & Maintenance Expenditure**

34. Inflation levels have continued at higher levels over the last 12 months following a rapid increase post-pandemic although they have started to show signs of recovery in more recent updates. The September 2023 Consumer Price Index (CPI) was 6.7% (key as the September CPI is specifically linked to rent calculations) with specific pressures in construction and building materials continuing to have a significant impact on a number of the key contractors used for building repairs and maintenance contracts within the HRA. In some instances (such as across the Area Repairs Contracts), above contractually entitled inflationary increases were previously agreed to ease concerns of contractors being able to provide viable ongoing services and the true financial impact of that is being recognised in current year forecasts.
35. Repairs budgets in the HRA have been put under increasing pressure during this financial year and a significant overspend had been forecast by the Executive Director of Housing and Regeneration predominantly in relation to repairing/ refurbishing vacant properties (voids) before they are re-let.
36. A backlog of void repairs was caused by the pandemic and, to deal with this backlog, additional contractors have been employed at increased contractor rates and the number of properties undergoing works has consequently increased to more than double what would be considered to be a 'normal' level previously. The additional cost in relation to void works in 2023/24 alone is upwards of £8 million which has needed to be addressed through the budget process. Whilst this is expected to be a short-term pressure to resolve the backlog it is anticipated that the wider repairs

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budgets will require longer term uplifts as more void properties are requiring a greater level of works prior to relet than has historically been the case. An additional £5 million has been built into the base position for 2024/25 as a contingency for this purpose.

37. Additionally, within Repairs budgets, an ongoing budget variation £1.25 million for increased Fire Safety works has already been approved in November (Paper No. 23-369).
38. General Supervision & Management budgets are also showing an overspend of circa £1.5 million with a large proportion of those costs linked to settlements of disrepair cases and other legal costs. Disrepair is essentially damage within properties that is a landlord responsibility to put right (some of the most common being excess cold, blocked drains, water leaks, blocked toilets etc) and is to some extent inevitable in ageing properties. Further investigation is needed to establish what exactly is driving this and steps that can be taken to improve, but this has been identified as an emerging issue across the Social Housing sector which is a pressure that is expected to continue in the short to medium term, if not indeed increase, especially as more cases for disrepair are pursued largely driven by 'no win no fee' legal firms.
39. There have also been significant increases in regulatory fees with the recent consultation on fees set by the Regulator for Social Housing indicating another cost pressure (c: £130,000 per annum from 2024/25) in addition to new Housing Ombudsman Fees (£190,000 per annum) that have been imposed on social landlords in recent years. Budgets have therefore now been established for these ongoing fees.
40. As reported elsewhere on the agenda (Paper No. 24-09) a review has been undertaken to ensure the level of staff supporting the HRA capital programme is at a sufficient level given the increase in capital schemes and budgets. The additional requirements adds a further £290,000 per annum to the HRA revenue cost base, with around 40% of this recharged to leaseholders.
41. Finally, a significant proportion of the HRA's costs are staffing related costs. At the time of compiling the budget for the 2023/24 salary inflation was considered at 4% whilst the nationally agreed pay award averaged 5.8% again adding considerable additional costs to the HRA budget base.
42. This level of increase in underlying operational costs broadly equates to an additional revenue cost of £15 million in 2023/24 compared to the outturn for 2022/23.
43. These headline pressures demonstrate the importance of maximising income in the short term so sufficient resources remain available in the longer term to support both maintaining services and current stock plus the borrowing required for the development and regeneration schemes.
44. For the 2024/25 budget setting exercise inflation assumptions have been built in to the budgets of 4% for salaries and general overriding averages of 6% and 2.5% for repairs and running costs respectively.

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45. Given the impact of the above, the budgeted level of spend on the management and revenue maintenance of properties in 2024/25 is £4,600 per dwelling after adjusting for leasehold and tenants' service charges income compared to the 2023/24 estimate at £4,677 per dwelling which is a significant increase on the actual average of £3,970 per dwelling in 2022/23. This average management and maintenance cost for 2023/24 includes all budget variations approved by the Executive in this year to date and other concurrent budget variations proposed in this cycle and budget adjustments within the development budget process.
46. Looking forward to future years the updated HRA business plan allows for general assumptions on inflation beyond 2024/25 of 4% on salaries and 6% on general running costs (including standard repair costs) and inflationary increases in line with estimates for CPI or other relevant indices where those costs are linked to specific contracts in the shorter term which reduce and then revert to a standard assumption of CPI on all costs from 2027/28 onwards.
47. Going forward, notwithstanding the proposals for rents contained later in this report, expenditure at these higher inflated levels is causing pressure on the HRA business plan in the longer term. Expectations within the financial assumptions are that underlying expenditure levels need to reduce in the medium term to ensure the long-run viability of the HRA business plan especially. This is expected to be driven by a reduction in the level of ongoing voids once the backlog is cleared but may also require a wider review of current priorities, focusing future spend on these key areas.

Capital Financing Costs

48. 2012/13 saw an end to the national HRA subsidy system which saw a quarter of all Wandsworth rents pass to other local authorities. The subsidy system was replaced with self-financing. Self-financing required the Council to take on a significant sum of debt as the necessary price of "buying out" of the HRA subsidy system and in lieu of all future payments it made into the national pot. The final settlement figure for Wandsworth required a one-off buyout cash payment to the government of £434 million. This was initially funded by borrowing from the government's Public Works Loan Board (£224 million to be fully repaid over 13 years) and using £210 million of Council reserves (referred to as "internal borrowing").
49. As approved in Paper No. 15-315, and in response to the amended financial outlook for the HRA business plan at that time, the borrowing term of the internal borrowing element of the outstanding debt was extended and is currently estimated to be repaid by the end of financial year 2031/32.
50. Based on the interest rates borrowed at for this self-financing debt, together with the ongoing servicing of the existing debt in the HRA and the financing of new borrowing for the Right to Buy one-for-one re-provision and other capital schemes where needed, borrowing is estimated to cost the HRA £4.127 million in interest and require principal loan repayments totalling £33.661 million during 2023/24 and £6.541 million in interest and £42.820 million for repayments in 2024/25. This has been incorporated within the HRA business plan and budget framework.
51. The interest rate assumed on the new borrowing within the HRA business plan projections has been set at 4.5%. Whilst this is below the currently available rates from the PWLB the rate has been set as the average cost of borrowing for the purpose of the financial modelling with the expectation that rates will soon begin to

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start trending downwards. Whilst significant long-term borrowing of £680 million is forecast in the HRA this is expected to be needed in tranches over the next 10 years and can be met in part by internal borrowing where appropriate, so to some degree removes the risk of having to borrow now when rates are at an inflated level compared to rates seen pre-pandemic.

52. The first tranche of new long-term borrowing is currently forecast to be required in 2024/25. Officers will need to consider the debt repayment profile of any new and existing debt in order to best meet the ongoing strategic aims of the Council and to ensure the ongoing financial viability of the HRA business plan.

Other Expenses

53. Other expenses include provision for bad debts and other miscellaneous costs incurred in the HRA. The budget for 2023/24 has been set at £4.268 million in line with current estimates increasing to £5.002 million in 2024/25.
54. Predominantly this increase is in response to the increasing levels of rent arrears (including heating and hot water and tenants' service charge arrears) within the HRA for which a prudent provision for bad debts will need to be determined at year end.
55. As shown in the table below, and as reported previously, current tenant rent arrears in the HRA have been increasing throughout the year.

	March '23	September '23	December '23
	£000s	£000s	£000s
Former Tenant Arrears	2,896	3,347	3,797
Current Tenant Arrears	8,965	10,780	11,349
Total Tenant Arrears	11,861	14,127	15,146
No. of Current Tenant Payment Plans in Place	1,885	2,035	1,990
Current Tenant Arrears subject to payment plans	4,295	5,051	5,084
% of Current Tenant Arrears Subject to Payment Plans	48%	47%	45%
Total Current Tenant Arrears <u>Not</u> Subject to Payment Plans	4,670	5,729	6,265
	£s	£s	£s
Average Current Tenant Arrears Subject to Payment Plan Arrangements	2,279	2,482	2,555

56. Arrears arise as a consequence of a number of reasons (such as changes of financial circumstances both in terms of household income and expenditure levels). It should be noted that, following a period of Government imposed increased notice periods for court action and a temporary ban on evictions during the pandemic, in order to sustain tenancies and to assist with debt resolution, the Council's Rent Collection Service seeks to engage with residents and arrange affordable payment agreements to reduce the requirement for court action.

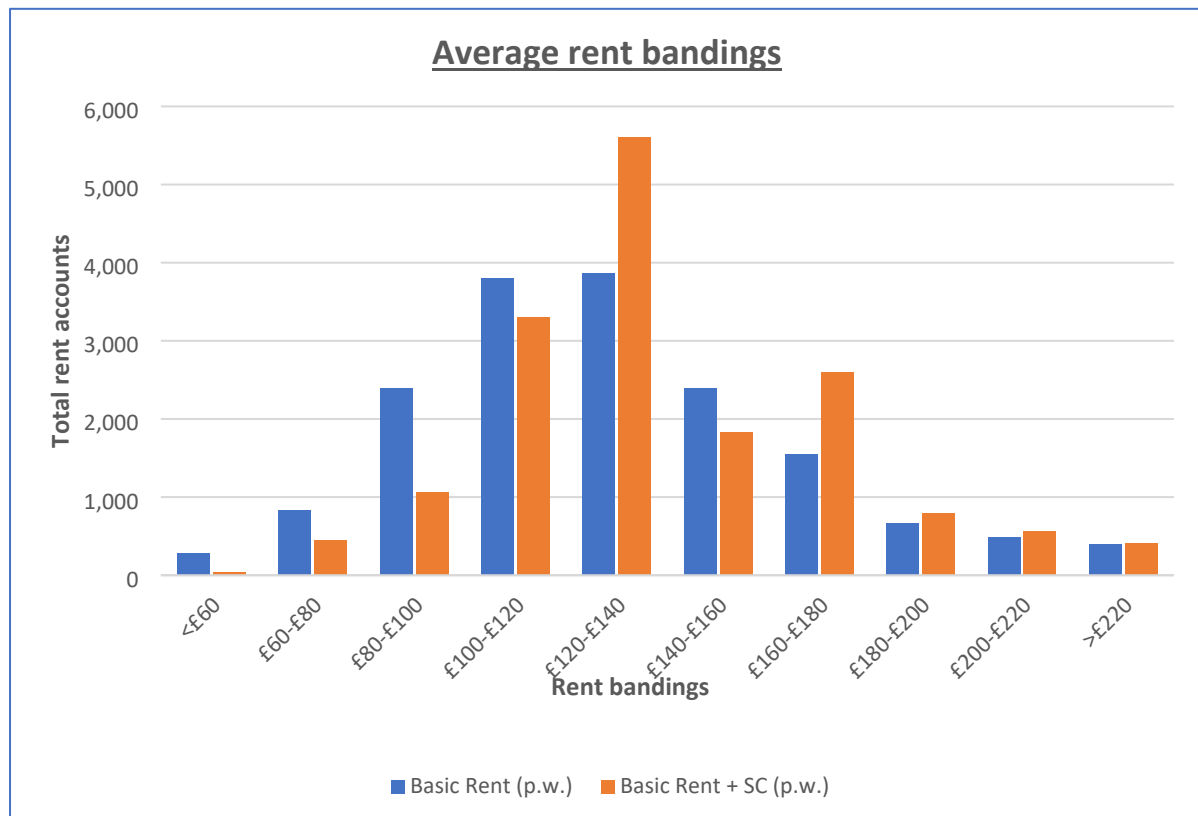
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57. The current arrears value of tenancies under payment arrangements equates to £5.084 million. This value should be taken in context with the overall arrears value and consideration given towards the extended time periods provided, meaning a reduction in arrears will take longer to achieve. Extended payment periods are based on the affordability of the payment arrangement and individual income and expenditure reviews.

HRA REVENUE INCOME

Tenants’ Rents and Service Charges

58. The Council currently owns and manages 17,163 residential tenanted properties in the HRA. The average dwelling rent paid by Council tenants in Wandsworth is £138.82 per week. In addition average service charges (based on all properties including those with no charge) of £10.20 per week are raised, giving a total average rent payable of £149.02 per week. There are significant variations around this average ranging at the extremes from £51.55 to £366.51 per week as a consequence of past rent policies. The current distribution of actual rents both excluding and including service charges is shown in the chart below:



59. Forecast rent income (excluding service charges) for 2023/24 is £122 million. Of this c.£40 million is a direct transfer from the Council’s Housing Benefit system to individual rent accounts.

The Total Welfare Benefit Cap and Impact of Welfare Reform on Housing Benefit Claimants

60. All of these charges are eligible for Housing Benefit where appropriate, although due to various welfare reform changes implemented in recent years, significant numbers of tenants now receive Universal Credit, rather than Housing Benefit, meaning there is often no direct link between rent charges and the receipt of benefits (as the housing element of Universal Credit is the “balancing figure” used to restrict a claimant’s receipt of benefits to the total welfare benefit cap).
61. The Government’s total welfare benefit cap is currently £25,323 a year or £487 per week. The Government uplifted this in line with inflation for the first time in a number of years in April 2023; however it was excluded from the inflation of individual benefits announced in the recent Autumn Statement. The benefit cap is therefore expected to remain at its current level from April 2024.
62. The below table provides an estimate of the number of current Council tenants known to be in receipt of full or partial Housing Benefit, or likely in receipt of some allocation of Universal Credit.

Benefit Status	Tenancies (estimated)	%	Average Weekly Rent + Service Charge to be paid by tenant
Full Housing Benefit	4,102	24%	£0
Part Housing Benefit	2,445	15%	£46.30
Universal Credit check completed*	Up to 5,576	33%	£150.34
Total on Benefits	(Up to) 12,123	72%	
No Housing Benefit / Universal Credit	4,688	28%	£147.76
Total	16,811	100%	

**The Council records when the DWP requires a verification of a Universal Credit claimant’s current housing costs; however this is only indicative as it does not account for subsequent changes in tenant circumstances so is strictly a maximum figure. Of the 5,576 checks on the system for current tenants 4,826 occurred in this financial year and are considered relatively up to date.*

63. Local Housing Allowance (LHA) rates are nationally set and determine the maximum level of Housing Benefit paid in the private rented sector. In Wandsworth these currently range from £241.64 for a one bedroom property to £593.75 for 4 bedrooms or more. These rates have been frozen since 2020 (despite private rents increasing significantly in that period) but are set to increase significantly as a result of the Government’s decision announced in the Autumn Statement to rebase LHA so it covers rents of the “cheapest” 30% of properties on the market. As demonstrated above Council rents remain significantly lower than these current private sector Housing Benefit rates.
64. The London Mayor also provides a review of market rents in the capital based on a sample of rents advertised over the previous 12 months. The following table provides the most recent summary for the borough of Wandsworth, covering the period April 2022 to March 2023, which again demonstrates the low rents paid by the Council’s tenants compared to the wider private rental market.

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	Wandsworth Council Tenants	Wandsworth Market Rents		Wandsworth Council average Tenant Rents as a % of Median Market Rents
No. of bedrooms	Average inc Service charge (per week)	Lower (per week)	Median (per week)	
0	£98	£231	£242	40%
1	£122	£312	£346	35%
2	£144	£369	£415	35%
3	£180	£462	£565	32%
4+	£207	£623	£773	27%

Source: <https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/london-rents-map>

65. The Council has for a number of years applied its local own affordability test in relation to rents which is that housing costs should make up no more than around 45% of total income, linking this by proxy to the current welfare benefit cap level to focus this test on those tenants in receipt of state assistance and therefore least likely to be able to afford increases in Council rents. This is currently £219 per week based on the £487 per week total benefit cap.
66. Tenants with existing rent and service charges above this who are struggling to meet their rental costs are encouraged and supported to find a longer term solution to their housing/rent situation. In the shorter term they may apply for additional Council assistance through the Discretionary Housing Payments (DHP) scheme (recharged to the HRA in relation to Council tenants). Demand for DHP assistance may therefore increase as a result of the benefit cap remaining at 2023/24 levels. The impact of this is difficult to predict and quantify but could be a further cost to the HRA.

Rent Policy

67. Despite the originally promised “new freedoms” offered to Councils by the ending of the national HRA subsidy system in 2012, in return for the taking on of a significant level of new debt replacing the annual subsidy payments to the Government that preceded it, the Council’s ability to set rents has been significantly restricted since 2016 when the then Government mandated by statute 1% year on year decreases for the period 2016/17 to 2019/20.
68. Since 2015/16 national and local decisions on HRA rent increases have meant that rent levels are only 15.4% higher than they were compared to an assumed 43.7% increase assumed in the HRA self-financing settlement in 2012/13 which assumed CPI + 1% increases each year. This means that assuming a full increase of 7.7% is approved for 2024/25 annual income would still be £32 million lower than it would have otherwise been assumed to be and that the cumulative impact is circa £150 million. It should be noted that the rent freeze in 2022/23 and the capped increase in 2023/24 will remove over £1 billion of income from the HRA over the next 50 years.
69. Since 2020/21, all local authorities have formally fallen within the remit of the Regulator for Social Housing and are required by statute to abide by the provisions of the national Rent Standard, which sets the statutory basis for the setting of rents in the period 2020-2025 with rent increases capped at CPI + 1% for the majority of properties, but with a significant minority limited to CPI (or even frozen) for tenants whose current rent charge is in excess of a Government set “formula rent” linked to house prices and labour market conditions in January 1999 (uplifted). A review of the Rent Standard is due for 2025/26.

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70. The Rent Standard puts in place caps limiting both the rents that can be charged on properties at the start of new lets as well as annual rent increases for existing tenants. These caps for 2023/24 and assumed caps for 2024/25 based on an uplift of CPI + 1.5% (8.2%) are shown below:

No. of bedrooms	2023/24 Rent Cap (£ per week)	2024/25 Rent Cap (£ per week)
0	£173.79	£188.04
1	£173.79	£188.04
2	£184.00	£199.08
3	£194.22	£210.15
4	£204.42	£221.19
5	£214.66	£232.26
6+	£224.88	£243.32

71. Wandsworth's historic approach to rent setting means the spread of current rents shown in paragraph 58 is believed to be unique to Wandsworth – other boroughs will have less of a range of rents and more set at formula rents. As required under the Rent Standard, Wandsworth's rents are moving towards formula rents i.e. the spread of rents will become more compressed over time, although there is still some way to go as evidenced by the graph above. As the resetting of rent levels happens once the existing tenant vacates a property and it is relet this is not something that the Council can directly control and is therefore more closely linked to natural stock churn. On average there are circa 800-1,000 relets per annum.
72. As a result, the Council's rent policy seeks to give the Council scope to maximise rent increases by taking advantage of a clause within the national policy allowing rents to be set at a blanket "flexibility level" of 5% above the formula rent. In addition, the Council's policy applies its own "affordability" policy which sets a cap to ensure affordability which freezes rents for those paying the highest levels of rents (as referenced previously).
73. Currently this local cap is mainly limited to the Council's "Affordable Rent" properties.

Affordable Rent Properties

74. Affordable Rent properties are those properties developed / acquired by the Council under grant agreements which stipulate / allow greater flexibility on rents as a recovery mechanism for the investment put in, or those purchased which are part funded by other agreements (e.g. the use of Right to Buy one-for-one replacement retained receipts) that allow this approach.
75. Affordable Rents cannot exceed 80% of market rents although in practice the Council sets these rents much lower than this (but at a higher level than social rents). The Council currently has 608 properties or 3.6% of its stock classified as Affordable Rents.
76. The Council's rent policy specifically references the approach to Affordable Rent properties because the national Rent Standard is not as restrictive in relation to annual rent increases on Affordable Rent properties. However at present the Council does not distinguish between the profile of tenants placed in such properties

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and the nature of Affordable Rent properties (new builds, for instance) often mean they are used for tenants granted lower rents to reflect other Council policies (for example under-occupation transfers and regeneration decants). Therefore, the Council's rent policy proposes rent changes for these properties which mirror those for Social Rent properties. However, as referenced above, a significant proportion of tenants currently benefit from the Council's local cap where current rents charged are in excess of this level and therefore would not be subject to a rent increase in April 2024.

77. The rent proposals in the following paragraphs therefore incorporate the combined impact for both Social Rent and Affordable Rent properties.

Rent Proposals for April 2024

78. The recommendations for the April 2024 rent increase, proposed in consultation with the Cabinet Member for Housing, are outlined in the following paragraphs.
79. In developing the following proposals consideration has been given to the impact of both the recent high levels of inflation manifesting as cost pressures in the HRA and also the impact that the current cost of living crisis is continuing to have on household finances whilst striking an appropriate balance between affordability for tenants and the responsibility and requirement for maintaining existing stock to a decent standard and the Council's ambitious plans to increase the level of stock (through build and purchase) whilst maintaining a financially viable HRA business plan.
80. When considering decisions on rent levels/increases it is important to note that, under current statutory regulation, any decision not to maximise rental income in one year is ongoing and cumulative and there is currently no scope to implement higher rent increases in future years to recover income foregone where lower than CPI + 1% increases (or lower than the maximum increases permitted) are approved.
81. Any diminution of rental income will have a compounding impact on resources within the HRA business plan and without a revision to the national rent policy so to allow future above inflation rent increases, a sustained reduction in income may put the longer term viability at risk unless compensated through matching efficiency savings.
82. The national rent policy is linked to the September CPI inflation rate and allows a maximum rent increase of CPI + 1% for those tenancies not otherwise subject to other limitations as outlined in the policy.
83. The September 2023 CPI is 6.7%, which would therefore equate to a maximum allowable rent increase of 7.7% from April 2024. Whilst there was some speculation that the Government might try to override the policy in the context of the continued high level of inflation as it did in April 2023 (when it limited increases to 7% against the CPI + 1% at the time of 11.1%), the Autumn Statement made no mention of this. It has been subsequently confirmed that rent increases for 2024/25 are at local discretion subject to the Rent Standard's CPI + 1% cap and related statutory provisions.

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84. It should be noted that the entire national social rent policy is up for review from April 2025.
85. Naturally because the key month for the inflation figures is September, this raises the prospect of significant changes in the reported headline rate by the time that the increase is actually implemented in the following April. The published October rate of has already reduced to 4.6% and indeed dropped further to 3.9% come the November release. Any continuing reduction in inflation levels will be considered as part of future rent increase decisions. What is important to note is that due to the capping of the rent increase compared to underlying inflation levels in 2023/24 even applying the maximum permitted increase of CPI + 1% for 2024/25 would mean, over a two-year period, rent increases are still lagging behind underlying inflation.
86. Rent increases at a headline of 7.7% would generate additional income of £8.4 million each year, as assumed in the November update of the HRA business plan.
87. In view of this, and to protect the longer term viability of the HRA business plan, it is therefore recommended that the Council adopts the maximum permitted rent increase for tenants in both Social and Affordable Rent properties of 7.7%. Because of the profile of current rents this would result in an actual average rent increase of 7.2% or £9.64 per week (excluding service charges).
88. The table below shows how this rent increase would be distributed in relation to amounts that tenants currently pay per week, as well as size of properties occupied:

7.7% INCREASE				
No. of bedrooms	Total tenancies	Average Current Rent (per week)	Average Rent increase (per week)	Average Rent increase
0	859	£82.33	£6.26	7.65%
1	4,405	£108.44	£8.19	7.63%
2	6,275	£134.85	£10.03	7.51%
3	4,136	£172.51	£11.45	6.82%
4	998	£196.65	£9.69	5.23%
5+	103	£236.99	£3.26	1.66%
Total	16,776	£138.82	£9.64	7.20%

89. The largest percentage rent increases would fall on cheaper, smaller properties due to the way the Rent Standard calculations and rent caps work. Higher value properties are in general more likely to be in excess of either the national and/or local rent cap. The long-term effect of the national rent policy is to compress rents around a narrower range both by restricting increases on higher value properties and resetting the rents on properties on relet to the formula rent. In Wandsworth this generally results in smaller properties incurring an increase in rent and larger properties experiencing smaller increases (and possibly reductions) due to the historic local policies and the tables above clearly demonstrate the impact of this.
90. Clearly where rents are not met in full by Housing Benefit / Universal Credit there is likely to be some additional shortfall where rents are increased.
91. In line with the proposals for both Social and Affordable Rent properties the 7.7% rent increase would also be applied to the Council's temporary accommodation hostel stock at Nightingale Square from the first Monday in April 2024. Residents at

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Nightingale Square are also required to pay for other services they receive, such as communal heating and hot water, electricity, water and insurance cover, which will continue to be set on a cost recovery basis and/or in line with any other approvals such as in the case of the wider decisions on heating and hot water charges elsewhere on this agenda (Paper No. 24-11). Residents of Nightingale Square are already receiving the benefit of a capped charge for services as approved in Paper No. 23-373 in November 2023.

Other property dwelling rents

92. In addition to Council tenancies, there is a need to review the rents for a small number of other properties where rent is charged under shared ownership arrangements. These are properties sold under the Right to Part Buy, Equity Share and Social Homebuy options. There are no specific rules within the national policy guidance regarding the rents charged in relation to these properties but usual practice has been for the Council to apply an increase (or decrease) consistent with that adopted for the wider stock. It is recommended that this is repeated in 2024/25 and that rents in these properties are increased by a maximum of 7.7% from the first Monday in April 2024.

Impact on low income households

93. The following paragraphs summarise the various support mechanisms in place which can provide financial protection to those tenants subject to a rent increase. Although the Council doesn't have access to precise figures to establish which tenants can be considered low income households, the existence of a welfare benefit claim is a good indication of a household's income position.
94. As referenced above from April 2023 the Government uprated benefits by the September 2022 CPI figure of 10.1% and increased the national benefit cap to £25,323 or £487 per week. In 2023/24 therefore it was likely that tenants in receipt of welfare benefits were largely in receipt of a benefits increase offsetting an increase in their rent.
95. The Council's "local affordability test" linked to the principle that housing costs should not exceed 45% of household income ensures that there is a measure of protection for tenants with higher rents and those tenants with combined rents and service charges currently above this level would have their rents frozen from April 2024.
96. Additionally, tenants with existing rents in excess of this level and with related difficulty in meeting rental costs may apply for additional Council assistance through the DHP scheme.
97. Finally, it should be noted, that the Council's rents are still considerably lower than the equivalent private market rents in the borough as demonstrated in paragraph 64 above, and the gap has actually widened over recent years with four years of rent reductions 2016-2020, a rent freeze in 2022/23, a below inflation increase in 2023/24 and the continuing upward pressure on private rented market rents as demand continues to outstrip supply, particularly in London.

Tenants' Service Charges

98. In addition to the basic rent charge, many tenants (mainly those housed in flats) are charged a tenant service charge for various communal services relating to the blocks or estates on which their property is located. Since April 2015 these have been calculated annually on the basis of actual costs incurred on a broad cost recovery basis, in line with statutory rules, which specifically limit amounts charged to covering costs reasonably incurred. Where relevant all service charges are eligible for Housing Benefit.
99. Although without authority of statute, the Government generally seeks to encourage providers to aim to limit any overall increases in tenant service charges to sustain general affordability in line with overall rent increases, noting that it may be necessary to deviate from this only for 'exceptional' increases in cost or specification changes in service provision after consultation, and this is the approach that the Council has taken previously in calculating charges.
100. At present the main area that the Council treats as an exception is block electricity costs due to the exceptionally high volatility that can be involved in this element. It should be noted that whilst this may potentially involve quite large individual percentage increases for this specific element, the overall relative impact for individual tenants is generally quite minor.
101. As these service charges are calculated based on cost recovery, current Council policy means they will not require annual Committee decisions to set the levels for the forthcoming year. The general principle will be that actual costs from the previous completed financial year (which may include an element of variable repair costs) will be used as the base for calculating next year's charges adjusted for estimated inflation, much in the same way as with leaseholder service charges.
102. Indicative calculations show that the average charge will increase by between 2-3% from the levels charged in 2023/24. The provisional average weekly charges for 2024/25 are shown in the table below: -

Service Charge	No. of Properties Charged	Average Weekly Charge	Maximum Weekly Charge
Aerials	12,685	£0.12	£2.00
Block Cleaning	13,081	£3.39	£21.04
Block Electricity	13,663	£2.71	£20.20
Entrycall	11,371	£0.47	£8.19
Estate Cleaning	13,807	£3.13	£16.95
Garden Maintenance	14,532	£0.76	£5.06
Paladins	12,905	£0.39	£1.52
Average	15,315	£9.65	£33.28
Sheltered Wardens	1,075	£29.22	£29.22
Overall Average	15,315	£11.70	£62.50

103. Where there is a new or extended service being introduced, authorities are expected to consult appropriately with tenants before introducing new or extended services and associated charges. There are currently no proposals to introduce any new service charges for 2024/25.

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104. Tenants will continue to receive charges only for the particular services they receive, to be fully covered by Housing Benefit where tenants are eligible. Where tenants have been moved onto Universal Credit, protection is still provided as the service charges are included within the capped limit above which Council policy allows a tenant to be eligible for DHP if other criteria are met.
105. The estimate for tenants' service charge income falls under the Other Income heading within the HRA framework. The estimated level of income is £8.874 million in 2023/24 and £9.1 million in 2024/25.

Leaseholder Service Charge Income

106. As set out within the respective leases, leaseholders are required to contribute their relative share of repairs and maintenance as part of the annual service charge billing process. The estimated level of leaseholder revenue service charge contributions is £19.863 million in 2023/24 which is based on the bills raised to date in 2023/24 as part of the September 2023 billing run and an estimate of those still to be billed, and £20.944 million in 2024/25.

Other Income

107. Other Income covers a range of other income sources to the HRA, including tenants' service charge income (referred to previously) and interest earned on HRA balances as well as other miscellaneous income streams.
108. The HRA's balances are invested on a pooled arrangement as part of the Council's overall treasury investment strategy to obtain the best possible returns. Due to increases in the Bank of England base rate over the last 12-18 months the returns on investments have increased significantly but are anticipated to reduce in future years. The current rate of interest is estimated at 5.00% for 2023/24 and 5.02% in 2024/25 and then are expected to reduce. The estimated level of investment income is £14.915 million in 2023/24 and £13.902 million in 2024/25 (compared to just over £4 million received in 2021/22 and £9.537 million in 2022/23) despite forecast HRA reserve balances generally reducing. The increase from 2021/22 not only reflects the increase in interest rates but also the anticipated additional interest generated as a result of the Joint Venture investment/financing proposals as previously approved (Paper Nos. 22-10 and 23-07).

HRA NON-RESIDENTIAL CHARGES

109. The current policy on the setting of non-residential charges for garages, parking lots and store sheds was approved by the Executive in July 2002 (Paper No. 02-594) and January 2005 (Paper No. 05-94) respectively, with charging criteria established with the aim of ensuring charges reflect relative quality and desirability of sites and are sensitive and responsive to market demand, with properties placed in bandings determining the rental charge with the ability to transfer between bandings at the discretion of the Director of Housing and Regeneration. Following that decision, revised charges have been reviewed each year as part of the January Committee cycle, with the most recent review in 2023 (Paper No. 23-08).

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110. The use of store sheds and garages is completely voluntary and, whilst often sited on housing estates, is not linked to individual tenancies or leasehold properties, and, particularly in the case of garages, is open to non-HRA residents where available. Demand, particularly for garages, generally remains high with 83% current occupancy levels, noting also that some reduction in the stock has occurred in recent years where some sites have been decommissioned to create land for redevelopment programmes.
111. The management and maintenance of the non-residential portfolio largely mirrors the cost structure of the wider HRA but does provide a significant income stream to the HRA (c: £2.8million per annum). Historically any increase to charges in these areas have generally been linked to the September CPI as a minimum, so to be consistent with the underlying levels of base cost inflationary increase.
112. As non-residential charges are essentially optional and at the discretion of the client as to whether they wish to have, and continue to have, the benefit of such, it is proposed to increase the charges by the full CPI amount 6.7% from April 2024 to fully reflect increased costs.
113. There are a small number of other HRA charges levied which usually follow the charging increases above, the main one being a fee for pre-assignment work on lease extensions, and it is recommended that this approach continues.
114. The proposed non-residential charges, as set out in Appendix D, are recommended to take effect from the first Monday in April 2024.
115. The total estimated increase in budgeted income arising from the proposed non-residential charges is £190,000 in 2024/25 and subsequent years and has been incorporated within the HRA budget framework presented as part of this report for approval.
116. In addition to the above, there has been a recent move to centralise the letting of HRA clubrooms and similar sites as part of a strategy to allow for a more co-ordinated and transparent approach to hiring these venues where previously they had often been let on an ad-hoc and inconsistent basis at a very localised level. A charging approach for this is being worked on with the aim of seeking approval for a new range of charges as part of the wider paper.

CONSULTATION

117. Within the tenancy conditions the Council has undertaken to consult before seeking to change rent and other charges. Consultation will be undertaken through the Borough Residents' Forum (BRF) meeting on the 16 January 2024. Any feedback from the BRF will be considered at the Housing Committee meeting.
118. The Council is required to notify tenants of variations of rent and other charges. The Council will need to serve a notice of variation at least 28 days before any variation takes effect. It is therefore recommended that the Executive Director of Housing and Regeneration be authorised to serve notices upon tenants of HRA dwellings, advising that any changes in rents and service charges will be applied from the first Monday in April 2024.

HRA BUDGET FRAMEWORK

119. The HRA business plan and budget framework is approved by the Council each year together with a controlling parameter to limit the annual expenditure and the consequential reduction in the forecast capital and revenue reserve levels that the Executive can commit to within each framework period. In January 2017 this controlling parameter was set at a level of £40 million (Paper No. 17-9).
120. The HRA business plan and budget framework reported to this Committee and the Executive in November 2023 (Paper No. 23-374) has been adjusted to take account of the recommendations in this report, including the additions to the capital programme, the recommendations on rents and service charges, the increase in non-residential charges together with any other concurrent budget variations being recommended for approval this cycle. Appendix E to this report sets out the HRA budget framework that reflects the proposals in this report covering the period to 31 March 2027, before which time predicted HRA reserves must not be reduced by more than £40 million from the presently predicted £193.031 million.
121. If at any point within the financial year the level of HRA reserves are predicted to fall below this minimum level the HRA framework would require revision and approval by full Council.
122. The HRA business plan graph provides an overview of HRA trends for the coming years and the latest forecast of reserves is shown at Appendix F. The graphical representation considers the latest estimates of revenue spend and capital expenditure in line with the stock condition survey and assumes that all self-financing existing debt is repaid by the end of 2031/32.
123. As previously requested by the members of the Housing Committee the reserve position is shown over both a 10-year and 30-year period. The 30-year graph needs to be treated with an element of caution due to the sensitive nature of the longer term assumptions underpinning the HRA business plan and the external factors that can and do influence the position significantly impacting projected surpluses. The total reserves position projected over a shorter term (over 10 years) should therefore be a more accurate representation, and generally more reliable.
124. Total reserves start at £256 million and generally reduce throughout the extended repayment term of the self-financing borrowing and the regeneration and development programme to a combined low of approximately £154 million by the end of the 10-year period.
125. This graph therefore confirms that, based on the recommendations contained within this report, the HRA business plan continues to remain viable whilst highlighting that further expenditure growth (of both capital and revenue nature) needs to continue to be tightly controlled to ensure ongoing viability. It should however be noted that the HRA business plan has no financial provision for future fire safety measures and carbon reduction initiatives beyond those already approved within existing budgets and therefore these could emerge to be significant future pressures.
126. The future forecast surpluses involve a raft of assumptions on future spend and income levels which if varied can have a significant effect on available resources. In addition, the Localism Act 2011 includes provision for the Secretary of State to re-

Housing Revenue Account Budget (including Rents for Council Dwellings)

open the self-financing settlement “if there has been a change in any matter that was taken into account” in the settlement; quite what circumstances this could cover is not certain. There is therefore a risk of over-reliance on future projected surpluses which could throw the HRA business plan out of balance and necessitate additional borrowing, higher rents (if permissible) or reduced service provision in future years.

127. The Executive Director of Finance and the Executive Director of Housing and Regeneration consider that this HRA business plan and framework similarly updated would demonstrate that the Council remains in a strong position to finance future expenditure plans whilst continuing to maintain the Decent Homes Standard.

CABINET MEMBER FOR HOUSING

128. The high inflation environment that the UK has been experiencing over the last couple of years has continued to pose significant challenges for local authority budgets and across the social housing sector. It will be recalled that for 2023/24 the government’s usual CPI + 1% formula for rent increases (an implied 11.1% increase) was replaced with a 7% cap. This meant a real terms funding cut to Wandsworth’s HRA of 4.1%, equivalent to £4 million per annum, or £47 million over the next 10 years. All this at a time when expanded requirements from central government in regard to fire safety, decent homes, and the green agenda are expected at significant cost. It is therefore welcomed that there has been no interference from central government for the 2024/25 rent increase.
129. In order to ensure the long-term financial viability of the HRA, a rent increase at of an average of 7.7%, the maximum permissible under the Rent Standard, is therefore considered to be necessary. This will mean we can continue to maintain our existing stock at decent levels, improve and expand a high quality and responsive service for our tenants and support the investment in the delivery of much needed new affordable housing for our borough.
130. This Council is acutely aware of the impact the current cost of living crisis is having on our tenants and residents and will continue to provide support (financial or otherwise) to those in most financial need where we can. It's worth noting that for those tenants who receive Housing Benefit or Universal Credit (and not subject to the Benefit Cap), these increases should have no direct impact on their household budgets. For those not in receipt of benefit, or subject to the Benefit Cap, a range of support mechanisms are already in place for those who may need it.
131. It is also considered necessary to increase non-residential charges by the level of underlying inflation, 6.7%, as set out in Appendix D. We will continue to ensure that service charges applied to estates, blocks and dwellings are fully transparent and reflect the cost of services provided.

CONCLUSION

132. Considering the previously approved HRA Business Plan update it is now recommended that tenants have their rent increased by a maximum of 7.7% with effect from the first Monday in April 2024, equivalent to an average increase of 7.2%. It is also recommended that non-residential charges are increased generally by an average of 6.7%, also with effect from the first Monday in April 2024.

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133. The report proposes £126.199 million of new HRA capital bids which, when added to the existing approved programme, creates an overall capital commitment of £714.761 million over the framework period, demonstrating the Council's ongoing commitment to keeping existing stock at decent levels and to invest in the delivery of new affordable housing through both the estate regeneration schemes and the expanded development programme.
134. Significant levels of future surpluses are still forecast by the end of the HRA business plan however these need to continue to be viewed with caution as they are in no way guaranteed and there are likely to be additional funding pressures in future years not yet included in the HRA business plan projections.
135. The HRA business plan continues to be based on a raft of assumptions on future spend and income levels which if varied could have a significant effect on available resources. In addition, the self-financing settlement could be re-opened at some point in the future. There is therefore a risk of over-reliance on future projected surpluses which could throw the HRA business plan out of balance in the short term.
136. The graphical representation of balances in Appendix F shows that whilst the HRA is projected to be in surplus in the short to medium term the position remains finely balanced. As a result, any demand for additional expenditure or reduction in assumed income levels will need to continue to be assessed and possibly mitigated elsewhere within the HRA business plan to maintain and ensure ongoing viability.

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Executive Director of Finance

BRIAN REILLY
Executive Director of Housing and
Regeneration

15th January 2024

Background Papers

There are no background papers to this report.

All reports to Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the democratic services officer can supply it if required.

Housing Revenue Account - Approved Capital Programme & Virements

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
MAJOR REFURBISHMENT OF ESTATES	20,216	46,628	39,582	12,062
RE-LIFTING	4,223	7,537	3,549	-
RE-WIRING	713	3,356	3,138	1,590
HEATING REPAIRS & IMPROVEMENTS	2,771	3,919	4,822	40
SPECIAL REPAIRS	4,203	2,556	221	-
SHELTERED HOUSING	768	4,234	594	-
ADAPTATIONS FOR DISABLED	1,550	1,550	-	-
ENTRYCALL & CCTV	643	504	674	120
TOTAL REPAIRS AND IMPROVEMENTS	35,087	70,284	52,580	13,812
ENVIRONMENTAL & ESTATE IMPROVEMENTS	2,444	1,179	550	371
SITE DEVELOPMENTS & EXPANDED PROGRAMME	59,228	38,760	26,874	51,356
REGENERATION PROJECTS	37,281	54,023	39,053	74,158
TOTAL ENVIRONMENTAL, NEW BUILD & REGENERATION	98,953	93,962	66,477	125,885
VEHICLE FLEET RENEWAL	100	400	-	-
PURCHASE OF PROPERTIES	17,580	4,500	-	-
HOUSE PURCHASE GRANTS	3,000	3,000	2,942	-
TOTAL HOUSING REVENUE ACCOUNT	154,720	172,146	121,999	139,697

Housing Revenue Account - Proposed Additions to the Capital Programme

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>MAJOR REFURBISHMENT OF ESTATES</u>				
Alfred Butt House (Trinity) Roof renewal	-	-	153	356
Alton Estate (Roehampton) Harbridge Avenue Wall reconstruction	-	100	-	-
Arndale Estate (Wandsworth Town) Eliot & Wentworth Courts New Alarm System	200	200	-	-
Cambalt Road 13-121 (West Putney) Spandrel panel replacement and window renewal	-	886	887	-
Colson Way Estate (Furzedown) Fordyce House, Langton House, Percy House, Walmsley House Chambers House, 45 & 47 Aldrington Road 12 & 17 Colson Way, 4 Pringle Gardens Roof renewal, spandrel panel replacement and external decorations	-	1,220	1,220	-
Doddington & Rollo Estates (Battersea Park) Battersea Park Rd 253-257, 281-285, Cromwell House Falkener Court, Landseer House, Lucas Court Palmerston House, Youngs Court Roof renewal - Phase 3	-	-	630	1,469
Downholme 1-48 (East Putney) Replacement of spandrel panels	-	-	24	55
Hafer Road (Lavender) Lavender Sweep 68-72 Roof renewal	-	-	32	74
Henry Harrison Court (Wandsworth Town) Window renewal	-	-	49	114
Henry Prince Estate (Wandle) Haldane Place 1-56 Roof renewal - Phase 3	-	-	389	908
Mayford Close (Nightingale) Mayford Close 11-16 External refurbishment	-	-	112	262
Nightingale Square (Balham) Roof renewal	-	-	362	846
Oxford Road 20 A-B (Thamesfield) Roof and window renewal	-	-	41	91
St John's Avenue 2 (East Putney) Roof renewal	-	-	33	72
Stephen Sanders Court (Northcote) Window renewal	-	-	161	376
Surrey Lane Estate (Battersea Park) Battersea Bridge Road 152-158, 162-168, Hervey Court Jacobson Court, Mansel Court, Sancroft Court, Villiers Court Roof renewal - Phase 1	-	-	438	1,022

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
Thrale Road 87 flats A & B (Furzedown)				
Window & door renewals, roof & porch roof overhaul	-	-	41	91
Upper Richmond Road 41 F1-4 (East Putney)				
Window & roof renewal	-	-	59	138
Kitchens and Bathrooms				
Phase 15A - Hazelhurst Estate *	-	637	637	-
Phase 18A - Arndale Sudbury House *	-	266	266	-
Boroughwide				
Fire safety systems to sheltered & short term lets - Phase 4	-	-	1,263	2,946
External decorations conversion to window renewal	-	500	500	-
Retrofit voids	-	500	500	-
Retrofit - ECO4 works	-	2,000	1,000	-
TOTAL MAJOR REFURBISHMENT OF ESTATES	<u>200</u>	<u>6,309</u>	<u>8,797</u>	<u>8,820</u>
<u>RELIFTING</u>				
Alton Estate (Roehampton)				
Binley House, Denmead House, Dunbridge House Phase 1A	-	-	189	442
Allenford House, Bramley House, Swaythling House Tatchbury House, Warnford House, Phase 2	-	-	249	580
Argyle Esher Estate (West Hill)				
Bisley House	-	-	95	221
Battersea Park Estate (Battersea Park)				
Berry House, Walden House Phase 2	-	-	284	663
Battersea High Street (St Mary's)				
Lindsay Court	-	-	103	239
Copeland House (Tooting Broadway)				
	-	-	87	203
Gravenel Gardens 13-48 (Tooting Broadway)				
	-	-	41	97
Hazelhurst Estate (Tooting Broadway)				
Hayesend House, Chillingford House	-	-	205	479
St James Grove Estate (Battersea Park)				
Castlemaine	-	-	201	470
William Willison Estate (West Hill)				
Keevil Drive - Phase 1	-	-	166	387
TOTAL RELIFTING	<u>-</u>	<u>-</u>	<u>1,620</u>	<u>3,781</u>
<u>REWIRING</u>				
Boroughwide				
Individual rewires	-	-	500	-
TOTAL REWIRING	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>HEATING REPAIRS & IMPROVEMENTS</u>				
Arndale Estate (Wandsworth Town)				
Eliot Court and Wentworth Court				
Heat interface unit installation	-	700	1,370	108
Doddington Estate (Battersea Park)				
Upgrade of HIU heating systems to Inc. prepay meters	-	-	184	429
Haven Lodge (Falconbrook)				
Replacement of communal heating system	-	-	90	210
Nightingale Square (Balham)				
Pipework renewal	-	60	140	-
Rusham Road FA & C-J (Balham)				
Replacement of communal heating system	-	-	35	81
Yew Tree Lodge 1-78 (Furzedown)				
Replacement of communal heating system	-	-	296	691
Boroughwide				
Individual installations	-	-	200	-
Water tank renewals - Phase 8	-	-	186	435
Water tank renewals - Phase 9	-	-	158	368
Water tank renewals - Phase 10	-	-	332	774
TOTAL HEATING REPAIRS & IMPROVEMENTS	-	760	2,991	3,096
<u>SPECIAL REPAIRS</u>				
Acquired Properties				
Roofs, decoration, damp proofing	-	-	300	-
Extensions/conversions				
	-	1,000	-	-
Refurbishment of street properties				
	-	1,000	-	-
Provision for urgent schemes				
	-	-	700	-
TOTAL SPECIAL REPAIRS	-	2,000	1,000	-
<u>SHELTERED HOUSING</u>				
Maysoule Road Estate (Falconbrook) *				
Holmleigh Court				
Refurbishment	-	875	375	-
Upgrade of wardens call system				
	-	1,105	1,104	-
TOTAL SHELTERED HOUSING	-	1,980	1,479	-
<u>ADAPTATIONS FOR THE DISABLED</u>				
Conversion of vacant properties				
	-	-	850	-
Future years provision				
	-	-	700	-
TOTAL ADAPTATIONS FOR THE DISABLED	-	-	1,550	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>ENTRYCALL & CCTV</u>				
Hazelhurst Estate (Tooting Broadway)				
Newbridge Court 1-12, 13-28, 29-36, Pangbourne Court Replacement of door entry system	-	-	46	109
Upgrading of PSN data lines	-	103	103	-
TOTAL ENTRYCALL & CCTV	-	103	149	109
<u>ENVIRONMENTAL & ESTATE IMPROVEMENTS</u>				
Ethelburga Estate (Battersea Park)				
Redesign and renewal of paving and parking areas	-	-	307	719
Nightingale Square (Balham)				
Playground refurbishment	-	50	128	80
Estate road resurfacing and paving	-	1,000	1,000	-
Future playground refurbishment	-	250	250	-
Provision for urgent schemes	-	1,000	1,000	-
TOTAL ENVIRONMENTAL & ESTATE IMPROVEMENTS	-	2,300	2,685	799
<u>SITE DEVELOPMENTS & EXPANDED PROGRAMME</u>				
Ackroydon (West Hill)	345	1,292	3,546	9,914
Balham East (Balham)	142	778	1,212	116
Balham West (Balham)	115	737	1,377	36
Battersea Church Road (St Mary's) *	-	-	-	3,016
Bessborough Road Garages (Roehampton)	260	49	1,671	2,412
Farnborough House Garages (Roehampton)	406	446	9,145	10,755
Kersfield Estate (East Putney) *	-	562	-	-
Randall Close (St Mary's) *	-	-	439	-
Other schemes / feasibilities & contingencies	1,000	1,900	-	-
TOTAL SITE DEVELOPMENTS & EXPANDED PROGRAMME	2,268	5,764	17,390	26,249
PURCHASE OF PROPERTIES	-	10,000	10,500	-
HOUSE PURCHASE GRANTS	-	-	3,000	-
TOTAL ADDITIONS	2,468	29,216	51,661	42,854
Bids with a * indicates a top-up to an existing specific scheme				

Housing Revenue Account - Revised Capital Programme

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
MAJOR REFURBISHMENT OF ESTATES	20,416	52,937	48,379	20,882
RE-LIFTING	4,223	7,537	5,169	3,781
RE-WIRING	713	3,356	3,638	1,590
HEATING REPAIRS & IMPROVEMENTS	2,771	4,679	7,813	3,136
SPECIAL REPAIRS	4,203	4,556	1,221	-
SHELTERED HOUSING	768	6,214	2,073	-
ADAPTATIONS FOR DISABLED	1,550	1,550	1,550	-
ENTRYCALL & CCTV	643	607	823	229
TOTAL REPAIRS AND IMPROVEMENTS	35,287	81,436	70,666	29,618
ENVIRONMENTAL & ESTATE IMPROVEMENTS	2,444	3,479	3,235	1,170
SITE DEVELOPMENTS & EXPANDED PROGRAMME	61,496	44,524	44,264	77,605
REGENERATION PROJECTS	37,281	54,023	39,053	74,158
TOTAL ENVIRONMENTAL, NEW BUILD & REGENERATION	101,221	102,026	86,552	152,933
VEHICLE FLEET RENEWAL	100	400	-	-
PURCHASE OF PROPERTIES	17,580	14,500	10,500	-
HOUSE PURCHASE GRANTS	3,000	3,000	5,942	-
TOTAL HOUSING REVENUE ACCOUNT	157,188	201,362	173,660	182,551

MAJOR REFURBISHMENT OF ESTATES

Alfred Butt House (Trinity)				
Roof renewal	-	-	153	356
Alton Estate (Roehampton)				
F Blocks Binley House, Charcot House, Denmead House, Dunbridge House, Winchfield House				
Window renewal	13	210	5,190	1,681
Harbridge Avenue Wall reconstruction	-	100	-	-
Antrim House (Lavender)				
Roof renewal	90	6	-	-
Argyle Esher Estate (West Hill)				
Bisley House Roof renewal	-	-	21	186
Arndale Estate (Wandsworth Town)				
Front entrance hall improvements	-	-	530	-
Edwyn House & Knowles House Roof renewal	-	250	250	-
Eliot & Wentworth Courts Cladding replacement	200	7,100	7,150	500
New Alarm System	200	200	-	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> £ '000	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000
Ashburton Chartfield Estate (West Putney) Westleigh Avenue 34 flats A-H Roof renewal	-	106	20	-
Ashburton South Estate (West Putney) Tildesley Road 323-387 Podium deck car park renewal	5	410	20	-
Auckland Estate (Lavender) External decorations conversion to window renewal	2	398	1,044	-
Auckland Road 25 FA-FB (Lavender) Roof and window renewal	-	30	70	-
Balham Hill Estate (East & West) (Balham) Roof and window renewal	102	1,819	600	-
Battersea High Street Estate (St Mary's) Coles Court, Meecham Court, Morgan Court, Pritchard Court Roof renewal	90	561	30	-
Bedgebury Gardens (West Hill) Bedgebury Gardens 8-9 Roof and window renewal	10	-	-	-
Bevill Allen Close (Furzedown) All blocks Roof renewal	5	736	62	-
Cambalt Road 13-121 (West Putney) Spandrel panel replacement and window renewal	-	886	887	-
Carey Gardens Estate (Shaftesbury & Queenstown) Estate wide roof renewals	1,500	837	-	-
Chatham Road East (Northcote) Chatham Road 121-131, 133 flats A-H External decorations conversion to window renewal	258	9	-	-
Colson Way Estate (Furzedown) Fordyce House, Langton House, Percy House, Walmsley House Chambers House, 45 & 47 Aldrington Road, 12 & 17 Colson Way, 4 Pringle Gardens Roof renewal, spandrel panel replacement and external decorations	-	1,220	1,220	-
Doddington & Rollo Estates (Battersea Park) Bank Court, Connor Court, Park Court, Turpin House Alfreda Court, Newtown Court, Ravenet Court, Rawson Court, Rollo Court Roof renewal - Phase 1	3	1,000	1,200	-
Arthur Court, Bolton Court, Kennard House, Russell Court, St George House, Voltaire Court Roof renewal - Phase 2	-	100	1,029	100
Battersea Park Rd 253-257, 281-285, Cromwell House, Falkener Court, Landseer House, Lucas Court, Palmerston House, Youngs Court Roof renewal - Phase 3	-	-	630	1,469
Downholme 1-48 (East Putney) Replacement of spandrel panels	-	-	24	55
Ethelburga Estate (Battersea Park) Ethelburga Tower Roof renewal - Phase 3	20	652	-	-
Ethelburga Street, Ethelburga Tower, Henty Close, Watford Close Eden House, Ridley House, Temple House - Falcon Rd (Falconbrook) Removal of spandrel panels	10	300	436	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
Fairfield Court (Wandsworth Town)				
External decorations conversion to window renewal	5	640	87	-
Fairfield Drive (Wandsworth Town)				
Window renewal	645	39	-	-
Faylands Estate (Furzedown)				
Garrick House, Levett House, Marchmont House, Ryland House, Shelburne House Roof renewal - Phase 1	5	620	31	-
Faylands/Boothby Adams Estate (Furzedown)				
Boswell House, Adams House, Boothby House Roof renewal - Phase 2	-	100	175	-
Felsham Road (Thamesfield)				
Greville House, Felsham Road, Henry Jackson House, John Keall House Roof renewal	981	71	-	-
Fitzhugh Estate (Wandsworth Common)				
All Blocks Roof renewal	10	250	5	-
George Wyver Close (West Hill)				
Beaumont Road 34-62e, 64-92e External decorations conversion to window renewal	30	531	15	-
Gravenel Gardens (Tooting Broadway)				
Gravenel Gardens 1-6, 7-12, 13-48, Jordan Lodge 1-6 Roof renewal	5	357	95	-
Gwendolen Avenue 16 Flats A-E (West Putney)				
Roof renewal	72	100	-	-
Hafer Road (Lavender)				
Lavender Sweep 68-72 Roof renewal	-	-	32	74
Henry Harrison Court (Wandsworth Town)				
Window renewal	-	-	49	114
Henry Prince Estate (Wandle)				
St John's Drive 1a, 9-24, 33-40, 41-56, 64-72, 73-88 Roof renewal - Phase 1	1,000	235	-	-
St John's Drive 1-8, 25-32, 57-64, 89-96 Roof renewal - Phase 2	10	1,450	77	-
Wandle Way 1-16, 33-48, 57-72,81-96, 105-120 Roof renewal - Phase 2A	-	1,942	369	-
Haldane Place 1-56 Roof renewal - Phase 3	-	-	389	908
Herlwyn Gardens 19-22, 17, 23 & 24 (Tooting Bec)				
Roof renewal	-	-	30	180
Hollies Way Estate (Balham)				
Cladding replacement	54	-	-	-
Honeywell Road (Northcote)				
Window renewal	80	542	-	-
Lane Court (Northcote)				
Roof and window renewal	-	200	450	-
Larpent Avenue 33 (West Putney)				
Roof and window renewal	76	100	-	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
Latchmere Estate (Battersea Park) Burns Road, Matthews Street, Joubert Street, Odger Street, Sheepcote Lane Freedom Street, Reform Street Window renewal	1,809	-	-	-
Lennox Estate (Roehampton) Ludovick Walk 2-10, 11-35, 36-66 Roof renewal - Phase 2	100	367	-	-
Longstaff Estate (East Putney) Woodhams House Replacement of walkway safety guards	-	20	33	-
Louvaine Road 17 (Wandsworth Town) Roof and window renewal	-	30	69	-
Lurline Gardens Estate (Battersea Park) All Saints Court, Lurline Gardens (2-24) Queenstown Road (363-369) Roof renewal	-	100	202	-
Manville Road 30-38C (South Balham) Window renewal	10	70	10	-
Mayford Close (Nightingale) Mayford Close 11-16 External refurbishment	-	-	112	262
Newlands Estate (Tooting Bec) Barringer Square 22-164e, 7-109o, Tooting Bec Road 174-212e Treherne Court 1-35 Cons, 40-55 Cons Roof renewal	1,460	150	-	-
Nightingale Square (Balham) Roof renewal	-	-	362	846
Oxford Road 20 A-B (Thamesfield) Roof and window renewal	-	-	41	91
Putney Hill 39 F1-20 (East Putney) External decorations conversion to window renewal	50	181	-	-
Putney Vale Estate (Roehampton) Stroud Crescent 34-80,82-128,130-176 Roof renewal	316	-	-	-
Ranelagh Estate (Thamesfield) Hewett House, Lancaster House, Pearson House Roof renewal	60	800	-	-
Seymour Road 32-34 (East Putney) Roof renewal	232	10	-	-
Southdean Gardens 11 (West Hill) Roof and window renewal	-	20	66	-
Southlands Estate (St Mary's) Gaitskell Court, McKiernan Court, Winders Rd 51-101o Roof renewals	-	305	523	-
Southmead Estate (West Hill) Westhouse Close 1-16, 17-28, 29-36 Southmead Road 2-12 Roof renewal - Phase 1	101	-	-	-
Beaumont Road 1-47, Southmead Road 14-60, 62-108, Urmston Drive 2-48, 50-96 Roof renewal - Phase 2	1,021	46	-	-
St John's Avenue 2 (East Putney) Roof renewal	-	-	33	72

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Stephen Sanders Court (Northcote) Window renewal	-	-	161	376
Streatham Park Estate (Furzedown) Boyce House 1-28cons,1A, 29-49cons Busby House 1-26cons, 27-47cons Roof renewal	3	757	20	-
Surrey Lane Estate (Battersea Park) Battersea Bridge Road 152-158, 162-168, Hervey Court, Jacobson Court, Mansel Court, Sancroft Court, Villiers Court Roof renewal - Phase 1	-	-	438	1,022
Thrale Road 87 flats A & B (Furzedown) Window and door renewals. Roof and porch roof overhaul	-	-	41	91
Upper Richmond Road 41 F1-4 (East Putney) Window and roof renewal	-	-	59	138
Upper Richmond Road 125 F1-43 (East Putney) External decorations conversion to window renewal including flooring	5	470	-	-
Upper Richmond Road 328 F1-2 (Thamesfield) Roof renewal	110	3	-	-
Vardens Road 23 (Wandsworth Town) Roof and window repairs	-	50	187	-
Vardens Road 53 A-C (Wandsworth Town) Window renewal and external decorations	20	147	-	-
Wandsworth Common North Side 30 A-C (Wandsworth Town) Roof and window renewal	-	50	147	-
Wendelsworth Estate (Wandsworth Town) Bembridge House, Binstead House, Bowyer House, Culver Court, Domelton House, Linstone Court, Vectis Court Window renewal	6	2,052	2,061	-
Wilditch Estate (Battersea Park) Culvert Rd 50-56e, 58 1-22cons, 60-66e Culvert Rd 68-78e, 80 f1-11, 82-90e, Culvert Rd 92-126e, 92a-92b Sheepcote Lane 54-88e 54a-54b Window renewals	10	1,010	126	-
Weybridge Point 1-61cons 1a,1c Remedial works to cladding panels	82	400	8,323	193
William Willison Estate (West Hill) Stoford CI 1-76, Beaumont Rd 49-111, Southmead Rd Window renewal - Phase 1	121	-	-	-
Beaumont Road 177, Castlecombe Drive 1,5,11,23 & 31, 33-81, 2-234, Littlecote Close 2,9,18,20 & 22 Stourhead Close 6 Window renewal - Phase 2	8	2,397	60	-
Mere Close, Potterne Close Window renewal - Phase 3	20	719	380	-
Keevil Drive 1-63,65-127,2-88,90-112, 114-128 130-144, 146-256 Window renewal - Phase 4	-	92	2,700	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Kitchens and Bathrooms				
Phase 11 - Arndale Estates (Phase 1), Albon House, Edwyn House, Knowles House	3,000	520	-	-
Phase 11A - Southlands East	55	1,145	45	-
Phase 12 - Balham Hill East & West, Aldrington North & South, Edgecombe Hall	4,139	110	-	-
Phase 13 - Alton E Blocks 1-6 Chilcombe House, Crondall House , Farnborough House Kimpton House, Rushmere House, Somborne House	50	2,648	525	-
Phase 13A - Alton E Blocks 17-23 Allenford House, Bramley House, Penwood House, Shalden House Swaythling House, Tatchbury House, Warnford House	-	2,061	-	-
Phase 14 - Doddington East	-	-	-	2,991
Phase 15 - Holborn Estates	2	959	167	-
Phase 15A - Hazelhurst Estate	-	2,481	637	-
Phase 16 - Doddington West	-	-	-	3,180
Phase 16A - Doddington West	-	-	-	3,051
Phase 17 - Badric Court	-	1,089	89	-
Phase 18 - Arndale Eliot & Wentworth Court	-	10	2,850	-
Phase 18A - Arndale Sudbury House	-	266	2,199	-
Wimbledon Park Estate	80	80	80	-
Boroughwide				
Fire safety systems to sheltered & short term lets - Phase 2	1,265	-	-	-
Fire safety systems to sheltered & short term lets - Phase 3	800	3,414	-	-
Fire safety systems to sheltered & short term lets - Phase 4	-	-	1,263	2,946
External decorations conversion to window renewal	-	500	500	-
Inflation contingency	-	801	-	-
Retrofit voids	-	500	500	-
Retrofit - ECO4 works	-	2,000	1,000	-
TOTAL MAJOR REFURBISHMENT	<u>20,416</u>	<u>52,937</u>	<u>48,379</u>	<u>20,882</u>

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> £ '000	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000
<u>RE-LIFTING</u>				
Aboyne Estate (Wandsworth Common) Deeside Road, Strathdon Drive	162	-	-	-
Alton Estate (Roehampton) Blendworth Point	198	-	-	-
F Blocks Charcot House, Winchfield House	-	140	200	-
Binley House, Denmead House, Dunbridge House Phase 1A	-	-	189	442
Allenford House, Bramley House, Swaythling House Tatchbury House, Warnford House, Phase 2	-	-	249	580
Anne Kerr Court (East Putney)	40	96	-	-
Argyle Esher Estate (West Hill) Bisley House	-	-	95	221
Argyle Glen Albyn Estate (West Hill) Chobham Gardens 1-36, 37-65, 66-95	63	1,089	140	-
Argyle Limpsfield Estate (West Hill) Greenfield House, Oakman House	417	-	-	-
Arndale Estate (Wandsworth Town) Sudbury House Phase 2	300	505	-	-
Eliot Court & Wentworth Court Phase 3	-	212	423	-
Ashburton South Estate (West Putney) Tildesley Road Phase 1	5	286	44	-
Hayward Gardens Phase 2	8	773	380	-
Badric Court (St Mary's)	1	496	10	-
Battersea High Street (St Mary's) Lindsay Court	-	-	103	239
Battersea Park Estate (Battersea Park) Atkinson House, Dresden House Phase 1	-	100	567	-
Berry House, Walden House Phase 2	-	-	284	663
Copeland House (Tooting Broadway)	-	-	87	203
East Hill Estate (Falconbrook) Dungeness House, Filey House, Lerwick House	299	18	-	-
Edgecome Hall Estate (West Hill) William Harvey House	150	164	-	-
Fitzhugh Estate (Wandsworth Common) Gernigan House, Morville House, St Quentin House, Skipsea House, Woodhall House	50	720	264	-
Goulden House (St Mary's)	250	76	-	-
Gravenel Gardens 13-48 (Tooting Broadway)	-	-	41	97

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
Harwood Court (West Putney)	200	49	-	-
Hazelhurst Estate (Tooting Broadway) Hayesend House, Chillingford House	-	-	205	479
Hibbert St (Falconbrook) Sheridan House	3	120	4	-
Kersfield Road Estate (East Putney) Classinghall House, Lusher House	50	192	20	-
Lochinvar Estate (Balham) Caistor House, Ivanhoe House, Rokeby House	428	52	-	-
Lurline Gardens Estate (Battersea Park) All Saints Court 1-38 cons	161	-	-	-
Melody Road 128-162 (Wandsworth Town)	1	130	8	-
Newlands Estate (Tooting Bec) Barringer Square 71-109, Treherne Court	-	50	120	-
Rollo Estate (Battersea Park) Newtown Court, Rollo Court Phase 1	241	7	-	-
Rawson Court Phase 2	-	200	428	-
St James Grove Estate (Battersea Park) Castlemaine	-	-	201	470
St John's Avenue 2 (East Putney)	48	-	-	-
Sutherland Grove Estate (East Putney) Strathan Close 40-71	74	200	-	-
The Platt Estate (Thamesfield) Phelps House	100	189	-	-
Wendelsworth Estate (Wandsworth Town) Domelton House, Bowyer House Phase 1	417	-	-	-
Bembridge House, Binstead House Phase 2	59	998	-	-
William Willison Estate (West Hill) Keevil Drive - Phase 1	-	-	166	387
Winstanley Estate (Falconbrook) Weekley Square, Carmichael Close, Fenner Square, Holliday Square, John Parker Square, Thomas Baines Road Phase 1	371	250	-	-
Clarke Lawrence Court, Sendall Court, Shaw Court, Sporle Court Phase 2	-	425	941	-
Boroughwide Installation of lift monitoring equipment	127	-	-	-
TOTAL RE-LIFTING	4,223	7,537	5,169	3,781

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
RE-WIRING				
Copeland House (Tooting Broadway)				
Individual rewires and distribution boards, landlord lighting	204	-	-	-
Doddington Estate (Battersea Park)				
Park Court Communal rewire and lighting replacement	-	78	-	-
Ethelburga Estate (Battersea Park)				
Laterals and communals - Phase 1	-	284	25	-
Totterdown Fields Estate (Tooting Bec)				
Derinton Road/Blakenham Road Clubroom, Fire alarm system upgrades	-	60	7	-
Wimbledon Park Estate (West Hill)				
All blocks Full rewire excluding lateral mains	-	300	15	-
Boroughwide				
Block electrical upgrades - Phase 1	5	2,000	878	-
Block electrical upgrades - Phase 2	4	134	1,200	-
Block electrical upgrades - Phase 3	-	-	1,013	605
Block electrical upgrades - Phase 4	-	-	-	985
Individual rewires	500	500	500	-
TOTAL REWIRING	<u>713</u>	<u>3,356</u>	<u>3,638</u>	<u>1,590</u>

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>HEATING REPAIRS & IMPROVEMENTS</u>				
Arndale Estate (Wandsworth Town)				
Eliot Court and Wentworth Court Heat interface unit installation	-	700	1,370	108
Battersea Park Estate (Battersea Park)				
Atkinson House, Berry House, Dresden House MacDonald House, Walden House Installation of dry risers	50	489	-	-
Colson Way Estate (Furzedown)				
Replacement of communal extract fans	-	-	350	40
Convent Estate (East Putney)				
Francis Snary Lodge 1-31 Replacement of communal heating system	48	-	-	-
Doddington Estate (Battersea Park)				
Upgrade of heating systems to include prepay meters	-	-	184	429
Fitzhugh Estate (Wandsworth Common)				
Replacement of communal underground heating pipes	24	93	1,937	-
George Wyver Close (West Hill)				
Beaumont Road 34-62e, 64-92e Replacement of communal heating system	-	510	35	-
Goulden House 1-269 cons (St Mary's)				
CCTV survey and cleaning to ducting	237	-	-	-
Replacement of communal extract fans	3	268	-	-
Haven Lodge (Falconbrook)				
Replacement of communal heating system	-	-	90	210
Kambala (Falconbrook)				
Edwin Trayfoot Lodge 1-36, 1a COSTA Replacement of communal heating system	-	100	200	-
Lennox Estate (Roehampton)				
Burke Close 1-27 Replacement of communal heating system	-	100	157	-
Burke Close 28-54 Replacement of communal heating system	49	-	-	-
Nightingale Square (Balham)				
Pipework renewal	-	60	140	-
Nursery Close Estate (West Putney)				
Nursery Close 31-49 Replacement of communal heating system	49	-	-	-
Rusham Road FA & C-J (Balham)				
Replacement of communal heating system	-	-	35	81
St James Grove Estate (Battersea Park)				
Castlemaine Replacement of communal heating system	326	-	-	-
Totteridge House (St Mary's)				
Radiator replacement	120	-	-	-
Upper Richmond Road 125 F1-F43 (East Putney)				
Replacement of communal heating system	250	36	-	-
Wimbledon Park Estate (West Hill)				
Allenswood, Ambleside, Briardale, Fernwood, Lindale, Vereban, Wimbledon Park Crt 1-12, 14-19, 20-51 Cold water tank replacement	100	-	-	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
Yew Tree Lodge 1-78 (Furzedown)				
Replacement of communal heating system	-	-	296	691
Boroughwide				
Cold water boosters - Phase 2	399	10	-	-
Communal ventilation upgrades	2	1,500	1,858	-
Heating system upgrades	360	200	200	-
Water tank renewals - Phase 4	350	150	-	-
Water tank renewals - Phase 5	394	8	-	-
Water tank renewals - Phase 6	10	280	-	-
Water tank renewals - Phase 7	-	175	285	-
Water tank renewals - Phase 8	-	-	186	435
Water tank renewals - Phase 9	-	-	158	368
Water tank renewals - Phase 10	-	-	332	774
TOTAL HEATING REPAIRS & IMPROVEMENTS	2,771	4,679	7,813	3,136

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>SPECIAL REPAIRS</u>				
Alton Estate (Roehampton)				
Harbridge Ave & Kingsclere Close - Demolition and rebuild brick wall	53	-	-	-
Argyle Glen Albyn Estate (West Hill)				
Thursley Gardens 1-7 - Underpinning	49	-	-	-
Kimpton House - Door entry installation	59	-	-	-
Swanwick Close 5 - New roofing system	25	-	-	-
Bolingbroke Grove 39 (Northcote)				
Tanking /damp eradication/structural repairs	56	-	-	-
Bolingbroke Grove 73 (Northcote)				
Roof and window renewal	39	103	-	-
Byrne Road 29 (South Balham)				
Roof renewal	50	36	-	-
Doddington Estate (Battersea Park)				
Kennard House - Emergency lift works	71	-	-	-
Fairlight Road 49B (Tooting Broadway)				
Void refurbishment	43	-	-	-
Goulden House (St Mary's)				
Structural survey	39	-	-	-
Kettering Street 28B (Furzedown)				
Void refurbishment	62	-	-	-
Westover Road 54 (Wandle)				
Window renewal and roof repairs	6	60	-	-
York Road (Falconbrook)				
Holcroft House - Boiler replacement	40	-	-	-
Energy Efficiency Works				
Commercial Property - Battersea Park Road 307 - Nursery	52	-	-	-
Commercial Property - Walden House Battersea Fields - RO Office	41	-	-	-
Commercial Property - 76 Falcon Road - Law Centre	39	-	-	-
Green energy works to tenanted houses	120	-	-	-
Social housing decarbonisation	500	500	-	-
Sheltered Properties				
Chelverton Court - Flooring	49	-	-	-
Glenthorpe - Emergency lighting upgrades	150	-	-	-
Various Blocks				
External cladding assessments	200	-	-	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Boroughwide				
Acquired Properties				
Roofs, decoration, damp proofing	681	300	300	-
Extensions/conversions	1,678	2,399	221	-
Refurbishment of street properties	-	1,000	-	-
Provision for urgent schemes	-	158	700	-
Stock condition survey	101	-	-	-
TOTAL SPECIAL REPAIRS	4,203	4,556	1,221	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>SHELTERED HOUSING</u>				
Althorpe Grove Estate (St Mary's)				
Althorpe Mews, Battersea Church Road, Sunbury Lane Kitchen renewal	5	245	-	-
Alton Estate (Roehampton)				
Fontley Way 21-35, Greatham Walk 2-16 Hyacinth Road 1-8, Foxcombe Road 1-33 Alton Club Room Electrical upgrades	150	109	50	-
Auckland Estate (Lavender)				
Abyssinia Close 14 (F1-26) Electrical upgrades	-	200	76	-
Carey Gardens Estate (Shaftesbury & Queenstown)				
All communal sheltered areas Electrical upgrades	-	264	50	-
Convent Estate (East Putney)				
Francis Snary Lodge Dwellings and communal areas Electrical upgrades	48	248	72	-
Hepplestone Close, Sclater Close (West Putney)				
Grosse Way 1-34 and Hepplestone 1-14, 20-32 Close Electrical upgrades	100	340	100	-
Hill Lodge 1-34 (Wandsworth Town)				
Electrical upgrades	-	200	152	-
Maysoule Road Estate (Falconbrook)				
Holmleigh Court - Heating, window renewals, fire risk assessment works communal decs and flooring	140	1,960	375	-
Rambler Close Estate (Furzedown)				
Rambler Close 1-16, 17-32 Dwellings and communal areas Electrical upgrades	55	139	50	-
St Margaret's Court (West Putney)				
Roof renewal	200	4	-	-
Boroughwide				
Boyd Court, Cortis Road 285-311 and 317-365 Cortis Terrace 1-16, James Searles Lodge Westleigh Avenue 63-125 and 135-165 Installation of overhead showers - Phase 7	70	1,400	44	-
Upgrade of wardens call system	-	1,105	1,104	-
TOTAL SHELTERED HOUSING	768	6,214	2,073	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>ADAPTATIONS FOR THE DISABLED</u>				
Boroughwide				
Conversion of vacant properties	850	850	850	-
Future years provision	700	700	700	-
TOTAL ADAPTATIONS FOR THE DISABLED	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> £ '000	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000
<u>ENTRYCALL & CCTV</u>				
Aldrington South Estate (Furzedown)				
Grierson House 1-21, 22-55, Shenstone House 1-21, 22-55 Tyers House 1-6 Replacement of door entry system	-	50	103	-
Alton Estate (Roehampton)				
Brockbridge House, Finchdean House, Egbury House Hurstbourne House, Redenham House Penwood House, Tatchbury House E blocks Replacement of door entry system	193	5	-	-
Binley House, Winchfield House, Charcot House Dunbridge House F Blocks Replacement of door entry system	5	122	-	-
Bevill Allen Close Estate (Furzedown)				
Bevill Allen Close 1-24, 25-36, 37-48 Installation of door entry system	100	3	-	-
Carey Gardens (Shaftesbury & Queenstown)				
Carey Gardens 2-44, 264-296e, 46-66e, 68-86e, 88-120e 122-174, 176-226, 228-262, 123-185, 187-255, 59-89 Condell Road 1-89, 91-121, 123-137 Replacement of door entry system	-	65	260	-
Chatham Road West Estate (Northcote)				
Staplehurst Court, Teyham Court Replacement of door entry system	-	30	5	-
Colson Way Estate (Furzedown)				
Fordyce House Replacement of door entry system	-	12	-	-
Doddington Estate (Battersea Park)				
Connor Court, Turpin House Replacement of door entry system	-	75	-	-
Ethelburga Estate (Battersea Park)				
Ethelburga Tower Replacement of door entry system	2	-	-	-
Goulden House (St Mary's)				
Replacement of door entry system	-	-	200	120
Hazelhurst Estate (Tooting Broadway)				
Newbridge Court 1-12, 13-28, 29-36, Pangbourne Court Replacement of door entry system	-	-	46	109
Robertson Street Estate (Shaftesbury & Queenstown)				
Scott Court 1-24 Installation of door entry system	50	2	-	-
Somerset Estate (St Mary's)				
Sparkford House, Selworthy House Replacement of door entry system	-	90	3	-
Streatham Park Estate (Furzedown)				
Boyce House 1-26, 27-47, Busby House 1-28, 29-49 Replacement of door entry system	-	50	103	-
William Willison Estate (West Hill)				
Castlecombe Drive 33-61, 146-174, 176-204, 206-334 Stapleford Close 1-34, 35-66 Replacement of door entry system	7	-	-	-

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Boroughwide				
CCTV upgrades	286	-	-	-
Upgrading of PSN data lines	-	103	103	-
TOTAL ENTRYCALL & CCTV	<u>643</u>	<u>607</u>	<u>823</u>	<u>229</u>

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> £ '000	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000
<u>ENVIRONMENTAL & ESTATE IMPROVEMENTS</u>				
Alton Estate (Roehampton)				
Minstead Gardens (Sheltered Accommodation) Environmental improvements	205	-	-	-
Highcross Way - Paving	25	-	-	-
Arndale Estate (Wandsworth Town)				
Contribution to car park repairs - lease obligation	500	-	-	-
Bellamy House Estate (Tooting Broadway)				
Environmental improvements	-	300	50	-
Chelverton Court (Thamesfield)				
Environmental improvements	200	-	-	-
Doddington Estate (Battersea Park)				
Doddington Square	166	-	-	-
Ethelburga Estate (Battersea Park)				
Ethelburga community centre toilet refurbishment	61	-	-	-
Redesign and renewal of paving and parking areas	-	-	307	719
Fitzhugh Estate (Wandsworth Common)				
Environmental improvements	-	-	-	371
Gideon Road/Tyneham Close (Shaftesbury & Queenstown)				
Environmental improvements	264	-	-	-
Henry Prince Estate (Wandle)				
Environmental improvements	57	340	-	-
Nightingale Square (Balham)				
Playground refurbishment	-	50	128	80
Ryde Vale Estate (South Balham)				
Renew road surfaces	146	39	-	-
Totterdown Fields - Cowick Road (Tooting Bec)				
Environmental improvements	150	-	-	-
Wimbledon Park Estate (West Hill)				
Environmental improvements	-	500	500	-
Sheltered Properties				
Scooter storage and cycle storage	80	-	-	-
Boroughwide				
Estate bin store improvements	488	-	-	-
Estate road resurfacing and paving	-	1,000	1,000	-
LED street and pathway lighting	2	-	-	-
Playground refurbishment	100	250	250	-
Provision for urgent schemes	-	1,000	1,000	-
TOTAL ENVIRONMENTAL & ESTATE IMPROVEMENTS	2,444	3,479	3,235	1,170

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>SITE DEVELOPMENTS</u>				
Arnal Crescent 1-8 (West Hill)	23	-	-	-
Arnal Crescent 37-53 (West Hill)	516	757	457	177
Beaumont Road/Whitlock Drive (West Hill)	2,696	1,026	120	-
Fordyce House (Furzedown)	981	38	-	-
Salter House (Furzedown)	42	928	1,179	268
Whitlock Drive 145-147 (West Hill) - Self & Custom Build Housing	14	468	154	8
<u>EXPANDED PROGRAMME</u>				
Ackroydon (West Hill)	345	1,292	3,546	9,914
Atheldene (Wandle)	3,853	3,937	11,993	17,985
Balham East (Balham)	142	778	1,212	116
Balham West (Balham)	115	737	1,377	36
Badric Court (St Mary's)	1,852	632	36	-
Battersea Church Road (St Mary's)	420	434	1,327	24,499
Bessborough Road Garages (Roehampton)	260	49	1,671	2,412
Farnborough House Garages (Roehampton)	406	446	9,145	10,755
Kersfield Estate (East Putney)	3,129	3,193	-	-
Patmore Street (Shaftesbury & Queenstown)	10,186	5,286	552	-
Platt Estate (Thamesfield)	118	2,602	2,910	877
Putney Vale (Roehampton)	1,246	3,800	1,947	167
Randall Close (Battersea Park)	21,000	13,519	985	663
The Alders (Furzedown)	799	1,522	5,653	9,728
Winstanley / York Road - Block 5A (Falconbrook)	10,986	1,180	-	-
Other schemes / feasibilities & contingencies	2,367	1,900	-	-
TOTAL SITE DEVELOPMENTS & EXPANDED PROGRAMME	61,496	44,524	44,264	77,605

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>REGENERATION PROJECTS</u>				
Project team costs	2,100	2,100	2,100	-
ROEHAMPTON SCHEME				
Acquisitions	528	-	-	-
Procurement of specialist services	330	700	520	-
Reprovision of community facilities	70	-	-	-
Residential development costs	-	2,000	3,000	500
Fontley Way (Roehampton)				
Satellite site development	3,235	387	-	-
WINSTANLEY & YORK ROAD ESTATE SCHEME				
Additional equity loan to joint venture	2,000	20,000	2,000	9,000
In phase acquisitions	8,000	10,000	3,000	11,088
Out of phase acquisitions	3,000	6,000	3,000	1,477
Penge House and Inkster House acquisitions	3,000	3,000	3,000	436
Procurement of specialist services	300	50	-	-
Residential development costs - Block 5	12,229	-	-	-
Residential development costs - Block 6	315	500	10,000	12,389
Residential development costs - Block 7	34	300	3,000	17,514
Residential development costs - Block 10	-	300	400	16,441
Residential development costs - Infrastructure	1,000	4,460	2,737	3,553
Gideon Road (Shaftesbury & Queenstown)				
Satellite site development	243	-	-	-
Lavender Hill (Shaftesbury & Queenstown)				
Satellite site development	176	757	1,708	804
Shuttleworth Road (St Mary's)				
Satellite site development - Sphere Walk	455	-	-	-
Tyneham Close (Shaftesbury & Queenstown)				
Satellite site development	266	3,469	4,588	956
TOTAL REGENERATION PROJECTS	37,281	54,023	39,053	74,158

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>
<u>OTHER CAPITAL SCHEMES</u>				
<u>VEHICLE FLEET RENEWAL</u>				
Vehicle fleet renewal	100	400	-	-
TOTAL VEHICLE FLEET RENEWAL	100	400	-	-
<u>PURCHASE OF PROPERTIES</u>				
Acquisitions	17,580	14,500	10,500	-
TOTAL PURCHASE OF PROPERTIES	17,580	14,500	10,500	-
<u>HOUSE PURCHASE GRANTS</u>				
House purchase grants	3,000	3,000	5,942	-
TOTAL HOUSE PURCHASE GRANTS	3,000	3,000	5,942	-

Housing Revenue Account Budget (including Rents for Council Dwellings)**APPENDIX D****HOUSING REVENUE ACCOUNT NON-RESIDENTIAL CHARGES****Table 1 – Garages (£ per week)**

	<u>Current Charge</u>	<u>Proposed Charge</u>
	£	£
Band A+	35.70	38.10
Band A	32.25	34.40
Band B	19.25	20.55
Band C	13.85	14.80
Band D	10.25	10.95

Table 2 – Other Property (£ per week)

	<u>Current Charge</u>	<u>Proposed Charge</u>
	£	£
Store shed - Band A+	5.00	5.35
Store shed - Band A	3.85	4.10
Store shed - Band B	3.05	3.25
Store shed - Band C	1.95	2.10
Motorcycle sheds	7.90	8.45
Parking Lots/Other non-domestic sites	10.50	11.20
Parking lots at Lockyer House	19.25	20.55
Cycle lockers	1.95	2.10

Table 3 – Other Charges

	<u>Current Charge</u>	<u>Proposed Charge</u>
	£	£
Replacement door entry fob	22.20	23.70
Replacement resident's parking permit	23.35	24.90
Replacement or additional sets of keys	Cost plus 23.35	Cost plus 24.90
Pre-assignment enquiries	205.00	218.75

Notes

All charges are exclusive of VAT, which needs to be added where applicable. The revised charges are based on the proposed increase, rounded to the nearest 5 pence or £ where applicable

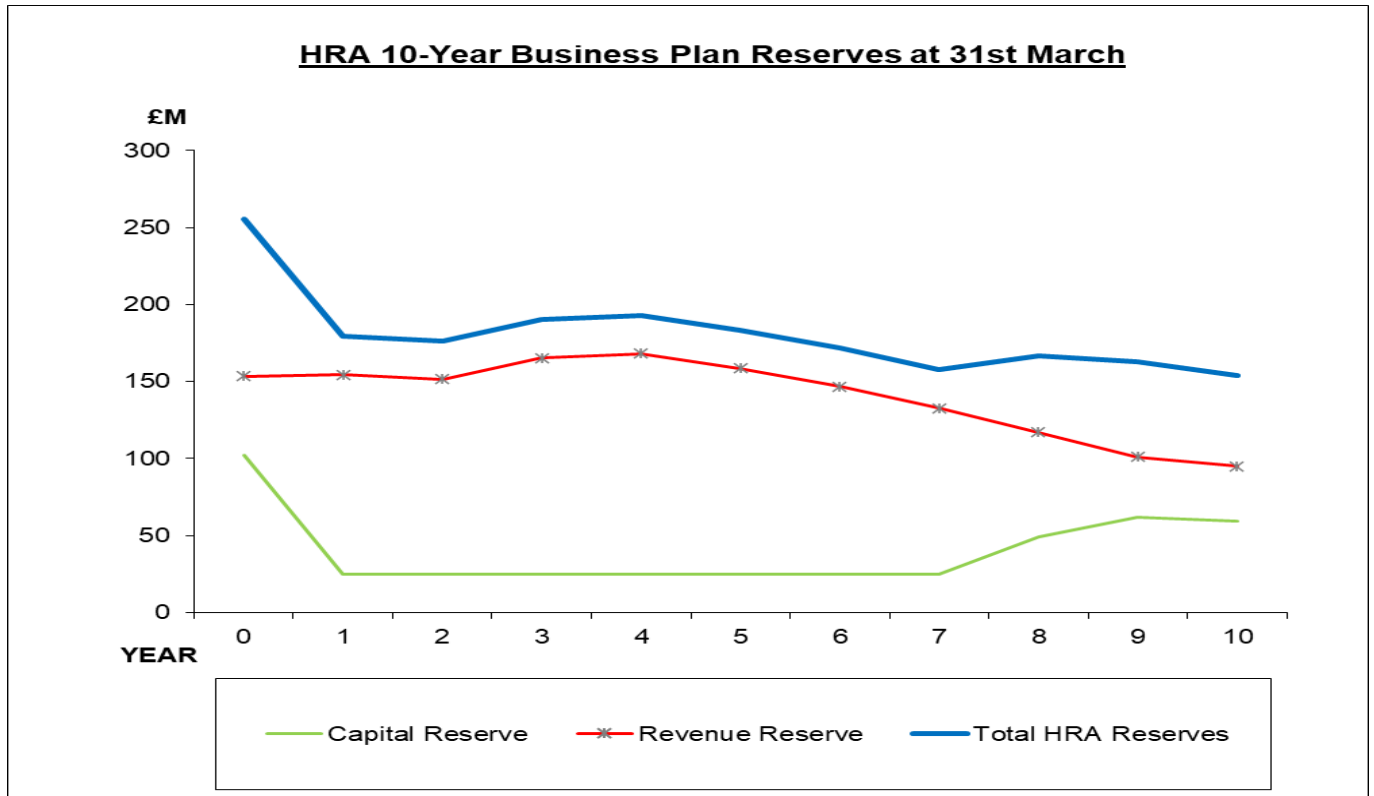
Housing Revenue Account Budget (including Rents for Council Dwellings)**APPENDIX E****COUNCIL HOUSING BUDGET FRAMEWORK**

	Original Budget 2023/24 £'000	Revised Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000	Budget 2026/27 £'000
EXPENDITURE					
REVENUE					
Supervision, Management & Maintenance					
Repairs & Maintenance	34,515	43,415	42,694	44,513	45,555
General Management	40,017	43,630	45,635	47,908	49,819
Special Services	24,388	23,309	23,828	25,296	26,331
Capital Financing Costs	34,569	37,788	49,361	31,047	40,499
Other Expenses	4,968	4,268	5,002	5,527	6,053
Depreciation (Contribution to Capital)	27,155	27,155	28,310	29,602	30,289
TOTAL REVENUE EXPENDITURE	(165,612)	(179,565)	(194,830)	(183,893)	(198,546)
CAPITAL					
Repairs and Improvements	84,266	35,287	81,436	70,666	29,618
Environmental, New Build & Regeneration	111,009	101,221	102,026	86,552	152,933
Vehicle Fleet Renewal	100	100	400	0	0
Purchase of Properties	11,500	17,580	14,500	10,500	0
House Purchase Grants	4,000	3,000	3,000	5,942	0
TOTAL CAPITAL EXPENDITURE	(210,875)	(157,188)	(201,362)	(173,660)	(182,551)
	376,487	336,753	396,192	357,553	381,097
INCOME					
REVENUE					
Gross Rents – Dwellings	120,905	122,040	133,490	138,383	141,966
Gross Rents – Non-Dwellings	5,557	5,557	5,627	5,768	5,912
Leaseholder Service Charges	18,801	20,066	21,940	23,086	24,027
Other Income	27,049	32,833	30,826	30,529	29,359
TOTAL REVENUE INCOME	(172,312)	(180,496)	(191,883)	(197,766)	(201,264)
CAPITAL					
Contribution from Revenue (Depreciation)	27,155	27,155	28,310	29,602	30,289
Capital Receipts	1,583	12,577	5,614	4,673	2,382
Capital Grants & Reimbursements	3,523	19,863	20,944	16,478	6,999
Leaseholder Major Works Charges	4,250	5,123	6,001	12,544	5,023
Borrowing	135,242	15,116	140,493	110,363	137,858
TOTAL CAPITAL INCOME	(171,753)	(79,834)	(201,362)	(173,660)	(182,551)
	344,065	260,330	393,245	371,426	383,815
Total reserves at beginning of year	220,692	255,810	179,387	176,440	190,313
Surplus / (Deficit) in year	(32,422)	(76,423)	(32,422)	13,873	2,718
Total reserves at end of year	188,270	179,387	176,440	190,313	193,031

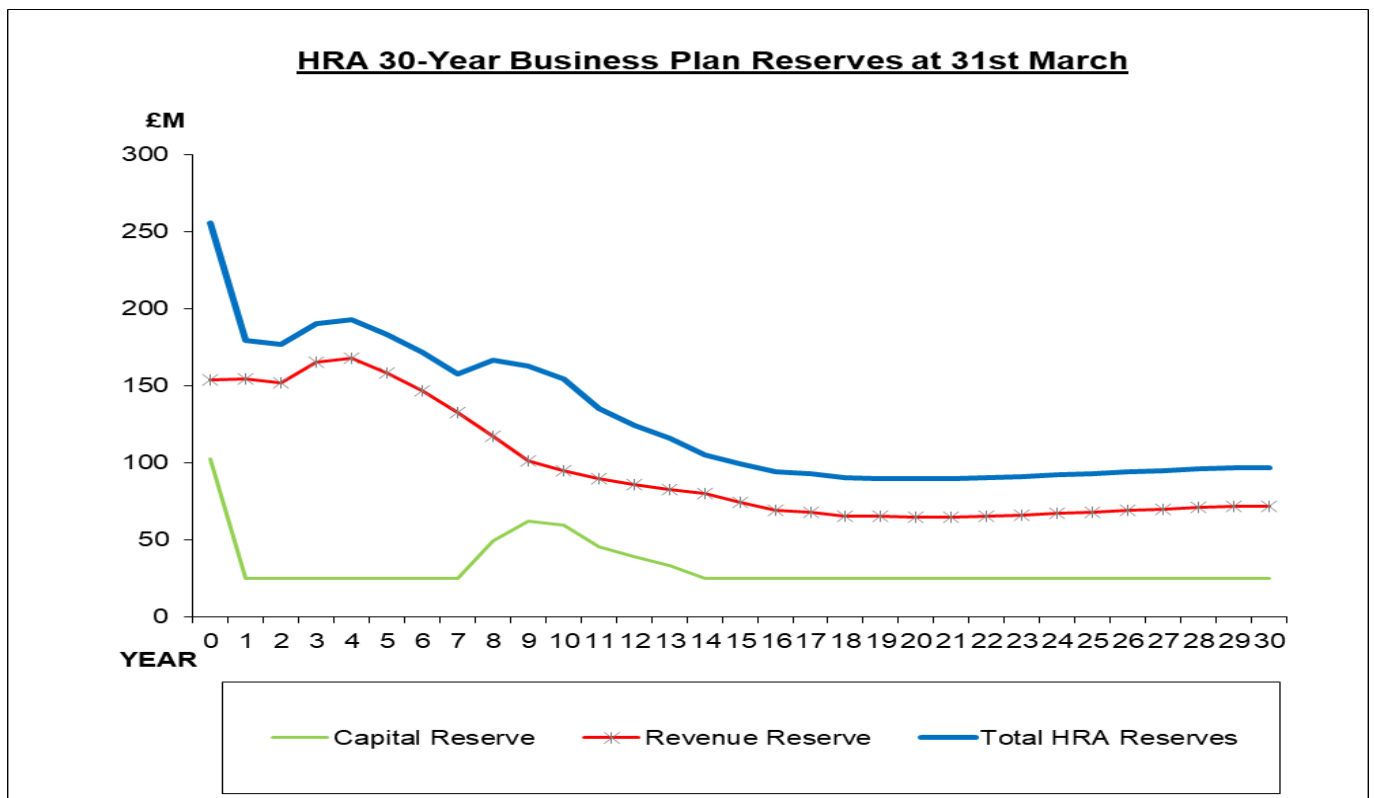
Housing Revenue Account Budget (including Rents for Council Dwellings)

APPENDIX F

HRA 10 Year Business Plan Reserves Position



HRA 30 Year Business Plan Reserves Position



WANDSWORTH BOROUGH COUNCIL

CHILDREN'S COMMITTEE – 8TH FEBRUARY 2024

Report by the Executive Director of Children's Services on
Schools Finance - Budget Allocations for 2024/25

SUMMARY

Schools are currently facing difficult challenges with still high inflation compounding the most serious issue, which is declining pupil numbers. It is critical that we maximise the resources we have to secure the financial stability and quality of education of the school system.

In FY2023/24, the Council continued its investment in support for schools. The School Business Manager (SBM) Academy is ongoing with the first cohort of trainees now providing critical support to schools. We have moved to a monthly school forecasting pattern which helps encourage rigour and provides the most accurate information possible to decision-makers. In addition, we have supported the schools in the most difficult financial situations to make changes to stabilise their positions.

In December 2023, the Education and Skills Funding Agency (ESFA) announced the details of the Local Authority Dedicated Schools Grant (DSG) school funding settlement for 2024/25.

Due to a fall in pupil numbers, the Schools Block element of the Dedicated Schools Grant (DSG) has decreased by **£1.292m (-0.7%)**. This reduced funding is the total that has been applied to the "Individual Schools Budget" (ISB), the ISB is the amount that is then distributed to schools and academies via the Local Funding Formula (LFF). There is a statutory requirement to communicate the main delegated budget share to schools by the end of February each year.

The Minimum Funding Guarantee (MFG) in FY 2024/25 could be set at between 0% and +0.5%. Schools Forum agreed the maximum MFG of +0.5%. The MFG ensures that no school has an increase in funding of less than +0.5% per pupil compared to the previous year (note that this does not include pupil premium, early years funding, high needs funding and some other items such as funding for rates). All Wandsworth schools are funded at or above the MFG.

The total DSG allocation of **£289.276m** for 2024/25 includes estimated funding for the Early Years Block, as actual allocations are yet to be confirmed. Final budgets will be issued to schools by 28 February 2024.

The DfE has instructed all councils to move at least 10% closer to the National Funding Formula (NFF) rates as on FY 2024/25. This implementation of the NFF will have different impacts on different councils however in Wandsworth it moves funding away from primary schools towards secondary schools.

GLOSSARY

AWPU	Age Weighted Pupil Unit
DfE	Department for Education
DSG	Dedicated Schools Grant
EHE	Elected Home Educated
ESFA	Education and Skills Funding Agency
FSM	Free School Meals
FY	Financial Year
IDACI	Income Deprivation Affecting Children Index
ISB	Individual Schools Budget
MFG	Minimum Funding Guarantee
NFF	National Funding Formula
PVI	Private, voluntary and independent
SEN	Special Educational Needs
SBUF	Schools Block Unit of Funding
UIFSM	Universal Infant Free School Meals

RECOMMENDATIONS

1. The Children's Committee are asked to agree the recommendations in paragraph 2. If the Committee approve any views, comments or additional recommendations on the report, these will be submitted to the Executive or the appropriate regulatory and other committees for their consideration.
2. The Executive are recommended to:
 - I. set the Dedicated Schools Budget at the level which reflects the Dedicated Schools Grant allocation and the ESFA grant income for post 16 pupils (when this is known);
 - II. set the schools formula funding factors at the rates shown in [Appendix 2](#) and thus the individual schools funding formula allocations will be as shown in [Appendix 3](#). This was voted on and agreed by School Forum on 15th January 2024.

INTRODUCTION

3. The purpose of this paper is to set out the schools' budgets for 2024/25 and also contains an explanation of the various funding streams that make up the core funding for our state funded schools.

(Paper No. 24-46)

4. Schools' budgets are made up of a variety of funding streams. The majority of funding is provided to schools via the Dedicated Schools Grant (DSG) but there are also additional grants that schools receive.
5. The funding received by schools from DSG consists of Schools Block funding via the Local Funding Formula (core mainstream school funding), High Needs funding (funding for special needs pupils) and Early Years funding (funding for 2 to 4 year olds).
6. Other additional grants of material size received by schools outside of the DSG are pupil premium and 6th form funding.
7. This paper is separated into:
 - a. Part A – School pupil number trends and changes
 - b. Part B - The size of the Dedicated Schools Grant and other core schools grant funding
 - c. Part B – Setting schools budgets

PART A: SCHOOL PUPIL NUMBERS TRENDS AND CHANGES

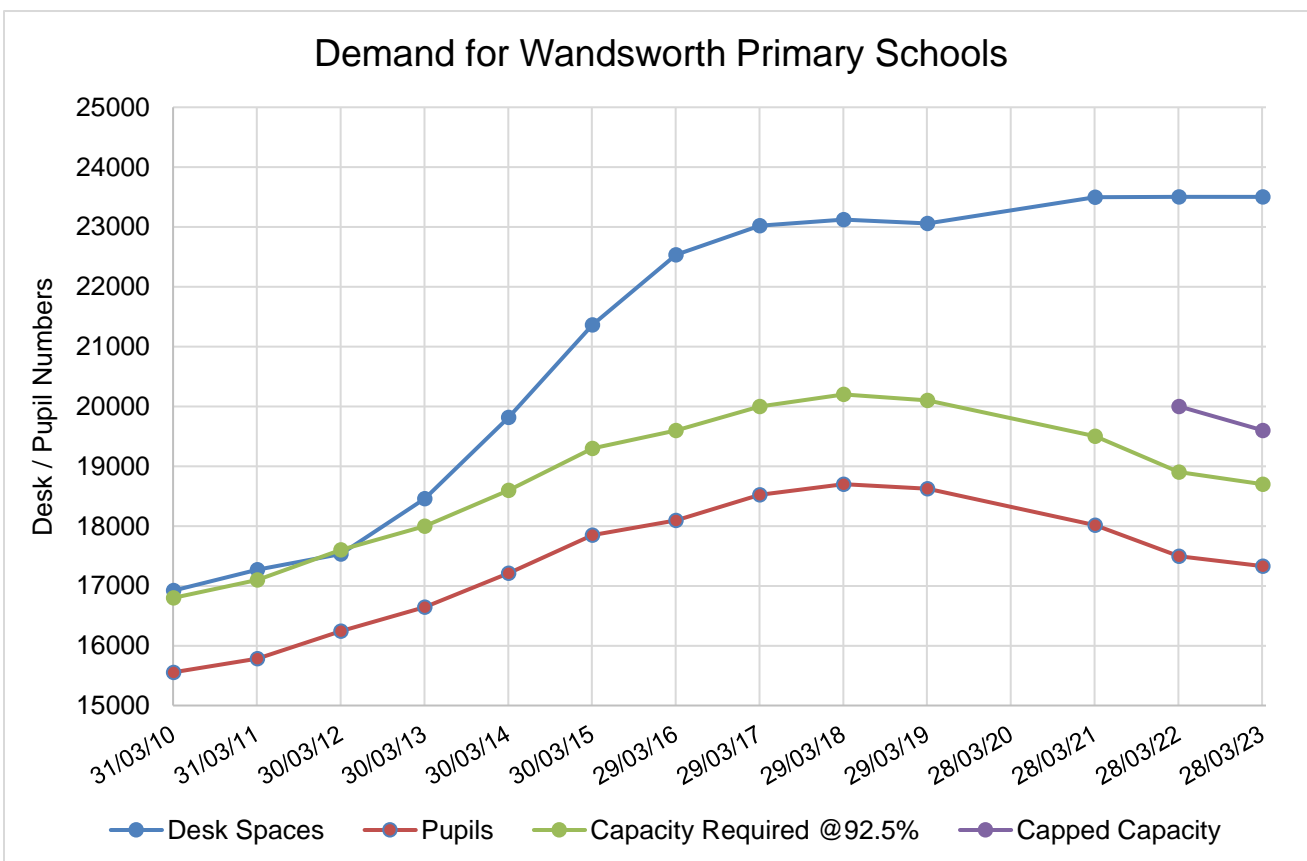
8. Over the last 12 years, from 2010 to 2022, the school age pupil population has grown by over 10%. At its peak in 2018, the primary school population had grown by over 26%, from circa 15,600 in 2010 to 19,800.
9. Since 2018 onwards, we have seen early years and primary school numbers decrease by over 7%.
10. In the same period school capacity has grown by a lot more (nearly 40%). Capacity peaked in 2021, 3 years later than the population peak. There are many reasons for this, including previous forecasting affected by Brexit and Covid 19 pandemic, the academy and free school agenda, the political support for parental choice and diversity as well as the lagged period between demand expectations and actual development and building of new capacity.
11. Building or closing schools, or even reducing forms of entry is not perfectly reactive due to the time it takes to develop new capacity or remove capacity as well as the political trade-offs that exist when taking either of these actions.
12. New primary free schools developed since 2010 include Floreat Academy, Mosaic Jewish Primary School, Oasis Academy, Rutherford House and Tooting Primary School. The most recently added Anglo-Portuguese School opened in 2020, after the pupil population in the Borough had peaked.
13. We have seen an increase in Elected Home Educated (EHE) pupils in recent years. The trend started during COVID and has remained high ever since. The increase in EHE numbers has had an impact on school places, not a huge impact but material enough to

(Paper No. 24-46)

compound the problem. In 2018, there were about 90 children educated at home, by 2023 this had increased to 170. 80 pupils is around 40% of a single form entry primary school who are no longer in our schools filling places and attracting funding.

- By 2023, Pupil Services had agreed informal Published Admission Number caps with 12 primary schools throughout the borough. Together at maturity, these caps will effectively reduce primary school capacity to around 19,600 pupils.

Table 1: Illustrates the primary school population vs capacity from 2010 to 2023



PART B: THE DEDICATED SCHOOLS GRANT AND OTHER CORE SCHOOLS FUNDING

The Overall Dedicated Schools Grant

- The ESFA announced the details of the school funding settlement for 2024/25 in late December 2023.
- All academies and free schools in Wandsworth are treated as recoupment academies meaning that the amount that is calculated via the Wandsworth funding formula is then deducted from Wandsworth’s DSG allocation to fund these schools, who receive their

funding directly from the ESFA. The schedules appended to this report thus include these schools.

17. The DSG allocations for 2024/25 are presented in four blocks: the Schools, Early Years, Central Schools Services, and High Needs Blocks. The Schools and Early Years Blocks are calculated based on pupil numbers, with the figures in the Early Years' Block being indicative as they will be subsequently amended based on the actual numbers of pupils in the year.

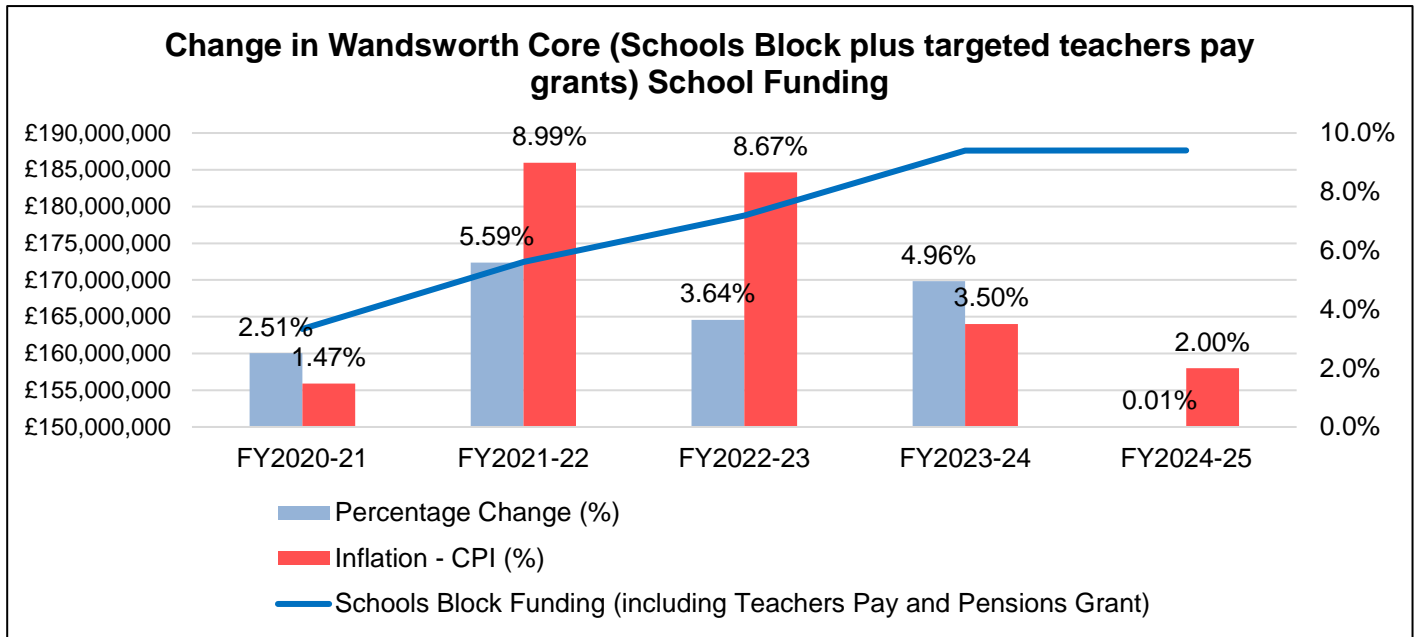
The Schools Block

18. When including the Mainstream Additional Grant supplementary funding, the Schools Block allocation has reduced by **£1.292m (-0.7%)** in FY 2024/25 compared to FY 2023/24. The NFF rates have increased slightly. The basic per pupil funding factor, the Free School Meal Ever 6 factor, and the lump sum factor have all increased 1.4%. The Free School Meals factor has increased 1.6%. Despite this, the funding for Wandsworth has fallen, due to the fall in the number of pupils on roll. It is proposed that the ISB be set at **£184.032m** which is a decrease of **£1.266m (-0.68%)** compared to the previous year. There is no transfer of funding from the Schools Block to the High Needs Block in FY 2024/25.
19. The Growth Fund, which supports expanding schools, is **£400,835** in FY 2024/25. This was agreed by Schools Forum on 15th January 2024. This funding is part of the Schools Block allocation but is funded as lump sums to schools.
20. The primary driver of school funding is the number of pupils on roll at the October census. In FY 2024/25, pupil numbers in primary schools declined by **457 (-2.6%)** while in secondary schools, pupil numbers decreased by **180 (-1.8%)**.
21. In accordance with recent funding reforms, the majority of the Schools Budget is now delegated in the first instance. Funds are held centrally but all allocations have to be agreed by maintained school representatives of the Schools Forum.
- a. where maintained schools agree that a service should be provided centrally - these funds are 'de-delegated' as agreed by the Schools Forum and returned to the Council (except for the academies' share which remains part of their delegated funding). The amount of de-delegated funding for 2024/25, based on the current mix of academies and maintained schools is **£921,760**.
 - b. for historic commitments – for severance costs and prudential borrowing for capital expenditure (except with permission from the Secretary of State) the funding has remained at FY 2023/24 levels following a successful disapplication from the mandatory drop of 20% applied to other LAs; and
 - c. for statutory functions of the Local Authority such as the co-ordinated admission scheme.

The Schools Block, Teachers Pay Additional Grant and Inflation

22. In order to correctly compare the overall core funding for schools year on year and in real terms both inflation and the Teachers Pay Additional Grant need to be taken into account.
23. The Teachers Pay Additional Grant was provided by the DFE to support schools to meet the difference between the teacher pay award of 6% and the 3.5% increase assumed in the original Schools Block DSG funding for Academic Year (AY) 2023/24. This meant that the Wandsworth Schools Block received £1.838m of extra funding in FY 2023-24 (Sep-23 to Mar-24) and will receive £3.150m of funding in FY 2024-25 (Apr-24 and Mar-25) from this grant. The grant will be rolled into the Schools Block DSG from FY 2025-26 to form a baseline for future years.
24. The result is that Schools Block funding for FY 2023-24 increases by 4.96% while for FY 2024-25 the funding is virtually flat with an increase of 0.01%.
25. During the recent very high inflationary years of FY 2021-22 and FY 2022-23, rising inflation has not been matched by equally rising Schools Block funding levels.
26. In FY 2023-24, Schools Block funding rose at rates above core inflation (CPI).
27. Inflation has fallen dramatically over the last year and for the purposes of this paper is estimated at 3.5% year on year between April 2023 and April 2024. However, even if inflation falls from current levels further to say 2% (the central bank target rate) by April 25, core funding for schools in Wandsworth for FY 2024-25 will end up being significantly negative in real terms.
28. This is demonstrated by the fact that over the five-year period (with the above assumptions), inflation was 26.87% and schools block funding increased by 14.87%.
29. There is still significant risk that 2% is an optimistic inflationary expectation for the next financial year due to entrenched salary expectations that could mean that inflation continues to remain above 3% for longer than expected. Teachers and support staff pay settlements for FY 2024-25 / AY 2024/25 still need to be agreed. Any settlement above 0%, which is likely, will be a real funding pressure.
30. For context, an inflationary increase of teacher's pay of 1% would cost Wandsworth schools c£610k between them, with an average Wandsworth single form entry primary facing increases of c£7,000 (not including support staff increases).

Table 2: Illustrates school funding, school funding percentage changes and corresponding inflation during the period FY 2020-21 to FY 2024-25 (inflation for April 2024 estimated at this stage).



*Inflation figures in this chart are measured from the beginning of the DSG budget period to the end of the period (April to April of the following year) in order to correctly illustrate the baseline pressures.

The High Needs Block

- 31. The indicative top-up and protection funding for high needs pupils will be included in the final budgets issued to schools in February 2024, the actual allocations to each school will change as pupils enter or leave the school or where assessments of pupils' additional needs are reviewed and change during the year.
- 32. The size of the High Needs Block (HNB) has been increased by £2.273m or 3.42% in FY 2024/25.

EARLY YEARS

- 33. The Government announced an extension to funded childcare places to be introduced incrementally until the offer is fully available in September 2025.
- 34. The measures will expand the existing system to include free places of up to 30 hours for children of working parents aged from 9 months. Currently children of working parents are only eligible for 30 hours from the age of 3.
- 35. For FY2024-25, the first changes to the system will appear, with 2-year-olds of working parents being eligible for 30 hours from April 2024, and 9-month-olds of working parents being eligible for 30 hours from September 2024.
- 36. As such the indicative funding provided by the DfE for Early Years is significantly higher in FY 2024/25 compared to FY 2023/24 to fund the extended offer. Both years' funding is

subject to change following the January 2025 Early Years Census, but the current increase is **£9.224m (35%)**.

37. The total indicative funding for the Early Years Block is **£35.697m** which as well as funding the extended offer, includes funding for the existing offer for 2-year-olds, and the universal 15-hour free entitlement plus the additional 15 hours for working families with 3 and 4-year-olds. Actual funding will ultimately be calculated on the actual amount of early years' participation in the coming year.
38. The Early Years Block element for 3 and 4 year olds will be allocated to all providers, including academies and PVI providers, on the basis of Wandsworth's early years funding formula, and will be adjusted termly for actual pupil numbers. The 2024/25 DSG allocation will be adjusted for the January 2024 numbers, and once the January census numbers are available, an early years' estimate will be sent to schools later in February.

Pupil Premium

39. The Pupil Premium, paid for pupils known to be eligible for free school meals at any point in the last six years, is £1,480 for primary schools and £1,050 for secondary schools, a 1.72% and 1.45% increase respectively from 2023/24. The Universal Infant Free School Meals funding has increased to £2.53 per pupil.

Post-16 Funding

40. Budgets for schools with sixth forms will include the funding delivered by the post-16 funding arrangements administered by the ESFA. The ESFA have not yet provided enough information relating to the 2023/24 and 2024/25 academic years for indicative allocations to be calculated. Once further information is available the estimated allocations for sixth forms will be included in the individual schools' budget figures and communicated to schools. The allocation for each school sixth form should be notified by the ESFA in March 2024.

PART C: SETTING SCHOOLS BUDGETS FOR 2024-25

Mainstream Schools: Individual School Budgets

41. The Council is required to consult the Schools Forum on any changes to the funding formula. A paper went to the Schools Forum meeting on the 15th January 2024 setting out the draft schools funding methodology and allocations for next year. The Schools Forum gave support for the principles and funding rates in the paper at the meeting on 15th January 2024.
42. In FY 2023/24, all LAs were instructed to use all available formula factors in their Local Funding Formulae. In previous years, Wandsworth did not use two of the factors and as such these were brought in for the LFF in FY 2023/24. These factors are IDACI (Income deprivation affecting children index – a measure of deprivation based on post code) and mobility (funding for schools in which a significant proportion of the pupils join the school

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part way through the year). There are no changes to the funding factors proposed for FY 2024/25.

43. As in FY 2023/24, the DfE guidance for Schools Block funding for FY 2024/25 indicates that the rates applied to all of the individual formula factors move a minimum of 10% closer to the NFF rates. Wandsworth's LFF for FY 2024/25 complies with this requirement.
44. The total Schools Budget will be distributed to individual schools using the Funding Formula. Details of the individual school budgets produced by this calculation are set out in Appendix 3. It should be noted that these indicative budgets do not as yet include high needs funding, post 16 funding, early years funding, pupil premium, Universal Infant Free School Meals or any other grant allocation. School budgets will be allocated in full in February 2024 once all relevant information has been received and the necessary calculations made.
45. The national Minimum Funding Guarantee (MFG) for schools continues to exist and ensures that no school loses more than an agreed amount per pupil of its budget before any pupil premium is allocated. For FY 2024/25, the DfE stipulated that MFG had to be between +0% and +0.5%.
46. At the Schools Forum meeting on 15th January 2024, they chose +0.5%. This was the option that ensured that the Local Funding Formula allocated a greater portion of deprivation funding where it intended, and also ensured the greatest number of schools gained from gross funding increases.
47. Besides the revenue streams mentioned in this report, schools are also able to use any unspent balances in preparing their budget plans. As at the 31st March 2023, individual school's revenue balances amounted to **£13.175m** in total, a decrease of £0.264m since 31st March 2022, for schools maintained by Wandsworth (i.e. excluding academies). These carry forward balances will contain both general school contingencies and amounts that have been earmarked for specific projects. Chairs of Governors along with the schools' governing bodies are required to critically examine and then sign off their school carry forwards annually.

Special Schools and Bases in Mainstream Schools

48. For special schools, the unit level of funding will be set at £10,000 per pupil and will be allocated as core funding to these provisions informed by planned pupil numbers. For resource bases and special provisions (SRPs), the base level of funding will be set at £6,000 and will be provided on the basis of the number of planned places agreed by the ESFA. The additional funding required above this level to meet the total cost of the education provision required by each high needs pupil based on their needs assessment will be provided through 'top-up funding' paid by the commissioning authority (i.e. the authority where the pupil is resident).

49. All schools will be sent their 2024/25 funding allocations in February 2024. A budget preparation pack will be despatched to all schools that buy into the Financial Advisory Service in February 2024 to assist them in finalising their budget plans for 2024/25.
50. Individual school budget plans from schools are required to be submitted to the Council by 1st May 2024. Schools that buy into the Department's Financial Management Service will receive support and advice from their financial advisor. Once the plans have been approved by the governing body, the budget plans will become the basis for monitoring expenditure at regular intervals.

Council support to the Wandsworth schooling system

51. Wandsworth Council is proud to have some of the highest quality and unwavering support to schools in the country. The Council is one of a declining number that has a Financial Advisory service as well as additional roles dedicated to supporting the financial stability of the school system.
52. The role of Finance Business Partner – Education Stability and Performance is a dedicated resource funded by the council to provide high quality change management support. The role reviews all financial processes internally and externally that support schools and school funding. The role will involve developing tools that ensure our schools and internal teams are equipped with the most meaningful analysis to enable decision making.
53. We have introduced a suite of tools to help schools manage their finances, including monthly reporting tools, work force planning tools and assistance with Integrated Curriculum financial Planning to help schools understand their metrics and how they compare to others.
54. Our Strategic Sufficiency Lead within the Commissioning Service work closely with Pupil Services, SEND Services to anticipate future resource requirements including an evaluation of how we utilise the resources we have to support the strongest possible education system.
55. We work with schools to cap informally cap their numbers of forms of entry to support schools to have an average class size that is as close as possible to 30 pupils in a class (full classes). These informal caps are usually implemented prior to a formal reduction in Pupil Admission Number (PAN). Due to this action actual school vacancies are significantly lower than full school capacity. Taking into account our informal class "caps" there are 19,600 desk spaces available in our schools rather than 23,000. This is much closer to the number of pupils in the Borough and only c15% above the ideal natural vacancy rate.
56. The School Business Manager (SBM) academy was established in September 2023. The trainees are located within the management remit of the Finance Business Partner – School Finance Advise alongside the Financial Advisory Service. Combining the skills of the Financial Advisors and the Schools Human Resources (HR) service will ensure that Wandsworth is developing the SBMs for the future that are equipped with the best

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possible skills, tools and technical understanding. The first cohort of trainees were promoted to roles within the Academy to allow them to offer critical support to schools earlier than expected.

57. We monitor schools' finances within the Schools Finance Team and look to offer advice and support to schools so they can intervene as early as possible to try to avoid financial difficulties. Where these are unavoidable, we work with schools on recovery plans to help ensure their resources are being maximised.,

Disseminating Schools Forum decisions to all schools

58. All Schools Forum papers and minutes are publicly available on the Local Authority's website. All schools have elected Schools Forum members whose duty it is to ensure that their sector of schools is represented in discussions and decision making that affect them. Decisions made by the Schools Forum are fed back to all schools by the members that represent them.

59. Officers present important decisions that Schools Forum have made at Headteacher meetings and School Business Manager meetings.

60. Additionally, the bi-weekly schools e-bulletin will in FY 2024/25, contain an article that summarises decisions and contains links to the public website where the papers can be viewed.

SUPPORTING THE WANDSWORTH ENVIRONMENT AND SUSTAINABILITY STRATEGY (WESS)

61. This is a specific paper around schools funding and schemes of finance for schools, so there are limited direct links to the Wandsworth Environment and Sustainability Strategy. However, we will look where possible to see how activities at the school level can support the priorities outlined in the strategy, including around school estates, and reducing carbon emissions. As well as raising general awareness of pupils on environmental issues, this is most likely to link to priorities around sustainable transport, air quality, energy management and waste management.

COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE

62. The Dedicated Schools Grant allocation for 2024/25 is estimated at **£289.276m** including the funding paid to academies; of which the Schools block is £184.480m as set out in the table below.

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	2024/25 DSG allocations (£million)
Schools Block	184.480
Central Schools Services block allocation	2.636
High Needs Block allocation (provisional)	66.463
Early Years Block (provisional)	35.697
Total DSG allocation	289.276

63. The final DSG allocation may vary due to changes in the Early Years Block funding and High Needs Block funding, actual funding is therefore still to be confirmed.
64. The School Block allocation is distributed to schools using a number of factors. The Schools' Forum has been extensively consulted on moving towards values that are aligned to the National Funding Formula. For FY 2024/25 it is required that all Local Funding Formulae use all of the available factors, and the rates move a minimum of 10% closer to the National Funding Formula rates. Both of these have been achieved for FY 2024/25.
65. Each of the blocks funds a range of council services, either specific allocations agreed by the Schools' Forum in line with ESFA operating guidance or by the direct provision of services to schools. The Children's Services Directorate will need to ensure that the cost of services funded through the DSG are fully recovered to ensure that there is no unintended pressure on the General Fund.
66. There are financial pressures in schools due to a reduction in ISB funding resulting from reduced pupil numbers and a gap in inflationary funding. Schools may use their contingencies and the Council is providing financial advice to schools to help them manage these pressures.
67. The DSG is overspending due to pressures in the High Needs block from inflation and increased demand from complexity of need. A recovery plan is currently in place to reduce the deficit position so that it will return to a positive balance from 2027/28. The increased DSG allocation is welcomed as it will help ensure targets are achieved as planned.

EQUALITY IMPACT ASSESSMENT

68. The Equality Act 2010 requires that the Council when exercising its functions must have "due regard" to the need to eliminate discrimination, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. An Equality Impact Needs Analysis (EINA) has not been undertaken for this report.

CONCLUSION

69. It is proposed that the ISB for 2024/25 be set at **£184.032m** (this includes all academies and free schools in Wandsworth as these are all funded via recoupment). This gives an allocation per school as set out in Appendix 3 based on the funding rates as set out in Appendix 2.

The Town Hall,
Wandsworth,
SW18 2PU.

Ana Popovici
Executive Director of Children's Services

Background papers

There are no background papers to this report.

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the Democratic Services Officer can supply it if required.

WANDSWORTH BOROUGH COUNCILFINANCE COMMITTEE – 5TH OCTOBER 2023EXECUTIVE – 16TH OCTOBER 2023Report by the Director of Finance on the Medium Term Financial Strategy 2023/24SUMMARY

The aim of the Medium Term Financial Strategy (MTFS) is to model income, expenditure and resource requirements and to demonstrate how the Council's financial plans and strategies contribute to the achievement of its corporate objectives, demonstrating that business planning continues to be integrated with financial planning.

The Council's MTFS is a financial projection approved annually which is part of the decision making powers of the Executive. The powers of the Executive to add to existing financial commitments when considering proposals for service improvements foreseen in the Corporate Plan are exercised through the financial frameworks and delegation of powers set out in the Council's Constitution and are reset by the Council each year. The MTFS is both driven by and informs decisions on approving improvement plans to deliver the Council's objectives and priorities, having prudent regard to risk management.

The MTFS attached as Appendix A is submitted for approval.

GLOSSARY

DHP	Discretionary Housing Payment
DSG	Dedicated Schools Grant
EHCP	Education, Health and Care Plan
EINA	Equalities Impact Needs Assessment
HRA	Housing Revenue Account
LFF	Local Funding Formula
NFF	National Funding Formula
MTFS	Medium Term Financial Strategy

RECOMMENDATIONS

1. The Finance Committee is recommended to support the recommendations in paragraph 2. If it approves any views, comments or additional recommendations

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Medium Term Financial Strategy 2023/24

on this report these will be submitted to the Executive for consideration.

- 2. The Executive is recommended to approve the Council’s Medium Term Financial Strategy for 2023/24 as set out in Appendix A to this report.

BACKGROUND TO THE MEDIUM TERM FINANCIAL STRATEGY

- 3. The aim of a Medium Term Financial Strategy (MTFS) is to model income, expenditure and resource requirements and to demonstrate how the Council’s financial plans and strategies contribute to the achievement of its corporate objectives.
- 4. There have been key changes since the budgets and previous frameworks were last approved such as the continuation of ongoing inflation pressures, increasing demand pressures and the deepening of the cost of living crisis. Therefore the production of a financial strategy has increased importance as a useful tool to inform corporate objectives and ensures that business planning continues to be integrated with financial planning.
- 5. The MTFS continues to form part of the Corporate Plan and was last presented to Committee and approved by the Executive in October 2022 (Paper No. 22-310). Other elements of the Corporate Plan include the proposed 2023/24 actions and key performance indicators for 2023/24. All of the elements are then linked together on-line to produce a “virtual” Corporate Plan which is available on the Council’s website which will be updated for the November committee cycle.
- 6. The Council’s MTFS is a four-year financial projection which is integrated within the decision making powers of the Executive. The powers of the Executive to add to existing financial commitments when considering proposals for service improvements foreseen in the Corporate Plan are exercised through the financial frameworks and delegation powers set out in the Council’s Constitution and are re-set by the Council each year. The MTFS is both driven by and informs decisions on approving improvement plans to deliver the Council’s objectives and priorities and is integrated with the supervision systems of financial control.
- 7. The financial strategy gives numerical expression to a wide range of contributing policies and processes embedded within corporate decision structures including partnership funding and sustainability issues and integrates with other key strategies including human resources, IT and risk management and the development of the corporate change programme (more information is in Paper No. 23-318 elsewhere on the agenda). The strategy consolidates the adopted options from sensitivity scenarios and models balances and resource requirements which underlie its financial frameworks, after consideration of the range of different planning assumptions set out in the development budget, Housing Revenue Account review, Dedicated Schools Budget plan, capital programme review and treasury management review, all of which have prudent regard to risk management.

MEDIUM TERM FINANCIAL STRATEGY 2023/24

8. The Council's **General Fund revenue framework** financial outlook has worsened since last year's MTFS due to spend pressures: particularly increasing demand for Council services; inflation levels exceeding those seen for many years; and the cost of living crisis. These are highlighted by the increased funding gap. Government grant is insufficient to address the rising complexity of demand and increased costs being incurred by the sector as a whole.
9. In particular the scale and speed of inflation driven cost increases and demand for statutory services have meant the budget gap has grown quickly since last reported and it will take some time to bring actions in to place to mitigate its impact. The strategy identifies how a mix of service redesign, efficiencies or charge increases will be required to help bring the Council's General Fund revenue financial position into balance in the period to 2026. Whilst the budget gap shown in the MTFS includes assumed council tax increases of 4.99% in 2024/25 and 2.99% each year thereafter, no decisions on future council tax levels have been made yet. Future decisions will continue to be informed by the Council's overall financial position, including its impact on residents, and will form part of the recommendations in the overall budget report brought to this committee in February/March of each year. The Council may also require the further significant use of reserves if plans developed over this period do not close the existing gap and the strategy also recognises a significant funding pressure beyond that period.
10. The Council's **Housing Revenue Account framework** was last updated in January 2023 as part of the annual budget and rent setting exercise (Paper No. 23-08). The paper set out the impact of inflationary pressures and the impact of the significant revision to the funding assumptions underpinning the Council's Homes for Wandsworth development programme. It also highlighted the ongoing need to invest in the existing stock to ensure it continues to meet decent homes and other building/fire regulation standards plus moves towards being "greener" overall. A further update to the Housing Revenue Account Business Plan will be reported to November's Housing Committee.
11. The **General Fund capital framework** is the subject of a separate report elsewhere on this agenda (Paper No. 23-320) and highlights the scale of the current capital programme, a significant part of which is in relation to the Nine Elms area, plus the financing of the programme, in particular the use of developer contributions (section 106 contributions and Community Infrastructure Levy). Capital receipts are predicted to fall over the five year period of the framework and, without additional funding sources being identified, would mean any further increase in the capital programme may require borrowing. The cost of borrowing (both principal and interest) is a revenue cost and so would put further pressure on the General Fund revenue framework position highlighted above.
12. The **Dedicated Schools Budget framework** is also the subject of a separate report to June's committee cycle (Paper No. 23-184) which advised it is currently in a deficit position due to overspends in the High Needs Block, with the in-year position predicted to increase this deficit further. To mitigate the continued growth in this deficit, schools, the Council, parents and partners are working to

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Medium Term Financial Strategy 2023/24

ensure the Special Education Needs and Disabilities (SEND) system provides the best possible outcomes for the borough’s most vulnerable young people in an effective and financially sustainable way. The Council continues to engage with the Government in relation to high needs funding issues. Any funding deficit in the DSB again is a risk to the General Fund revenue framework.

- 13. The Council will continue to plan to protect front line services wherever possible whilst seeking to manage cost through modernised service delivery including workspace and service transformation, drawing in particular on learning from recent changes in service provision in response to COVID-19 and focused on the current administration’s priorities, with the corporate change programme being a key enabler. The Council will continue to lobby Government for a fair and sustainable funding settlement, particularly in relation to the cost of living crisis, inflationary pressures, social care, homelessness pressures and cost of high needs education.

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Director of Finance

27th September 2023

Background Papers

- 1. The Council’s Budget Book for 2023/24
- 2. The Council’s draft final accounts 2022/23

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council’s website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the committee secretary can supply if required.

WANDSWORTH BOROUGH COUNCIL

MEDIUM TERM FINANCIAL STRATEGY 2023/24

THE MECHANISMS BY WHICH THE MANAGEMENT OF FUTURE RESOURCES IS CONTROLLED

1. The development budget is a four-year forward projection of service revenue budgets based on reported decisions and unavoidable commitments, with the current and next year budgets reconciled to detailed cost-centre level budgets. These budgets are reported in management statements used by service managers for business planning and budgetary control. The development budget is maintained incrementally so that all changes for service developments are explicitly reported. A report to the January committee cycle sets out the uplift for inflation and summarises the in-year developments as the basis for approval of the budget requirement, the medium-term outlook, and for consultation with the local business community prior to the setting of the council tax requirement.
2. The Council has four financial frameworks which are reset each year. These are:
 - i) **General Fund Revenue** based on the development budget, including levies precepts and partnership funding arrangements;
 - ii) the **Housing Revenue Account (HRA)** based on the 30 year HRA business plan after consultation with the Borough Residents' Forum;
 - iii) the **General Fund (Non-HRA) Capital Programme** based on the approved capital schemes, Treasury Management strategy, Asset Management strategy, capital resources projection, and an annual process for prioritising additions which recognises cost in use and sustainability issues; and
 - iv) the **Dedicated Schools Budget** reflecting the Government's Dedicated Schools Grant.
3. The frameworks not only contain currently approved spending but also set the financial parameters within which the Executive may add to commitments during the next year in the context of the reserves, Government grant, capital receipts, etc. anticipated in the medium-term outlook.
4. As regards the funding of future service improvements there is an initial presumption that Directors will contain new expenditure within existing budgets. This approach is fundamental to the key corporate objective to keep council tax low. To the extent that this is not immediately possible, there is a well established and forward-looking process of budget reviews initiated by the Leader of the Council to provide scope for implementing new initiatives and to progress the objectives set out in the Corporate Plan.

5. Decisions on whether to confer approved budget status to plans for improvement/investment in the Corporate Plan are taken during the year under the budget variation approval process. The Executive considers service proposals for budgetary developments in the context of the forward projection of the Council's budget requirement and council tax levels, the present value of reserves, the HRA 30-year business plan and the projected level of uncommitted capital resources. The financial frameworks are monitored monthly. In addition to supervising the parameters for additional spending available to the Executive, there are triggers for Member-level reporting of material variances against the approved revenue budget.
6. There is thus a clear decision chain from the corporate objectives and investment priorities in the Corporate Plan, through the approval processes for implementing new developments, into the development budget and onward to the financial information system and operating level management statements. The sensitivity of the strategy to external factors is monitored by the Director of Finance, including prospects for central Government funding and specific grants, inflation, interest rates, tax base and developing risks. The Council has a recognised approach in providing for existing, and predicting future, risks. It has arrangements for rapid and effective intervention should modest unforeseen costs or income shortfalls arise, however further actions will always be required if the costs or shortfalls continue.
7. In order to maintain the real terms value of its income, the Council needs to appropriately charge for services. Its historic policy has been to maximise charges for specific services so as to minimise any direct subsidy from the council taxpayer, seeking wherever possible to recover the cost of the service. To reflect the current administration's priorities, work is ongoing to ensure charges are applied in a fair and compassionate manner, with concessions offered where appropriate.
8. All new or significantly amended services and policies, including significant reductions in grants and budgets, undergo an Equality Impact Needs Assessment. These EINAs are then reported to the appropriate Committee. As such, individual services conduct an EINA on any reductions contained within the overall Council budget, including consideration of the impact on different socio-economic groups. This approach means that the Committee responsible for a service is made aware, and is able to discuss, the impact of any changes.
9. The Council is taking advantage of common procurement and joint working in many areas and is monitoring a range of service transaction costs in order to improve efficiency.

NATIONAL CONTEXT

10. The local government sector has been significantly impacted by austerity measures introduced by national government in 2010. Wandsworth has suffered a 50% cut in grant funding over that time.
11. Recent figures from the Local Government Association indicate a funding gap nationally of almost £3bn in order for councils to maintain current levels of

service over the next two years. This reflects the base budget position and impact that inflation rates are having but excludes further demand pressure growth which continue to be a significant risk.

12. Since 2010 London's population has increased by over 800,000 yet overall resources remain 18% lower than 2010/11 in real terms. The Institute for Fiscal Studies estimates a 17% gap between London need and actual funding, the highest gap in the country, as core funding formulae have not been updated since 2013 and no longer reflect need. The wider London context is relevant as many of the pressures being experienced by the Council are being caused by a lack of local/regional supply (e.g. children looked after placements, temporary accommodation, care market staffing) which is driving up demand and therefore costs.
13. Future government funding remains uncertain. The government has issued one year settlements for the past five years which has had a significant impact on councils' ability to make strategic planning and investment in prevention decisions. An increasing number of councils have indicated they are facing financial difficulties and many will need to cut back services and use reserves (where available) just in order to meet statutory duties. It is clear that national government intervention is required to fix not just the structural funding deficit but the causes of demand pressures such as the housing crisis and broken care market.
14. It is within this national context and the impact it is having on each of the Council's four frameworks that this MTFS is set.

GENERAL FUND REVENUE BUDGET FRAMEWORK

15. The MTFS was last approved in September 2022 and assumed a mix of council tax increases, efficiency savings and use of reserves to balance the budget between now and 2026. An updated General Fund framework was subsequently approved as part of the council tax setting exercise in February 2023 (Paper No. 23-84).
16. This framework has since been adjusted for the 2022/23 outturn position, which resulted in the Financial Resilience Reserve balance being £0.7million higher than budgeted for, due largely to underspends in service committee budgets. Within this, however, there were a number of over and underspends (as detailed in Paper No. 23-237). All budget variations this year to date have also been captured and projections have been extended into 2026/27 to cover a four year period as well as an estimate incorporated for future service and inflation pressures.

GENERAL FUND REVENUE BUDGET FRAMEWORK

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£m	£m	£m	£m
Original Budget	209.191	218.203	227.084	227.084
Inflation to Current Prices	2.778	2.778	2.778	2.778
Developments	5.269	4.135	5.052	3.891
Concurrent Budget Variations	1.107	1.422	0.895	0.842
Revised committee budgets	218.344	226.536	235.808	234.595
Inflation (revised)	24.404	39.394	50.024	58.497
Other potential service pressures	8.800	9.620	10.220	10.220
Additional treasury investment income	-10.001	-10.901	-4.101	0
New Homes Bonus	-2.421	0	0	0
Non-Service Specific Grants	-28.611	-28.611	-28.611	-28.611
Improved Better Care Fund	-16.991	-16.991	-16.991	-16.991
Total	193.529	219.052	246.354	257.713
Planned Use of Balances and Reserves	-4.081	-0.821	-0.821	-0.821
Budget Requirement	189.450	218.237	245.539	256.898
Less:				
Collection Fund Surplus	-2.081	0	0	0
Retained Business Rates	-53.981	-53.981	-53.981	-53.981
Revenue Support Grant	-27.091	-27.091	-27.091	-27.091
Business Rates "Top-up"	-37.601	-37.601	-37.601	-37.601
Council Tax Requirement	68.698	99.567	126.869	138.228
Band D Council Tax				
Wandsworth Council	487.17	702.09	889.59	963.83
Greater London Authority	434.14	475.50	496.75	506.69
Total	921.31	1,177.59	1,386.34	1,470.52
Assumed council tax referendum limit		4.99%	2.99%	2.99%
Budget reductions or use of reserves needed in future to maintain Wandsworth's council tax increases within referendum limits		27.031	51.744	60.422

- 17. There has been a significant worsening of the overall position since the budget and framework were set in March:

Funding gap	2024/25 £'000	2025/26 £'000	2026/27 £'000
As at March 2023	20,440	38,329	47,247
As at September 2023	27,031	51,744	60,422

(whilst all figures assume maximum council tax increases each year, no decisions on future levels have yet been made)

- 18. High inflation was anticipated in the March figures and continues to be a significant factor, although the revised framework now reflects the Bank of England’s latest forecasts of inflation which are anticipated to remain higher for longer.
- 19. As interest rates are higher than previously anticipated, higher treasury investment income is now being forecast, in the short term in particular. However the most significant movement in the figures reflects significant budget pressures being experienced in the current year which show no immediate signs of abating. In addition to lower parking income than budgeted, the Council is experiencing sustained service demand pressures in social care (both adults’ and children’s) and homelessness. These demand pressures are being felt across the country and are particularly acute in London. It is clear that councils are unable to ameliorate them in full without urgent national government intervention e.g. the national housing crisis which is taking further hold.
- 20. It is important to note these figures assume a continuation of Government grant at current levels. The base budget now includes the 2023/24 increased grant levels where the Government recognised some of the pressures being experienced by the sector as a whole. However there is no indication that further cash increases in grants will be repeated in future years. Local government finance settlements continue to be announced for one year only with planned funding reforms deferred, both of which make financial planning extremely difficult.
- 21. Under current legislation, in order to avoid a referendum, and after allowing for further adult social care precepts of 2%, by 2026/27 the council tax requirement would have to be reduced by £60.4 million through a combination of efficiencies, savings, income generation and, in the short term, the planned use of reserves. The Council has already delivered savings in excess of £160 million since 2010.

22. The Council is committed to making Wandsworth fairer, more compassionate and more sustainable. The Corporate Plan for 2022-2026 sets out the Council’s vision for what will be achieved over the course of the four years and the commitments set out in the Corporate Plan will remain key priorities over the period of the framework. The framework above includes the financial impact of those commitments (such as the commitment to pay the Living Wage in Council contracts, expansion of food waste and the Council’s Cleaner Borough plan, further investment in community safety and the introduction of a private sector housing licensing scheme) that have already been agreed by the Executive. The budgetary impact of any further proposals will come forward for consideration by the relevant service committee in due course in the usual way. It is important to frame these discussions in the context of the Council’s overall financial position and to take mitigating actions where possible, for instance repurposing service budgets where appropriate to better reflect the Council’s priorities.

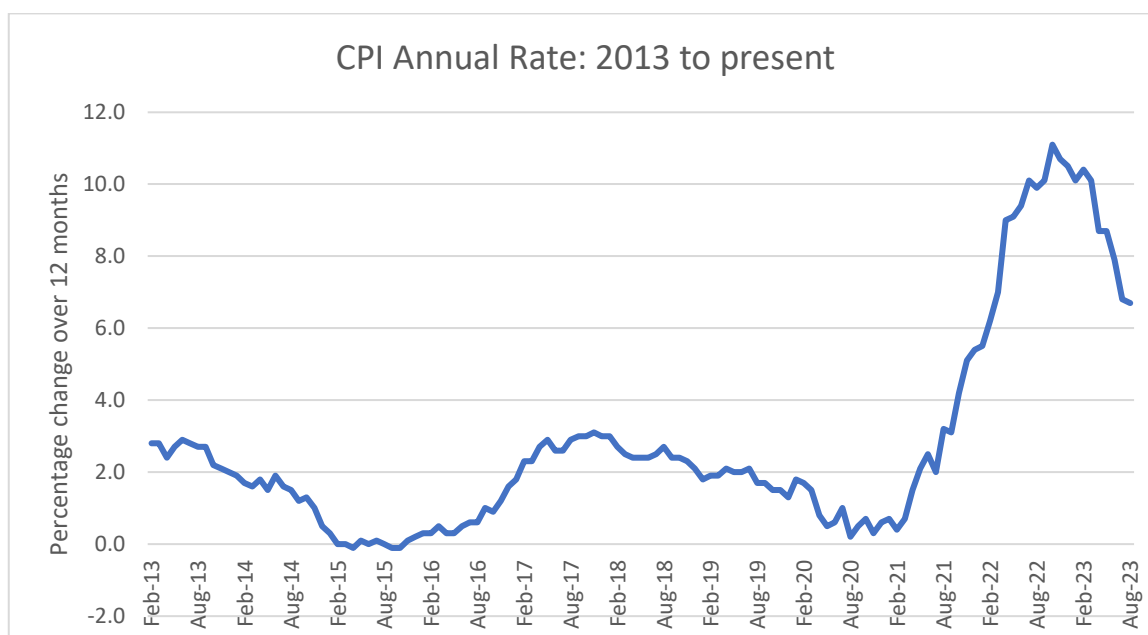
Council tax referenda

23. The Localism Act 2011 replaced the capping regime for excessive council tax increases with local referenda, and the Government confirmed the council tax referendum threshold for 2023/24 and 2024/25 as 3%. However, the Government has also allowed social care authorities the flexibility to increase council tax in respect of the social care precept which will provide funds to protect adult social care spending. The Council applied this flexibility in 2023/24 by applying a social care precept of 2% whilst freezing the main element of the council tax. For planning purposes the framework assumes total council tax increases of 4.99% in 2024/25 and 2.99% in each of the subsequent years although no decisions on future levels have yet been made.

Particular risk factors

Inflation

24. The chart below shows how inflation has largely been between 0% and 3% over the last ten years but prices have increased much more quickly over the last two years. During that time, the country has faced the highest levels of inflation for 40 years, with CPI peaking at 11.1% in October 2022. This reflects dramatically increasing prices, particularly in gas and electricity charges, transport, household equipment and food. The most recent announcement showed annual inflation dropping to 6.7% increases in August 2023 as energy prices have dropped.



25. The Bank of England has predicted that inflation will continue to fall to around 5% by the end of this calendar year. When the 2023/24 budget was set, the rate of inflation was expected to fall more rapidly than it has done and so current expectations are now for inflation to be higher for longer. In practice not all Council costs have increased by that same amount. For instance, staffing costs increased by 5.8% in 2022/23, with the pay award increase for 2023/24 yet to be agreed but provision has been made for an increase of up to 7%. However fuel costs, particularly significant for street lighting, fleet transport and corporate buildings, have significantly increased and remain volatile.
26. Overall, latest assumptions are that the budget for inflation in the current year inflation is sufficient in broad terms.
27. Crucially, the cost of inflation continues to outstrip income increases: Government funding continues to reduce in real terms, council tax rises are effectively capped and many of the Council's charges are governed by statute (for instance some planning fees and social care contributions). This continues to create a shortfall as many increases in income are not keeping pace with rising costs.
28. The revised framework above therefore reflects the continuation of higher inflationary pressures for a prolonged period beyond those assumed this time last year. Although inflation rates are assumed to taper down in future years in line with Bank of England projections, 2023/24 will see the ongoing impact of current high levels of inflation, and these will also impact contracts in 2024/25 and onwards as fixed term contracts expire and new contracts are agreed.
29. In previous years, with inflation running at 2.7% and pay inflation assumed to be 2%, the inflation provision in Wandsworth was around £7.5 million per year. In 2023/24 this has risen to £27 million, with £19 million already incurred in 2022/23. Whilst annual inflation levels are assumed to drop to approximately previous levels in 2025/26, due to base rises, this is expected to now cost £10.5 million per year in comparison to the previous £7.5 million.

Uncertainty over continued Government grant funding

30. Over half of the Council's General Fund revenue spending is funded from Government grant. This makes the Council's financial position potentially particularly sensitive to proposed national funding reforms.
31. During the pandemic income from business rates was severely impacted, with many Government funded reliefs provided to many businesses but not all. Since then, in line with the continuing economic challenges, no inflationary increases in business rates have been charged, although there has been a revaluation of properties, amending rateable values. The impact of this will continue to be kept under review.
32. Further proposed changes to business rates and the Government's "Fair Funding Review" have been delayed until the next parliament. At this stage it seems more likely that the review would present a risk for Wandsworth rather than an opportunity, particularly as the Government looks to "level up" the country, with a particular focus outside of London and the south east.
33. In addition to these uncertainties, the local authority sector as a whole has seen a dramatic reduction in government funding since 2010. The Government has announced its intention to remove general **Revenue Support Grant** and instead fund local government expenditure nationally solely through business rates raised. To date no further detail has been released on how a revised national retention system will work but as the distribution of business rates income is currently uneven at a national level it is assumed that a system of tariffs and top ups to reflect need, will be required. This continues to represent a significant unknown.
34. Future Government funding uncertainty is in addition to the existing level of uncertainty from the partially localised business rates scheme where the Council already has a greater degree of funding unknowns in the short term. This is because income is at risk when properties are redeveloped (as has been seen in the Nine Elms area) or changed from commercial to domestic use. The Council is also vulnerable to in year negative changes in its business rates base and bears both the financial risk of appeals against new valuations following the five yearly revaluation, which has just taken place, plus ongoing national appeals and the cost of any other reliefs such as charitable reliefs granted after the business rate base is established. Longer term, business rates income could be significantly affected by current economic challenges.
35. Once again, the 2023/24 local government finance settlement guaranteed funding for one year only, the fifth one year settlement in succession. This means the impact of potential changes relating to the levelling up agenda, business rates reforms, a replacement for the New Homes Bonus and the extent of any recognition of overall funding pressures remain unknown.
36. Although the majority of specific grants have now been rolled into general grant there are still a number of service areas where there are significant levels of

specific central government support. If the Dedicated Schools Budget is excluded the Council is still spending £174 million on services funded by Government specific grants or subsidies.

37. A large element of this relates to **Housing Benefit** and **Local Housing Allowance** which is subject to change due to the continued roll out of Universal Credit. The Universal Credit implementation has been completed for all new benefit claims. The arrangements for the managed migration of all other legacy claims (excluding pensioner households and, potentially, those in temporary accommodation and supported housing) started in November 2020 with a target completion date of the end of 2024. The Council is currently reimbursed by Government for the Housing Benefits it pays out and receives a specific grant to deal with the administrative costs of the service. This administration grant is expected to reduce over time, however costs are not expected to reduce proportionately due to the continuing cost of systems and the need to administer a council tax support scheme for all residents.
38. With regard to ringfenced grants the **Public Health Grant**, first introduced in 2013/14, has an allocation of £30.4 million in 2023/24, which is an increase of 3.3% compared with 2022/23, a small increase against the backdrop of inflation.
39. The **Better Care Fund** introduced in 2015 encompasses previously non-ringfenced Council and NHS budgets which is now a pooled budget between the two organisations. The funding for 2023/24 is £26.9 million of which the Council received £9.1 million to deliver commissioned services.
40. The **Improved Better Care Fund** has been established to assist with pressures in adult social care. The current year's funding is £17.0 million (no change from 2022/23). It is assumed this grant will remain constant thereafter. There is a requirement to spend this funding on meeting adult social care needs, reducing pressures on the NHS and ensuring the local social care provider market is supported. The Council must pool this funding with the NHS via the South West London Integrated Care System (ICS).
41. In addition the Council received £25.6 million of **Social Care Support Grant** in 2023/24, an increase of £9 million on the previous year, to support challenges in adults' and children's social care. Whilst ringfenced to social care this funding was recognition from Government that base budgets were under increasing and unsustainable pressure – the Council currently spends £148 million (and rising) in this area and this grant has been allocated to contribute towards this cost.
42. The **New Homes Bonus**, introduced in 2011/12, provides a Government grant equivalent to the increase in council tax revenues that would otherwise be generated from new housing stock but calculated using the national average council tax. Originally payable on cumulative growth in housing stock for six years, the Government subsequently amended this to be five years' growth in 2017/18 and four years for 2018/19 onwards and introduced a national baseline

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for housing growth below which no payment will be made. The Government has announced there will be no new legacy payments which means future allocations will reduce each year. At its peak (2016/17) the Council received £15.6 million but in 2023/24 received just £2.4 million. Given the uncertainty around the updates to funding formulas, allocations beyond 2023/24 have been assumed to be nil.

43. The future uncertainty as to specific grants is therefore a factor considered before recommending the Executive to adopt new commitments from the Corporate Plan by way of budget variations. In the current economic climate there continues to be no presumption that non-ring-fenced grants will be spent on the purposes for which they were nominally provided. All justifications for new service developments must stand on their service priority merits alone and reflect the Council's own priorities.
44. It is also unclear how the Government will recognise the severe impact inflation is having on council budgets through increased grant funding. Whilst the 2023/24 finance settlement recognised some, it did not cover inflation pressures in full and it remains unlikely that any further financial support will either.

Income

45. Income generated from services (including statutory charges over which the Council has no control) currently funds just over a third of General Fund gross expenditure. Whilst service income has always been relatively volatile to market forces, it has been particularly exposed since the COVID-19 pandemic in a number of areas.
46. The Council's annual budget includes income of £43 million in 2023/24 for parking, i.e. both charges and penalties. This is a relatively volatile source of funding supporting mainstream General Fund services and current forecasts predict a significant shortfall in parking income by the end of the year. The position will continue to be monitored to ensure that income budgets are set at realistic levels, particularly when considering any future charge increases and high profile case law on the reasonableness of such charges.
47. Other income from fees and charges totals £30 million, some of which will always be subject to external economic, social and demographic factors beyond the Council's control and therefore not guaranteed. COVID-19 has severely impacted income in some service areas, in particular leisure income, and budgets in these areas continue to be under pressure.

Cost of living crisis

48. The cost of living crisis puts additional financial pressure on individuals which means they may be less able to pay bills and require further support from the Council (including through accessing statutory services), which in turn could adversely impact the Council's financial position.
49. As the impact of the crisis deepens the Council and its partners will need to do even more to help prevent hardship. The Council has so far committed £10

million of its own funding to support a range of initiatives, as well as delivering other initiatives funded by Government grants.

- 50. The Council received £4.1 million of Household Support Fund grant from the Government in 2023/24 which is being used to fund key cost of living initiatives for households in financial crisis. The nature of this funding means there is no guarantee it will continue beyond the current year and this therefore poses a risk.

Rising homelessness

- 51. Government changes to the welfare system, including the introduction of caps on the level of total benefits paid, aim to reduce the national benefits bill and continue to contribute towards the national deficit reduction programme. Targeted Government funding to help ease the transition was introduced through Discretionary Housing Payments (DHP). Consequentially, the Council has applied for dispensation to charge any DHPs awarded to Council tenants to the Housing Revenue Account. The Homelessness Reduction Act 2017, which came into effect in April 2018, extended the range of statutory duties to a wider cohort of households. In addition, the economic challenge of the increasing cost of living crisis is having an extended impact as has the continuing support for refugee families requiring Council assistance for housing under the various sponsorship schemes.

- 52. As previously reported (Paper No. 23-161), the past year has again seen both a rise in the number of cases presenting as homeless and being accepted by the Council and a significant increase in the cost of temporary accommodation. This has led to additional budget being approved and the continuation of a budget recovery plan with the aim of reducing the net expenditure. However, whilst the Director of Housing and Regeneration is implementing plans to meet the budget recovery aims, there remains an ongoing risk of other non-controllable external factors having an impact and leading to rising homelessness and increased General Fund costs. This position is not unique to Wandsworth, but one that is having an impact nationally, and is particularly acute across London as the combination of the cost of living crisis and supply/demand imbalance in the private rented sector is causing significant concern.

- 53. In order to mitigate these pressures as much as it can, the Council is taking positive action to boost the local supply of affordable housing, for instance through taking a more robust approach to affordable housing delivery in the application of planning policy and the delivery of 100% social rents homes within its “Homes for Wandsworth” self build programme.

Welfare reform

- 54. National changes to the welfare benefits regime have been introduced which are having an impact on social housing tenants and private sector tenants. The social sector size criteria, introduced from April 2013, applies a percentage

reduction to Housing Benefit for those qualifying tenants who are under occupying social housing. Further, the total welfare benefit cap, applied to all out of work households, was introduced in September 2013 at a rate of £26,000 per annum in London. Reduced in December 2016 to £23,000, it was increased in April 2023 for the first time since its introduction and is currently set at £25,323 in London (a 10.1% increase).

- 55. Around 60% of households affected by the benefit cap are housed in the private rented sector, with only limited security of tenure, allowing landlords to recover possession within a relatively short timescale if they are minded to do so. In addition, the full impact of other planned welfare reforms (direct payments and Universal Credit) are not yet known, but it is clear that a high rent inner London borough such as Wandsworth will see an above average number of its residents affected. This, exacerbated by the cost of living crisis, could lead to a further increase in homelessness, increased rent arrears and more demand on other Council support services.
- 56. In addition, the current level of Local Housing Allowance (LHA) (the maximum level of financial help with rent that private sector tenants can receive) has been frozen for the third year running whilst private rents have increased due to market demand. Originally LHA was designed to cover the lowest 30% of market rents but its current level covers only 3% of properties in London (and even less in Wandsworth), increasing the risk of homelessness.
- 57. The Council has received confirmed funding of £0.79 million of Discretionary Housing Payment grant in 2023/24, down from £1.31 million received in 2020/21. This will be used to help alleviate short term funding issues for residents but there is no indication at this stage that demand will reduce in line with available funding which will put pressure on General Fund and (where appropriate) Housing Revenue Account budgets.

Pension Fund deficit

- 58. The latest available valuation of the Pension Fund is as at 31st March 2022 and indicated that overall the Fund was 116% funded (up from 105% in 2019). This rate is largely driven by Wandsworth's pre-2016 liabilities. By contrast, the Shared Staffing Arrangement (post-2016) funding level has increased by just 1% to 102% as it is primarily active members who are accruing new liabilities. Consequently, the current contribution rate has been increased from 18% to 19.1% to apply from 1st April 2023 to 31st March 2026. This is considered a trade off between costs now and the risk of cost increases later. Any over provision will be captured in the next valuation due in 2025. To fund this cost increase, there is a planned draw down of £0.85 million per annum from the Pensions Resilience Reserve. Each 1% change in the contribution rate would have a General Fund impact of around £0.7 million per year.

Social care – adults

59. Financial pressure on care service budgets continues in relation to increased demand, more complex care needs and increased costs of care services across all client groups. There is increased complexity and intensity of care needs within an ageing population whereby people are presenting with greater levels of care needs and an increasing number of people are living with multiple long-term conditions. Increased demand together with the cost of living impacting the care provider market as well as those who need and work in care means that this area of expenditure, one of the largest areas of expenditure in the Council's budget, continues to be a focus.
60. The drive to provide more care out of hospital settings and financial pressures affecting local NHS services also pose a further risk to adult social care service budgets. Changes to the way services are accessed and preventative services, such as reablement and other intermediate care, seek to proactively mitigate the risk of increased demand, together with partnership working with health services through the Better Care Fund and Discharge Fund.
61. In 2023/24, activity levels continue to increase across all areas of care and client groups with service user numbers at 3,185 in July 2023 compared to pre-pandemic levels of 2,987 (as at March 2020), a 6.6% increase. Whilst activity reduced at the start of 2020/21 due to the pandemic, since then service user numbers have increased and show no signs of abating.
62. In November 2022, the Government announced that its implementation of the planned national adult social care reforms would be delayed by two years to October 2025, however the funding identified for these reforms would still be provided to local government, diverted instead to alleviate general pressures within social care. This came as welcome news to the sector, however there remain serious concerns about the level of funding the Government has assumed to fund these reforms. The future costs are uncertain and it is unclear whether sufficient Government funding will be identified, which poses a further future risk to Council finances.
63. In the meantime, funding via the Market Sustainability and Improvement Fund has been provided to stabilise the care market, however the future of this grant is uncertain, which may leave the Council to fund higher care costs in the longer term.
64. The focus continues to be on preventative services, aiming to increase referrals for reablement, targeting greater referrals from the community in addition to hospital discharge. Plans are in place to increase the use of technology, in particular for support reviews, with ongoing expenditure controls for the use of agency staff. In addition to these demand management actions, the Mental Health Commissioning review (Paper No. 23-295) is expected to achieve a more strategic approach to commissioning with efficiencies to be delivered in the medium term.

(Paper No. 23-321)

Social care – children

65. In November 2022 OFSTED found Wandsworth’s children’s services to be “good”. This followed a sustained period of significant investment (both financially and in service improvements) and the Council’s position is much improved since 2015.
66. However there is mounting pressure within demand led budgets in key areas. The biggest pressures have arisen within Special Education Needs and Disabilities (SEND) related services and looked after children placements, leading to a projected overspend in year.
67. These pressures against children’s services budgets are being experienced nationally. Needs are shifting, with placements needed for a greater number of older children, as well as those with more complex needs. These shifts have increased demand for all types of placements, particularly agency home and community support packages for children with disabilities, but also residential care placements for looked after children.
68. To add to the challenge, there are high levels of inflation compounded in the social care placements market, where the cost of foster placements, semi-independent placements and placements in residential care have risen faster than economy wide inflation in recent years. There are also national challenges in recruiting social worker positions with permanent workers and local authorities, including Wandsworth, are having to use more expensive agency workers to cover vacant positions to ensure caseloads are managed safely and effectively.
69. To manage these risks targeted interventions are in place such as expenditure controls for agency staff, stabilisation of SEND school transport demand and costs, use of the Commissioning Allowance purchasing tool to reduce placement costs for looked after children and working more closely with health colleagues to better share costs where appropriate. Despite these, costs and pressures continue to rise.

Pressure on the Dedicated Schools Budget

70. Schools’ expenditure is met from the Dedicated Schools Grant (DSG) however the Council’s General Fund holds the funding risk where DSG proves insufficient to meet statutory requirements. The Dedicated Schools Budget (DSB) currently contains a level of central costs from the Council and these costs will be under increasing review with the planned (delayed) implementation of a national funding formula for schools which reduces funding resources to schools in London and the stated Government policy for schools to move from being local authority maintained to academy status.

71. Further, there are ongoing pressures on the funding of high needs special education provision within the DSB as the borough sees an increase in children with complex needs. There is a DSB deficit carried forward into 2023/24 of £10.423 million and a forecast deficit in-year position of £3.543 million for the current year. A clear action plan, owned by the Council and co-produced with partners (including schools and health), aims to recover the deficit within five years.

Balancing the budget

Size of the funding gap

72. The Council has a statutory duty to balance the budget year on year. The revised framework shows a significant gap over the period between the Council’s General Fund income and expenditure, as shown in the table below.

	2024/25 £’000	2025/26 £’000	2026/27 £’000
Funding gap	27,031	51,744	60,422

73. This assumes council tax increases of 2.99% in 2024/25 and 0.99% thereafter plus a 2% adult social care precept each year, the impact of acute inflation and service demand pressures in the current and future years, a gradual tapering off of current high treasury income being driven by interest rates, continuation of the Council’s 2023/24 grant settlement into future years and, in the absence of any details on its replacement, no New Homes Bonus funding.

74. As a result, and unlike in previous years when the budget gap has been building up over the medium term, current assumptions predict a significant challenge from 2024/25 due to the ongoing impact of inflation and significant service pressures. A number of efficiencies have already been assumed within the 2023/24 base budget but have in effect since been countered by this demand led growth.

75. Overall, the future local government finance position still remains very uncertain. There are still many risks relating to service delivery pressures and cost inflation, without compensating increases in income, that mean projections beyond the current year are still very difficult to make.

Council tax increases

76. The figures above assume maximum council tax increases (to avoid a referendum) each year. A 1% increase in council tax generates additional income of £0.7 million each year and, by the end of the framework period (2026/27), additional council tax income of £9.1 million is therefore assumed.

Medium Term Financial Strategy 2023/24

77. However decisions on council tax are taken annually in March as part of setting a balanced budget for the coming year and will continue to take all matters into account, including the impact on residents of any increases and other financial support the Council can offer those households in financial need.

Use of reserves

78. The Council maintains a number of reserves and balances aimed at both protecting against financial risks and providing opportunities for targeted investment. Whilst the Council has high reserve balances compared to other boroughs, all are earmarked for specific purposes (except the General Fund Reserve which is effectively used as an in-year contingency) and their level and continuing need are subject to annual review. Total reserves available for council tax setting purposes, excluding general contingency, are £206.5 million at the start of 2023/24. This balance includes two reserves specifically established to mitigate the impact of spending, which could be utilised in the first instance to fund a shortfall:

- i) The **Service Transformation Reserve**, established in 2010/11 to mitigate the impact of a plan for significant levels of service redesign (in particular to cover redundancy costs), had a balance of £11.1 million as at 31st March 2023. This is being used to fund the required investment in the corporate change programme.
- ii) In order to manage the risk of a deficit arising from a shortfall in Government funding in future years, a **Financial Resilience Reserve** was established in 2014/15, and has a balance of £97.0 million as at 31st March 2023.

79. In addition, there is planned use of the Cost of Living Reserve and the Refugee and Homelessness Support Reserve which have balances of £8.4 million and £7.4 million respectively, and are expected to be expended in full over the near term on specific projects.

80. As outlined above, current inflation and service demand levels are significantly higher than those predicted when the budget was set for 2023/24. This is creating an in-year pressure which will also need to be funded from reserves. Overall, current forecasts predict total in year use of reserves of £8.3 million resulting in projected year end reserve balances of £198 million.

81. Based on the assumptions set out above, the scale of the projected budget gap, particularly in 2024/25, would require a planned use of reserves to ensure a balanced budget can be set.

Forward financial strategy

82. In addition the Council continues to develop specific strategies which are expected to contribute significantly to the efficiency of the Council in the medium and longer term. Specific initiatives include:

Early intervention, prevention and independence:

- There is a continuous review of support packages for children to ensure it is equitable and appropriate based on individual needs and at the same time represents value for money for the Council. This includes maximising utilisation of internal therapeutic services and support, to work towards minimising the packages that require commissioning of external services.
- Work continues to progress more cost-effective options in-borough for children with SEND, including more specialist bases in schools and working with mainstream schools to achieve more SEN places, plus the repurposing of Broadwater School for SEND pupils.
- The Council’s own “Transforming Social Care” programme oversees the continued transformation of adult social care services to improve prevention and early intervention support to residents. This includes a focus on using digital technology to enhance service delivery and promote independence, transforming “front door” services to support residents to remain, gain or regain independence and targeting resources at those in most need, ensuring value for money in the context of increasing demand for services.
- Continued investment in homelessness prevention activities in response to increased statutory duties and increasing demand in order to gain further traction around prevention and the relief of homelessness.

Partnership working:

- The Council has a statutory role through the Health and Wellbeing Board to bring together strategic partners to plan how best to meet the health and care needs and improve the health and wellbeing of the local population, making most effective use of resources in the local health and care system. The enactment of the Health and Care Act 2022, enables greater integration between partners across the health and social care sector. This includes collaboration between partners who can address the wider determinants of health by removing barriers to data-sharing and enabling joint decision-making and greater collaboration within the NHS, between trusts, and between the NHS and other systems partners, including local authorities. The South West London Integrated Care Board has appointed place (geographical) leads and determined which aspects of service are to be managed at a local level and at a sub-regional level.
- The Council continues to work closely with local health partners on implementing place-based arrangements to ensure joined up health and care services for residents. This includes the ambition for further pooling of health and care budgets with appropriate risk sharing as part of the integrated care system. There is a renewed focus on optimising impact of the Better Care Fund grants which are focussed on integrated delivery of services and in managing pressure in the health and care system. There are several structures and plans aimed at bringing system wide approaches to addressing the needs of local people making best use of local resources.
- The Council has set out its ambition to work in a more open and collaborative way with partners, communities and businesses, harnessing relationships with residents, partners, business and community sectors to

benefit local communities, building their resilience and self-sufficiency. The Council recognises the potential to achieve better outcomes for local communities by creating the right conditions for community-led activity, community participation and capacity building.

- Investing in the Wandsworth Grant Fund to engage with local community groups to improve local neighbourhoods, particularly during the cost of living crisis.

Sustainability:

- The Wandsworth Environment and Sustainability Strategy highlights the approach being taken to become carbon neutral by 2030 as a Council. Whilst many of the programmes coming forward require up-front investment, one of the key criteria being considered before approval is whether they can produce a long-term efficiency for the Council. The strategy includes supporting people across the borough who are most vulnerable to the impact of climate change, as well as keeping Wandsworth clean, tackling air pollution, treasuring the borough’s green spaces, expanding support for low carbon transport and supporting green homes across the borough.
- The Council continues to invest significantly in its infrastructure with the aim of becoming more sustainable and efficient e.g. the purchase of a greener waste collection fleet which significantly reduces emissions.
- Investment is being made in the Council’s buildings to improve energy efficiency through the decarbonisation programme. Energy audits have been completed as well as evaluating works and costs, including in schools and a comprehensive programme is underway to deliver works to decarbonise its estate, partly funded by external grant.
- In a new approach to participatory democracy in action, the Council has engaged with residents across the borough to facilitate a Citizens’ Assembly on air quality which has informed and shaped the Air Quality Action Plan approved in September (Paper No. 23-279).

Transformation and efficiencies

83. It is necessary for a significant efficiency programme to be drawn up to deliver in the medium to longer term. Due to the level of efficiencies already delivered, including as part of setting the 2023/24 budget, it will be difficult to find any immediate short term “quick wins” and instead strategic structural change will be needed. This will be addressed by the corporate change programme which is currently underway (Paper No. 23-318) and aims to deliver the Council’s priorities and secure ongoing financial sustainability. In the meantime the Service Transformation Reserve will be used to underpin the programme and facilitate longer term change.
84. The change programme has a particular focus on those areas which are cross cutting enablers of an effective organisation and is targeted to make efficiencies to assist with the closing of the predicted budget gap. In particular, the following work streams are expected to deliver a net saving for the organisation:

- **Assets** – investment in assets to ensure they remain fit for current and future service delivery. This is expected to generate efficiencies through asset release or rental income and reduced maintenance costs.
- **Digital data and customer experience** – better use of data and technology to deliver excellent resident experience, better outcomes and innovative value for money services.
- **Commissioning** – using commissioning and procurement activity to deliver value for money and improved outcomes for residents.
- **External funding** – maximising success in securing external funding, income and investment into the borough.
- **Consolidation** – aligning systems and processes for delivery within the organisation, or with Richmond Council, to release additional value from economies of scale and improved efficiency.

85. Whilst the overall aim of these reviews and strategies will be to protect, as far as is practicable, local services whilst enhancing working arrangements with other Councils and other public bodies, it is inevitable that the delivery of services will need to change for the Council to become financially sustainable in the long term. Future service redesign will be informed by learning from the recent behaviour changes and refocusing of activity in line with the current administration’s priorities.

Conclusion

86. To summarise, the peak and duration of high levels of inflation has exceeded previous forecasts and service demand pressures are high and show little sign of abating. It is welcomed that reserve balances can, particularly in the short term, mitigate against the impact of these rising costs, however, without a major ongoing reduction in spend levels or increase in income (be it Government funding, service income or council tax) reserves will be significantly decreased over the period of the MTFS and an ongoing funding gap would remain.
87. The Council will continue to lobby the Government about what is clearly a structural underfunding of local government, in particular recognising the impact of inflationary pressures, and their impact on Wandsworth in particular.
88. In addition, officers are progressing with a review of services to identify potential changes in expenditure, some of which will be needed to deliver the Corporate Plan, further income generation possibilities and the identification of potential efficiencies. Current reserve levels, boosted by recent years’ outturn positions, enable consideration of a planned drawdown of reserves to deliver a balanced budget and protect services in the short-term but significant review will be required to balance the budget in future years.

COUNCIL HOUSING BUDGET FRAMEWORK

- 89. The Localism Act 2011 abolished the national Housing Revenue Account (HRA) subsidy system in England from April 2012, replacing it with “self-financing”. As a consequence, Wandsworth made a payment of £436 million to the Government funded from a mix of available HRA reserves, borrowing from the Public Works Loan Board and internal borrowing.

- 90. The detailed 30 year HRA business plan models the cycle of works necessary to maintain the existing stock to decent homes standard and fund the regeneration schemes and the Homes for Wandsworth programme. This financial plan, updated annually, plots projected available revenue and capital resources. The HRA Budget Framework was last approved in February 2023 (Paper No. 23-08) with the next update of the HRA business plan schedule to be reported to the Housing Committee in November 2023.

- 91. Current controls on the approved HRA framework were set on the basis that projected HRA reserves should not be forecast to fall by more than £40 million by the end of March 2026 from the previously estimated level of £195 million. The next HRA business plan update is expected to confirm that projected reserves continue to fall within that controlling parameter. The HRA financial framework controls will be reviewed and formally updated following the full HRA budget review in February 2024.

- 92. Whilst the HRA has significant levels of future surpluses forecast these need to be viewed with some caution as they are in no way guaranteed. The current position involves a raft of assumptions on future spend and income levels which if varied can have a significant effect on available resources. It remains important, therefore, that the HRA business plan continues to be viable over the short, medium and longer term. Particular risk factors are set out below.

Particular risk factors

Inflation

- 93. Due to current high levels of inflation expenditure budgets are coming under increasing pressure through inflation matching increases being applied in contracts at levels over and above those assumed in the last update of the business plan.

- 94. The business plan currently assumes long run inflation on general running costs of 2.5% and pay of around 2.8% with these assumptions due for review in the November business plan update. Additionally, inflation assumptions on repairs and maintenance is estimated at 2.5%.

Rent increases

- 95. Future rent increases for social rent properties are assumed to be CPI + 1% each year although actual increases are limited where properties have rents set above the affordability cap as set out in the Council's Rent Policy. Despite the financial certainty the new statutory rent regime is designed to give, if future rent increases deviate in any way from that assumed in the business plan, available resources would be significantly impacted.

- 96. The statutory rent increase formula is a maximum of CPI + 1% which would, based on current projections, imply a maximum rent increase from April 2024 in excess of 7%. From April 2025 onwards, a new rent standard will be in place which will dictate how future social housing rents are set. The Department for Levelling Up, Housing and Communities has committed to consulting with the sector on post-2025 rent policy later this year. The business plan continues to rely on rent increases of CPI + 1% per annum although future rent levels are yet to be set and will continue to be considered in January of each year.

Income collection

- 97. The full longer term impact of the COVID-19 pandemic is still emerging but there is likely to be a continuing risk to income collection and increasing rent arrears for years to come as the true extended economic impact is recognised. Additionally the impact of the current cost of living crisis may also lead to further increases in arrears as the full impact of higher costs for tenants begin to be a factor. Rent arrears levels will be kept under review and this may require further increases in the level of bad debt provision made.

Voids

- 98. The business plan makes assumptions on void levels based on normal tenancy turnover rates and relet times of about 2% of rent roll per annum. Currently void losses are predicted to be significantly above this level with foregone rent of about 3% predicted in the current year due to the number of long term voids and slower than usual turnaround of void properties. The HRA business plan makes assumptions that the voids level will return to the base assumption level during the framework as issues are more closely managed but any longer term impact on rental income will have a detrimental impact on the business plan.

Interest rates

- 99. The HRA had opening balances totalling £256 million at the beginning of 2023/24. The interest earned on these balances is reinvested into the HRA to support the long term financial viability of the business plan. High interest rates mean that cash balances are generating more income than in previous years which the HRA is benefiting from at the moment, however rates are expected to drop over the period of the framework.

Medium Term Financial Strategy 2023/24

100. Given the scale of borrowing required to finance capital expenditure in the HRA the risk around interest rate movement is more closely linked to the cost of future external borrowing to support the regeneration schemes and other developments rather than the income generated through investing cash balances. Consequentially, increases in interest rates will have a negative impact on the business plan.

Maintaining existing stock, carbon reduction and fire safety

101. Maintaining the capital programme at investment levels consistent with those assumed in the stock condition survey is critical to keeping the housing stock decent. The business plan assumes a 4% increase for each year of the framework period and 2.5% per annum thereafter.
102. The Council has a policy of becoming carbon neutral and the greenest inner-London borough by 2030. It has been previously estimated that the cost of significantly improving the energy efficiency of the housing stock could be in the region of £225 million based on a high level statistical assessment. The HRA business plan includes provision within the plan for the annual capital bids for repairs and improvements (which already consider a scheme's energy efficiency wherever possible) at approximately £35 million per annum but no additional provision above that level. Given the cost and the scale of the climate change emergency it is hoped that external grant funding will be made available to Council's to assist with meeting the costs of decarbonisation commitments.
103. The Council has committed to a programme of fire safety works. Retrofitting fire safety measures in the Council's housing stock could come at significant expense. Other than the provision previously made in the capital programme for fire safety works, there is currently no further notable provision in the business plan for any additional remedial works. Any requirements would again therefore need to come forward as part of the annual capital bids programme or seek additional revenue budgets as appropriate.

Council led development

104. In September 2022 (Paper No. 22-252) the Council approved a change of direction with regards to the Homes for Wandsworth programme by agreeing that all newly developed units should be made available for Council rent rather than a proportion being for market sale to subsidise the development costs. The estimated cost at that time was £348 million with a significant proportion (£50 million) anticipated to be funded through external grant. The remaining net cost of the development programme is largely being funded from increases in borrowing.

Large scale regeneration

- 105. The position on both existing regeneration schemes continues to cause uncertainty for the longer term financial modelling within the HRA. The Council has committed to funding the affordable housing re-provision on the Winstanley/York Road scheme with the Council’s costs capped at £150 million. Options for a future scheme at the Alton are being explored.

GENERAL FUND CAPITAL FRAMEWORK

- 106. Work is currently being undertaken to fundamentally review the Council’s approach to the capital programme to ensure future investment proposals are appropriately aligned with Council priorities. This revised capital strategy will then be used to inform future additions to the approved capital programme which generally occur in the January/February committee cycle each year.
- 107. Paper No. 23-320 elsewhere on this agenda sets out, subject to Executive approval, the latest approved General Fund capital programme totalling £293.2 million. It also shows the foreseen resources for financing these and future schemes:

General Fund Capital Programme	2023/24 £000	2024/25 £000	2025/26 £000	Future Years £000
Health	1,249	541	541	541
Environment	8,019	5,202	544	3
Children's	24,828	45,779	15,254	770
Finance	21,693	20,004	2,547	0
Housing	2,010	2,893	1,980	800
Transport	36,835	89,150	7,185	4,850
Total	94,634	163,569	28,051	6,964
Financed by:				
Section 106 receipts & Neighbourhood CIL	7,902	46,145	12,159	1,570
Strategic CIL	21,086	36,001	2582	4,853
Nine Elms CIL	25,085	50,626	0	0
Grants and Reimbursements	14,714	17,739	7,510	410
Capital Receipts	24,859	12,927	5,669	0
Revenue and Reserve contributions	988	131	131	131
Total	94,634	163,569	28,051	6,964

- 108. The table below shows the assumed level of general useable capital resources available once estimates of spend, capital grants, use of the Renewals Fund

(Paper No. 23-321)

reserve and receipts are taken into account. Inevitably, as in previous years, there will be an element of slippage at year end which has not been factored in here:

Usable Capital Resources	<u>2023/24</u> £'000	<u>2024/25</u> £'000	<u>2025/26</u> £'000	<u>2026/27</u> £'000	<u>2027/28</u> £'000
Start of year	20,013	1,854	0	1,981	4,031
Add: Grants and reimbursements	68,787	150,511	22,251	6,833	0
Add: Renewals Fund	988	131	131	131	0
Add: New capital receipts	6,700	5,150	7,650	1,650	1,650
Less: Capital spend (after slippage)	(94,634)	(163,569)	(28,051)	(6,564)	(400)
Borrowing	0	5,923	0	0	0
End of year	1,854	0	1,981	4,031	5,281

Capital grants and reimbursements

109. Grants and reimbursements expected to support the General Fund programme over the five years are £246.6 million. The most significant of these are Section 106 and Community Infrastructure Levy (CIL) contributions totalling £207 million, of which £75.7 million relates to the Nine Elms area.

Realisation of investments

110. The Council has had an active policy of rationalising and disposing of under-utilised assets and has used the proceeds extensively over time to support a significant capital programme despite receiving little in the way of Government supported capital expenditure allocations. The amount of the Council's investments at any time reflects daily variations in routine cash flows as well as capital spending, debt redemption and new capital receipts. As at 31st March 2023 the Council had cash investments of £722 million but these relate almost entirely to current liabilities and to General Fund and HRA reserves for contingencies and specific purposes. The only investments available specifically for financing the general capital programme are those arising from capital receipts, which are neither payable to the Government nor used within the HRA, and specific elements within the Renewals Fund reserve which were previously set aside to finance capital projects.
111. The Council had usable capital receipts in hand amounting to £20.0 million at the end of 2022/23. Forecast capital receipts include the estimates of sales of General Fund sites totalling £22.8 million up to 2027/28. A limited sum of HRA receipts able to be used freely for General Fund purposes has been included in overall receipt totals. This may increase in later years, particularly for any General Fund regeneration schemes, but these will be added in as appropriate in due course. The table in paragraph 108 shows capital spend and new

resources fluctuate significantly year on year, and forecasts that usable capital receipts will be temporarily exhausted by the end of 2024/25, while the Council will try to identify alternative funding sources, borrowing may need to be considered. Future capacity for capital receipt income is generally reduced, placing heavier reliance on other funding streams.

112. The Government introduced the Flexible Use of Capital Receipts in 2016 to give local authorities the freedom to use capital receipts to help fund the revenue costs of transformation projects and release savings. The Council has approved a flexible use of capital receipts strategy (an update of which is included in Paper No. 23-320 elsewhere on this agenda) which may be used to alleviate some of the pressures currently being experienced on revenue resources, however any such use would reduce the availability of resources for capital spending. So far this flexibility has not been used.

Revenue financing of capital

113. The revenue consequences of the existing capital programme, and of additions to the HRA and General Fund capital programmes in January, are modelled in the 30-year HRA Business Plan and General Fund revenue scenario and budgeted for on the basis of affordability at the time of approval by the Executive for inclusion within the council tax setting report and MTFs.
114. Whilst investment realisation (which incurs a revenue cost due to loss of investment income) is the preferred form of revenue financing, the Council will continue to consider borrowing, particularly when considering “invest to save” schemes where other funding is not available. Borrowing for regeneration in the HRA may be undertaken in future years. It must be remembered that any growth in the capital programme has a direct revenue impact, either through reduced cash balances earning less income from investments or directly through the cost of borrowing. It is worth noting that there is currently very little approved capital spend in the later years of the framework and any decisions regarding further capital expenditure therefore need to be made whilst reflecting the significant funding gaps outlined in the General Fund revenue framework above.

Treasury management strategy

115. The Council’s anticipated investment position for the period 2023/24 to 2025/26 takes into account estimates of major cash flow movements. This includes the repayment of £17.2 million each year of loans taken up for the funding of the HRA self-financing settlement and assumes some external borrowing for HRA regeneration in future years. The current working assumption is for cash balances to fall from an opening balance at the start of the year of £722 million to between £600 million and £650 million over the next few years, largely as a result of planned spend on regeneration schemes. Assumptions on other capital schemes within the period that have not yet been approved but which are expected to be brought forward in relation to the development programme and regeneration schemes are not included at this time.

Discretion for Executive under framework

116. The table in paragraph 108 forms part of the revised general (non-HRA) capital budget framework adopted by the Council. It also includes reference to the financial years to 2027/28. The capital framework was approved by the Executive in January 2015 (Paper No. 15-25) to reflect the change in circumstances whereby capital expenditure is being incurred on the acquisition of sites so that the Council can, at a later date, accrue a larger capital receipt. The timescale of the capital framework was amended from three to five years and the available resources limit was also amended so that annually the Council may commit to capital expenditure in a similar way to within the HRA whereby a minimum level of capital receipts (£10 million) had to be retained. Paper No. 21-64 to the then Finance, Resources and Climate Sustainability OSC recommended that this limit be removed to enable the Council to expend capital receipts in full and minimise the potential need to borrow and was approved by the Executive in February 2021.

Prudential borrowing /divestment

117. The 'Prudential Code' issued by the Chartered Institute of Public Finance and Accountancy sets parameters within which an authority can afford to finance debt. The Council, under its Treasury Management Policy, has determined that divestment of usable capital receipts is generally financially advantageous compared with undertaking additional borrowing. The Council must, under Section 3 of Part 1 of the Local Government Act 2003, set an authorised borrowing limit and operational boundary for the year. This limit refers only to gross borrowing, ignoring investments, and it reflects the maximum amount that the Council has decided it will allow borrowing to rise to within the year. The limit in Wandsworth therefore reflects the existing outstanding debt, including deposit facilities offered to other bodies and external funds. A fresh decision on prudential borrowing limits is made each year. A limit of £200 million has been set in March 2023 for 2023/24 reflecting the existing long term borrowing of £34 million at 1st April 2023 and allowing for other possible requirements. When the budget was set, new long-term borrowing of £134 million was planned during this financial year. Constraints on the Council revenue budget are already a factor in limiting divestment of capital receipts. To the extent that these may not always cover capital investment needs it would be necessary for the Council to decide, when setting the annual parameters, what net new borrowing might prudently be undertaken.

Particular risk factors

Uncertainty over future capital receipts estimates

118. A prudent approach is adopted to the anticipation of capital receipts, with disposals generally only included after the assets are released from operational use and available for marketing. That said, the pipeline of possible sites for disposal, and therefore the potential to generate capital receipts, is at a historically low level.

- 119. In the past the Council has pursued the acquisition of capital assets where it could demonstrate clear benefits for an area and where it was financially prudent to do so. If this is to continue, in all cases a full financial appraisal would be undertaken to assess the risks and benefits of an acquisition which includes, in the case of income-producing property, whether it would produce an adequate return reflecting the relative risk of holding property compared with holding money in the bank.

Impact of recession on income streams

- 120. Funding of the Council’s approved capital programme includes the use of a significant amount of section 106 and CIL receipts already received. There is a risk in the current economic climate that future receipts will drop and the Government’s proposals for reform of the planning system may also have an impact. Future spending plans will need to be kept under constant review.
- 121. In addition, reliance on grant funding continues to be a risk as highlighted last year by Transport for London’s withdrawal of funding for Council-led transport schemes.

DEDICATED SCHOOLS BUDGET FRAMEWORK

- 122. The overall Dedicated Schools Budget is mainly funded by the Dedicated Schools Grant (DSG), which is a ring-fenced specific grant that must be used in support of the Schools Budget as defined by the School and Early Years Finance (England) Regulations 2017. The DSG is made up of four separate funding blocks: the Schools Block, the Early Years Block, the High Needs Block and the Central Services Schools Block. These regulations include the delegation of funding to schools and impose restrictions on central expenditure such as Special Education Needs and pupil admissions unless approved by the Wandsworth Schools’ Forum.
- 123. The funding passed on to schools (which forms part of the Schools Block) is calculated using a Local Funding Formula (LFF). For the first time in 2023/24, the Department for Education stipulated that individual local authorities’ LFFs should be moved a minimum of 10% closer to the National Funding Formula (NFF). The Wandsworth LFF was adjusted to meet these requirements.
- 124. Schools’ funding is subject to a per pupil Minimum Funding Guarantee (designed to give protection to schools’ funding levels) set at a rate of positive 0.5% per pupil for 2023/24 before any pupil premium or other grants are allocated. This was the maximum amount permissible. The Council’s estimated DSG for 2023/24 is £170.403 million after academy recoupment.
- 125. The Dedicated Schools Budget is as follows:

	Original Budget 2023/24 £'000
EXPENDITURE	
Early Years Funding	24,147
Early Years Central Retained	1,078
Primary Schools Formula Funding	76,610
Secondary Schools Formula Funding	5,205
Centrally Retained De-Delegated Funds	825
Central Schools Services Funding	2,628
High Needs Funding	59,910
Pupil Premium Funding to Schools	5,861
Other Grant Funding to Schools	7,424
	183,688
INCOME	
Dedicated Schools Grant	-170,403
Pupil Premium	-5,861
Other Income	-7,424
	-183,688

- 126. There are currently 26 academies in Wandsworth that are funded via recoupment from Wandsworth’s DSG and an academy special school, the latest conversion having taken place in February 2023. The Council’s DSG has been adjusted to reflect this as well as any other schools that convert to academy status during the year.

- 127. Local authorities across the country have struggled to manage the pressures of growing numbers of Education, Health and Care Plans (EHCPs) and this has been a key pressure for Wandsworth, leading to overspends in the DSG in financial years 2021/22 and 2022/23. Current estimates expect the deficit to grow in 2023/24 before returning to a balanced position in 2024/25. A budget recovery plan update was presented to the Children’s Committee in June 2023 (Paper No. 23-184). The latest projection of cumulative deficit and moving into a cumulative surplus are as follows:

DSG Recovery Plan:



Particular risk factors

National formula funding change

- 128. Future years’ budgets are expected to increase slightly. Indications suggest an average increase of 2% per pupil nationally within the Schools Block in 2024/25. The High Needs Block is likely to increase by 3% in 2024/25. The implementation of the National Funding Formula (NFF) as a standard across all local authorities will continue with an expectation that local authorities move a further 10% closer in 2024/25.
- 129. If Wandsworth were to change its LFF to mirror the NFF entirely, the result would be a shift of funding from primary schools to secondary schools (secondary schools would receive higher average per pupil funding changes compared to primary schools). This would compound the difficulties a number of primary schools are currently facing following a steady loss of pupils year on year. As such the current strategy is to move towards the NFF in a measured way, and in line with the requirements of the guidance.

Government funding

- 130. The DSG in Wandsworth had a deficit carried forward of £10.423 million at the end of 2022/23.
- 131. To mitigate the continued growth in this deficit, long term structural spending measures are being taken to reduce spend, particularly in those service areas where costs per pupil are relatively high compared to other authorities. However, the Council continues to engage with the Government in relation to high needs funding issues.

A continuing DSG deficit

- 132. Wandsworth’s DSG is in a deficit position due to overspends in the High Needs Block. A budget recovery plan has been devised which focuses on increased inclusion within schools and investment in early intervention to try to target the funding where it makes the most difference. It is expected that this will reduce the requirement for EHCPs.
- 133. Although school funding is provided directly from Government via a specific grant which has been protected from the higher levels of grant cuts seen in other parts of the public sector, the Council holds the cashflow risk where DSG proves insufficient to meet statutory requirements and where schools in deficit close or convert to academies with the Council being liable to absorb these deficits.
- 134. In addition, the Council’s General Fund holds the risk of any DSG deficit, although this has temporarily been overridden by a Department for Education “statutory override” which means that any DSG deficits are not included in the Council’s main revenue budgets. This temporary override has been extended until the end of 2025/26 at which point it is expected that any DSG deficit would fall to the General Fund and therefore need to be covered by available reserves.

Academy conversion

- 135. The Government remains in favour of an increased number of schools becoming academies and this continues to have the potential to affect the overall levels of grant received by the Council.
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September 2023

PAPER NO. **24-116**WANDSWORTH BOROUGH COUNCILJOINT PENSIONS COMMITTEE – 26TH MARCH 2024Report by the Executive Director of Finance on Wandsworth Pension Fund Budget
2023-2027SUMMARY

This report summarises Pension Fund operating income and expenditure in 2023/24 compared to the approved budget, and uses this data, triennial valuation outcomes and latest market information to set a budget for 2024/25.

The report proposes noting the estimated outturn for 2023/24, approving the Fund budget for 2024/25 and noting the projected year budget position for 2025/26 and 2026/27.

GLOSSARY

CPI	Consumer Price Index
AUM	Assets Under Management
RuTC	Richmond upon Thames College

RECOMMENDATIONS

1. The Joint Pensions Committee is recommended to:
 - note the estimated outturn on the Pension Fund Revenue Budget for 2023/24;
 - approve the Pension Fund Budget for 2024/25; and
 - note the projected budget for 2025/26 and 2026/27 required for medium term cash flow planning.

INTRODUCTION

2. The Fund is required to set a budget as best practice. The purpose of the budget is to make formal projections of the likely cash flows of the Fund for the next three years. This demonstrates cash flow planning and management within the Fund.

(Paper No. 24-116)

Pension Fund Budget

These high level projections are further supported by detailed daily cash flow monitoring to maintain sufficient cash in the Fund's bank, and monitoring of cash held by the custodian and fund managers to ensure sufficient liquidity is maintained.

3. The budget shown in Appendix A is based on the following information:
 - 2022 valuation employer contribution rates applied to pensionable payroll.
 - Assumptions on pay awards (which impact contributions). In lieu of an agreement, an overall average increase of 3.9% is assumed in line with major employers' budget setting.
 - Consumer Price Index (CPI) inflation was 6.7% at September. This applies to pension benefits from April.
 - Average of the last 3 years' values for "one off" costs such as transfers into and out of the Fund and strain costs.
 - Returns and growth on pension fund investments being in line with the valuation target of 4.4%. This impacts investment income and manager fees where fees are based on the value of AUM.
 - Non-market changes in AUM, such as draw down on committed investments in private assets, which will impact fees. Some of the earlier investments in private assets are now moving to the repayment stage, but until we have enough information to base estimates on, these repayments are excluded for prudence.
 - The transfer of Richmond upon Thames College (RuTC) to Hillingdon pension fund. This involves the transfer of approx. £42m of assets which will be made by transferring units in an investment held by both Funds to minimise transaction costs and out of market risk. This transfer is expected to complete before the end of March 2024. The associated reduction investment income, fees, contributions and benefit payments are all allowed for in the estimates.
4. The budget shows that the net cash flow from dealing with members is consistently negative. This means that an element of the Fund's investment return needs to be used to support these payments, as well as the costs of administration, governance and investment management. This information will be used by Investment Consultants in setting asset allocations which provide sufficient cash returns to cover this shortfall, either from contractual cash flows or redemptions.
5. The budget includes estimates of regular payments, or payments with an ongoing trend or pattern. It does not include general estimates of significant one off payments, such as bulk transfers between funds, unless there is some knowledge on the amount and date of the transfer (e.g. RuTC).
6. Investment revenue returns are included here, although the Fund has a mix of accumulation and redemption instructions to managers for dealing with returns. This means that returns are not all currently available as cash, although it is possible to change instructions to managers if additional cash is needed. Any unrealised return (change in the value of investments held) is excluded.
7. The budget does not include any estimated additional officer costs for climate reporting as these will depend on the information required to monitor the Fund's

(Paper No. 24-116)

targets. Officers are awaiting the outcome of the consultation shared with the Committee in December in Paper 22-251. Latest indications are that draft regulations are expected before the autumn, with a requirement to publish a report based on 2025/26 during 2026, probably aligned to the Annual Report deadline of 30th November.

8. The budget does allow for increased professional advice which has been needed in recent years in calculating the Fund's carbon footprint, setting carbon reduction targets and appointing energy transition managers, as climate reporting will require external expertise and data. The Fund is currently reviewing the level of internal resources and expertise to manage the reliance on external resources.

PROJECTIONS FOR 2023/24

9. The projections are based on income and expenditure to date, adjusted for any known significant payments or receipts due. The significant projected variances are as follows :
 - The pay award agreed in the autumn and backdated to April. There agreement was for a fixed sum increase for lower grades and a 3.5% increase for higher graded staff. While 3.5% is lower than the 5% assumed in the budget, the fixed sum was significantly higher percentage for lower paid staff. Contributions are therefore higher than budgeted.
 - Pension benefits paid are lower than budgeted. The annual increase in pensions is September CPI, which was known when the budget was set but the number of pensioners has reduced.
 - Employer strain costs are higher than budgeted but in line with the downward trend.
 - Transfers in and out are both lower than budgeted with transfers in significantly lower due to lower numbers of members transferring their pensions.
 - Lump sum payments have been higher than budgeted. There has been an increase in the number of retirement lump sums paid since last year and the higher than anticipated pay award will have also impacted the value of lump sums.
 - Investment income has been higher than anticipated, which is linked to high interest rates.
 - Investment Management fees are lower than budgeted. Fees are charged based on asset values, which have not increased steadily through the year. This will have lowered both the base fee and performance fees (where applicable).
 - Costs of Administration and Investment team support have increased since last year due to the pay award, but not as much as anticipated when the budget was set.

MEDIUM TERM CASH PROJECTIONS

Pension Fund Budget

10. The Pension Fund is continuing to mature with the net cash outflow from dealings with members expected to increase. The impact of inflation and the increased take up of lump sum options in recent years have both negatively impacted this position.
11. The Fund's increased allocation to alternative asset classes is still building up to the target level although the earlier investments in infrastructure and private debt are now generating returns and capital distributions. These, taken with traditional investment returns, will cover the cash requirement for dealings with members and allow for some reinvestment.
12. While benefit payments and employer contributions are fairly predictable, with the main driver for change being inflationary increases, other areas such as investment income and expenses can be more challenging due to their link to market performance. While a long term average market return is the best available estimate, this smooths the year on year volatility that is likely to cause variances against projected cashflow.

The Town Hall
Wandsworth
SW18 2PU

Fenella Merry
Executive Director of Finance

18th March 2024

Background Papers:

No background papers were used in the preparation of this report.

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the Committee Secretary (Daniel Kuszel - 020 8891 7156; email: Daniel.Kuszel@richmondandwandsworth.gov.uk) can supply it if required.

Pension Fund Budget

APPENDIX A

Pension Fund Revenue Budget and Projections 2022/23 to 2025/26

	Outturn 2022/23 £000	Original Estimate 2023/24 £000	Projected Outturn 2023/24 £000	Projected Variance 2023/24 %	Budget Estimates		
					2024/25 £000	2025/26 £000	2026/27 £000
Regular Monthly Cashflows							
- Contributions From							
Employees	18,607	19,020	19,716	4%	20,480	21,100	21,520
Employers Normal	53,731	53,580	58,034	8%	60,300	62,110	63,350
- Benefits Payable							
Pensions	-72,684	-80,950	-79,352	-2%	-84,670	-87,120	-89,650
Subtotal Regular Cash	-346	-8,350	-1,602		-3,890	-3,910	-4,780
Irregular Cashflows							
- Contributions From							
Employers Strain costs	1,354	1,000	1,152	15%	1,320	1,360	1,390
Transfer In	12,867	10,730	6,026	-44%	10,020	10,320	10,530
- Benefits Payable							
Lump Sum Retirement Benefits	-10,224	-11,790	-13,214	12%	-11,440	-11,790	-12,020
Lump Sum Death Benefits	-1,733	-1,560	-1,968	26%	-1,680	-1,730	-1,770
Transfers Out	-14,150	-15,970	-14,430	-10%	-13,350	-13,750	-14,020
Subtotal Irregular Cash	-11,886	-17,590	-22,434		-15,130	-15,590	-15,890
Net Additions/Withdrawals from Dealing with Members	-12,232	-25,940	-24,036	-7%	-19,020	-19,500	-20,670
Returns on Investments							
Investment Income	50,154	51,000	54,300	6%	56,690	59,180	61,790
Investment Management Expenses	-11,153	-12,690	-11,989	-6%	-12,030	-12,560	-13,120
Administration & Investment Team Costs	-1,393	-1,500	-1,278	-15%	-1,330	-1,370	-1,390
Custody	-46	-60	-40	-33%	-40	-40	-50
Professional Advice	-180	-280	-360	28%	-380	-440	-400
Total	25,150	10,530	16,598	58%	23,890	25,270	26,160

(Paper No. 24-116)