

WANDSWORTH BOROUGH COUNCIL

Consultation with the Local Business Community

Report by the Director of Resources on the Council's Budget Plans for 2021/22 and future years

SUMMARY

The Council wishes to continue its regular consultation with the local business community about its budget plans for future years. This report provides an overview of these plans and invites views to be taken into account when decisions are made on the council tax for 2021/22 and budgets for future years. Comments on the Council's budget plans can be received up until 4th February 2021.

RECOMMENDATION

1. Local businesses are invited to make comments on the Council's budget plans, for consideration by the Finance and Corporate Resources Overview and Scrutiny Committee on 10th February 2021 and the Executive on 22nd February 2021 before deciding upon recommendations to the full Council for setting the council tax for 2021/22 and budget frameworks for future years.

BACKGROUND MATERIAL

2. Statutory guidelines determine much of the content of the papers that are available for consultation. Wandsworth Business Partnership members may wish to refer to the following background material:
 - [Statement of Accounts 2019-20](#)
 - [General Fund Capital Programme 2020/21 to 2023/24](#)
 - [General Fund Capital Programme 2020/21 to 2023/24 \(appendix A\)](#)
 - [General Fund Capital Programme 2020/21 to 2023/24 \(appendix B\)](#)
 - [General Fund Capital Programme 2020/21 to 2023/24 \(appendix C\)](#)
 - [HRA Business Plan Update 2020/21](#)
 - [HRA Business Plan Update 2020/21 \(appendix A\)](#)
 - [Council General Revenue Budget 2020-2024](#)
 - [Council Wide Budget \(appendix - Final\)](#)
 - [General Fund Capital Programme](#)
 - [General Fund Capital Programme Update \(appendix A\)](#)
 - [General Fund Capital Programme Update \(appendix B\)](#)
 - [General Fund Capital Programme Update \(appendix C\)](#)
 - [Council's Medium Term Financial Strategy](#)

MAIN FEATURES OF BUDGET PLANS FOR 2019/20 AND FUTURE YEARS

Capital and Major Works Programmes

3. For council housing, the repairs and improvements works continue with a programme of £50.1 million in 2021/22 and £40.1 million in 2022/23. In addition, another £68 million is being invested into new build, regeneration projects and environmental improvements in 2021/22 and £60 million in 2022/23 all of which contribute to the combined Housing Revenue Account capital programme totalling £122.7 million in 2021/22 and £104.6 million in 2022/23. This is to be financed by capital receipts, borrowing, capital reimbursements including service charges and grants which include the utilisation of the retained Right to Buy receipts, grant where available and the application of Section 106 receipts held for affordable housing or capital reserves built up over previous years.
4. Capital expenditure for other services is financed by grants and by realising the invested proceeds of the sale of council assets. Total expenditure in the current year is £79.9 million; this includes £11.2 million of spending on schools and other children's facilities. The programme for 2021/22 is £95.1 million, which includes a further £29.4 million spending on schools and other children's facilities and for 2022/23 £55 million which includes £0.7 million on schools and other children's facilities. These figures include new schemes for 2021/22 and future years.

Revenue Budget and Council Tax

5. The Mayor of London (Mr Sadiq Khan) has issued a consultation document on the Greater London Assembly (GLA) budget requirement and precepts for 2021/22. This shows the total GLA precept increasing by £31.59 (9.5%) from £332.07 to £363.66 for 2021/22, of which £15 will fund concessionary fares and £15 will be applied for policing. For the purposes of the budget framework this increases by 2% in each subsequent year.
6. The provisional Settlement Funding Assessment for 2021/22 totals £97.5 million which is marginally higher than the equivalent figure in 2020/21 (due to inflationary uplifts). Overall, Government support has dropped since 2016 by £17.1 million i.e.15% in cash terms and there is a risk that it could drop further following the outcome of the fair funding review. The Comprehensive Spending Review (CSR20), and the Local Government Finance Settlement that followed, were again only for a single year. It is currently very unclear what the future settlements might look like and whether there will be a revision to the way funds are distributed between councils. However, assuming the distribution formula is revisited Members should be aware that there remains a significant risk of a shift of resources away from London authorities and therefore the gap in future years could grow.

7. The Secretary of State has set the level at 1.99% for 2021/22 (1.99% in 2020/21). However, in addition, as last year, local authorities responsible for adult social care will be given additional Council Tax flexibility on top of this general threshold, on the understanding that this additional revenue will be used for adult social care services. The Council applied an adult social care precept of 2% in 2017/18, 2018/19 and 2019/20 and 2020/21. The Government are allowing an increase of 3% in 2021/22.
8. The Council's General Revenue budget 2020-2024 report includes net service expenditure proposals for 2021/22 totalling £208.1 million. It highlights that, in order to set a council tax level for 2021/22 which does not breach the 4.99% referendum level, consideration will need to be given to known additional spending pressures and a review of earmarked reserves, in combination with the possibility of generating savings proposals.
9. The draft revenue budget framework. The power of the Council to significantly vary its expenditure upwards is limited in each of its financial frameworks due to factors such as the provision for local referenda introduced within the Government's Localism Act, the need to legally balance the Housing Revenue Account and the level of capital receipts available. Therefore, any decision to reorder spending priorities is in reality based on the competing needs of services for current budgeted expenditure.

Council housing rents

10. Rent changes for the Council's social rented stock for the period after April 2021 will be considered at the Housing and Regeneration Overview and Scrutiny Committee on 11th February 2021. Average rent in Wandsworth was £123.59 per week from April 2020. In addition to rent, some services have been previously unpooled from rent and are itemised separately. Where tenants benefit from these services the individual charges are calculated based on actual costs with increases from year to year capped where applicable. The April 2020 average charge for services is £7.32 per week and any changes will be considered in February 2021. Average Council rents remain lower than they were in 2015 and the Council continues to maintain a financially viable Housing Revenue Account business plan based upon current assumptions.

TIMETABLE

11. Written comments, received by 4th February 2021, will be considered by the Finance and Corporate Resources Overview and Scrutiny Committee on 10th February 2021 and the Executive on 22nd February 2021. Responses can be emailed to financeconsultation@wandsworth.gov.uk. The Executive will then present recommendations to the full Council (at a special meeting on 3rd March) for setting the Council's council tax for 2021/22 and revenue budget framework for future years

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