

# **COUNCIL BUDGETS**

## **2025-2026**



# **WANDSWORTH BOROUGH COUNCIL – BUDGET BOOK 2025/26**

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**ANALYSIS OF SERVICE BUDGETS 2025/26**

<b>£'000</b>	Health	Children's	Environment	Finance	Housing	Transport	<b>GENERAL FUND TOTAL</b>	Dedicated Schools Budget	Housing Revenue Account	<b>TOTAL</b>
<b>EXPENDITURE</b>										
Salaries	28,011	55,494	4,798	9,300	7,330	5,553	<b>110,486</b>	156,278	25,352	<b>292,116</b>
Premises	92	717	7,405	841	966	1,421	<b>11,443</b>	2,025	66,618	<b>80,086</b>
Use of Transport	1,222	7,633	145	25	19	18	<b>9,062</b>	0	317	<b>9,379</b>
Supplies and Services										
- Funding to Voluntary Bodies	100	0	5	843	0	0	<b>948</b>	0	0	<b>948</b>
- Other	4,431	6,379	2,112	24,931	1,371	4,139	<b>43,362</b>	48,014	14,630	<b>106,005</b>
Third Party Payments										
- Precepts, Levies and Charges	0	807	16,087	857	0	704	<b>18,455</b>	0	0	<b>18,455</b>
- Other	144,836	37,634	24,792	4,843	56,452	8,256	<b>276,813</b>	1,352	5,780	<b>283,945</b>
Transfer Payments	11,691	1,753	0	133,863	1,058	13,871	<b>162,236</b>	8,575	559	<b>171,370</b>
Support Services Recharges	3,633	7,073	3,391	19,475	858	3,741	<b>38,172</b>	0	10,624	<b>48,796</b>
Depreciation and Impairment	117	3,972	5,708	-18,769	0	8,051	<b>-921</b>	0	29,200	<b>28,279</b>
Capital Financing Charges	0	0	0	0	0	0	<b>0</b>	0	18,364	<b>18,364</b>
<b>TOTAL</b>	<b>194,134</b>	<b>121,462</b>	<b>64,444</b>	<b>176,210</b>	<b>68,052</b>	<b>45,754</b>	<b>670,056</b>	<b>216,244</b>	<b>171,444</b>	<b>1,057,743</b>

**ANALYSIS OF SERVICE BUDGETS 2025/26 (continued)**

<b>£'000</b>	Health	Children's	Environment	Finance	Housing	Transport	<b>GENERAL FUND TOTAL</b>	Dedicated Schools Budget	Housing Revenue Account	<b>TOTAL</b>
<b>INCOME</b>										
Government Grants	56,724	13,643	0	130,325	8,767	0	<b>209,459</b>	198,784	0	<b>408,243</b>
Other Grants & Contributions	4,472	1,147	603	325	312	596	<b>7,455</b>	108	0	<b>7,563</b>
Customer & Client Receipts	26,164	2,587	13,218	14,871	25,952	45,819	<b>128,611</b>	17,352	183,657	<b>329,620</b>
Interest	0	0	0	28,044	12	0	<b>28,056</b>	0	7,872	<b>35,928</b>
Recharge Income	0	4,227	302	773	110	119	<b>5,530</b>	0	0	<b>5,530</b>
Internal Charges	0	0	0	1,946	2,684	443	<b>5,073</b>	0	0	<b>5,073</b>
Contribution to(-)/from(+) Reserves	0	0	0	-2,593	473	0	<b>-2,120</b>	0	-20,085	<b>-22,205</b>
<b>TOTAL</b>	<b>87,360</b>	<b>21,604</b>	<b>14,122</b>	<b>173,691</b>	<b>38,311</b>	<b>46,977</b>	<b>382,064</b>	<b>216,244</b>	<b>171,444</b>	<b>769,752</b>
<b>NET EXPENDITURE</b>	<b>106,774</b>	<b>99,858</b>	<b>50,322</b>	<b>2,519</b>	<b>29,742</b>	<b>-1,223</b>	<b>287,992</b>	<b>0</b>	<b>0</b>	<b>287,992</b>

New Homes Bonus Funding	<b>-7,810</b>
Improved Better Care Fund	<b>-16,985</b>
Other Non-Service Specific Grants	<b>-45,593</b>
General Fund inflation from November 2024 to end of 2025/26	<b>19,651</b>

525,246

## GENERAL FUND REVENUE SUMMARY

### SUMMARY BY COMMITTEE

<b><u>COMMITTEE</u></b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Children's	96,511,340	99,857,800	99,357,800	98,767,800
Environment	51,496,600	50,321,900	48,646,000	48,338,000
Finance	(11,011,400)	2,519,300	(8,641,900)	(8,459,100)
Health	103,052,660	106,774,100	103,578,000	102,490,900
Housing	27,395,200	29,741,800	28,360,300	27,360,300
Transport	(1,632,600)	(1,223,400)	(345,200)	1,317,100
<b>Overall Committee Total</b>	<b><u>265,811,800</u></b>	<b><u>287,991,500</u></b>	<b><u>270,955,000</u></b>	<b><u>269,815,000</u></b>

<b><u>Variation Analysis</u></b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	<b>244,386,500</b>	<b>244,386,500</b>	<b>244,386,500</b>	<b>244,386,500</b>
Inflation to Current Prices	15,661,700	17,484,800	17,484,800	17,484,800
Changes in Government Grants	(5,858,900)	(10,223,400)	(9,885,300)	(9,885,300)
Other Government or Outside Body Changes	167,300	3,035,800	4,698,900	6,280,200
Demand Led Growth	4,241,700	20,330,700	17,829,700	15,329,700
Efficiency Savings	(29,500)	(2,068,000)	(3,740,000)	(3,815,000)
Investment Priorities	10,478,900	7,682,200	(120,800)	(792,800)
Other Growth & Savings	(2,245,700)	7,807,600	281,300	807,000
Budget Transfers	(990,200)	(444,700)	19,900	19,900
<b>NET EXPENDITURE</b>	<b><u>265,811,800</u></b>	<b><u>287,991,500</u></b>	<b><u>270,955,000</u></b>	<b><u>269,815,000</u></b>

## CHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE

### SUMMARY BY SERVICE AREA

<b>SERVICE</b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Business Resources	24,100,600	24,008,200	24,008,200	24,008,200
Children We Care For	49,322,400	52,399,900	51,899,900	51,399,900
Place and Partnerships	16,172,640	16,289,900	16,289,900	16,199,900
Education Standards and Inclusion	6,915,700	7,159,800	7,159,800	7,159,800
<b>CHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE TOTAL</b>	<b>96,511,340</b>	<b>99,857,800</b>	<b>99,357,800</b>	<b>98,767,800</b>

<b>Variation Analysis</b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	<b>91,830,000</b>	<b>91,830,000</b>	<b>91,830,000</b>	<b>91,830,000</b>
Inflation to Current Prices	3,649,600	3,689,300	3,689,300	3,689,300
Changes in Government Grants	(2,914,900)	(1,533,000)	(1,533,000)	(1,533,000)
Other Government or Outside Body Changes	0	1,084,500	1,084,500	1,084,500
Demand Led Growth	700,000	3,700,000	3,200,000	2,700,000
Efficiency Savings	0	(642,800)	(642,800)	(642,800)
Investment Priorities	3,024,700	90,000	90,000	0
Other Growth and Savings	186,800	1,654,500	1,654,500	1,654,500
Budget Transfers	35,140	(14,700)	(14,700)	(14,700)
<b>NET EXPENDITURE</b>	<b>96,511,340</b>	<b>99,857,800</b>	<b>99,357,800</b>	<b>98,767,800</b>

## CHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE

### SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	54,341,100	55,493,600	55,493,600	55,493,600
Premises	949,300	717,200	717,200	717,200
Transport	7,633,400	7,633,400	7,633,400	7,633,400
Supplies & Services	9,638,500	6,378,700	6,378,700	6,288,700
Third Party Payments	35,790,540	38,441,000	37,941,000	37,441,000
Transfer Payments	1,753,400	1,753,400	1,753,400	1,753,400
Support Service Recharges	7,040,600	7,073,100	7,073,100	7,073,100
Depreciation & Impairment	3,971,800	3,971,800	3,971,800	3,971,800
<b>TOTAL EXPENDITURE</b>	<b>121,118,640</b>	<b>121,462,200</b>	<b>120,962,200</b>	<b>120,372,200</b>
<u>Income</u>				
Government Grants	(16,645,800)	(13,642,900)	(13,642,900)	(13,642,900)
Other Grants & Contributions	(1,146,900)	(1,146,900)	(1,146,900)	(1,146,900)
Customer & Client Receipts	(2,587,400)	(2,587,400)	(2,587,400)	(2,587,400)
Recharge Income	(4,227,200)	(4,227,200)	(4,227,200)	(4,227,200)
<b>TOTAL INCOME</b>	<b>(24,607,300)</b>	<b>(21,604,400)</b>	<b>(21,604,400)</b>	<b>(21,604,400)</b>
<b>NET EXPENDITURE</b>	<b>96,511,340</b>	<b>99,857,800</b>	<b>99,357,800</b>	<b>98,767,800</b>

## CHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE

### BUSINESS AND RESOURCES

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
SEN Travel Assistance	7,793,800	7,803,800	7,803,800	7,803,800
School Support	1,126,900	1,302,300	1,302,300	1,302,300
Children's Services Commissioning	539,800	548,900	548,900	548,900
Children's Services Finance Team	1,001,600	1,021,100	1,021,100	1,021,100
Children's Services Management	5,416,300	5,049,700	5,049,700	5,049,700
Performance and Improvement	1,609,500	1,641,900	1,641,900	1,641,900
Schools Finance Central Costs	2,845,400	2,855,300	2,855,300	2,855,300
Schools Finance Team	258,000	275,900	275,900	275,900
Schools Depreciation	3,509,300	3,509,300	3,509,300	3,509,300
	<b>24,100,600</b>	<b>24,008,200</b>	<b>24,008,200</b>	<b>24,008,200</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	23,252,300	23,252,300	23,252,300	23,252,300
<b>Inflation to Current Prices</b>	381,700	400,000	400,000	400,000
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	226,900	226,900	226,900
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(20,400)	(20,400)	(20,400)
- Decision-Making Accountability (DMA) Approach	0	(236,100)	(236,100)	(236,100)
<b>Other Growth and Savings</b>				
- Removal of Temporary project work	0	(361,000)	(361,000)	(361,000)
- 24-178 (Jul 24) Schools Breakfast Programme	187,000	320,000	320,000	320,000
- Director of Practice and Policy Officer Posts	0	160,000	160,000	160,000
<b>Budget Transfers</b>	279,600	266,500	266,500	266,500
<b>NET EXPENDITURE</b>	<b>24,100,600</b>	<b>24,008,200</b>	<b>24,008,200</b>	<b>24,008,200</b>

## CHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE

### CHILDREN'S SOCIAL CARE

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Family & Community Services	1,100	1,500	1,500	1,500
Specialist Services for Families	16,100	24,300	24,300	24,300
Children We Care For	33,237,700	36,403,700	35,903,700	35,403,700
Social Care Operational Costs	3,966,800	3,633,000	3,633,000	3,633,000
Practice Standards	2,048,400	2,086,300	2,086,300	2,086,300
Social Work with Families	10,051,300	10,250,100	10,250,100	10,250,100
	<b>49,322,400</b>	<b>52,399,900</b>	<b>51,899,900</b>	<b>51,399,900</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	46,159,100	46,159,100	46,159,100	46,159,100
<b>Inflation to Current Prices</b>	2,444,200	2,458,900	2,458,900	2,458,900
<b>Changes in Government Grants</b>				
- 2024/25 Household Support Fund Grant Income	(2,914,900)	0	0	0
- 2025/26 Children's Social Care Prevention Grant Income	0	(1,533,000)	(1,533,000)	(1,533,000)
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	431,700	431,700	431,700
<b>Demand Led Growth</b>				
- Residential and Semi-Independent Placements for CLA	0	2,200,000	1,700,000	1,200,000
- External Fostering Placements for Children Looked After (CLA)	0	800,000	800,000	800,000
- Transfer from Service Pressures Contingency	700,000	700,000	700,000	700,000
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(14,700)	(14,700)	(14,700)
- Decision-Making Accountability (DMA) Approach	0	(363,900)	(363,900)	(363,900)
<b>Investment Priorities</b>				
- Household Support Fund Grant Expenditure	2,914,900	0	0	0
<b>Other Growth and Savings</b>				
- Youth Offending Premises Business Rates	300	300	300	300
- 2025/26 Children's Social Care Prevention Grant - Expenditure	0	1,533,000	1,533,000	1,533,000
<b>Budget Transfers</b>	18,800	28,500	28,500	28,500
<b>NET EXPENDITURE</b>	<b>49,322,400</b>	<b>52,399,900</b>	<b>51,899,900</b>	<b>51,399,900</b>

## CHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE

### PLACE AND PARTNERSHIPS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Afterschool & Holiday Play Centres	90,000	90,000	90,000	0
Early Years - Special Educational Needs and Disability	1,200	1,200	1,200	1,200
Public Health	7,990,140	7,973,900	7,973,900	7,973,900
Place and Partnerships	7,282,700	7,416,200	7,416,200	7,416,200
Early Help - Contracts	808,600	808,600	808,600	808,600
	<b>16,172,640</b>	<b>16,289,900</b>	<b>16,289,900</b>	<b>16,199,900</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	15,620,500	15,620,500	15,620,500	15,620,500
<b>Inflation to Current Prices</b>	410,000	414,600	414,600	414,600
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	165,700	165,700	165,700
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(3,300)	(3,300)	(3,300)
<b>Investment Priorities</b>				
- 24-170 (Jul 24) Alton Renewal Project - After School Provision	90,000	90,000	90,000	0
<b>Other Growth and Savings</b>				
Business Rates Adjustment to Base Liability	(500)	2,200	2,200	2,200
<b>Budget Transfers</b>	52,640	200	200	200
<b>NET EXPENDITURE</b>	<b>16,172,640</b>	<b>16,289,900</b>	<b>16,289,900</b>	<b>16,199,900</b>

## CHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE

**EDUCATION STANDARDS AND INCLUSION**

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
School Participation & Improvement	2,104,400	2,189,000	2,189,000	2,189,000
Lifelong Learning	140,300	155,200	155,200	155,200
Pupil Services	149,900	160,500	160,500	160,500
Special Education Needs & Disability Services	3,834,600	3,953,600	3,953,600	3,953,600
Virtual School	686,500	701,500	701,500	701,500
	<b>6,915,700</b>	<b>7,159,800</b>	<b>7,159,800</b>	<b>7,159,800</b>

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	6,798,100	6,798,100	6,798,100	6,798,100
<b>Inflation to Current Prices</b>	413,700	415,800	415,800	415,800
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	260,200	260,200	260,200
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(4,400)	(4,400)	(4,400)
<b>Investment Priorities</b>				
- Cost of Living Response - Adult Learning	19,800	0	0	0
<b>Budget Transfers</b>	(315,900)	(309,900)	(309,900)	(309,900)
<b>NET EXPENDITURE</b>	<b>6,915,700</b>	<b>7,159,800</b>	<b>7,159,800</b>	<b>7,159,800</b>

## ENVIRONMENT COMMITTEE

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Arts	1,186,700	1,434,100	1,234,100	1,012,100
Climate Change	715,100	447,200	445,700	489,700
Leisure	17,530,300	17,098,500	16,972,100	16,885,100
Waste	32,014,200	31,335,200	30,010,200	29,988,200
Highways Operations and Streetscene	50,300	6,900	(16,100)	(37,100)
<b>ENVIRONMENT COMMITTEE TOTAL</b>	<b>51,496,600</b>	<b>50,321,900</b>	<b>48,646,000</b>	<b>48,338,000</b>

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	<b>45,331,700</b>	<b>45,331,700</b>	<b>45,331,700</b>	<b>45,331,700</b>
Inflation to Current Prices	1,594,500	2,285,100	2,285,100	2,285,100
Other Government or Outside Body Changes	165,700	278,700	278,700	278,700
Demand Led Growth	141,700	141,700	141,700	141,700
Efficiency Savings	0	(315,800)	(332,800)	(357,800)
Investment Priorities	2,833,800	1,897,000	477,000	175,000
Other Growth and Savings	361,100	(295,800)	(385,800)	(410,800)
Budget Transfers	1,068,100	999,300	850,400	894,400
<b>NET EXPENDITURE</b>	<b>51,496,600</b>	<b>50,321,900</b>	<b>48,646,000</b>	<b>48,338,000</b>

## ENVIRONMENT COMMITTEE

### SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	3,924,900	4,798,400	4,798,400	4,798,400
Premises	6,504,400	7,405,000	7,361,600	7,361,600
Transport	115,100	145,100	145,100	145,100
Supplies & Services	2,568,900	2,112,100	1,890,600	1,617,600
Third Party Payments	41,158,800	40,883,900	39,569,900	39,569,900
Support Service Recharges	3,410,300	3,391,300	3,374,300	3,364,300
Depreciation & Impairment	5,708,000	5,708,000	5,708,000	5,708,000
<b>TOTAL EXPENDITURE</b>	<b>63,390,400</b>	<b>64,443,800</b>	<b>62,847,900</b>	<b>62,564,900</b>
<u>Income</u>				
Other Grants & Contributions	(606,200)	(602,700)	(602,700)	(602,700)
Customer & Client Receipts	(10,989,900)	(13,217,500)	(13,297,500)	(13,322,500)
Recharge Income	(297,700)	(301,700)	(301,700)	(301,700)
<b>TOTAL INCOME</b>	<b>(11,893,800)</b>	<b>(14,121,900)</b>	<b>(14,201,900)</b>	<b>(14,226,900)</b>
<b>NET EXPENDITURE</b>	<b>51,496,600</b>	<b>50,321,900</b>	<b>48,646,000</b>	<b>48,338,000</b>

**ENVIRONMENT COMMITTEE**

**ARTS SERVICE**

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
Arts Service	1,186,700	1,434,100	1,234,100	1,012,100
	<b>1,186,700</b>	<b>1,434,100</b>	<b>1,234,100</b>	<b>1,012,100</b>

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	879,400	879,400	879,400	879,400
<b>Inflation to Current Prices</b>	18,900	19,300	19,300	19,300
<b>Other Government or Outside Body Changes</b>				
- National Insurance and Threshold Change	0	9,100	9,100	9,100
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(400)	(400)	(400)
<b>Investment Priorities</b>				
- 24-170 (July 24) Alton Plan - Cultural Programme	150,000	307,000	157,000	0
- 24-170 (July 24) Alton Plan - Creativity in Roehampton Schools	50,000	115,000	65,000	0
- 24-170 (July 24) Alton Plan - Focus Hall Community Hub	70,000	100,000	100,000	100,000
- 24-186 (July 24) Heritage Work	14,200	0	0	0
<b>Budget Transfers</b>	4,200	4,700	4,700	4,700
<b>NET EXPENDITURE</b>	<b>1,186,700</b>	<b>1,434,100</b>	<b>1,234,100</b>	<b>1,012,100</b>

## ENVIRONMENT COMMITTEE

### CLIMATE CHANGE SERVICE

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
Climate Change	715,100	447,200	445,700	489,700
	<b>715,100</b>	<b>447,200</b>	<b>445,700</b>	<b>489,700</b>

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	578,800	578,800	578,800	578,800
<b>Inflation to Current Prices</b>	8,000	11,700	11,700	11,700
<b>Other Government or Outside Body Changes</b>				
- National Insurance and Threshold Change	0	11,500	11,500	11,500
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(3,700)	(3,700)	(3,700)
<b>Investment Priorities</b>				
- 24-170 (July 24) Alton Renewal Plan - Warm Packs	30,000	0	0	0
- 24-186 (July 24) Climate Change	91,300	0	0	0
- WESS - Climate Change Priority Initiatives	90,000	0	0	0
<b>Other Growth and Savings</b>				
- WESS - Removal Temporary Climate Priority Initiatives	(89,000)	(108,800)	(108,800)	(108,800)
<b>Budget Transfers</b>	6,000	(42,300)	(43,800)	200
<b>NET EXPENDITURE</b>	<b>715,100</b>	<b>447,200</b>	<b>445,700</b>	<b>489,700</b>

## ENVIRONMENT COMMITTEE

### HIGHWAYS OPERATIONS AND STREETSCENE

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Inspection & Enforcement	269,600	274,100	274,100	274,100
Network Management	(738,700)	(786,600)	(809,600)	(830,600)
Tree Root Provision	367,700	367,700	367,700	367,700
Winter Maintenance	151,700	151,700	151,700	151,700
	<b>50,300</b>	<b>6,900</b>	<b>(16,100)</b>	<b>(37,100)</b>

<b>Variation Analysis</b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	5,900	5,900	5,900	5,900
<b>Inflation to Current Prices</b>	47,500	52,900	52,900	52,900
<b>Other Government or Outside Body Changes</b>				
- National Insurance and Threshold Change	0	19,400	19,400	19,400
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(9,400)	(12,400)	(13,400)
<b>Other Growth and Savings</b>				
- 24-360 (Dec 24) Fees & Charges	0	(24,200)	(24,200)	(24,200)
- Network Management Charges and Penalties	0	(35,000)	(55,000)	(75,000)
<b>Budget Transfers</b>	(3,100)	(2,700)	(2,700)	(2,700)
<b>NET EXPENDITURE</b>	<b>50,300</b>	<b>6,900</b>	<b>(16,100)</b>	<b>(37,100)</b>

## ENVIRONMENT COMMITTEE

### LEISURE

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Leisure, Culture & Bereavement	3,645,900	4,022,200	4,021,200	4,020,200
Libraries	5,456,600	5,355,700	5,355,700	5,355,700
Registrars	217,700	219,400	219,400	219,400
Leisure and Culture Services	8,210,100	7,501,200	7,375,800	7,289,800
	<b>17,530,300</b>	<b>17,098,500</b>	<b>16,972,100</b>	<b>16,885,100</b>

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	15,778,500	15,778,500	15,778,500	15,778,500
<b>Inflation to Current Prices</b>	402,800	423,500	423,500	423,500
<b>Other Government or Outside Body Changes</b>				
- Lee Valley Park Levy	(5,700)	4,300	4,300	4,300
- National Insurance and Threshold Change	0	50,300	50,300	50,300
- North East Surrey Crematorium Board Distribution	47,500	0	0	0
- Wimbledon & Putney Commons Conservators Levy	83,300	83,300	83,300	83,300
<b>Efficiency Savings</b>				
- 24-359 (Dec 24) Leisure and Culture Contract	0	(241,000)	(241,000)	(241,000)
- Income, Contract and Departmental Efficiencies	0	(9,000)	(12,000)	(14,000)
<b>Investment Priorities</b>				
- 24-170 (July 24) Alton Plan - Community Wellbeing	20,000	100,000	80,000	0
- 24-224 (Sept 24) Leisure and Culture Contract Revision	0	75,000	75,000	75,000
- Cost of Living Response Measures	181,700	0	0	0
<b>Other Growth and Savings</b>				
- 24-360 (Dec 24) Fees & Charges	0	(17,500)	(17,500)	(17,500)
- Leisure Services Removal of COVID-19 Support	0	(100,000)	(100,000)	(100,000)
- North East Surrey Crematorium Board	100	100	100	100
- Concessions in Parks	0	(35,000)	(95,000)	(100,000)
<b>Budget Transfers</b>	1,022,100	986,000	942,600	942,600
<b>NET EXPENDITURE</b>	<b>17,530,300</b>	<b>17,098,500</b>	<b>16,972,100</b>	<b>16,885,100</b>

## ENVIRONMENT COMMITTEE

### WASTE SERVICES

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Street Cleansing	5,771,000	5,768,900	5,663,900	5,662,900
Waste Collection & Recycling	11,413,700	10,658,200	9,454,200	9,436,200
Waste Disposal inc Levy	14,829,500	14,908,100	14,892,100	14,889,100
	<b>32,014,200</b>	<b>31,335,200</b>	<b>30,010,200</b>	<b>29,988,200</b>

<b>Variation Analysis</b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	28,089,100	28,089,100	28,089,100	28,089,100
<b>Inflation to Current Prices</b>	1,117,300	1,777,700	1,777,700	1,777,700
<b>Other Government or Outside Body Changes</b>				
- National Insurance and Threshold Change	0	8,300	8,300	8,300
- Port of London - River Debris Clearance	0	500	500	500
- Western Riverside Waste Authority Levy	40,600	92,000	92,000	92,000
<b>Demand Led Growth</b>				
- Waste Contract Increase for New Properties	141,700	141,700	141,700	141,700
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(52,300)	(63,300)	(85,300)
<b>Investment Priorities</b>				
- 24-186 (July 24) Estates Recycling Campaign	30,000	0	0	0
- 24-186 (July 24) Food Waste Boroughwide Service	606,600	0	0	0
- 24-284 (Oct 24) Cleaner Borough Plan - Phase 2	1,500,000	1,200,000	0	0
<b>Other Growth and Savings</b>				
- 23-280 (Sept 23) Waste Collection Contract Extension	0	(225,000)	(225,000)	(225,000)
- 23-372 (Dec 23) Recycling & Waste Communications	0	(50,000)	(50,000)	(50,000)
- 24-360 (Dec 24) Fees & Charges	0	(40,400)	(40,400)	(40,400)
- Food Waste Disposal Contract	0	(40,000)	(40,000)	(40,000)
- Street Cleansing Contract	185,000	185,000	185,000	185,000
- Waste Diversion & Contamination Reduction Projects	0	(70,000)	(80,000)	(80,000)
- Western Riverside Waste Authority Levy Disposal Costs	265,000	265,000	265,000	265,000
<b>Budget Transfers</b>	38,900	53,600	(50,400)	(50,400)
<b>NET EXPENDITURE</b>	<b>32,014,200</b>	<b>31,335,200</b>	<b>30,010,200</b>	<b>29,988,200</b>

## FINANCE OVERVIEW AND SCRUTINY COMMITTEE

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
General Services - Chief Executive's Group	13,132,500	13,106,100	12,858,100	12,858,100
General Services - Finance Directorate	(31,272,600)	(26,593,100)	(26,053,000)	(24,733,000)
Revenue Services	7,309,900	7,196,000	7,076,100	7,076,100
Property Services	(2,493,600)	(3,213,000)	(3,113,000)	(3,363,000)
Economic Development	1,900,400	1,888,100	1,888,100	1,888,100
Environmental Services and Regulatory Services	3,590,700	3,723,600	3,688,600	3,668,600
<b>FINANCE OVERVIEW AND SCRUTINY COMMITTEE TOTAL</b>	<b>(7,832,700)</b>	<b>(3,892,300)</b>	<b>(3,655,100)</b>	<b>(2,605,100)</b>

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	<b>(8,119,500)</b>	<b>(8,119,500)</b>	<b>(8,119,500)</b>	<b>(8,119,500)</b>
Inflation to Current Prices	1,232,500	2,154,100	2,154,100	2,154,100
Changes in Government Grants	0	53,800	53,800	53,800
Other Government or Outside Body Changes	0	549,700	549,700	549,700
Demand Led Growth	0	287,000	287,000	287,000
Efficiency Savings	0	(301,000)	(336,000)	(356,000)
Investment Priorities	3,291,500	4,294,400	1,013,000	763,000
Other Growth and Savings	(1,458,300)	(1,026,000)	1,765,600	3,085,600
Budget Transfers	(2,778,900)	(1,784,800)	(1,022,800)	(1,022,800)
<b>NET EXPENDITURE</b>	<b>(7,832,700)</b>	<b>(3,892,300)</b>	<b>(3,655,100)</b>	<b>(2,605,100)</b>

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE**

**SUBJECTIVE ANALYSIS**

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b><u>Expenditure</u></b>				
Employees	9,144,300	9,300,100	9,300,100	9,300,100
Premises	1,042,100	841,400	941,400	691,400
Transport	25,300	25,300	25,300	25,300
Supplies & Services	19,204,800	18,152,100	17,820,700	17,820,700
Third Party Payments	3,771,300	6,543,500	6,543,500	6,543,500
Transfer Payments	135,353,600	136,862,900	129,642,100	127,042,100
Support Service Recharges	19,462,700	19,475,400	19,475,400	19,475,400
Depreciation & Impairment	(18,769,200)	(18,769,200)	(18,769,200)	(18,769,200)
<b>TOTAL EXPENDITURE</b>	<b>169,234,900</b>	<b>172,431,500</b>	<b>164,979,300</b>	<b>162,129,300</b>
<b><u>Income</u></b>				
Government Grants	(131,510,300)	(130,324,900)	(130,324,900)	(130,324,900)
Other Grants & Contributions	(325,400)	(325,400)	(325,400)	(325,400)
Customer & Client Receipts	(14,908,800)	(14,963,000)	(14,998,000)	(15,018,000)
Interest	(27,604,400)	(27,991,800)	(20,267,400)	(16,347,400)
Recharge Income	(772,900)	(772,900)	(772,900)	(772,900)
Internal charges	(1,945,800)	(1,945,800)	(1,945,800)	(1,945,800)
<b>TOTAL INCOME</b>	<b>(177,067,600)</b>	<b>(176,323,800)</b>	<b>(168,634,400)</b>	<b>(164,734,400)</b>
<b>NET EXPENDITURE</b>	<b>(7,832,700)</b>	<b>(3,892,300)</b>	<b>(3,655,100)</b>	<b>(2,605,100)</b>

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE**

**GENERAL SERVICES - CHIEF EXECUTIVE'S GROUP AND OTHER**

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Corporate Initiatives	1,009,200	1,149,200	913,700	913,700
Community and Partnerships	2,241,900	1,874,100	1,861,600	1,861,600
Climate Change	0	0	0	0
Emergency Planning	258,700	260,700	260,700	260,700
Land Charges	(10,800)	(8,100)	(8,100)	(8,100)
Workspace Programme	0	0	0	0
Registration of Electors	778,800	839,900	839,900	839,900
Apprenticeship Levy	562,900	562,900	562,900	562,900
	8,291,800	8,427,400	8,427,400	8,427,400
	<b>13,132,500</b>	<b>13,106,100</b>	<b>12,858,100</b>	<b>12,858,100</b>

<b>Variation Analysis</b>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>2024/25 ORIGINAL BUDGET</b>	12,746,200	12,746,200	12,746,200	12,746,200
<b>Inflation to Current Prices</b>	95,400	120,400	120,400	120,400
<b>Changes in Government Grants</b>	0	53,800	53,800	53,800
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	47,700	47,700	47,700
<b>Demand Led Growth</b>				
- Increases in External Audit Fees	0	30,000	30,000	30,000
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(121,000)	(121,000)	(121,000)
<b>Investment Priorities</b>				
- 24-177 (Jul 24) Voluntary and Community Sector Partnership Development	0	112,500	150,000	150,000
- Cost of Living Response Measures	231,600	50,000	0	0
- Strengthening Corporate Core	0	500,000	500,000	500,000
<b>Other Growth and Savings</b>				
- Removal of Temporary Budgets	0	(982,900)	(1,218,400)	(1,218,400)
<b>Budget Transfers</b>	59,300	549,400	549,400	549,400
	<b>13,132,500</b>	<b>13,106,100</b>	<b>12,858,100</b>	<b>12,858,100</b>
<b>NET EXPENDITURE</b>				

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE**

**GENERAL SERVICES - FINANCE**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
General Services Finance	(17,096,500)	(17,563,500)	(17,887,500)	(17,887,500)
Capital Financing Account	(19,202,500)	(19,589,900)	(11,865,500)	(7,945,500)
Planned Use of Reserves (budgets for distribution to services re: Cost of Living/ Change Programme/ Access for All/ Refugees)	5,026,400	10,560,300	3,700,000	1,100,000
	<b><u>(31,272,600)</u></b>	<b><u>(26,593,100)</u></b>	<b><u>(26,053,000)</u></b>	<b><u>(24,733,000)</u></b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	<b>(29,480,300)</b>	<b>(29,480,300)</b>	<b>(29,480,300)</b>	<b>(29,480,300)</b>
<b>Inflation to Current Prices</b>	682,600	1,378,700	1,378,700	1,378,700
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	331,600	331,600	331,600
<b>Demand Led Growth</b>				
- Reduction in Recharge to the Pension Fund for Payroll	0	257,000	257,000	257,000
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(114,100)	(114,100)	(114,100)
<b>Investment Priorities</b>				
- 24-181 (Jul 24) Access for All	1,850,000	3,000,000	0	0
- 24-186 (Jul 24) Great Employer Workspace Pilot	42,700	0	0	0
- IT Cyber Security and Cloud Hosting	0	442,000	193,000	193,000
- Member Services	0	20,000	20,000	20,000
<b>Other Growth and Savings</b>				
- Revenue Contribution to Capital from Renewals Fund	474,000	0	0	0
- Information Technology Pressures - Adjustment to 2024/25 Base	0	(255,000)	(255,000)	(255,000)
- Civica Contract Repricing (funded from Renewals Fund)	47,400	47,400	47,400	47,400
- Cost of Living Response Reprofiting of Reserve Use	(324,600)	894,000	(1,956,300)	(3,956,300)
- Change Programme Reprofiting of Reserve Use	(1,270,800)	(226,000)	(2,073,000)	(2,673,000)
- NESCB interest	(1,100)	(1,100)	(1,100)	(1,100)
- Place Directorate Restructuring	0	62,500	62,500	62,500
- Interest on Treasury Investments	0	(387,400)	7,337,000	11,257,000
<b>Budget Transfers</b>				
- Cost of Living - Transfer to specific schemes	(2,069,400)	(837,000)	0	0
- Change Programme - Transfer to specific schemes	(808,000)	0	0	0
- Depreciation Adjustment	(985,300)	(985,300)	(985,300)	(985,300)
- Other Transfer to/from Services	570,200	(740,100)	(815,100)	(815,100)
<b>NET EXPENDITURE</b>	<b><u>(31,272,600)</u></b>	<b><u>(26,593,100)</u></b>	<b><u>(26,053,000)</u></b>	<b><u>(24,733,000)</u></b>

## FINANCE OVERVIEW AND SCRUTINY COMMITTEE

### REVENUE SERVICES

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Council Tax & Business Rates Collection	1,430,200	1,535,300	1,415,400	1,415,400
Housing & Council Tax Benefits	5,879,700	5,660,700	5,660,700	5,660,700
	<b><u>7,309,900</u></b>	<b><u>7,196,000</u></b>	<b><u>7,076,100</u></b>	<b><u>7,076,100</u></b>

<b>Variation Analysis</b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	6,716,500	6,716,500	6,716,500	6,716,500
<b>Inflation to Current Prices</b>	186,400	334,600	334,600	334,600
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	88,200	88,200	88,200
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(6,100)	(6,100)	(6,100)
<b>Investment Priorities</b>				
- Cost of Living Response - Household Support Fund	400,000	0	0	0
- Cost of Living Response - Winter Fuel Payments	259,100	0	0	0
- Cost of Living Response - ULEZ Scrappage Scheme	100,000	0	0	0
- Cost of Living Response - Low Income Family Tracker Platform	0	119,900	0	0
<b>Other Growth and Savings</b>				
- Removal of Temporary Budgets	(400,000)	(123,200)	(123,200)	(123,200)
<b>Budget Transfers</b>	47,900	66,100	66,100	66,100
<b>NET EXPENDITURE</b>	<b><u>7,309,900</u></b>	<b><u>7,196,000</u></b>	<b><u>7,076,100</u></b>	<b><u>7,076,100</u></b>

## FINANCE OVERVIEW AND SCRUTINY COMMITTEE

### PROPERTY SERVICES

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Commercial Properties	(5,649,500)	(5,647,300)	(5,647,300)	(5,647,300)
Energy and Sustainability Team	213,900	13,800	13,800	13,800
Operational Properties	2,814,600	2,291,900	2,391,900	2,141,900
Properties Pending Disposal	127,400	128,600	128,600	128,600
	<b><u>(2,493,600)</u></b>	<b><u>(3,213,000)</u></b>	<b><u>(3,113,000)</u></b>	<b><u>(3,363,000)</u></b>

<b>Variation Analysis</b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	(3,303,500)	(3,303,500)	(3,303,500)	(3,303,500)
<b>Inflation to current prices</b>	47,000	(87,100)	(87,100)	(87,100)
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	47,400	47,400	47,400
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(3,600)	(3,600)	(3,600)
<b>Investment Priorities</b>				
- 24-100 (Feb 24) Relocation of Frogmore Depot	0	50,000	150,000	(100,000)
- 24-186 (Jul 24) Future Accommodation Review	259,900	0	0	0
- 24-186 (Jul 24) Schools Energy Audits	98,000	0	0	0
<b>Other Growth and Savings</b>				
- National Non Domestic Rates adjustments	16,800	30,700	30,700	30,700
- Removal of Temporary Budgets	0	(85,000)	(85,000)	(85,000)
<b>Budget Transfers</b>	388,200	138,100	138,100	138,100
<b>NET EXPENDITURE</b>	<b><u>(2,493,600)</u></b>	<b><u>(3,213,000)</u></b>	<b><u>(3,113,000)</u></b>	<b><u>(3,363,000)</u></b>

## FINANCE OVERVIEW AND SCRUTINY COMMITTEE

### Economic Development

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Economic Development	610,400	605,800	605,800	605,800
Town Centres	1,290,000	1,282,300	1,282,300	1,282,300
	<b>1,900,400</b>	<b>1,888,100</b>	<b>1,888,100</b>	<b>1,888,100</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	1,773,600	1,773,600	1,773,600	1,773,600
<b>Inflation to Current Prices</b>	64,700	68,200	68,200	68,200
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	34,800	34,800	34,800
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(4,300)	(4,300)	(4,300)
<b>Investment Priorities</b>				
- 24-186 (Jul 24) Supporting Businesses	16,000	0	0	0
- Cost of Living Response - Energy and Sustainability Support	10,000	0	0	0
- Change Programme - Business Partnership Officer	24,200	0	0	0
<b>Budget Transfers</b>	11,900	15,800	15,800	15,800
<b>NET EXPENDITURE</b>	<b>1,900,400</b>	<b>1,888,100</b>	<b>1,888,100</b>	<b>1,888,100</b>

## FINANCE OVERVIEW AND SCRUTINY COMMITTEE

### ENVIRONMENTAL SERVICES AND REGULATORY SERVICES

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Coroners' Court and Mortuary	721,600	727,600	727,600	727,600
Regulatory Services	2,869,100	2,996,000	2,961,000	2,941,000
	<b>3,590,700</b>	<b>3,723,600</b>	<b>3,688,600</b>	<b>3,668,600</b>

Variation Analysis	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	3,428,000	3,428,000	3,428,000	3,428,000
Inflation to Current Prices	156,400	339,300	339,300	339,300
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	0	(1,900)	(1,900)	(1,900)
- Regulatory Services Partnership Efficiencies	0	(50,000)	(85,000)	(105,000)
Budget Transfers	6,300	8,200	8,200	8,200
<b>NET EXPENDITURE</b>	<b>3,590,700</b>	<b>3,723,600</b>	<b>3,688,600</b>	<b>3,668,600</b>

## HEALTH OVERVIEW AND SCRUTINY COMMITTEE

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Adult Service Operations	100,705,600	105,818,100	103,168,600	102,169,500
Commissioning and Quality Standards	22,184,100	22,494,800	22,214,200	22,214,200
Business Resources	3,938,200	3,992,500	3,992,500	3,992,500
Assurance and Innovation	2,768,000	2,738,800	2,502,800	2,502,800
Health and Care Integration	186,000	189,000	189,000	189,000
Public Health	(28,107,140)	(29,713,600)	(29,713,600)	(29,771,600)
Community Safety	1,377,900	1,254,500	1,224,500	1,194,500
<b>HEALTH OVERVIEW AND SCRUTINY COMMITTEE TOTAL</b>	<b>103,052,660</b>	<b>106,774,100</b>	<b>103,578,000</b>	<b>102,490,900</b>

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	<b>95,579,700</b>	<b>95,579,700</b>	<b>95,579,700</b>	<b>95,579,700</b>
Inflation to Current Prices	6,278,400	6,318,500	6,318,500	6,318,500
Changes in Government Grants	(2,944,000)	(4,651,000)	(4,312,900)	(4,312,900)
Other Government or Outside Body Changes	0	326,000	326,000	326,000
Demand Led Growth	1,100,000	7,100,000	6,100,000	5,100,000
Efficiency Savings	(29,500)	(774,600)	(2,273,600)	(2,273,600)
Investment Priorities	585,300	317,600	30,000	0
Other Growth and Savings	2,364,900	2,496,100	1,748,500	1,691,400
Budget Transfers	117,860	61,800	61,800	61,800
<b>NET EXPENDITURE</b>	<b>103,052,660</b>	<b>106,774,100</b>	<b>103,578,000</b>	<b>102,490,900</b>

## HEALTH OVERVIEW AND SCRUTINY COMMITTEE

### SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	27,677,670	28,011,370	27,931,370	27,901,370
Premises	92,200	92,200	92,200	92,200
Transport	1,221,900	1,221,900	1,221,900	1,221,900
Supplies & Services	4,715,660	4,430,500	3,863,400	3,864,300
Third Party Payments	139,550,430	144,936,130	142,387,130	141,329,130
Transfer Payments	11,691,400	11,691,400	11,691,400	11,691,400
Support Service Recharges	3,598,900	3,633,100	3,633,100	3,633,100
Depreciation & Impairment	117,400	117,400	117,400	117,400
<b>TOTAL EXPENDITURE</b>	<b>188,665,560</b>	<b>194,134,000</b>	<b>190,937,900</b>	<b>189,850,800</b>
<u>Income</u>				
Government Grants	(54,677,200)	(56,724,300)	(56,724,300)	(56,724,300)
Other Grants & Contributions	(4,471,900)	(4,471,900)	(4,471,900)	(4,471,900)
Customer & Client Receipts	(26,463,800)	(26,163,700)	(26,163,700)	(26,163,700)
<b>TOTAL INCOME</b>	<b>(85,612,900)</b>	<b>(87,359,900)</b>	<b>(87,359,900)</b>	<b>(87,359,900)</b>
<b>NET EXPENDITURE</b>	<b>103,052,660</b>	<b>106,774,100</b>	<b>103,578,000</b>	<b>102,490,900</b>

**HEALTH OVERVIEW AND SCRUTINY COMMITTEE**

**ADULT SERVICE OPERATIONS**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Adult Service Operations Teams	15,889,500	16,083,700	16,083,700	16,083,700
Early Help & Enablement Services	1,076,300	1,076,300	1,076,300	1,076,300
Services for Adults with Learning Disabilities	44,359,800	44,363,500	44,363,500	44,363,500
Services for Adults with Mental Health Needs	13,341,500	12,848,500	12,608,500	12,608,500
Services for Older People, Sensory & Physical Disabilities	25,092,900	30,696,500	28,596,500	27,596,500
Borough of Sanctuary Operational & Team Budget	945,600	749,600	440,100	441,000
	<b>100,705,600</b>	<b>105,818,100</b>	<b>103,168,600</b>	<b>102,169,500</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	94,589,000	94,589,000	94,589,000	94,589,000
<b>Inflation to Current Prices</b>	5,449,000	5,458,400	5,458,400	5,458,400
<b>Changes in Government Grants</b>				
- 2024 25 Social Care in Prisons Grant - Income	(1,169,700)	(1,169,700)	(1,169,700)	(1,169,700)
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	186,800	186,800	186,800
<b>Demand Led Growth</b>				
- Demographic Pressures resulting in New Packages of Care	0	4,000,000	4,000,000	4,000,000
- Care Package Growth - Cost increases due to market rates	0	1,500,000	500,000	(500,000)
- Mental Health Staffing Team	0	500,000	500,000	500,000
- Growth pressures in Adult Social Care	1,100,000	1,100,000	1,100,000	1,100,000
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(9,400)	(9,400)	(9,400)
- 23-295 (Sep 23) Mental Health Commissioning Review	0	(193,000)	(433,000)	(433,000)
- Older People Delivery Plan	0	(300,000)	(1,400,000)	(1,400,000)
- Placement Policy Review	0	(100,000)	(100,000)	(100,000)
<b>Other Growth and Savings</b>				
- 2024 25 Social Care in Prisons Grant - Expenditure	1,169,700	1,169,700	1,169,700	1,169,700
- 23-230 (Jul 23) Borough of Sanctuary	0	(196,000)	(505,500)	(504,600)
<b>Budget Transfers</b>	(432,400)	(717,700)	(717,700)	(717,700)
<b>NET EXPENDITURE</b>	<b>100,705,600</b>	<b>105,818,100</b>	<b>103,168,600</b>	<b>102,169,500</b>

## HEALTH OVERVIEW AND SCRUTINY COMMITTEE

### COMMISSIONING

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
Public Health and Wellbeing	8,596,000	8,566,500	8,566,500	8,566,500
Advocacy, Supported Employment & Other Minor Services	465,500	515,500	465,500	465,500
Commissioning Teams	2,285,200	2,287,700	2,128,700	2,128,700
Public Health and Specialist Commissioning	9,192,700	9,453,100	9,381,500	9,381,500
Professional Standards & Safeguarding	1,644,700	1,672,000	1,672,000	1,672,000
	<b>22,184,100</b>	<b>22,494,800</b>	<b>22,214,200</b>	<b>22,214,200</b>

<b>Variation Analysis</b>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
<b>2024/25 ORIGINAL BUDGET</b>	21,486,300	21,486,300	21,486,300	21,486,300
<b>Inflation to Current Prices</b>	571,500	575,500	575,500	575,500
<b>Changes in Government Grants</b>				
- 2024 25 Substance Misuse Grant - Income	(252,600)	(252,600)	(252,600)	(252,600)
- Rough Sleeping Drug and Alcohol Treatment Grant Grant - Income	(54,700)	(54,700)	(54,700)	(54,700)
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	49,100	49,100	49,100
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(4,000)	(4,000)	(4,000)
- 23-355 (Nov 23) Integrated Sexual Health Service	(29,500)	(59,000)	(118,000)	(118,000)
- Contracts Impact Assessment	0	(100,000)	(200,000)	(200,000)
<b>Investment Priorities</b>				
- Cost of Living Response - Family Action Foodbank Service	76,200	71,600	0	0
- Cost of Living Response - Wandsworth Your Way	35,000	0	0	0
<b>Other Growth and Savings</b>				
- 23-295 (Sept 23) Mental Health Commissioning Review	0	78,900	78,900	78,900
- Investment in Advocacy	0	50,000	0	0
- 2024 25 Substance Misuse Grant - Expenditure	252,600	252,600	252,600	252,600
- Rough Sleeping Drug and Alcohol Treatment Grant - Expenditure	54,700	54,700	54,700	54,700
<b>Budget Transfers</b>	44,600	346,400	346,400	346,400
<b>NET EXPENDITURE</b>	<b>22,184,100</b>	<b>22,494,800</b>	<b>22,214,200</b>	<b>22,214,200</b>

**HEALTH OVERVIEW AND SCRUTINY COMMITTEE**

**BUSINESS RESOURCES**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Business Resources	3,938,200	3,992,500	3,992,500	3,992,500
	<b>3,938,200</b>	<b>3,992,500</b>	<b>3,992,500</b>	<b>3,992,500</b>

<b>Variation Analysis</b>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	3,883,600	3,883,600	3,883,600	3,883,600
<b>Inflation to Current Prices</b>	138,500	138,800	138,800	138,800
<b>Changes in Government Grants</b> - 2024 25 Better Care Fund Grant - Income	(518,100)	(518,100)	(518,100)	(518,100)
<b>Other Government or Outside Body Changes</b> - National Insurance Increase and Threshold Change	0	47,300	47,300	47,300
<b>Efficiency Savings</b> - Income, Contract and Departmental Efficiencies	0	(300)	(300)	(300)
<b>Other Growth and Savings</b> - 2024 25 Better Care Fund Grant - Expenditure	518,100	518,100	518,100	518,100
<b>Budget Transfers</b>	(83,900)	(76,900)	(76,900)	(76,900)
<b>NET EXPENDITURE</b>	<b>3,938,200</b>	<b>3,992,500</b>	<b>3,992,500</b>	<b>3,992,500</b>

## HEALTH OVERVIEW AND SCRUTINY COMMITTEE

### ASSURANCE AND INNOVATION

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Assurance and Innovation	2,768,000	2,738,800	2,502,800	2,502,800
	<b>2,768,000</b>	<b>2,738,800</b>	<b>2,502,800</b>	<b>2,502,800</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	1,825,000	1,825,000	1,825,000	1,825,000
<b>Inflation to Current Prices</b>	45,000	43,400	43,400	43,400
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	10,700	10,700	10,700
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(5,100)	(5,100)	(5,100)
<b>Investment Priorities</b>				
- Transforming Social Care (TSC) Programme	330,000	186,000	0	0
<b>Other Growth and Savings</b>				
- 2023 24 Client Data Flow	31,700	0	0	0
- Assurance and Innovation – Staffing	0	100,000	50,000	50,000
- Review of Information and Advice offer	0	30,000	30,000	30,000
- Co-production - Enhancing Community Involvement	0	42,000	42,000	42,000
<b>Budget Transfers</b>	536,300	506,800	506,800	506,800
<b>NET EXPENDITURE</b>	<b>2,768,000</b>	<b>2,738,800</b>	<b>2,502,800</b>	<b>2,502,800</b>

**HEALTH OVERVIEW AND SCRUTINY COMMITTEE**

**HEALTH AND CARE INTEGRATION**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Health and Care Integration	186,000	189,000	189,000	189,000
	<b>186,000</b>	<b>189,000</b>	<b>189,000</b>	<b>189,000</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	181,100	181,100	181,100	181,100
<b>Inflation to Current Prices</b>	4,800	4,800	4,800	4,800
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	3,000	3,000	3,000
<b>Budget Transfers</b>	100	100	100	100
<b>NET EXPENDITURE</b>	<b>186,000</b>	<b>189,000</b>	<b>189,000</b>	<b>189,000</b>

## HEALTH OVERVIEW AND SCRUTINY COMMITTEE

**PUBLIC HEALTH**

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Children 0-5	63,760	80,000	80,000	80,000
Health Protection	34,000	34,000	34,000	34,000
NHS Health Checks	429,800	429,800	429,800	429,800
Obesity	12,000	12,000	12,000	12,000
Other Public Health	2,352,800	2,437,100	2,437,100	2,379,100
Physical Activity	238,000	238,000	238,000	238,000
Sexual Health	393,800	393,800	393,800	393,800
Smoking & Tobacco	142,500	142,500	142,500	142,500
Public Health Grant	(31,773,800)	(33,480,800)	(33,480,800)	(33,480,800)
	<b>(28,107,140)</b>	<b>(29,713,600)</b>	<b>(29,713,600)</b>	<b>(29,771,600)</b>

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	(27,543,000)	(27,543,000)	(27,543,000)	(27,543,000)
<b>Inflation to Current Prices</b>	42,200	43,700	43,700	43,700
<b>Changes in Government Grants</b>				
- Public Health Grant Allocations	(610,800)	(2,317,800)	(2,317,800)	(2,317,800)
- Local Stop Smoking Grant	(338,100)	(338,100)	0	0
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	17,500	17,500	17,500
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(1,500)	(1,500)	(1,500)
<b>Other Growth and Savings</b>				
- Local Stop Smoking Grant	338,100	338,100	0	0
- Public Mental Health Strategy Development	0	58,000	58,000	0
<b>Budget Transfers</b>	4,460	29,500	29,500	29,500
<b>NET EXPENDITURE</b>	<b>(28,107,140)</b>	<b>(29,713,600)</b>	<b>(29,713,600)</b>	<b>(29,771,600)</b>

## HEALTH OVERVIEW AND SCRUTINY COMMITTEE

### COMMUNITY SAFETY

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
Community Safety	1,377,900	1,254,500	1,224,500	1,194,500
	<b>1,377,900</b>	<b>1,254,500</b>	<b>1,224,500</b>	<b>1,194,500</b>

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	1,157,700	1,157,700	1,157,700	1,157,700
<b>Inflation to Current Prices</b>	27,400	53,900	53,900	53,900
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	11,600	11,600	11,600
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(2,300)	(2,300)	(2,300)
<b>Investment Priorities</b>				
- 24-186 (July 2024) Various Grants Carried Forward	63,100	0	0	0
- Cost of Living Response - MARAC Co-ordinator	51,000	0	0	0
- Alton Renewal Plan - Community Safety Support Officer	30,000	60,000	30,000	0
<b>Budget Transfers</b>	48,700	(26,400)	(26,400)	(26,400)
<b>NET EXPENDITURE</b>	<b>1,377,900</b>	<b>1,254,500</b>	<b>1,224,500</b>	<b>1,194,500</b>

## HOUSING OVERVIEW AND SCRUTINY COMMITTEE

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Housing Management and Service Strategy	698,600	661,900	609,400	609,400
Housing Services	25,399,800	28,177,000	27,176,000	26,176,000
Private Sector Housing	1,090,800	574,900	574,900	574,900
Regeneration	206,000	328,000	0	0
<b>HOUSING OVERVIEW AND SCRUTINY COMMITTEE TOTAL</b>	<b>27,395,200</b>	<b>29,741,800</b>	<b>28,360,300</b>	<b>27,360,300</b>

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	<b>21,868,300</b>	<b>21,868,300</b>	<b>21,868,300</b>	<b>21,868,300</b>
Inflation to Current Prices	2,719,300	2,689,400	2,689,400	2,689,400
Changes in Government Grants	0	(4,093,200)	(4,093,200)	(4,093,200)
Other Government or Outside Body Changes	0	134,300	134,300	134,300
Demand Led Growth	2,300,000	9,102,000	8,101,000	7,101,000
Efficiency Savings	0	(2,800)	(2,800)	(2,800)
Investment Priorities	454,000	328,000	0	0
Other Growth and Savings	5,400	(296,700)	(349,200)	(349,200)
Budget Transfers	48,200	12,500	12,500	12,500
<b>NET EXPENDITURE</b>	<b>27,395,200</b>	<b>29,741,800</b>	<b>28,360,300</b>	<b>27,360,300</b>

## HOUSING OVERVIEW AND SCRUTINY COMMITTEE

### SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	8,389,200	7,329,700	7,277,200	7,277,200
Premises	1,872,000	965,900	965,900	965,900
Transport	18,700	18,700	18,700	18,700
Supplies & Services	2,207,100	1,370,500	1,042,500	1,042,500
Third Party Payments	48,847,300	56,451,600	55,450,600	54,450,600
Transfer Payments	1,259,500	1,057,500	1,057,500	1,057,500
Support Service Recharges	854,600	858,400	858,400	858,400
<b>TOTAL EXPENDITURE</b>	<b>63,448,400</b>	<b>68,052,300</b>	<b>66,670,800</b>	<b>65,670,800</b>
<u>Income</u>				
Government Grants	(6,930,100)	(8,767,200)	(8,767,200)	(8,767,200)
Other Grants & Contributions	(1,191,900)	(785,300)	(785,300)	(785,300)
Customer & Client Receipts	(25,130,400)	(25,952,300)	(25,952,300)	(25,952,300)
Interest	(12,000)	(12,000)	(12,000)	(12,000)
Recharge Income	(110,000)	(110,000)	(110,000)	(110,000)
Internal Charges	(2,678,800)	(2,683,700)	(2,683,700)	(2,683,700)
<b>TOTAL INCOME</b>	<b>(36,053,200)</b>	<b>(38,310,500)</b>	<b>(38,310,500)</b>	<b>(38,310,500)</b>
<b>TOTAL NET EXPENDITURE</b>	<b><u>27,395,200</u></b>	<b><u>29,741,800</u></b>	<b><u>28,360,300</u></b>	<b><u>27,360,300</u></b>

## HOUSING OVERVIEW AND SCRUTINY COMMITTEE

### HOUSING MANAGEMENT AND SERVICE STRATEGY

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Affordable Housing and Service Strategy	(18,700)	(15,300)	(15,300)	(15,300)
Animal Welfare	40,900	40,900	40,900	40,900
Graffiti Removal	262,400	263,700	263,700	263,700
House Purchase and Leaseholder Advances	(13,900)	(13,900)	(13,900)	(13,900)
Travellers Site	9,700	10,000	10,000	10,000
Warden Services, Watch and Telecare	418,200	376,500	324,000	324,000
	<b>698,600</b>	<b>661,900</b>	<b>609,400</b>	<b>609,400</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	<b>648,700</b>	<b>648,700</b>	<b>648,700</b>	<b>648,700</b>
<b>Inflation to Current Prices</b>	44,000	43,400	43,400	43,400
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	17,400	17,400	17,400
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(1,400)	(1,400)	(1,400)
<b>Other Growth and Savings</b>				
- Ending of CCTV pilot	0	(52,500)	(105,000)	(105,000)
- Loans to Leaseholders income	4,500	4,500	4,500	4,500
- Wardens rebalancing of HRA/General Fund split	900	1,300	1,300	1,300
<b>Budget Transfers</b>	500	500	500	500
<b>NET EXPENDITURE</b>	<b>698,600</b>	<b>661,900</b>	<b>609,400</b>	<b>609,400</b>

## HOUSING OVERVIEW AND SCRUTINY COMMITTEE

### HOUSING SERVICES

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Individuals With No Recourse to Public Funds	458,600	458,600	458,600	458,600
Direct Homelessness Costs	20,292,400	22,903,300	21,902,300	20,902,300
Homelessness Prevention Schemes	1,052,300	1,052,300	1,052,300	1,052,300
Housing Services Administration	3,528,900	3,716,900	3,716,900	3,716,900
Rough Sleeping	67,600	45,900	45,900	45,900
	<b>25,399,800</b>	<b>28,177,000</b>	<b>27,176,000</b>	<b>26,176,000</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	<b>20,446,700</b>	<b>20,446,700</b>	<b>20,446,700</b>	<b>20,446,700</b>
<b>Inflation to Current Prices</b>	2,648,100	2,608,800	2,608,800	2,608,800
<b>Changes in Government Grants</b>				
- Increased Homelessness Prevention Grant Future Years	0	(4,093,200)	(4,093,200)	(4,093,200)
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	109,100	109,100	109,100
<b>Demand Led Growth</b>				
- Temporary Accommodation Pressures (transfer from Service Pressures budget)	2,200,000	2,200,000	2,200,000	2,200,000
- Ongoing Temporary Accommodation Pressures	0	6,701,000	5,700,000	4,700,000
- 24-171 (Jul 24) Housing Annual Resources - additional staffing	100,000	201,000	201,000	201,000
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(1,400)	(1,400)	(1,400)
<b>Budget Transfers</b>	5,000	5,000	5,000	5,000
<b>NET EXPENDITURE</b>	<b>25,399,800</b>	<b>28,177,000</b>	<b>27,176,000</b>	<b>26,176,000</b>

## HOUSING OVERVIEW AND SCRUTINY COMMITTEE

### PRIVATE SECTOR HOUSING

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
Home Improvement Agency	0	0	0	0
Private Sector Housing	1,090,800	574,900	574,900	574,900
	<b>1,090,800</b>	<b>574,900</b>	<b>574,900</b>	<b>574,900</b>
	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>	<u>2027/28</u> <u>Budget</u> <u>£</u>
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	<b>772,900</b>	<b>772,900</b>	<b>772,900</b>	<b>772,900</b>
<b>Inflation to Current Prices</b>	27,200	37,200	37,200	37,200
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	7,800	7,800	7,800
<b>Investment Priorities</b>				
- 24-186 (Jul 24) Discretionary Licensing Scheme	184,200	0	0	0
- 24-186 (Jul 24) High Rise Cladding Remediation	99,800	0	0	0
<b>Other Growth and Savings</b>				
- Discretionary Licensing Scheme - Up Front Costs Cessation	0	(250,000)	(250,000)	(250,000)
<b>Budget Transfers</b>	6,700	7,000	7,000	7,000
<b>NET EXPENDITURE</b>	<b>1,090,800</b>	<b>574,900</b>	<b>574,900</b>	<b>574,900</b>

## HOUSING OVERVIEW AND SCRUTINY COMMITTEE

### REGENERATION

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Roehampton Regeneration	206,000	328,000	0	0
	<b>206,000</b>	<b>328,000</b>	<b>0</b>	<b>0</b>
	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investment Priorities</b>				
- 24-170 (Jul 24) Alton (Roehampton) Renewal Plan	170,000	328,000	0	0
<b>Budget Transfers</b>	36,000	0	0	0
<b>NET EXPENDITURE</b>	<b>206,000</b>	<b>328,000</b>	<b>0</b>	<b>0</b>

## TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Precepts & Levies	341,800	348,600	348,600	348,600
Place Services	2,908,300	2,990,300	2,222,400	2,098,400
Traffic and Engineering	(4,882,700)	(4,562,300)	(2,916,200)	(1,129,900)
<b>TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE TOTAL</b>	<b>(1,632,600)</b>	<b>(1,223,400)</b>	<b>(345,200)</b>	<b>1,317,100</b>

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>2024/25 ORIGINAL BUDGET</b>	<b>(2,103,700)</b>	<b>(2,103,700)</b>	<b>(2,103,700)</b>	<b>(2,103,700)</b>
Inflation to Current Prices	187,400	346,100	346,100	346,100
Other Government or Outside Body Changes	1,600	662,600	2,325,700	3,907,000
Efficiency Savings	0	(194,700)	(315,700)	(345,700)
Investment Priorities	40,000	363,000	363,000	363,000
Other Growth and Savings	159,100	(408,500)	(923,900)	(768,900)
Budget Transfers	83,000	111,800	(36,700)	(80,700)
<b>NET EXPENDITURE</b>	<b>(1,632,600)</b>	<b>(1,223,400)</b>	<b>(345,200)</b>	<b>1,317,100</b>

## TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE

### SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b><u>Expenditure</u></b>				
Employees	5,423,600	5,552,900	5,552,900	5,552,900
Premises	1,420,100	1,421,300	1,421,300	1,421,300
Transport	17,800	17,800	17,800	17,800
Supplies & Services	4,004,300	4,139,400	3,782,500	3,738,500
Third Party Payments	8,778,500	8,959,800	8,809,800	8,809,800
Transfer Payments	12,445,900	13,870,800	15,533,900	17,115,200
Support Service Recharges	3,764,300	3,740,700	3,687,700	3,657,700
Depreciation & Impairment	8,050,900	8,050,900	8,050,900	8,050,900
<b>TOTAL EXPENDITURE</b>	<b>43,905,400</b>	<b>45,753,600</b>	<b>46,856,800</b>	<b>48,364,100</b>
<b><u>Income</u></b>				
Other Grants & Contributions	(595,600)	(595,600)	(595,600)	(595,600)
Customer & Client Receipts	(44,380,400)	(45,819,400)	(46,044,400)	(45,889,400)
Recharge Income	(118,600)	(118,600)	(118,600)	(118,600)
Internal Charges	(443,400)	(443,400)	(443,400)	(443,400)
<b>TOTAL INCOME</b>	<b>(45,538,000)</b>	<b>(46,977,000)</b>	<b>(47,202,000)</b>	<b>(47,047,000)</b>
<b>TOTAL NET EXPENDITURE</b>	<b><u>(1,632,600)</u></b>	<b><u>(1,223,400)</u></b>	<b><u>(345,200)</u></b>	<b><u>1,317,100</u></b>

**TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE**

**PRECEPTS AND LEVIES**

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Precepts and Levies	341,800	348,600	348,600	348,600
	<b>341,800</b>	<b>348,600</b>	<b>348,600</b>	<b>348,600</b>

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	340,200	340,200	340,200	340,200
<b>Other Government or Outside Body Changes</b>				
- Environment Agency Levy	1,600	8,400	8,400	8,400
<b>NET EXPENDITURE</b>	<b>341,800</b>	<b>348,600</b>	<b>348,600</b>	<b>348,600</b>

## TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE

### PLACE SERVICES

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Building Control	413,000	518,700	515,700	514,700
Development Management	290,500	260,000	(58,000)	(133,000)
Information & Business Support	90,000	96,800	96,800	96,800
Policy & Design	1,492,800	1,511,800	1,215,900	1,167,900
Transport Strategy	622,000	603,000	452,000	452,000
	<b>2,908,300</b>	<b>2,990,300</b>	<b>2,222,400</b>	<b>2,098,400</b>

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	2,352,800	2,352,800	2,352,800	2,352,800
<b>Inflation to Current Prices</b>	107,400	118,300	118,300	118,300
<b>Other Government or Outside Body Changes</b>				
- National Insurance and Threshold Change	0	54,300	54,300	54,300
<b>Efficiency Savings</b>				
- Income, Contract and Deptmental Efficiencies	0	(39,700)	(63,700)	(78,700)
<b>Investment Priorities</b>				
- 24-186 (July 24) Clapham Junction Masterplan	40,000	0	0	0
- Building Control Regulatory Pressures	0	100,000	100,000	100,000
- Place Directorate Management Structure	0	63,000	63,000	63,000
<b>Other Growth and Savings</b>				
- 24-320 (Dec 24) Local Plan - Partial Review	240,400	290,400	0	0
- 25-43 (Feb 25) Fees and Charges	0	(25,000)	(25,000)	(25,000)
- Planning Fee Income	0	(80,000)	(385,000)	(450,000)
- WESS - Removal Temporary Climate Priority Initiatives	0	(28,900)	(28,900)	(28,900)
<b>Budget Transfers</b>	167,700	185,100	36,600	(7,400)
<b>NET EXPENDITURE</b>	<b>2,908,300</b>	<b>2,990,300</b>	<b>2,222,400</b>	<b>2,098,400</b>

## TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE

### TRAFFIC AND ENGINEERING

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
CCTV	95,900	95,100	95,100	95,100
Concessionary Fares	12,788,600	14,218,300	15,881,400	17,462,700
Engineering - Parking & Traffic	712,500	720,800	720,800	720,800
Engineering - Highways	11,697,200	11,721,100	11,715,100	11,712,100
Engineering - Road Safety	435,600	642,800	642,800	642,800
Parking Administration	3,267,200	3,371,500	3,371,500	3,371,500
Parking including Contract Management	(33,879,700)	(35,331,900)	(35,342,900)	(35,134,900)
	<b>(4,882,700)</b>	<b>(4,562,300)</b>	<b>(2,916,200)</b>	<b>(1,129,900)</b>

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	(4,796,700)	(4,796,700)	(4,796,700)	(4,796,700)
<b>Inflation to Current Prices</b>	80,000	227,800	227,800	227,800
<b>Other Government or Outside Body Changes</b>				
- Concessionary Fares	0	1,424,900	3,088,000	4,669,300
- National Insurance and Threshold Change	0	54,800	54,800	54,800
- On Street Parking Charges – Banding Review	0	(885,000)	(885,000)	(885,000)
- Traffic Technology Levy	0	5,200	5,200	5,200
<b>Efficiency Savings</b>				
- Income, Contract and Deptmental Efficiencies	0	(76,000)	(105,000)	(120,000)
- Removal of Underused Parking Machines	0	(44,000)	(112,000)	(112,000)
- Parking Efficiencies	0	(35,000)	(35,000)	(35,000)
<b>Investment Priorities</b>				
- Maintenance of Gullies	0	200,000	200,000	200,000
<b>Other Growth and Savings</b>				
- 24-62 (Feb 24) Review of Parking Charges	0	(330,000)	(330,000)	(330,000)
- Behavioural Change Affecting Parking Income	0	(84,000)	(4,000)	216,000
- New Parking Contract Efficiencies	(81,300)	(151,000)	(151,000)	(151,000)
<b>Budget Transfers</b>	(84,700)	(73,300)	(73,300)	(73,300)
<b>NET EXPENDITURE</b>	<b>(4,882,700)</b>	<b>(4,562,300)</b>	<b>(2,916,200)</b>	<b>(1,129,900)</b>

## FINANCE OVERVIEW AND SCRUTINY COMMITTEE - CENTRAL SUPPORT

These are memorandum accounts, fully recharged to other services

### SUMMARY BY SERVICE AREA

#### CENTRAL SUPPORT

<u>SERVICE</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Central Services - Resources Directorate	13,976,400	13,956,900	13,956,900	13,956,900
Central Services - Chief Executive's Group	5,405,300	5,162,100	5,043,000	5,043,000
Change and Innovation Directorate	15,195,600	13,938,100	12,864,400	12,864,400
Property Services Support Functions	9,672,900	9,483,800	9,483,800	9,483,800
	<b>44,250,200</b>	<b>42,540,900</b>	<b>41,348,100</b>	<b>41,348,100</b>

<u>Variation Analysis</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
<b>2024/25 ORIGINAL BUDGET</b>	<b>42,250,900</b>	<b>42,250,900</b>	<b>42,250,900</b>	<b>42,250,900</b>
Inflation to Current Prices	895,700	750,100	750,100	750,100
Changes in Government Grants	0	0	0	0
Other Government or Outside Body Changes	0	444,400	444,400	444,400
Demand Led Growth	0	0	(1,000,000)	(1,000,000)
Efficiency Savings	0	(143,900)	(236,900)	(236,900)
Investment Priorities	117,800	108,000	38,400	38,400
Other Growth and Savings	5,500	(1,036,400)	(1,066,600)	(1,066,600)
Budget Transfers	1,293,300	436,800	436,800	436,800
<b>NET EXPENDITURE</b>	<b>44,563,200</b>	<b>42,809,900</b>	<b>41,617,100</b>	<b>41,617,100</b>

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE - CENTRAL SUPPORT**

**SUBJECTIVE ANALYSIS**  
**CENTRAL SUPPORT**

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b><u>Expenditure</u></b>				
Employees	27,716,200	27,391,700	27,140,900	27,140,900
Premises	8,451,600	8,309,000	8,309,000	8,309,000
Transport	290,900	290,900	290,900	290,900
Supplies & Services	8,193,700	6,907,500	5,907,500	5,907,500
Third Party Payments	2,867,800	2,867,800	2,867,800	2,867,800
Depreciation & Impairment	921,000	921,000	921,000	921,000
<b>TOTAL EXPENDITURE</b>	<b>48,441,200</b>	<b>46,687,900</b>	<b>45,437,100</b>	<b>45,437,100</b>
<b><u>Income</u></b>				
Government Grants	(26,300)	(26,300)	(26,300)	(26,300)
Other Grants & Contributions	(1,806,200)	(1,806,200)	(1,806,200)	(1,806,200)
Customer & Client Receipts	(1,051,200)	(1,051,200)	(1,051,200)	(1,051,200)
Internal Charges	(994,300)	(994,300)	(994,300)	(994,300)
<b>TOTAL INCOME</b>	<b>(3,878,000)</b>	<b>(3,878,000)</b>	<b>(3,878,000)</b>	<b>(3,878,000)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>44,563,200</b>	<b>42,809,900</b>	<b>41,559,100</b>	<b>41,559,100</b>

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE - CENTRAL SUPPORT**

**CENTRAL SERVICES - FINANCE DIRECTORATE**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Finance Directorate and General Services	699,800	631,500	631,500	631,500
Financial Management	3,076,400	3,062,600	3,062,600	3,062,600
Financial Services	7,376,500	7,440,600	7,440,600	7,440,600
Revenues Services	2,823,700	2,822,200	2,822,200	2,822,200
	<b>13,976,400</b>	<b>13,956,900</b>	<b>13,956,900</b>	<b>13,956,900</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	13,354,400	13,354,400	13,354,400	13,354,400
<b>Inflation to Current Prices</b>	315,000	325,300	325,300	325,300
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	65,500	65,500	65,500
<b>Demand Led Growth</b>				
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(15,000)	(15,000)	(15,000)
<b>Investment Priorities</b>				
- Change Programme - Procurement software	33,500	0	0	0
<b>Budget Transfers</b>	308,100	145,600	145,600	145,600
<b>NET EXPENDITURE</b>	<b>14,011,000</b>	<b>13,875,800</b>	<b>13,875,800</b>	<b>13,875,800</b>

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE - CENTRAL SUPPORT**

**CENTRAL SERVICES - CHIEF EXECUTIVE'S GROUP**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Complaints, Consultations and FOI Team	721,500	673,500	673,500	673,500
Communications and Corporate Design	521,300	628,500	628,500	628,500
Member Services	2,435,000	2,474,600	2,474,600	2,474,600
Policy, Performance and Analysis	645,300	404,100	378,000	378,000
Chief Executive, Support and Trainees	1,082,200	981,400	888,400	888,400
	<b>5,405,300</b>	<b>5,162,100</b>	<b>5,043,000</b>	<b>5,043,000</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	4,722,400	4,722,400	4,722,400	4,722,400
<b>Inflation to Current Prices</b>	118,800	117,900	117,900	117,900
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	30,700	30,700	30,700	30,700
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(21,400)	(21,400)	(21,400)
- Restructuring of Graduate Trainee Programme	0	(92,000)	(185,000)	(185,000)
<b>Investment Priorities</b>				
- 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
<b>Other Growth and Savings</b>				
- Miscellaneous budget adjustments	(8,500)	(14,600)	(14,600)	(14,600)
- Drop out of short-term budgets	0	(117,800)	(117,800)	(117,800)
<b>Budget Transfers</b>	509,400	255,300	255,300	255,300
<b>NET EXPENDITURE</b>	<b>5,540,600</b>	<b>4,901,000</b>	<b>4,781,900</b>	<b>4,781,900</b>

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE - CENTRAL SUPPORT**

**CHANGE AND INNOVATION DIRECTORATE**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Directorate and Support	321,100	291,500	291,500	291,500
Customer Experience	2,784,900	2,833,400	2,789,900	2,789,900
ICT and Digitalisation	8,390,600	7,405,500	6,375,300	6,375,300
Human Resources and Organisational Development	3,699,000	3,407,700	3,407,700	3,407,700
	<b>15,195,600</b>	<b>13,938,100</b>	<b>12,864,400</b>	<b>12,864,400</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	14,545,300	14,545,300	14,545,300	14,545,300
<b>Inflation to Current Prices</b>	448,400	447,100	447,100	447,100
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	81,400	81,400	81,400	81,400
<b>Demand Led Growth</b>				
- Information Technology pressures pending review	0	1,000,000	0	0
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(43,200)	(43,200)	(43,200)
<b>Investment Priorities</b>				
- 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
<b>Other Growth and Savings</b>				
- 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)
<b>Budget Transfers</b>	404,400	(15,500)	(15,500)	(15,500)
<b>NET EXPENDITURE</b>	<b>16,143,000</b>	<b>16,763,300</b>	<b>15,689,600</b>	<b>15,689,600</b>

**FINANCE OVERVIEW AND SCRUTINY COMMITTEE - CENTRAL SUPPORT**

**PROPERTY SERVICES SUPPORT FUNCTIONS**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
Borough Valuers	495,200	501,800	501,800	501,800
Building Costs	5,164,200	5,021,600	5,021,600	5,021,600
Schools and Building Capital	450,100	371,500	371,500	371,500
Facilities Management	3,563,400	3,588,900	3,588,900	3,588,900
	<b>9,672,900</b>	<b>9,483,800</b>	<b>9,483,800</b>	<b>9,483,800</b>

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £	<u>2026/27</u> <u>Budget</u> £	<u>2027/28</u> <u>Budget</u> £
<b>Variation Analysis</b>				
<b>2024/25 ORIGINAL BUDGET</b>	9,628,800	9,628,800	9,628,800	9,628,800
<b>Inflation to Current Prices</b>	13,500	(140,200)	(140,200)	(140,200)
<b>Other Government or Outside Body Changes</b>				
- National Insurance Increase and Threshold Change	0	34,000	34,000	34,000
<b>Demand Led Growth</b>				
<b>Efficiency Savings</b>				
- Income, Contract and Departmental Efficiencies	0	(7,500)	(7,500)	(7,500)
<b>Investment Priorities</b>				
<b>Other Growth and Savings</b>				
- National Non Domestic Rates adjustments	(40,800)	(24,500)	(24,500)	(24,500)
- Removal of temporary budgets	0	(58,200)	(58,200)	(58,200)
<b>Budget Transfers</b>	71,400	51,400	51,400	51,400
<b>NET EXPENDITURE</b>	<b>9,672,900</b>	<b>9,483,800</b>	<b>9,483,800</b>	<b>9,483,800</b>

WANDSWORTH BOROUGH COUNCILFINANCE OVERVIEW AND SCRUTINY COMMITTEE – 25TH FEBRUARY 2025EXECUTIVE – 3RD MARCH 2025Report by the Executive Director of Finance on the Council Tax Requirement and Council Tax for 2025/26SUMMARY

This is the third 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 2025/26 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 2.4% and the GLA increase for the year is 4%. Revised figures are as follows:

	<u>2024/25</u>	<u>2025/26</u>	
	£m	£m	
Council Tax Requirement	71.379	<b>74.387</b>	
Majority of the borough:	£	£	
Wandsworth Council	409.80	<b>409.80</b>	0.0%
Adult Social Care Precept	79.94	<b>89.89</b>	2.0%
Greater London Authority	471.40	<b>490.38</b>	4.0%
Total Band D	961.14	<b>990.07</b>	3.0%
Commons part of the borough:	£	£	
Wandsworth Council	409.80	<b>409.80</b>	0.0%
Adult Social Care Precept	79.94	<b>89.89</b>	2.0%
Greater London Authority	471.40	<b>490.38</b>	4.0%
Wimbledon & Putney Commons Levy	39.15	<b>40.10</b>	2.4%
Total Band D	1,000.29	<b>1,030.17</b>	3.0%
Average Band D bill	968.76	<b>997.75</b>	3.0%

**Council Tax 2025/26**GLOSSARY

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 Overview and Scrutiny 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 16 to 22 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 2025/26 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 2025/26 (paragraph 45);
  - (e) to agree that, should it be necessary following the meeting of the Greater London Authority (GLA) on 25th February 2025, 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 5th March 2025; and
  - (f) to recommend the Council to apply the Government's statutory exceptions in relation to the council tax premiums for second homes and long-term empty properties from 1st April 2025, as detailed in paragraphs 49-52.

**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 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 2025/26 approved in February in Paper No. 25-22 to include the latest estimates of expenditure. 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 2025/26 are set out in paragraphs 36-43 and the recommended revenue budget framework is discussed in paragraphs 44-45.

## **COUNCIL NET REVENUE EXPENDITURE**

5. In February 2025 the Executive approved an aggregate budget for 2025/26 of £283.753m at November 2024 prices (Paper No. 25-22). Since then, a number of other adjustments have been accommodated, including adjustments to reflect the final local government finance settlement and revised estimates on a number of budget lines including treasury income, inflation, national insurance contribution increases and the timing of planned reserve draw down. Budget variations approved by the Executive in this cycle, with the support of the relevant Committee, are detailed in Appendix A.
6. The budget monitoring position at Quarter 3 is forecasting an overspend of £4.08m against the approved budget (see Paper No. 25-85 elsewhere on this agenda). The estimated ongoing impacts of these variations have been considered in the budget for next year.
7. The Council's budget remains sensitive to inflation with 1% of inflation adding £5.0m to costs. The proposed inflation contingency for 2025/26 is £19.651m. The Council's exposure to inflation will be impacted by a number of factors including CPI (currently 2.5% but predicted to rise in the short term), externally set levies and precepts, energy prices, nationally agreed pay awards and the Government's decision to increase the National Living Wage by 6.7% (and by up to 18% for those under 21) from April 2025. As a result, weighted average inflation has been assumed at 3.7% in 2025/26, dropping to 2.8% in 2026/27 and 2.5% thereafter.
8. Subject to approval of the revenue budget variations, the Council's net expenditure for 2025/26 through to 2027/28 is as follows:

**(Paper No. 25-89)**

**Council Tax 2025/26**

	<u>2025/26</u> £m	<u>2026/27</u> £m	<u>2027/28</u> £m
Budgets as per Paper No. 25-22	283.753	277.674	277.401
Concurrent budget variations (Appendix A)	-0.040	-0.040	-0.040
Other technical adjustments	4.278	-6.679	-7.546
Provision for inflation	19.651	33.284	46.776
<b>Revised committee budgets</b>	<b>307.643</b>	<b>304.239</b>	<b>316.591</b>
New Homes Bonus	-7.810	-6.000	-5.000
Non-Service Specific Grants	-45.593	-42.318	-42.318
Improved Better Care Fund	-16.985	-16.985	-16.985
<b>Council Net Expenditure</b>	<b>237.255</b>	<b>238.936</b>	<b>252.288</b>

9. As detailed in Paper No. 25-22, 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. Mitigating actions are being taken and are having an impact however, despite this, overall demand, complexity and costs continue to rise. Additional budget provision has already been made as a result, with £16.1m (excluding inflation) of additional demand growth budget. However these budgets will need to be kept under review with the continuing and unprecedented level of uncertainty around service budgets.
10. 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 2025/26 confirmed that local authorities could again raise this precept, with the limit set at 2% for Wandsworth.
11. As detailed in Paper No. 25-22 the 2025/26 budget includes a number of contract, service delivery and back office efficiencies. In addition the Council continues to invest in its corporate change programme which is expected to deliver financial benefits. Executive Directors will continue to drive forward transformation programmes and review plans on a regular basis to ensure they remain deliverable, in addition to identifying further proposals to deliver a longer term financially sustainable position.

**LOCAL GOVERNMENT FINANCE SETTLEMENT**

12. The Final Local Government Finance Settlement 2025/26 has confirmed a core spending power increase of 6% for Wandsworth. This includes an assumed council tax increase of 4.99%. The settlement has again recognised particular pressures within social care and allocated additional funding for that purpose. Outside of the finance settlement, additional funding has been given for homelessness although it is not enough to cover the Council's increased costs and projected future demand.

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13. Revised modelling for business rates shows estimated income of £104.1m for 2025/26. This is an increase of £6.7m on the amount currently assumed for 2024/25 and reflects the Government's inflationary increase (1.7%) 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.
14. The settlement is again for one year only however the Government has committed to a funding formulae review and multi-year settlements to be implemented from 2026/27. The Spending Review 2025 is taking place in two phases with Phase 2 to be published in late spring 2025. Phase 1 (the Autumn 2024 Budget) has already announced the total level of funding planned for Phase 2 ("the envelope") and, in the current fiscal climate, it is not expected that this overall level of funding will subsequently be increased. As previously flagged, the review of funding formulae is a risk for Wandsworth, particularly as the principle of "council tax equalisation" is now being considered. The details of this are not yet known but, with the lowest council tax in the country, Wandsworth will be adversely impacted by this.
15. It is therefore difficult to project forward what Government funding may be in future years. 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 mostly assumed to remain at current levels in cash terms.

## **GENERAL FUND REVENUE RESERVES**

16. 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.
17. 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.
18. 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.
19. The final 2023/24 outturn report left the general reserve with a balance of £15.334m (of which £13.5m is the agreed contingency level) so that £1.834m could be used to

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fund 2024/25 expenditure. This, along with other planned movement in reserves, will then be used to fund the Council's net expenditure.

<b><u>Use of Balances and Reserves</u></b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council's Net Expenditure	211.845	237.255	238.936	252.288
Use of General Fund Working Balance	-1.834			
Planned use of reserves	-10.299	-16.025	-3.591	-2.527
Use of reserves to balance the budget		-11.281		
<b>Net Budget Requirement</b>	<b>199.712</b>	<b>209.949</b>	<b>235.345</b>	<b>249.761</b>

20. Overall, there is a net use of reserves anticipated at the end of 2024/25 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, Access for All and a drawdown on grant income held in the Refugee and Homelessness Support Reserve. For 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.
21. £11.3m of reserve balances are required to balance the budget in 2025/26. Wandsworth has high levels of reserves compared to others and its reserve strategy recognises 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 and any structural adjustments to the base budget that are needed, particularly in light of potential funding reforms.
22. The Council's approach to the use of reserves is detailed in [Appendix C](#).

**CALCULATION OF COUNCIL TAX AMOUNTS****Collection Fund**

23. 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.
24. 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 between the Council, GLA and Government. The Council holds a Collection Fund Volatility Reserve which is used to reflect accounting adjustments in business rates income. The level of business rates income assumed in 2025/26 is in line with latest estimates, as reflected in the NNDR1 government return, and the reserve will

continue to be used to mitigate any shortfall against this level of income in future years if necessary.

25. With regard to the council tax element, it is estimated that the Collection Fund will have a surplus of £0.2m at 31st March 2025 of which £0.1m would be credited to the Council's General Fund in 2025/26 with the remainder passed to the GLA. This is lower than in previous years due to the need to re-balance the level of provisions held for uncollectable debts in relation to previous years. The budget includes a credit of £2m to the Council's General Fund in 2025/26 to reflect a smoothing of the position from year to year and the Collection Fund Volatility Reserve outlined above will be used to address this one-off adjustment.

### Wandsworth Council Tax Requirement

26. After taking account of business rates and central Government support and the use of balances and reserves detailed in paragraph 20, the amount that this Council needs to raise from council tax for its own purposes in 2025/26 is as follows:

	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Net Budget Requirement	199.712	209.949	235.345	249.761
Collection Fund Surplus	-2.032	-2.000	-2.000	-2.000
	197.680	207.949	233.345	247.761
Less:				
Retained Business Rates	-58.328	-65.025	-64.461	-65.751
Business Rates Top Up	-39.089	-39.089	-39.089	-39.089
Revenue Support Grant	-28.884	-29.448	-30.037	-30.637
	-126.301	-133.562	-133.587	-135.477
<b>Wandsworth Council Tax Requirement</b>	<b>71.379</b>	<b>74.387</b>	<b>99.758</b>	<b>112.284</b>

27. The statutory form of calculation by the Council relating to 2025/26 is shown in [Appendix E](#), with details in [Appendix D](#).

### Council Tax Base

28. 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 146,613 for the Borough as a whole and 28,070 for the Wimbledon and Putney Commons Conservators' (W&PCC) area. The figures for 2024/25 were 143,513 and 27,937. The base in 2025/26 has grown as a result of a number of new properties coming online in the past year and the estimated impact of the additional council tax premiums referenced in paragraph 52. Further growth has been assumed for future years and will be kept under review.

**Council Tax 2025/26**

**Wimbledon and Putney Commons Conservators (W&PCC)**

- 29. 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 2025/26 this levy amounts to £1,125,557, an increase of £31,829 on the 2024/25 levy of £1,093,728. As a special expense it must be charged only to taxpayers within the Conservators’ area, who will therefore have tax amounts £40.10 (£39.15 in 2024/25) higher than elsewhere in the Borough at Band D, a 2.4% increase.
- 30. The Council has to calculate first an average Band D tax element (dividing the tax needs shown in paragraph 26 by the 146,613 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:

<b>Annual Band D bill</b>	<b>2025/26</b>	<b>2024/25</b>	<b>Increase</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Majority of the Borough	499.69	489.74	9.95
W&PCC area of the Borough	539.79	528.89	10.90
<b>Average</b>	<b>507.37</b>	<b>497.36</b>	<b>10.01</b>

- 31. 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**

- 32. The Government has confirmed the council tax referendum thresholds for 2025/26 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%.

**Greater London Authority**

- 33. The Mayor of London is expected to increase the precepts with the result of the GLA element on council tax bills increasing by £18.98 (4.0%) from £471.40 to £490.38 for 2025/26. The GLA is due to consider its final budget on 25th February 2025. 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 3rd March 2025 and the full Council at its meeting on 5th March 2025 when considering the council tax requirement.

**COUNCIL TAX AMOUNTS**

- 34. Combining this Council's tax amount with that of the GLA produces total band D amounts as follows for 2025/26:

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	Average	Majority	Conservators' Area
Band D	£	£	£
Wandsworth Council	507.37	499.69	539.79
Greater London Authority	490.38	490.38	490.38
	<b>997.75</b>	<b>990.07</b>	<b>1,030.17</b>

35. 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 £949 which is expected to remain as the lowest average bill in the country.

### COMMENTS OF THE CABINET MEMBER FOR FINANCE

36. This is our Labour Administration's third budget and is a budget correcting decades of underinvestment with fairness and compassion at its heart. We are leading a decade of renewal in Wandsworth. This Administration is totally committed to sound financial management and to doing all we can to make sure this Council truly is ambitious for all.
37. High inflation, caused by Liz Truss' mini-budget, continues to put pressure on Council budgets. There is unprecedented demand for some of the Council's services and the previous Conservative Government must take responsibility for making the country's economy and cost of living crisis worse. The impact of high inflation is having a huge impact on our residents. I am pleased that the new Government is stabilising the nation's finances.
38. Future uncertainty is exacerbated by single year finance settlements and we strongly welcome the Government's commitment to multi-year settlements in order to help councils plan for the longer term.
39. 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 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.
40. We know our residents are struggling with the cost of living crisis and we are committed to doing what we can to help. I therefore am delighted to recommend that the main element of the Council's share of council tax is frozen at current levels, for the third year in a row. Residents in Wandsworth will pay the lowest council tax in the country under Wandsworth Labour.
41. 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 2025/26, which will help to fund these critical services and support the NHS.

## **Council Tax 2025/26**

42. And we'll continue to protect the most financially vulnerable by giving 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.
43. In addition, we will continue our commitment to this Council's cost of living response, the biggest response in London, and roll out our Access for All initiative across more Council services with the aim of removing the barriers some residents face, including financial, to accessing the excellent services and opportunities that Wandsworth provides. I therefore recommend this budget to the Council.

## **FUTURE YEARS' BUDGET FRAMEWORK**

44. The budget variations, inflation allowances and grant assumptions described earlier in this report hypothecate average Band D tax amounts for the Council element of £672 in 2026/27 and £749 in 2027/28 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.
45. 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 2025/26.
46. The detailed budget by Committee for 2024/25 to 2027/28 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.
47. Taking all of the above matters into account, it is recommended that for 2025/26 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 £0.74m per annum ongoing. A freeze on the main element of council tax erodes the income base by £2.2m per annum, ongoing.
48. 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 £31.7m 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 2025.

## PREMIUMS FOR SECOND HOMES AND EMPTY PROPERTIES

49. The Levelling Up and Regeneration Act 2023 allows local authorities 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.
50. 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. Following the decision made at Full Council on 6th March 2024 these two provisions are due to come into effect from 1st April 2025.
51. To ensure the new premium measures are effective new legislation was introduced in November 2024 introducing a minimum level of statutory exceptions to the premiums, dependant on the status of the property. In addition, the Government has provided discretionary powers for local authorities, within the legislation, to extend these exceptions or create new ones. Whilst there is no requirement to consult with residents before bringing in these measures, as a “listening council” and to inform the policy, residents were asked their views as part of a consultation exercise that ran in November/December. The outcome of the consultation is reported in Appendix G. Following consideration of these responses, it is proposed to keep the statutory exceptions, including the time periods laid out in legislation, and not alter or add using the discretionary powers provided.
52. The Council will retain 51% of all additional income collected with 49% passed to the GLA. Work has been carried out 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 more detail on this is included in the appendix. Current estimates assume around 1,600 second home properties in the borough and potentially 75 properties impacted at any one time by the proposed change to the long term empty premium with additional income for the Council of £0.5m potentially being generated each year.

## CONSULTATION

53. The Council has a statutory duty to consult with business ratepayers’ representatives. A copy of Paper No. 25-22, the report by the Executive Director of Finance on the Council’s budget plans for 2025/26 and future years, was placed on the Economic Development Office business home page on the Council’s website. Written comments have been invited by 21st February in order to be considered by the Executive.

## EQUALITY IMPACT AND NEEDS ANALYSIS

54. 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

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## **Council Tax 2025/26**

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 H. This takes into account the Executive decision to extend the scope of EINAs to consider the socio-economic factors of the proposals.

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The Town Hall  
Wandsworth  
SW18 2PU

FENELLA MERRY  
Executive Director of Finance

17th February 2025

### **Background Papers**

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

1. The Council's Budget Book 2024/25
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](http://www.wandsworth.gov.uk/moderngov)) unless the report was published before May 2001, in which case the Committee Secretary can supply it if required.

**APPENDIX A****CONCURRENT GENERAL FUND REVENUE BUDGET VARIATIONS**

	<u>2025/26</u> £'000	<u>2026/27</u> £'000	<u>2027/28</u> £'000
<u>TRANSPORT – 06.02.25</u>			
Fees and Charges (Paper No. 25-43)	-25	-25	-25
<u>FINANCE – 25.02.25</u>			
Fees and Charges (Paper No. 25-90)	-15	-15	-15
<b>TOTAL GENERAL FUND BUDGET VARIATIONS</b>	<b>- 40</b>	<b>- 40</b>	<b>- 40</b>

**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 highly 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) Use 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, or increases in the cost of external borrowing, 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 economic climate or ongoing behaviour changes.
- (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 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, supporting the Access for All initiative 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 2024 £'000	Budgeted Change 2024/25 £'000	Balance 1st April 2025 £'000	Budgeted Change 2025/26 £'000	Balance 1st April 2026 £'000
<b>Financial Resilience Reserve</b> Balance from Specific Grant Reserve	97,143	-5,505 1,000	92,638	-11,300	81,338
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.					
<b>Pensions Resilience Reserve</b>	42,574	-850	41,724	-850	40,874
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.					
<b>Renewals Fund</b>	26,240	-838	25,402	-364	25,038
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.					
<b>Service Transformation Reserve</b> Balance from Finite Services Fund	9,599	-3,079 1,410	7,930	-4,221	3,709
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. A further £1m has been set aside in the Change Delivery Fund to invest in the next stage which includes digital investment across a number of service areas.					
<b>Waste Reserve</b>	0	0	0	3,275	3,275
This is a new reserve for 2025/26, set up to support the significant number of nationally mandated waste reforms due to come into effect over the next few years. The intention is to hold the Extended Producer Responsibility funding received in this reserve and draw it down as investment in delivering the waste reforms is required. The reserve may also be needed to fund increased waste disposal costs which are expected once the Emissions Trading Scheme comes into effect.					

	Balance 1st April 2024 £'000	Budgeted Change 2024/25 £'000	Balance 1st April 2025 £'000	Budgeted Change 2025/26 £'000	Balance 1st April 2026 £'000
<b>Finite Services Fund</b>	1,410	-1,410	0	0	0
This reserve was previously set up to provide for the pre-financing of identified costs of limited duration. It was last used in 2017 and it is therefore proposed to transfer the balance into the Service Transformation Reserve.					
<b>Refugee and Homelessness Support Reserve</b>	6,726	-1,845	4,881	-1,650	3,231
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.					
<b>Cost of Living Reserve</b>	10,930	-2,668	8,262	-7,710	552
This reserve was originally established in 2022/23 in recognition of the significant pressures on Cost of Living. A further £5m top up was made to bring a total allocation to date of £15m.					
<b>Access for All Reserve</b>	0	4,486	4,486	-4,486	0
This reserve was established during 2024/25 using the revenue underspend identified at outturn 2023/24 (as a result of higher than budgeted treasury investment income) of £4.85m. It will be used to support the Council's Access for All programme which aims to provide equal opportunity to all residents, removing the barriers some residents face to accessing services.					
<b>Specific Grant Reserve</b>	1,000	-1,000	0	0	0
This reserve was established a number of years ago for potential over-estimates or losses of specific Government grants for General Fund services. It is proposed to transfer the balance into the Financial Resilience Reserve as it has not been used for a number of years.					
<b>Other Balances including DSO</b>	8,565	0	8,565	0	8,565
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.					
<b>Total revenue reserves available for council tax setting purposes</b>	<b>204,187</b>	<b>-10,299</b>	<b>193,888</b>	<b>-27,306</b>	<b>166,582</b>
Any in year overspend would need to be funded from reserves		-4,080	Forecast use as at Q3		

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**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 2025/26**

		<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;	1,066,791	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	<hr/> 1,080,291 <hr/>	
	<b><u>LESS</u></b>		
(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;	898,086	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;	67,013	

- (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. 40,806 2

SUB-TOTAL

1,005,905

**DIFFERENCE (Council Tax Requirement)**

**74,387**

<u>Note 1</u>	<u>Expenditure</u> £'000	<u>Income</u> £'000
Gross Expenditure/Income	1,057,744	840,140
Central Government Funding & Localised Business Rates		68,986
Less internal recharges	-10,603	-10,603
Plus inflation to end of 2025/26	19,651	
Less credit from Collection Fund shown separately		-437
	<b>1,066,791</b>	<b>898,086</b>

Note 2

	£'000
General reserves available (paragraph 19)	13,500
Add drawings from special reserves ( <u>Appendix C</u> )	27,306
	<b>40,806</b>

**(Paper No. 25-89)**

**FORM OF COUNCIL RESOLUTION**

- (a) That the revised revenue estimates for the year 2024/25 referred to in Paper No. 25-22 as adjusted and the revenue estimates for 2025/26 as summarised in this report be approved;
- (b) That the details of the council tax requirement for the year 2025/26, as set out in Appendix D of this paper, be approved;
- (c) That it be noted that the following amounts for the year 2025/26 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) 146,613 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) 28,070 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 2025/26 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:
- (i) £1,080,291,841 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A of the Act;
  - (ii) £1,005,904,871 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
  - (iii) £74,386,970 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) £507.37 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) £1,125,557 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) £499.69 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) £539.79 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>	<b>Wimbledon and Putney Commons Conservators' Levy Area</b>	<b>All other parts of the Council's Area</b>
	£	£
A	359.86	333.13
B	419.84	388.65
C	479.81	444.17
D	539.79	499.69
E	659.75	610.75
F	779.70	721.79
G	899.65	832.82
H	1,079.59	999.39

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 2025/26 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:

<b>Greater London Authority</b>	
<u>Valuation Band</u>	£
A	326.92
B	381.41
C	435.89
D	490.38
E	599.35
F	708.33
G	817.30
H	980.76

- (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 2025/26 for each of the categories of dwellings shown below:

<u>Valuation Band</u>	<b>Wimbledon and Putney Commons Conservators' Levy Area</b>	<b>All other parts of the Council's Area</b>
	£	£
A	686.78	660.05
B	801.25	770.06
C	915.70	880.06
D	1,030.17	990.07
E	1,259.10	1,210.09
F	1,488.03	1,430.11
G	1,716.95	1,650.12
H	2,060.35	1,980.15

**GENERAL REVENUE BUDGET FRAMEWORK**

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Original Budget	244.387	244.387	244.387	244.387
Inflation to Current Prices	15.662	17.485	17.485	17.485
Developments	5.763	26.160	9.123	7.983
Concurrent Budget Variations	0.000	-0.040	-0.040	-0.040
<b>Revised Committee Budgets</b>	<b>265.812</b>	<b>287.992</b>	<b>270.955</b>	<b>269.815</b>
Inflation (revised projections)	3.622	19.651	33.284	46.776
New Homes Bonus	-6.477	-7.810	-6.000	-5.000
Non-Service Specific Grants	-34.127	-45.593	-42.318	-42.318
Improved Better Care Fund	-16.985	-16.985	-16.985	-16.985
<b>Total</b>	<b>211.845</b>	<b>237.255</b>	<b>238.936</b>	<b>252.288</b>
Planned Use of Balance and Reserves	-12.133	-27.306	-3.591	-2.527
<b>Budget Requirement</b>	<b>199.711</b>	<b>209.949</b>	<b>235.344</b>	<b>249.761</b>
Collection Fund surplus	-2.032	-2.000	-2.000	-2.000
Retained Business Rates	-58.328	-65.025	-64.461	-65.751
Business Rates "Top-up"	-39.089	-39.089	-39.089	-39.089
Revenue Support Grant	-28.884	-29.448	-30.037	-30.637
<b>Council Tax Requirement</b>	<b>71.379</b>	<b>74.387</b>	<b>99.758</b>	<b>112.284</b>
<b>Band D Council Tax</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wandsworth Majority	489.74	499.69	664.39	741.60
Greater London Authority	471.40	490.38	500.19	510.19
<b>Total</b>	<b>961.14</b>	<b>990.07</b>	<b>1,164.58</b>	<b>1,251.79</b>
Adult Social Care Precept increase		2%		
Assumed Council Tax referendum limit			2.99%	2.99%
Budget reductions or use of reserves needed in future years to maintain council tax increases within referendum limits			<b>22.206</b>	<b>31.660</b>

**COUNCIL TAX SECOND HOMES AND EMPTY PROPERTIES CONSULTATION**

The proposal to implement the Government's Empty and Second Homes Premiums formed part of the budget and council tax setting paper to Finance OSC on 27 February 2024 for implementation from 1 April 2025 and this was agreed by Full Council on 4 March 2024. The legislation introduced a minimum level of statutory `exceptions` to the premiums but the Government also provided discretionary powers to local authorities to extend the statutory exceptions or create new exceptions of their own.

In order to help shape the decision on whether to use these discretionary powers, Wandsworth Council conducted a consultation between 25 November 2024 and 23 December 2024, to ask residents their views.

The survey was made up of a series of specific questions based on the statutory exceptions. In particular the survey invited respondents' views on whether they agreed with the exceptions and if the timeframes were reasonable, along with an open question on whether any other scenarios existed that were not already covered.

The Council received 257 online responses to the consultation. Of these:

Respondents living in the Borough	249 (97%)
Businesses operating in the Borough	2 (1%)
Respondents working or studying in the Borough	3 (1%)
Other	3 (1%)

The consultation was set up to be responded to using an on-line survey with the option of a paper form. In addition to the 257 responses received using the on-line survey, a further 4 responses were received by email which either disagreed with the introduction of the premiums or made general comments including raising queries about personal circumstances. They did not answer the specific consultation questions and have been excluded from the detail below, although their comments have been considered.

The consultation put forward a number of questions or statements regarding the proposed exceptions to the premiums and asked respondents whether they:

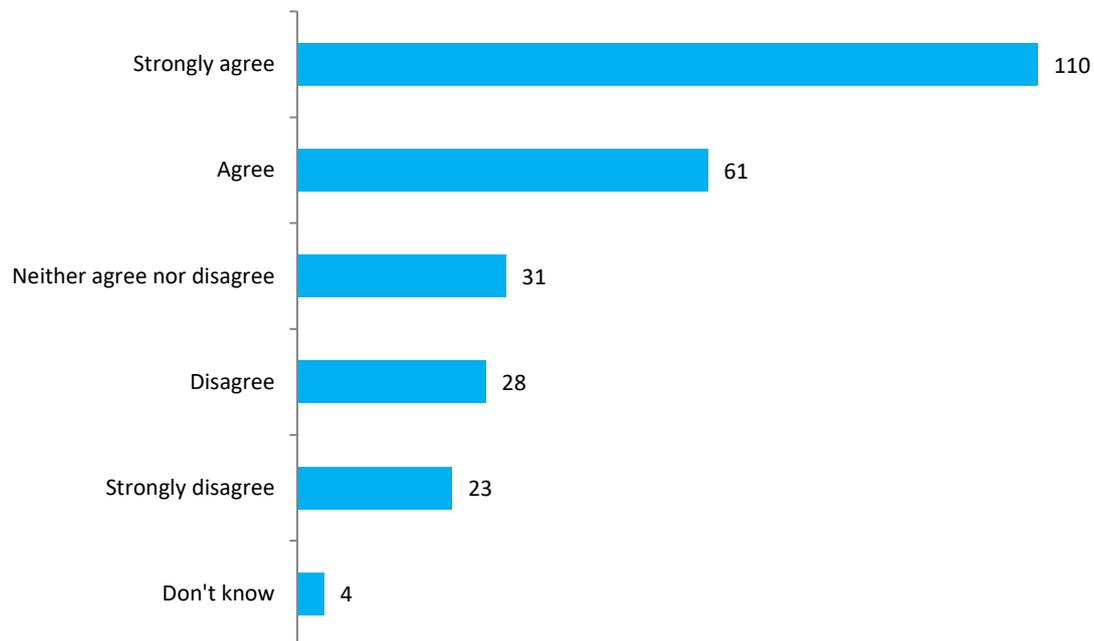
- Strongly agreed
- Agreed
- Neither agreed nor disagreed
- Disagreed
- Strongly disagreed
- Didn't know.

There were 11 questions with an option included for respondents to provide additional detail around their views on the proposed exceptions.

Each of the questions were categorised by respondent type:

- Respondents who own an empty or second home
- Respondents who don't own an empty or second home
- Those that did not say either way

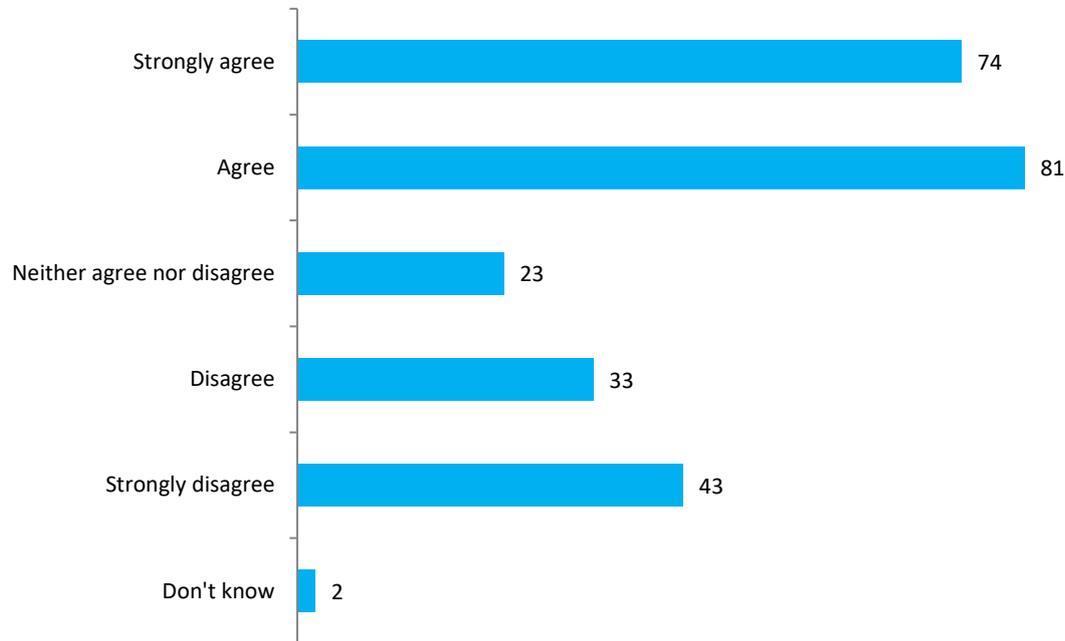
**Question 1** - Properties that are unoccupied or have no resident following the death of the owner should be an exception to either or both of the council tax premiums following the grant of probate or letters of administration.



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	4%	36%	3%	43%
Agree	3%	19%	2%	24%
Neither agree nor disagree	1%	11%	0%	12%
Disagree	2%	9%	0%	11%
Strongly Disagree	1%	7%	1%	9%
Don't know	1%	1%	0%	2%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

67% of respondents agreed that properties that are unoccupied or have no resident following the death of the owner should be an exception to either or both of the council tax premiums following the grant of probate or letters of administration.

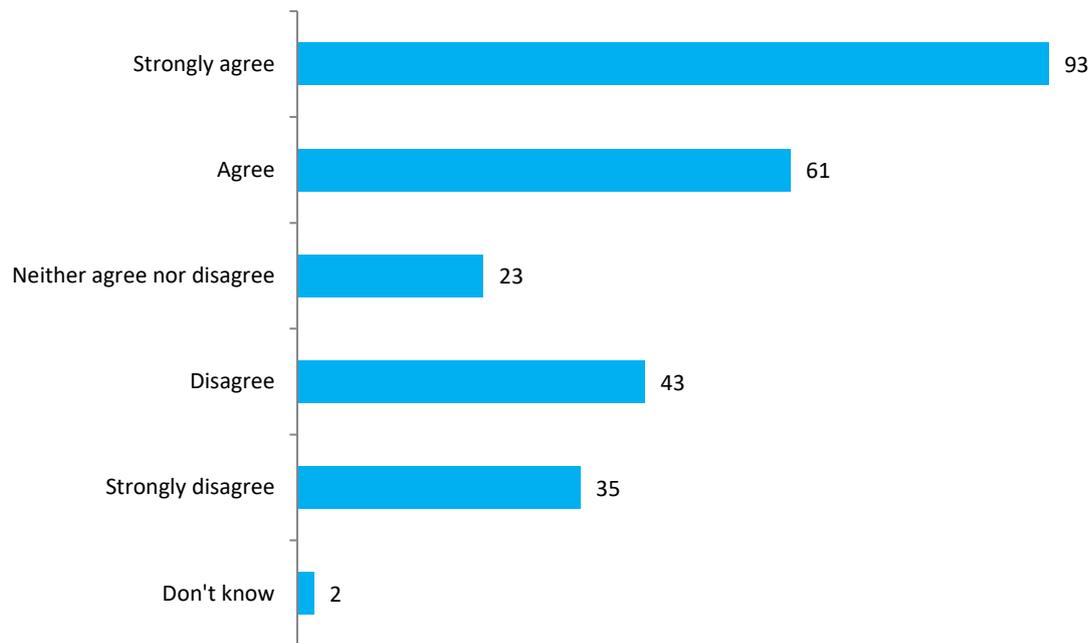
**Question 2** - Under the current scheme, a 6-month council tax full exemption is awarded following probate or letters of administration being granted, i.e. nothing to pay and accordingly, not subject to the proposed premium. A further period of 6 months exception from the premium, after the end of the 6-month exemption, is an appropriate period, i.e. for a further 6 months only the standard charge will be applicable and then the premium will be payable after the further 6 months.



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	2%	25%	2%	29%
Agree	4%	27%	0%	32%
Neither agree nor disagree	3%	5%	1%	9%
Disagree	1%	11%	1%	13%
Strongly Disagree	1%	14%	2%	17%
Don't know	1%	0%	0%	1%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

In terms of the length of the exemption, 61% of respondents agreed that a further period of 6 months after the current 6 month full exemption from council tax once probate or letters of administration had been granted, was an appropriate period i.e. for a further 6 months only the standard charge will be applicable and then the premium will be payable after a further 6 months. 30% either disagreed or strongly disagreed with this length of this exemption. Most of the further comments provided by these respondents explained that they thought the exemption period was too short as probate can take much longer. As clarification, the exemption period only applies after probate has been granted and not before.

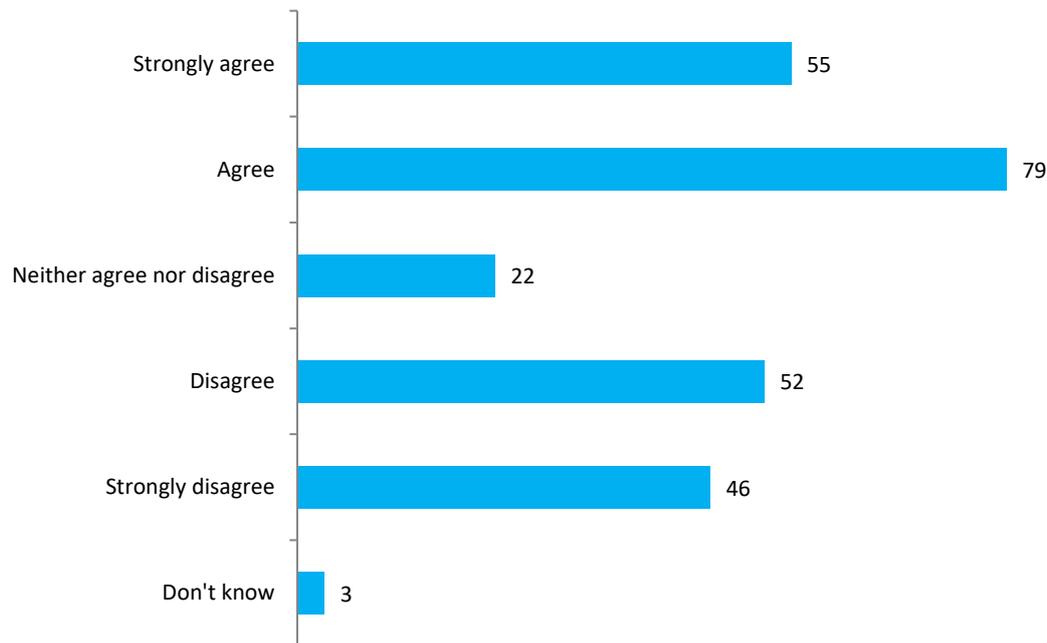
**Question 3** - Properties actively being marketed for sale or let should be an exception to either or both of the council tax premiums.



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	7%	26%	4%	36%
Agree	3%	20%	1%	24%
Neither agree nor disagree	0%	9%	0%	9%
Disagree	1%	15%	0%	17%
Strongly Disagree	0%	13%	0%	14%
Don't know	0%	1%	0%	1%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

60% of respondents agreed that properties being actively marketed for sale or let should be an exception to the premiums. 31% disagreed with this.

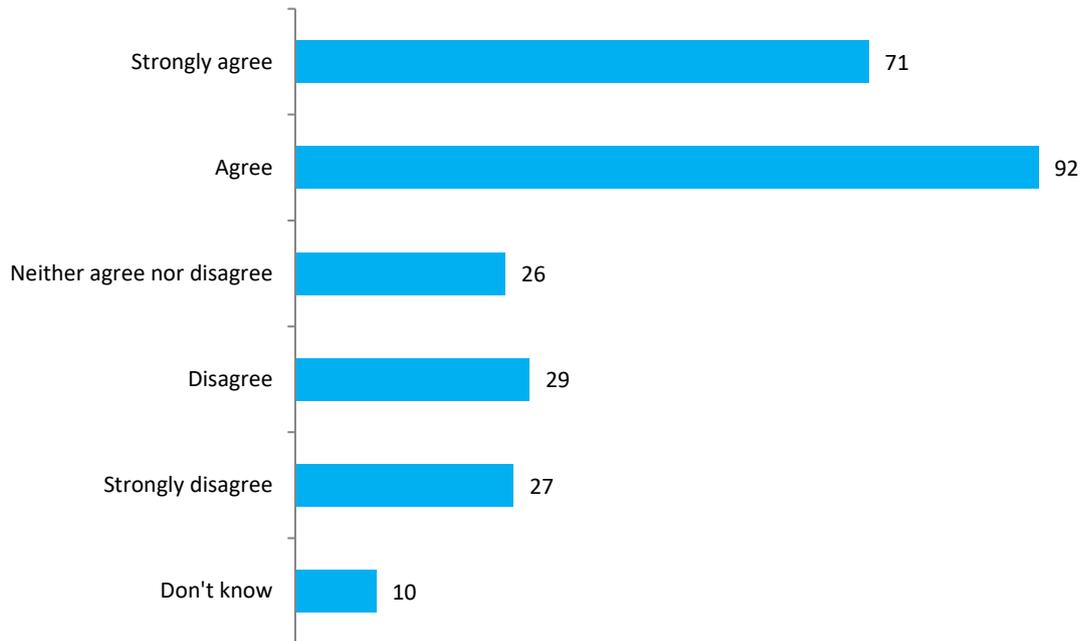
**Question 4** - An exception to the premiums for up to 12 months for properties being marketed for sale or let is a reasonable period



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	4%	15%	2%	21%
Agree	4%	25%	2%	31%
Neither agree nor disagree	1%	8%	0%	9%
Disagree	2%	17%	2%	20%
Strongly Disagree	0%	17%	0%	18%
Don't know	0%	1%	0%	1%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

When asked if the exemption period for up to 12 months for properties being marketed for sale or let was a reasonable period, 52% agreed and 38% disagreed. Where further comments were provided by those that disagreed, these either suggested that the exemption period proposed was too long or too short, there should be no exemption at all or they felt that the scheme would be difficult to administer and could be open to abuse.

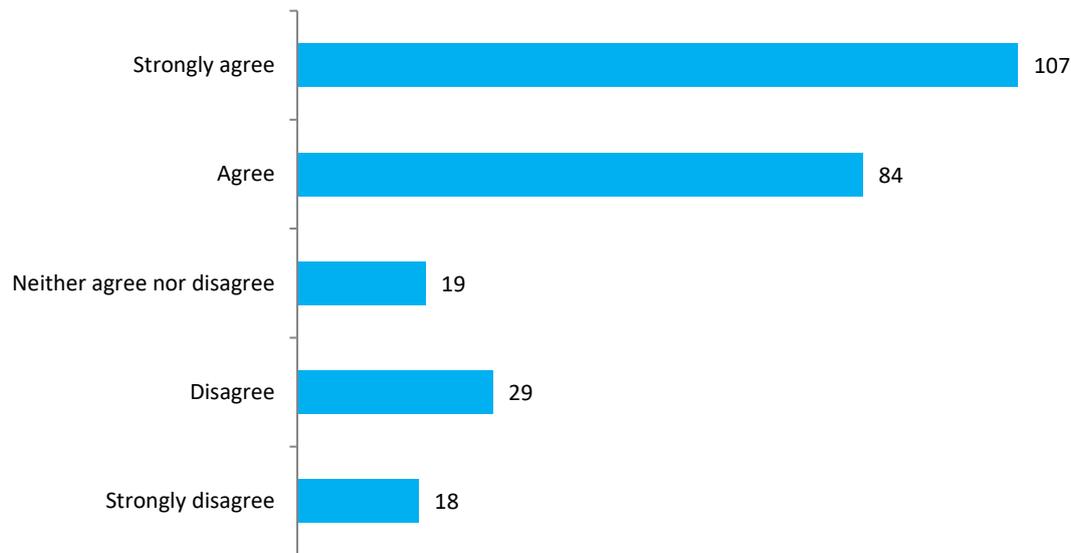
**Question 5** - An application process with supporting evidence would be appropriate to demonstrate that the property is actively being marketed for sale or let.



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	3%	23%	2%	28%
Agree	5%	29%	2%	36%
Neither agree nor disagree	1%	9%	0%	11%
Disagree	2%	9%	0%	11%
Strongly Disagree	2%	7%	1%	11%
Don't know	0%	4%	0%	4%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

When asked if an application process with supporting evidence would be an appropriate method of demonstrating that the property was being actively marketed for sale or let, 64% agreed and 22% disagreed. The remaining respondents either didn't know or neither agreed nor disagreed. For those in disagreement, this was mainly due to concerns about how the exemption would be administered

**Question 6** - Properties undergoing major repair work should be an exception to the empty homes premium.

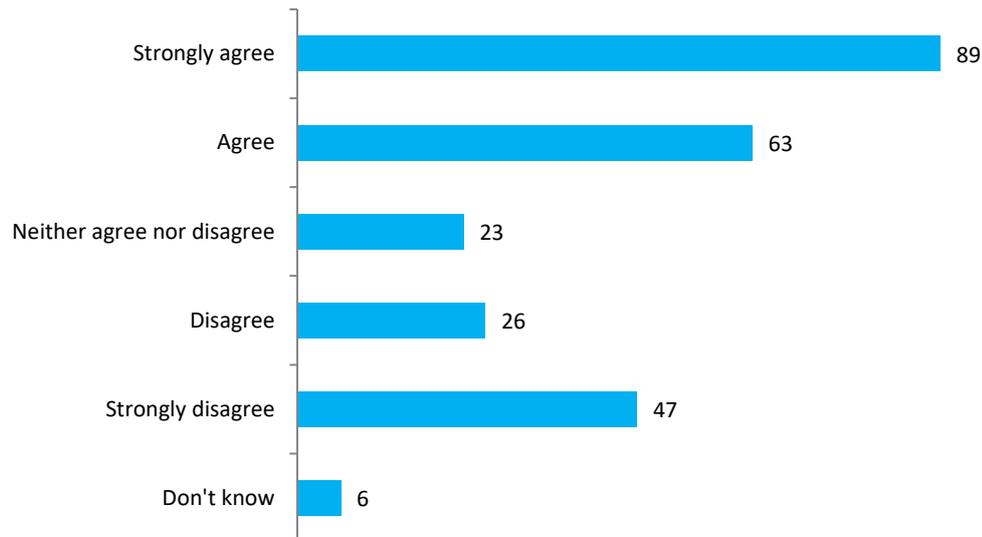


	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	5%	32%	4%	42%
Agree	4%	28%	1%	33%
Neither agree nor disagree	1%	6%	0%	7%
Disagree	1%	10%	1%	11%
Strongly Disagree	0%	7%	0%	7%
Don't know	0%	0%	0%	0%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

75% of respondents agreed that properties undergoing major repair should be an exemption to the empty homes premium with 18% in disagreement.

**Question 7 (a)** - If you agreed with the previous question, is 12 months a reasonable length of time for an exemption to apply whilst major repairs or structural alterations are being undertaken?

Answer	Number of Respondents	%
Yes	119	46
No	88	34
Don't know	22	9
Not Answered	28	11
<b>Total</b>	<b>257</b>	<b>100</b>



For those that agreed with this exemption, 46% agreed that 12 months was a reasonable length of time for an exemption to apply whilst major repairs or structural alterations were being undertaken. 34% disagreed with this with most stating that they thought this should be dependent on the size and nature of the building work.

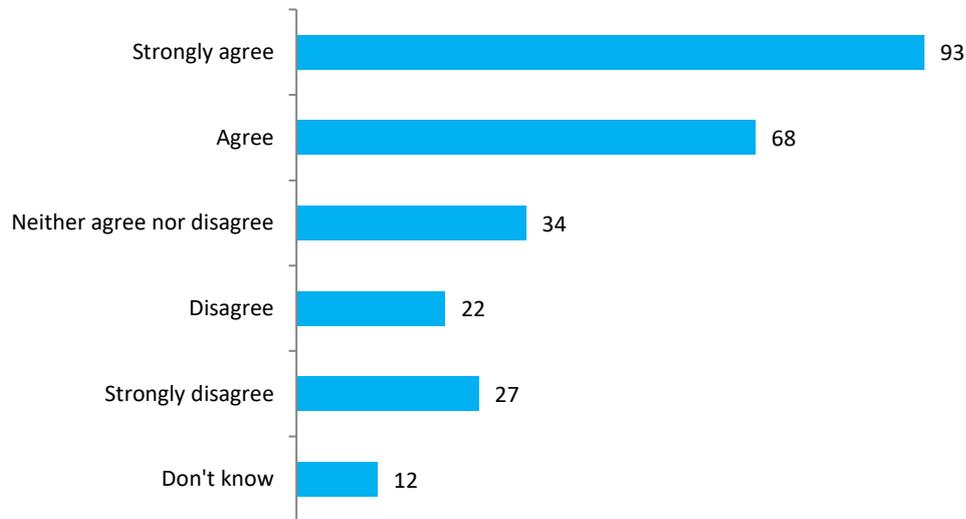
**Question 7 (b)** - This exception should not be intended to cover redecoration or refurbishments such as replacing kitchens, bathrooms, windows.

	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	3%	32%	1%	35%
Agree	4%	20%	1%	25%
Neither agree nor disagree	1%	7%	1%	9%
Disagree	1%	8%	1%	10%
Strongly Disagree	4%	13%	2%	18%
Don't know	0%	2%	0%	2%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

60% agreed that this exemption should not cover redecoration or refurbishment such as replacing kitchens, bathrooms or windows. 28% disagreed with this and a number of comments were made around properties subject to let that may be disproportionately affected and will not be able to be let whilst this type of work is being undertaken.

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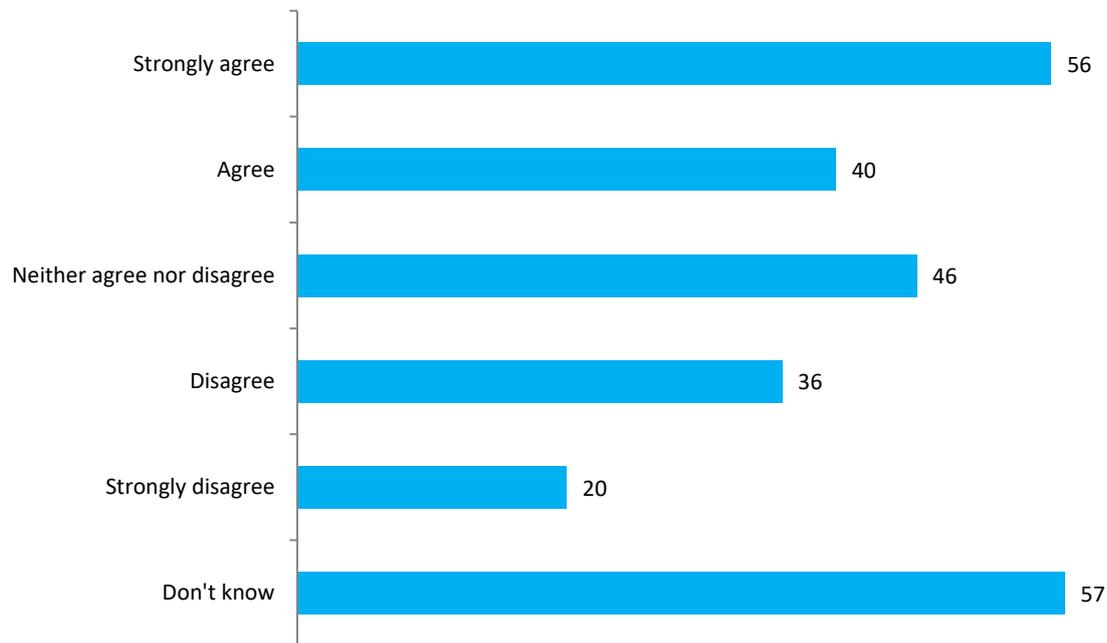
**Question 8** - Furnished annexes which are being used as sole or main residence should be an exception to the council tax premium on second homes.



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	4%	30%	3%	<b>36%</b>
Agree	5%	21%	0%	<b>26%</b>
Neither agree nor disagree	1%	12%	0%	<b>13%</b>
Disagree	1%	7%	1%	<b>9%</b>
Strongly Disagree	0%	9%	1%	<b>11%</b>
Don't know	0%	4%	0%	<b>5%</b>
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

62% of respondents agreed that furnished annexes which are being used as a sole or main residence should be an exception to the council tax premium on second homes. 20% disagreed, with the remaining respondents either not understanding or having no clear opinion on this.

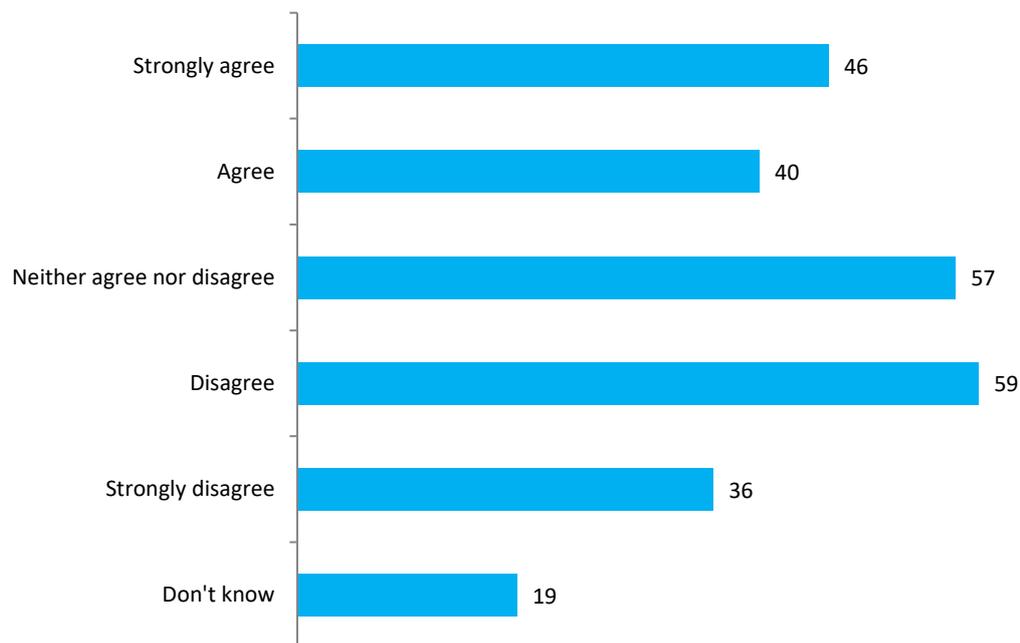
**Question 9** - The second homes premium should not apply to properties that are subject to the job-related dwelling discount.



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	4%	16%	2%	22%
Agree	2%	12%	1%	16%
Neither agree nor disagree	2%	15%	1%	18%
Disagree	1%	13%	0%	14%
Strongly Disagree	1%	6%	1%	8%
Don't know	2%	20%	1%	22%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

When asked whether the second homes premium should not apply to properties that are subject to the job-related dwelling discount, 38% agreed and 22% disagreed. The remaining 40% of respondents either didn't know or did not have an opinion on this suggesting that they did not understand what this meant.

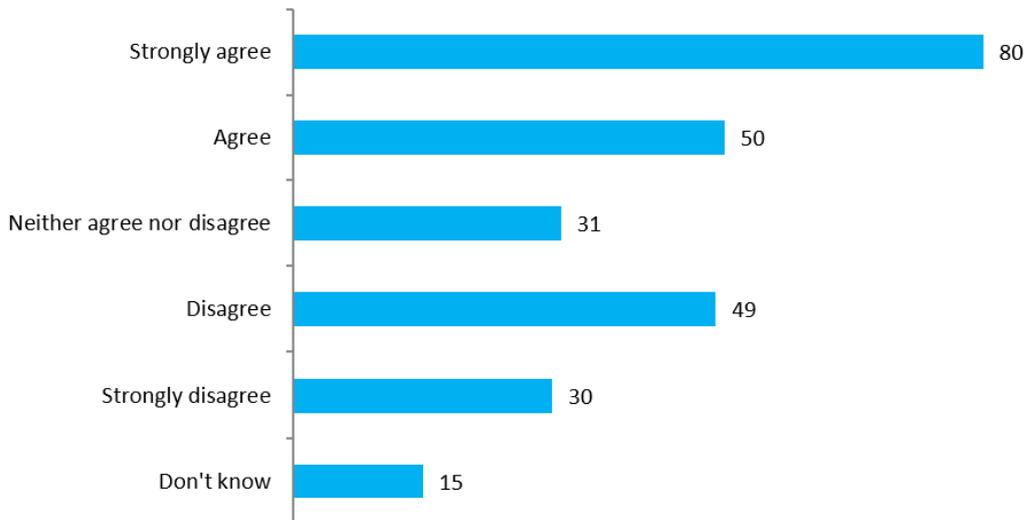
**Question 10** - Pitches occupied by caravans and moorings occupied by boats should be an exception to the second homes premium.



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	2%	14%	2%	18%
Agree	2%	14%	0%	16%
Neither agree nor disagree	5%	17%	0%	22%
Disagree	2%	19%	1%	23%
Strongly Disagree	0%	13%	1%	14%
Don't know	1%	5%	1%	7%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

34% of respondents agreed that pitches occupied by caravans and moorings occupied by boats should be an exemption to the second homes premium. 37% disagreed and the remaining respondents either didn't know or had no opinion on this. A number of comments were made that those living in caravans should be subject to council tax as they use local services.

**Question 11** - Seasonal homes, where all-year-round permanent occupation is prohibited by law, as the home is specified for use as holiday accommodation, or there is a planning condition preventing occupancy for more than 28 days continuously, should be an exception to the second homes premium



	Own an empty or second home	Don't own an empty or second home	Didn't say	Total
Strongly agree	5%	25%	2%	32%
Agree	2%	17%	1%	19%
Neither agree nor disagree	2%	10%	0%	12%
Disagree	1%	17%	1%	19%
Strongly Disagree	1%	10%	1%	12%
Don't know	0%	5%	1%	6%
<b>Total</b>	<b>12%</b>	<b>83%</b>	<b>5%</b>	<b>100%</b>

51% of respondents agreed that seasonal homes, where all year round permanent occupation is prohibited by law, or planning restrictions prevent occupancy for more than 28 continuous days, should be an exemption to the second home premium. 31% disagreed with this.

A number of respondents on the questions relating to premiums on annexes, seasonal homes, caravans/boat moorings and work related dwellings felt that they should pay council tax if they were using local services with others suggesting that this should be at a reduced rate where they were not occupied for 365 days a year.

A further opportunity was given to respondents to provide additional comments on the proposed exceptions.

### **Questions 1 to 5 – properties impacted by probate or actively marketed for sale or let.**

Comments were received from 114 online respondents. These have been summarised against a number of key themes:

#### Introduction of Premiums

27 (24%) disagreed with the Council's decision to introduce the premiums and one respondent thought these should be extended to cover all investment properties. 22 (19%) agreed with the premiums in general with a further respondent suggesting that these should be extended to Airbnbs.

#### Application of Exceptions

7(6%) agreed that the exceptions were reasonable. 7 (6%) disagreed with all or some of the exceptions with a further 7 (6%) suggesting that the exceptions periods for sales/lets were either too long or too short.

5 (4%) respondents were concerned about how the premiums and exceptions would be administered and a further 12 (11%) thought that the exceptions could be open to abuse, particularly around actively marketing properties for sale or let.

3 (3%) respondents suggested that there should be some leeway or tapering of exceptions and charges, including an exception based on % occupancy a property

#### Exceptions for empty or second homes impacted by probate

Under the current scheme, properties that are unoccupied or have no resident following the death of the owner have a 6-month council tax full exemption awarded following probate or letters of administration being granted, i.e. nothing to pay. The proposals offer a further period of 6 where only the standard charge will be applicable after which the premium will be payable. 11 (10%) respondents thought that exception periods were too short on the basis that probate can take longer than 12 months to be granted.

For clarification, within council tax legislation, a full 100% exemption applies immediately following the death of the last occupant, if it left the property unoccupied, right up until 6 months after probate has been granted. Therefore, there is no council tax to pay until both the probate is granted, regardless of how long that takes, and a further 6 month period has elapsed afterwards. The premium exception would then provide a further 6 months after the expiry of the exemption, where just the standard rate of council tax would be payable.

#### General comments

The remaining respondents (11%) made general comments about the proposals with a number suggesting that these should be extended to cover people with long term hospital stays. For clarification, within council tax legislation, there is already a class E 100% exemption from paying council tax for properties left empty as the last occupant's sole and/or main residence is now in a hospital and/or care home.

### **Questions 6 to 7(a) and (b) – properties empty due to major refurbishment**

Comments were received from 81 online respondents. These have been summarised against a

***(Paper No. 25-89)***

number of key themes:

#### Introduction of Premiums

11 out of the 81 respondents who provided further comment (14%) disagreed with the Council's decision to introduce the premiums and 2 (2%) agreed that these were appropriate.

#### Application of Exceptions

5 (6%) agreed that the exceptions were reasonable and 9 (11%) disagreed with all or some of the exceptions. 2 (2%) of respondents were concerned about how the premiums and exceptions would be administered and a further 7 (9%) thought that the exceptions particularly around actively marketing properties for sale or let, could be open to abuse.

#### Exceptions for major works

9 (11%) disagreed with all or some of the exceptions with a further 15 (19%) respondents suggesting that the exception period for properties undergoing refurbishment was too short. 2 others (2%) suggested a tapered charge with reduced council tax whilst the property was empty. Another raised concerns around the impact of landlords who may be unable to rent out their properties whilst undergoing less significant refurbishments such as replacing a kitchen. A further 15 respondents (19%) stated that the exception period for refurbishment should depend on the nature and level of the work as some more significant building projects might require additional time to complete

#### General comments

The remaining respondents (15%) made general comments about the proposals or asked further questions about the premiums and exceptions.

### **Questions 8 to 11 – furnished annexes, work related dwellings, pitches for caravans, seasonal homes**

Comments were received from 52 online respondents. These have been summarised against a number of key themes:

#### Introduction of Premiums

15 out of the 52 respondents (29%) disagreed with the Council's decision to introduce premiums for these property types. 9 (17%) agreed with the premiums in general.

#### Application of Exceptions

2 (4%) agreed that the exceptions were reasonable and 9 (18%) disagreed with the exceptions. A further respondent suggested that they were in favour of holiday lets being given exceptions whilst another disagreed with this. One respondent disagreed with premiums being charged for people who had to own a second home which they used to work in the borough and another felt that caravans should be treated differently to boats in how exceptions were applied.

#### General comments

The remaining respondents (22%) made general comments about the proposals or raised some additional questions.

## **Any other circumstances in which there should be an exception to either of the council tax premiums**

Comments were received from 86 online respondents. These have been summarised against a number of key themes:

### Introduction of Premiums

27 (%) reiterated earlier comments stating that they disagreed with the Council's decision to introduce the empty and second home premiums.

### Additional Exceptions

6 (%) stated that exceptions should be given to properties that were empty where the residents were in hospital or moved into care homes.

Other exceptions suggested include properties used on a part time basis for work or study, a home used to care for elderly family members, inherited homes for family use, properties where the resident is in the armed forces, in prison or working abroad, properties gutted by fire, hard to let properties or properties impacted by serious crime or suicide

### General comments

The remaining respondents made general comments about the proposals or raised some additional questions.

[END]

## **SSA EQUALITY IMPACT AND NEEDS ANALYSIS**

<b>Directorate</b>	Finance
<b>Service Area</b>	Financial Management
<b>Service/policy/function being assessed</b>	<b>Council Tax setting</b>
<b>Which borough (s) does the service/policy apply to</b>	Wandsworth
<b>Staff involved</b>	Fenella Merry, Katherine Burston, John O’Sullivan
<b>Date approved by Directorate Equality Group (if applicable)</b>	n/a
<b>Date approved by Policy and Review Manager</b> All EINAs must be signed off by the Policy and Review Manager	11th February 2025
<b>Date submitted to Directors’ Board</b>	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 2025/26, the key features of the proposed budget are:

- a freeze (0% change) 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

Separately, and outside of the Council’s control, there will be:

- a 4.0% increase in the GLA element of the Council Tax
- a 2.4% increase in the Wimbledon & Putney Commons Conservators’ levy per property.

leading to an overall increase of 3.0% for average band D bills, or £28.99 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 adult social care precept will generate additional income of £1.458 million to be attributed to adult social care. This “precept” used to be shown separately on the face of council tax bills and in the “information supplied with the demand notice”. However, under new council tax regulations that come into effect from the 1 April 2025, the amount to be raised to fund adult social care is now included in the overall Council element of the council tax to be

charged, along with the amount to be used for general expenditure.

Taking the precept will have a positive impact on people who draw on care and support in Wandsworth. The Council has used the maximum allowed increase for the precept for 2025/26, which is the same as the limit set nationally in 2024/25. Support for vulnerable adults will be maintained, and people who draw on care and support 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 financial support to the most vulnerable Wandsworth residents who are experiencing hardship and crisis.

## 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 band D amounts for 2025/26 as follows:

	Average £	Majority £	Conservators' Area £
Wandsworth Council	507.37	499.69	539.79
Greater London Authority	490.38	490.38	490.38
	<b>997.75</b>	<b>990.07</b>	<b>1,030.17</b>

## 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 5 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
5. those liable to pay more than the full rate of Council Tax

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 £9.95 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,

**(Paper No. 25-89)**

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 levels of employment (85% of residents over 16 are economically active and 82% are in employment (as at September 2024)), although currently there are 10,300 out of work claimants (as at December 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 46,246 properties. The Council has no equalities monitoring information about this group. In addition, there are 219 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 £7.46 per year (£0.14 per week) rather than £9.95 per year (£0.19 per week).

### **Group 3 – Those eligible for Council Tax Support**

For 2025/26 the proportion of Council Tax liability on which Council Tax Reduction is calculated for working age claimants will be 100%. This is the same as 2024/25 when the Council introduced a revised scheme which was simpler and more generous.

### **Group 4 – Those with no Council Tax liability**

The effect on this group is neutral.

### **Group 5 - Those liable to pay more than the full rate of Council Tax**

Wandsworth Council currently operates the 'long-term empty (LTE)' premium. This means an additional charge is added if a property has been empty and substantially unfurnished for at least two years.

The Levelling Up and Regeneration Act 2023 allows local authorities to charge a 100% council tax premium on second homes and shorten the timeframe for charging the current "long term empty" council tax premium from two years to one. Following the decision made at Full Council on 6th March 2024 these two provisions are due to come into effect from 1st April 2025.

To ensure the new premium measures are effective new legislation was introduced in November 2024 introducing a minimum level of statutory exceptions to the premiums, dependant on the status of the property.

The Government also provided discretionary powers to local authorities to extend the statutory exceptions within the legislation or to create new exceptions of their own. In order to help shape this decision, Wandsworth Council conducted its own consultation between 25 November 2024 and 23 December 2024, to ask residents their views. A summary of this consultation is covered as another appendix to this report and proposes to retain the

statutory exceptions to the Empty and Second Homes and Long-Term Empty Property Premiums without change.

The number of dwellings that are currently long term vacant (more than 6 months) is 194 and of these 79 are attracting a council tax premium for being vacant for more than two years. From 1<sup>st</sup> April 2025, the adjusted long-term empty (LTE) premium will add around a further 60 dwellings to this number. With the statutory exceptions in place we expect the effect on this group to be neutral. From 1 April 2025, the new second homes (furnished) premium will be charged to approximately 1,615 homes. However, with the statutory exceptions in place we expect these numbers to fall by 40% once evidence-based applications have been received and processed. These exceptions include where a property is:- undergoing probate, being actively marketed for sale or let, an annex; relating to members of the armed forces.

The implementation of this premium is to support the strategic aims to bring empty or underused homes back into use. For those where the second homes premium applies for Band D households in the majority of the borough there would be a cash increase of £1,019 per year (£19.54 per week). As this is a new policy, it will be carefully monitoring whilst being implemented.

Wandsworth is known as an affluent borough with high levels of employment (85% of residents over 16 are economically active and 82% are in employment (as at September 2024)). Those who are liable (i.e. it is a genuine second home) and not covered by the exceptions are likely to be more affluent, and the effect on this group can be considered to be neutral.

## **PART 2 – USE OF THE ADULT SOCIAL CARE PRECEPT**

<b>Protected group</b>	<b>Findings</b>															
<b>Age</b>	<table border="1"> <thead> <tr> <th><b>Age band</b></th> <th><b>Census data (2021)</b></th> <th><b>Adults' Services cohort</b></th> </tr> </thead> <tbody> <tr> <td>18-64</td> <td>88.3%</td> <td>42.2%</td> </tr> <tr> <td>65-74</td> <td>6.5%</td> <td>14.2%</td> </tr> <tr> <td>75+</td> <td>5.2%</td> <td>43.5%</td> </tr> <tr> <td><b>Total</b></td> <td><b>268,172</b></td> <td><b>3,911</b></td> </tr> </tbody> </table> <p>Adult Services support significantly more older residents than the borough average with the total number of people who draw on care and support is 3,911.</p>	<b>Age band</b>	<b>Census data (2021)</b>	<b>Adults' Services cohort</b>	18-64	88.3%	42.2%	65-74	6.5%	14.2%	75+	5.2%	43.5%	<b>Total</b>	<b>268,172</b>	<b>3,911</b>
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<b>Disability</b>	<p>Census data 2021: 11.4% of residents defined as disabled under the Equality Act.</p> <p>Profile of people who draw on care and support: The majority of people who draw on care and support have physical disabilities or physical frailty as their main area of difficulty.</p>															

	In 2023/24, 1053 individuals had a mental health condition as their main difficulty and 878 individuals had learning disability (all ages).														
<b>Sex</b>	Census data 2021: 53% of residents are female.  Profile of people who draw on care and support: 53.3% are female.  Adult Services support slightly more female residents than the borough average.														
<b>Gender reassignment</b>	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.														
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	communities, higher than the general borough population. The largest proportion come from the Black or Black British community. 28.0% are from Black/Black British background, 12.0% from Asian/Asian British background, 3.4% of other ethnic background and 2.8% from Mixed ethnic background.																																	
<b>Religion and belief, including non-belief</b>	<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><b>Total</b></td> <td><b>327,506</b></td> <td><b>100</b></td> </tr> </tbody> </table>	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	<b>Total</b>	<b>327,506</b>	<b>100</b>
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<p>protected characteristics under Section 1 of the Equality Act 2010) Include the following groups:</p> <ul style="list-style-type: none"> <li>•Deprivation (measured by the 2019 English Indices of Deprivation)</li> <li>•Low-income groups &amp; employment</li> <li>•Carers</li> <li>•Care experienced people</li> <li>•Single parents</li> <li>•Health inequalities</li> <li>•Refugee status</li> </ul>	<table border="1"> <thead> <tr> <th>Measures</th> <th>Wandsworth (%)</th> <th>London (%)</th> <th>England (%)</th> </tr> </thead> <tbody> <tr> <td>People on Universal Credit</td> <td>12.4%</td> <td>18.9%</td> <td>17.6%</td> </tr> <tr> <td>People claiming out of work benefits</td> <td>4.2%</td> <td>5.9%</td> <td>4.3%</td> </tr> </tbody> </table>	Measures	Wandsworth (%)	London (%)	England (%)	People on Universal Credit	12.4%	18.9%	17.6%	People claiming out of work benefits	4.2%	5.9%	4.3%
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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 57.7% of people who draw on care and support are aged 65 and over - 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.	Although the increase in council tax will support vulnerable residents who draw on care and support 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

(Paper No. 25-89)

		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.
<b>Disability</b>	As the majority of people who draw on care and support 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.	As above
<b>Sex</b>	As 53.3% of people who draw on care and support 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.	As above
<b>Gender reassignment</b>	Taking the precept will support gender reassignment for people who draw on care and support 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
<b>Marriage and civil partnership</b>	Taking the precept will support people who draw on care and support 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.	As above
<b>Pregnancy and maternity</b>	Taking the precept will support people who draw on care and support regardless of whether they are pregnant or have recently given birth	As above

	and will ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	
<b>Race/ ethnicity</b>	Taking the precept will support people who draw on care and support 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
<b>Religion and belief, including non-belief</b>	Taking the precept will support people who draw on care and support 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
<b>Sexual orientation</b>	Taking the precept will support people who draw on care and support 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
<b>Socio-economic status (to be treated as a protected characteristic under Section 1 of the Equality Act 2010) Include the following groups:</b> <ul style="list-style-type: none"> <li>• Deprivation (measured by the 2019 English Indices of Deprivation)</li> <li>• Low-income groups &amp; employment</li> <li>• Carers</li> </ul>	Taking the precept will support people who draw on care and support and ensure the most vulnerable residents, continue to receive support. Some social care provision is means tested, which will provide 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.	As above

<ul style="list-style-type: none"> <li>• Care experienced people</li> <li>• Single parents</li> <li>• Health inequalities</li> <li>• Refugee status</li> </ul>		
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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

Statutory consultation on the Council's service expenditure and council tax setting has been undertaken with business ratepayers' representatives.
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WANDSWORTH BOROUGH COUNCIL

FINANCE OVERVIEW AND SCRUTINY COMMITTEE – 25TH FEBRUARY 2025

EXECUTIVE – 4TH MARCH 2025

COUNCIL – 5TH MARCH 2025

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

SUMMARY

Wandsworth is a great place to live where residents enjoy high quality services. As part of a decade of renewal the Council is committed to investing in communities. The current Administration has committed to delivering a fair, compassionate and more sustainable Council and the levels of future capital investment play a key part in supporting these ambitions. This paper is the annual General Fund capital bids report continuing those ambitions.

At this stage it is proposed to add capital schemes costing £164.3m to the capital programme in 2025/26 and future years, including £49.2m being met by CIL and Section 106 receipts, £29.2m from grants and contributions, and £85.9m from council capital resources (receipts, reserves or borrowing).

These additions include extra investment in order to recognise that we take pride in our streets as well as delivering significant improvements to our leisure facilities, investment in our communities and a number of additional schemes to make the borough a more attractive place, securing libraries and leisure facilities for many years to come.

The Council is therefore able to announce investment in the borough totalling some £495.8m over the next six years.

GLOSSARY

ARP	Alton Renewal Plan
CCP	Committed Capital Programme
CIL	Community Infrastructure Levy
DP	Development Pool

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### ***Proposed Additions to the General Fund Capital Programme***

HRA	Housing Revenue Account
IFB	Investment and Funding Board
NCIL	Neighbourhood Community Infrastructure Levy
OSC	Overview and Scrutiny Committee
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

### **RECOMMENDATIONS**

1. The Finance Overview and Scrutiny 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 for their consideration.
2. The Executive is recommended to:
  - (a) approve the updated Committed Capital Programme and its funding in Appendix A;
  - (b) approve the additions to the General Fund Development Pool (bids) with indicative budgets alongside existing schemes as part of the wider capital programme as set out in Appendix B;
  - (c) to approve the Council's Capital Strategy for 2025/26 as set out in Appendix C;
  - (d) to approve the latest CIL statement as at 31 December 2024 set out in Appendix D.

### **INTRODUCTION**

3. On 9th October 2024, on the recommendation of the Executive (Paper No. 24-283), the Council adopted the General Fund Capital Programme budget and its financing for the years 2024/25 to 2028/29. The Executive requested Executive 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. 25-84)***

## ***Proposed Additions to the General Fund Capital Programme***

### **CURRENT APPROVED CAPITAL BUDGET**

4. During the course of the year, budget variations have been made to the programme under the appropriate approval process. A breakdown of these movements since October 2024 are shown below:

	£000	£000
<b>October Published Capital Programme All Year Budgets (before in-year variations below)</b>		<b>467,105</b>
<b><i>Removal of budgets from programme:</i></b>		<b><i>Funded by / Reason:</i></b>
Nine Elms Highways, Pedestrian and Public Realm	(21,245)	Paper No. 24-182 approved the un-ring-fencing of Nine Elms Strategic CIL receipts and for a borough wide approach to infrastructure investment funded by Strategic CIL. This instigated a full review of the Nine Elms capital programme and resulted in the identification of some programme changes. Negotiations with TfL have led to a successful funding agreement which has capped the Council's contribution, allowing a release of budget and funding.
Nine Elms Increased Bus Capacity & Pump Priming	(410)	
Decarbonisation of Operational Properties	(2,232)	
Floreat/Atheldene - Primary School (New Build)	(181)	
Oasis Academy Putney School -(New Build)	(293)	
Alton Renewal Plan - Shopfront Improvements on Danebury Ave	(80)	
Removal of Development Pool	(8,867)	
<b><i>New budgets added to programme:</i></b>		
Nine Elms Park	4,600	Nine Elms Strategic CIL receipts
Alton Activity Centre	2,300	Borrowing (Paper No. 25-8)
Electric Charging Points	561	Fully funded by grant from Ubitricity.
Putney Vale Cemetery Chapel lifts	200	CIL receipts
<b>Total Adjustments to Scheme Budgets</b>		<b>(25,647)</b>
<b>Updated Capital Programme (before changes proposed in this report) All Year Budgets</b>		<b>441,458</b>

5. As detailed in Paper No. 24-283 a revised process has been adopted in order to more effectively track the progress of capital projects (the process, workflow, gateways and terminology is contained in Appendix B of that report). As a result the overall capital programme has been separated into the Committed Capital Programme (CCP) and the Development Pool. The CCP contains the schemes

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### ***Proposed Additions to the General Fund Capital Programme***

which have passed Gateway 2 and entered their planning and delivery phase and have started to incur expenditure.

6. The table below shows the separated budgeted and latest spending plan for the CCP and the Development Pool:

Programme	Total All Years Budget £'000	Prior Years Expenditure £'000	Latest Spending Plan £'000	Total All Years Forecast £'000
CCP	441,458	115,923	322,606	438,529
Development Pool	8,867	N/A	N/A	N/A
<b>Total</b>	<b>450,325</b>	<b>115,923</b>	<b>322,606</b>	<b>438,529</b>

7. Detailed capital monitoring, expenditure forecasting and income monitoring is being undertaken on schemes within the CCP. Schemes which have not progressed through Gateway 2 but have been prioritised by the Council and received indicative budgets remain in the Development Pool until they are ready to progress to the delivery phase. Whilst schemes are within the Development Pool key milestones and regular project governance enables checks and balances to occur to ensure schemes are progressing towards Gateway 2 and commencement.
8. The CCP latest spending plan profile and funding for the period 2024/25 to 2029/30 (zero forecast for 2029/30) is provided below:

#### **Committed Capital Programme (CCP) - Latest Spending Plan**

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	<b>TOTAL £000</b>
<b><u>Committee</u></b>						
Health	6,233	4,418	2,779	692	541	<b>14,663</b>
Environment	15,029	10,013	1,171	64	0	<b>26,277</b>
Children's	26,274	37,577	17,306	23,190	0	<b>104,347</b>
Finance	12,397	11,833	7,149	0	0	<b>31,379</b>
Housing (non-HRA)	1,648	4,653	2,390	400	400	<b>9,491</b>
Transport	18,354	41,123	37,654	28,968	10,350	<b>136,449</b>
	<b>79,935</b>	<b>109,617</b>	<b>68,449</b>	<b>53,314</b>	<b>11,291</b>	<b>322,606</b>
<b><u>Financed By</u></b>						
Grants and Other Contributions	21,556	9,540	979	0	0	<b>32,075</b>
Section 106 and CIL Receipts	31,428	71,898	51,684	49,375	5,150	<b>209,535</b>
Earmarked Reserves	137	343	0	0	0	<b>480</b>
Revenue Contribution	131	131	131	541	541	<b>1,475</b>
Capital Receipts	11,560	8,403	5,004	148	100	<b>25,215</b>

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### **Proposed Additions to the General Fund Capital Programme**

Borrowing	15,123	19,302	10,651	3,250	5,500	<b>53,826</b>
	<b>79,935</b>	<b>109,617</b>	<b>68,449</b>	<b>53,314</b>	<b>11,291</b>	<b>322,606</b>

9. This shows the detailed monitoring position on all live schemes and the current projection of the level of capital investment and financing costs over the next five-year period for schemes within the CCP. It monitors against a scheme's all year's budget to ensure that schemes remain deliverable within the agreed budget envelope approved by the Council.
10. The following table summarises the individual schemes which are currently forecasting variances between their all years' budget and their all years' latest spending plan. Scheme managers will continue to review budgets to ensure that schemes ultimately will be delivered within their budget envelope. Where this is not possible then further budget approval would be needed via the appropriate approval.
11. The table shows that generally the schemes within the CCP are expected to be delivered within their all years budget, the current variance of £2.9m representing a less than 1% variance. Within that, four schemes currently show a variance which is greater than £300k, shown in the table below:

Scheme	All Years Budget £'000	All Years Latest Spending Plan £'000	All Years Variance £'000	Commentary
Paddock Special School expansion	468	108	(360)	This budget is being released to support budget pressures if they arise as part of the wider capital programme and as schemes confirm indicative budgets.
Wandsworth Family Hub Programme	828	1,333	505	The projected outturn costs have been revised to include the complete works required to refurbish the building and ensure health and safety compliance.
WESS Decarbonisation Projects	772	1,108	336	Increased project scope on the Yvonne Carr Centre and Tooting Hub, adding LED lighting and photovoltaic panels. Overall scheme overspend will be met from the Decarbonisation Projects Phase 2 budget, which is currently in the Development Pool.
All other schemes	438,390	435,980	(3,410)	No scheme variances greater than £300k.
<b>Total CCP All Years Budget</b>	<b>441,458</b>	<b>438,529</b>	<b>(2,929)</b>	

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## ***Proposed Additions to the General Fund Capital Programme***

### **DEVELOPMENT POOL – NEW SCHEMES AND INDICATIVE BUDGETS**

12. Following consultation with Cabinet Members, additions to the General Fund capital programme Development Pool have been included for recommendation, taking account of the resulting revenue costs. Gross additions of £164.3m are proposed with £49.2m met by CIL and/or Section 106 receipts, £29.2m from grants and/or contributions and £49.3m from borrowing. In addition there is a further £33.8m of invest to save borrowing to fund schemes that are expected to generate ongoing revenue efficiencies and therefore are classified as Invest to Save schemes.
13. The proposed additions to the Council's capital programme can be found in Appendix B which details the new schemes and increases to budgets which can be added to the Council's capital programme Development Pool. The indicative budgets and associated financing is summarised below:

<b>Development Pool – New Schemes</b>	<b>Indicative Budgets &amp; Financing</b>					
	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
	£000	£000	£000	£000	£000	£000
<b><u>Committee</u></b>						
Health	3,658	1,108	708	708	708	6,890
Environment	5,222	12,413	10,335	5,878	5,496	39,344
Children's	7,275	670	0	0	0	7,945
Finance	12,092	20,690	18,096	14,764	8,950	74,592
Housing (non-HRA)	200	620	570	670	670	2,730
Transport	8,916	5,183	3,390	2,890	12,460	32,838
<b>TOTAL</b>	<b>37,363</b>	<b>40,684</b>	<b>33,099</b>	<b>24,910</b>	<b>28,284</b>	<b>164,339</b>
<b><u>Financed By</u></b>						
Grants & Contributions	4,683	6,557	6,053	7,390	4,553	29,237
S106 & CIL	11,605	12,240	12,907	4,979	7,490	49,221
Earmarked Reserves	1,342	340	596	477	0	2,755
Borrowing - Invest 2 Save	6,480	6,750	3,091	8,750	8,750	33,821
Borrowing	13,251	14,797	10,452	3,314	7,491	49,305
<b>TOTAL</b>	<b>37,363</b>	<b>40,684</b>	<b>33,099</b>	<b>24,910</b>	<b>28,284</b>	<b>164,339</b>

14. The proposed new investment of £164.3m includes:
- a) Investment of almost £31m over the next five years in improved Highway and Public Realm infrastructure with £10.5m earmarked for a new 'Pride In Our Streets' investment for enhancement of the borough's street environment encompassing footpaths, lighting and signage. This also

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### ***Proposed Additions to the General Fund Capital Programme***

includes a further extension of the investment in Roads and Pavements of £10m in 2029/30, as part of the already committed £100m Decade of Renewal investment over 10 years.

- b) A commitment by the Council to invest in a Net Zero Decarbonisation Strategy with investment of £27m over the next five years, reducing its impact on the environment and providing improved value for money through savings in utility and energy costs.
- c) The investment in a new Leisure Infrastructure Plan both to protect existing services and facilities and enhance the offer to residents with £30m committed over the next five years as outlined in Paper No. 25-54 to the Environment Overview and Scrutiny Committee.
- d) Schools investment for repairs, maintenance and school places, totalling almost £8m, and is funded predominantly either via Government grants or developer contributions. An element of this investment includes repairs and maintenance schemes funded from the Schools Condition Allocation grant with detail included in Paper No. 25-67 to the Children's Overview and Scrutiny Committee including a reserve list of schemes identified as funding becomes available.

### **FINANCING THE GENERAL FUND CAPITAL PROGRAMME**

15. The potential sources of finance for the Council's capital expenditure are: -
- (a) grants and other contributions earmarked for particular schemes or services, and obtained only on condition that a corresponding addition is made to the programme;
  - (b) Government capital grants not earmarked for particular schemes or services;
  - (c) Strategic Community Infrastructure Levy (SCIL), Neighbourhood Community Infrastructure Levy (NCIL) and Section 106 payments;
  - (d) usable capital receipts and reserves (currently invested and generating revenue income);
  - (e) contributions from Council revenue accounts; and
  - (f) borrowing.
16. 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

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### ***Proposed Additions to the General Fund Capital Programme***

school or ward) which gives the Council some scope to allocate them to finance priority schemes.

17. 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.
18. 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**

19. The proposed capital programme (including the new schemes in Appendix B) shows grants and reimbursements use totalling £61.5m. The most significant of these are Government Grants to support school places and the continuing need to maintain the condition of schools.

### **Community Infrastructure Levy (CIL)**

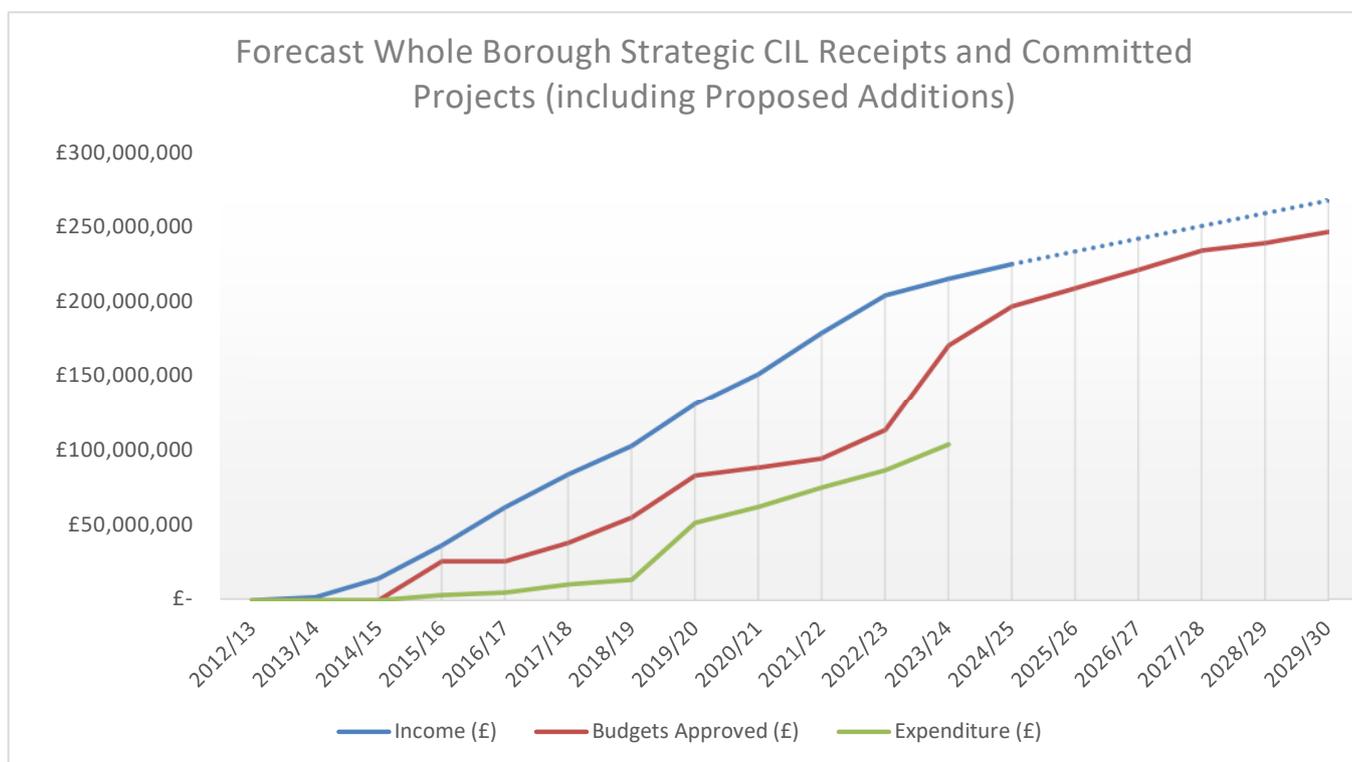
20. CIL is a levy which local authorities can charge on new developments and use to fund infrastructure in the local area. This levy came into force in Wandsworth in November 2012. The CIL is a standard charge based on development size and location, and is index linked from the date that the scheme was 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) 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 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 Area (VNEBOA) used to be subject to separate arrangements as set out in Paper No. 13-135 where the payments were set aside to be used to pay for relevant infrastructure within the Opportunity Area. Paper No. 24-182 approved a boroughwide approach to infrastructure investment funded by SCIL receipts and this un-ringfenced Nine Elms SCIL receipts from the VNEBOA to be made available for investment in infrastructure throughout the borough.
21. 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

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### Proposed Additions to the General Fund Capital Programme

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.

22. The actual level of SCIL receipts is 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 are expected to fall due to the Council in future years. The table in Appendix D lists SCIL receipts to date, those schemes to be funded, including new proposals in this report and spend to date. The following graph summarises the position:



23. The figures above include the proposed use of an estimated £1m 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 2023/24 was calculated to be £1.008m. Future SCIL receipts will be applied towards the costs of infrastructure maintenance in future years, subject to further SCIL being received.

24. By the end of quarter three 2024/25, the gross amount of SCIL received was £225.4m. Expenditure to date funded by SCIL is £104.0m and future commitments already made to

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schemes approved to be funded by SCIL is a further £142.5m. To date, therefore, an over commitment of £21.1m of SCIL has been made to fund projects compared to SCIL actual receipts to date. In cash terms, however, there are £121.4m of unspent receipts currently available, with the progress of some projects being dependent on factors outside of the Council's control. The Wandsworth Town Centre Transformation scheme would be an additional call on SCIL receipts.

25. The forecast for receipts in future years of £8.5m 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 have been forecast for the duration of the capital programme up to year end 2029/30. There is therefore a further £42.5m of SCIL receipts forecast for the duration of this period, and if received, this would mean an uncommitted balance of SCIL receipts of £21.4m could be available. 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.
26. The Levelling Up and Regeneration Act became law on 26 October 2023. The Act included provisions for a new Infrastructure Levy. It was intended that a new mandatory Infrastructure Levy would 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. However, the proposals were widely unsupported and legislation to implement the Levy has not been forthcoming. The Government has recently confirmed that it will not be bringing forward the proposed reforms, instead preferring to focus on improving the existing system of developer contributions. A new Planning and Infrastructure Bill is anticipated to be laid before Parliament in due course.

### **Realisation of Investments**

27. 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 2025/26 Paper 25-85 elsewhere on this agenda, shows expected total investments in excess of £560m as at 31st March 2025. The Council's total cash invested at the end of December 2024 was £625m. These balances relate almost entirely to

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### ***Proposed Additions to the General Fund Capital Programme***

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.

28. As the use of HRA receipts for capital spending in the General Fund is in most cases restricted by Regulation, the forecast capital receipts includes mainly estimates relating to sales of General Fund sites already identified as surplus, amounting to £26.7m over the next five years. These figures include estimates of further receipts due largely from the development of the former Northcote Library site. In general, future receipts are estimated to be at much lower levels than have been received in recent years.
29. Limited HRA receipts are anticipated to become available for General Fund use, with £2.2m included in the receipt forecast for 2024/25. This increase is largely driven by the acceleration in applications from existing tenants accessing the higher discount rates that were reduced as part of the Autumn Budget statement. With the revised Right to Buy (RTB) discount levels now in play (£16,000 maximum discount in London) for all new applications post November 2024, RTB sales are expected to drop to minimal levels from 2027/28 onwards when the applications backlog is expected to be cleared. The Government is currently consulting on the future use of RTB receipts and the forecast will be reviewed following the outcome of this exercise.
30. 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. It was announced by Government in December 2023 the continuation of the "flexible use of capital receipts" initiative from 31 March 2025 to 31 March 2030. To date 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. 24-283 ([Appendix E](#)) 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.
31. 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

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financial resources. Any resulting changes to “flexible use of capital receipts” guidance will be reported in subsequent reports to this Committee.

#### **Borrowing**

32. 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.
33. 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.
34. 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 play a key part in supporting these ambitions.
35. 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 £1m of capital spend funded by external borrowing, over 25 years using the current PWLB borrowing rates, there will be an ongoing revenue cost in the region of £72,000 per year.
36. The Council has a borrowing requirement within the current programme CCP Latest Spending Plan of £53.8m (see table in section 8), assuming external borrowing costs, would increase revenue costs by an estimated £3.9m per year.
37. Financing of the Development Pool assumes £84.9m borrowing (including borrowing to support Invest to Save schemes) which if all realised would incur external borrowing costs of £6.1m per year. These costs are deemed to be affordable within the assessment of available revenue resources.
38. However, where possible, the Council will continue to use internal borrowing, using its cash balances to avoid taking out external debt. The debt charge on internal borrowing is the loss of interest earned from reducing balances invested, which is (almost always) lower than external borrowing rates. Internal borrowing has been

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an attractive alternative to external borrowing in recent years as loss of investment income by internally borrowing has been lower than the cost of externally borrowing. Where internal borrowing is unavailable, or if external borrowing becomes financially advantageous, this will normally be advanced via the Public Works Loan Board (PWLB).

39. Where schemes have been earmarked as Invest to Save schemes these will only be confirmed as affordable following robust business cases which confirm that the revenue savings that will materialise from the scheme are greater than the borrowing costs incurred. Detailed monitoring and project management of the delivery of these schemes and their savings will form part of the Council's capital programme reporting and delivery.
40. 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 2025/26 presented elsewhere on this agenda.
41. These have been reviewed, and an acceptable level of borrowing set, with the proposals included within this paper being confirmed as affordable.

#### **Contributions from Revenue**

42. Contributions directly from Council revenue accounts are rarely available for funding the capital programme because of the impact on Council Tax.
43. The Renewals Fund is a General Fund revenue reserve with a balance of £25.8m as at 31st March 2024. 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.

#### **REVENUE EFFECTS**

44. 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.

***(Paper No. 25-84)***

### ***Proposed Additions to the General Fund Capital Programme***

45. The overall revenue impact of new proposals financed by borrowing (including Invest to Save schemes) is expected to result in a loss of investment income based on the budgeted average treasury return rate for each year and a prudent Minimum Revenue Provision, which has been forecast to be £6.8m across the period 2025/26 to 2029/30 which has been and will be reflected in future treasury budgets.

### **FUTURE BIDS AND THE CAPITAL PIPELINE**

46. Further investment in the borough, in addition to the announced schemes in this paper, will continue to be assessed as they come forward for fit with the priorities of the Council and the levels of funding availability.
47. Consideration will also need to be given to any potential capital investment linked to other investment priorities identified, such as the future relocation of Frogmore Depot and the development of the Falcon Road Corridor, in particular how any such investment might be funded.

### **PROPOSED CAPITAL PROGRAMME**

48. Following all the proposals in this paper, the Council is in a position to announce a revised five-year capital programme with investment in the borough totalling £495.8m over the period 2024/25 to 2029/30.
49. The most significant sources of financing are CIL and Section 106 receipts from property developers (£264.2m) which represents 54% of the funding of the six year programme, borrowing (£138.8m), grants and other contributions (£61.5m) and capital receipts (£26.7m), however opportunities are taken to make use of ringfenced sources of funding to minimise borrowing, where possible.
50. A summary of the full capital programme is shown in the table below, along with how the programme is financed. Full details of the Committed Capital Programme and Development Pools are available in Appendix A and B.

***(Paper No. 25-84)***

### **Proposed Additions to the General Fund Capital Programme**

<b>Programme</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2029/30 £000</b>	<b>TOTAL £000</b>
Committed Capital Programme (CCP) – Latest Spending Plan	79,935	109,617	68,449	53,314	11,291	0	<b>322,606</b>
Development Pool – Existing	0	6,867	2,000	0	0	0	<b>8,867</b>
Development Pool – New bids	0	37,363	40,684	33,099	24,910	28,284	<b>164,339</b>
<b>Total Proposed Investment</b>	<b>79,935</b>	<b>153,847</b>	<b>111,133</b>	<b>86,413</b>	<b>36,201</b>	<b>28,284</b>	<b>495,812</b>
<b>Financed By</b>							
Grants and Other Contributions	21,556	14,373	7,536	6,053	7,390	4,553	<b>61,462</b>
Section 106 and CIL Receipts	31,428	88,804	64,083	62,283	10,129	7,491	<b>264,218</b>
Earmarked Reserves	137	1,685	340	596	477	0	<b>3,235</b>
Revenue Contribution	131	131	131	541	541	0	<b>1,475</b>
Capital Receipts	11,560	9,567	5,294	148	100	0	<b>26,669</b>
Borrowing – Invest to Save	0	6,480	6,750	3,091	8,750	8,750	<b>33,821</b>
Borrowing	15,123	32,806	26,998	13,701	8,814	7,490	<b>104,932</b>
<b>Total Financing</b>	<b>79,935</b>	<b>153,847</b>	<b>111,133</b>	<b>86,413</b>	<b>36,201</b>	<b>28,284</b>	<b>495,812</b>

### **GENERAL CAPITAL PROGRAMME FRAMEWORK**

51. The table in paragraph 50 updates the general capital budget framework to take account of the latest forecast of spending, grants and receipts. To serve as the new framework, it needs to be adopted as such at a meeting of the full Council.
52. 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. In order to minimise borrowing, the Council will maximise all external funding avenues.

### **APPROVALS UNDER DELEGATED AUTHORITY**

53. 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:

**(Paper No. 25-84)**

### ***Proposed Additions to the General Fund Capital Programme***

- 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.
54. It is proposed that a maximum total spend of £0.5m for non-ringfenced schemes be set for 2025/26.

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The Town Hall  
Wandsworth  
SW18 2PU

FENELLA MERRY  
Executive Director of Finance

17th February 2025

### **Appendices**

- Appendix A – General Fund Committed Capital Programme
- Appendix B – Summary of Development Pool – existing and new schemes (bids)
- Appendix C – Capital Strategy 2025/26
- Appendix D – Strategic CIL Statement as at 31 December 2024

### **Background papers**

There are no background papers to this report.

***(Paper No. 25-84)***

**Appendix A****London Borough of Wandsworth – General Fund Capital Programme****CCP Latest Spending Plan**

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
<b>HEALTH</b>						
Better at Home Improvement Scheme	90	0	0	0	0	90
Health Bus	50	0	0	0	0	50
Joint Integrated Community Equipment	871	541	541	541	541	3,035
Occupational Therapist DFG	288	0	0	0	0	288
Springfield Village Supported Housing Acquisition	4,934	3,877	2,238	151	0	11,200
<b>TOTAL HEALTH COMMITTEE</b>	<b>6,233</b>	<b>4,418</b>	<b>2,779</b>	<b>692</b>	<b>541</b>	<b>14,663</b>

**ENVIRONMENT****LEISURE CENTRES**

Accessible Toilet/Change Area Refurbishment - Balham and Putney Leisure Centres	25	131	0	0	0	156
Air Handling Unit Upgrades - Latchmere, Putney and Tooting Leisure Centres	190	570	0	0	0	760
All Leisure Centres - Latchmere, Balham, Tooting Leisure, Wandle, Putney, Roehampton. Renewal of Sports and Studio Hall flooring	8	0	0	0	0	8
Balham & Wandle Leisure Centres - Replacement/refurbishment of Air Handling systems	80	215	0	0	0	295
BMS Controls Upgrades- Various Leisure Centres	55	200	200	0	0	455
Door Replacement- Leisure Centres	95	226	0	0	0	321
Heating Pumps and Motor Replacements Latchmere, Putney and Tooting Leisure Centres	25	353	0	0	0	378
Latchmere Leisure Centre - Roof Structure Repairs	100	67	0	0	0	167
Latchmere Leisure Centre Boundary Wall Repairs	0	52	0	0	0	52
Latchmere Leisure Centre - Replacement of significantly leaning overflow car park boundary wall	5	63	0	0	0	68
Latchmere Leisure Centre Intruder Alarm Replacement	0	66	0	0	0	66
Leisure Centres - Replacement/refurbishment of Pool Filtration vessels at various leisure centres	90	0	0	0	0	90
Lift Replacements at various leisure centres	160	631	0	0	0	791
Play Centre Installation- Putney Leisure Centre	25	266	0	0	0	291
Putney Leisure Centre Dryburgh Hall Kitchen refurbishment	80	0	0	0	0	80
Putney Leisure Centre: Heat Recovery and LED Lighting	250	0	0	0	0	250
Roehampton Leisure Centre - Renewal of roof coverings	30	37	0	0	0	67
<b>TOTAL LEISURE CENTRES</b>	<b>1,218</b>	<b>2,877</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>4,295</b>

**OUTDOOR FACILITIES**

Barn Elms Sports Centre- Replacement of Artificial Multi-Use Games Surface	172	0	0	0	0	172
Battersea Park - River Wall	0	108	0	0	0	108
Battersea Park : - Improvements funded from Formula E	50	177	0	0	0	227
Battersea River Wall – urgent stabilisation works	459	0	0	0	0	459
Battersea Sports Centre - New 7 a-side 3G area	2	0	0	0	0	2
Boroughwide - Essential repairs to roads & paths across parks, open spaces and cemeteries in the borough	0	70	70	64	0	204
Boroughwide Parks Railings and Pathways	300	0	0	0	0	300
Furzedown Recreation Ground Improvements	50	635	0	0	0	685
Fred Wells Garden refurbishment	3	0	0	0	0	3
Garratt Park S106 Court & Gym Improvement works	224	0	0	0	0	224
Grass Playing Pitch Drainage	827	223	0	0	0	1,050
Heathbrook Park Playzone	286	0	0	0	0	286
Harroway Gardens redesign and landscape	104	200	0	0	0	304
King George's Park	13	0	0	0	0	13

## London Borough of Wandsworth – General Fund Capital Programme

## CCP Latest Spending Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Putney Vale Allotment Path Improvements	4	0	0	0	0	4
Pocket Parks	150	250	0	0	0	400
Refurbishment and Replacement of Boundary Railings	20	0	0	0	0	20
Resurfacing of courts 1-10 at Battersea Park Millennium Arena	73	0	0	0	0	73
Resurfacing of Footpaths	80	198	0	0	0	278
Roehampton Playing Fields	32	107	0	0	0	139
Shillington Park - pathway lighting installation	63	0	0	0	0	63
St Mary's Church Boundary Wall - Essential Repairs	0	8	0	0	0	8
Swaffield Rd Pocket Park	35	381	0	0	0	416
Tooting Bec Lido filtration project	3	0	0	0	0	3
Tooting Common Lakeside playground refurbishment	34	220	118	0	0	372
Wandle Recreation Centre - Replacement of Netting and Fences for the Artificial Pitches and Patch Repairs	10	39	0	0	0	49
<b>TOTAL OUTDOOR FACILITIES</b>	<b>2,994</b>	<b>2,616</b>	<b>188</b>	<b>64</b>	<b>0</b>	<b>5,862</b>
<b><u>CEMETERIES &amp; CREMATORIA</u></b>						
Putney Vale Cemetery Burial Space Extension	182	0	0	0	0	182
Putney Vale Cemetery Chapel lifts	0	200	0	0	0	200
Wandsworth Cemetery Burial Space Extension	133	0	0	0	0	133
<b>TOTAL CEMETERIES &amp; CREMATORIA</b>	<b>315</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>515</b>
<b><u>LIBRARIES &amp; HERITAGE</u></b>						
Battersea District Library Roof & Glass Dome repair and replacement	25	125	0	0	0	150
Balham children's library refurbishment	15	105	0	0	0	120
Putney Library	304	0	0	0	0	304
WESS Earlsfield Library - Replacement of Heating Plant, Pipework & Radiators	30	142	0	0	0	172
WESS Southfields Library - Replacement of Heating Plant	0	82	0	0	0	82
Wandsworth Town Library Fit-Out (Fairfield)	128	0	0	0	0	128
<b>TOTAL LIBRARIES &amp; HERITAGE</b>	<b>502</b>	<b>454</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>956</b>
<b><u>NEIGHBOURHOOD CIL SCHEMES</u></b>						
Putney Park Lane improvements	20	73	0	0	0	93
Shillington Park Playground & Outdoor Gym Improvements	15	0	0	0	0	15
Wandsworth Park Playground & Grassland Improvements	11	206	0	0	0	217
<b>TOTAL NEIGHBOURHOOD CIL SCHEMES</b>	<b>46</b>	<b>279</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>325</b>
<b><u>OTHER ENVIRONMENT SCHEMES</u></b>						
Cleaner Borough Plan – Waste Bins & Caddies	2,481	0	0	0	0	2,481
Garratt Park Depot Upgrade	800	400	0	0	0	1,200
Waste Fleet vehicles	6,470	200	0	0	0	6,670
Wandsworth Environment Sustainability Strategy (WESS)	173	2,469	0	0	0	2,642
<b>TOTAL OTHER ENVIRONMENT SCHEMES</b>	<b>9,924</b>	<b>3,069</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,993</b>
<b>TOTAL ENVIRONMENT COMMITTEE</b>	<b>14,999</b>	<b>9,495</b>	<b>388</b>	<b>64</b>	<b>0</b>	<b>24,946</b>

## London Borough of Wandsworth – General Fund Capital Programme

## CCP Latest Spending Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
<b>CHILDREN'S</b>						
<b><u>PRIMARY EDUCATION</u></b>						
<b>PRIMARY EXPANSION</b>						
Battersea - Nine Elms: School and Community Provision	4,914	20,000	15,287	22,486	0	62,687
	<b>4,914</b>	<b>20,000</b>	<b>15,287</b>	<b>22,486</b>	<b>0</b>	<b>62,687</b>
<b>PRIMARY PLANNED MAINTENANCE</b>						
Broadwater Primary Ceiling works	4	0	0	0	0	4
Conditions Survey	30	0	0	0	0	30
Design Development	40	8	0	0	0	48
Earlsfield Primary School - Boiler Plant Renewal	45	0	0	0	0	45
Fircroft Primary Roof Repairs	188	0	0	0	0	188
Furzedown Primary Dining Hall Relocation	217	550	0	0	0	767
Furzedown Primary - ASHP heating system	266	0	0	0	0	266
Granard Primary School - Lighting and Fire Alarm Phase 1 works	327	10	0	0	0	337
Heathmere Primary - Replacement Electrics/Alarm/CCTV	106	20	0	0	0	126
Hillbrook Primary School - Windows and Doors replacement Phase 1	2	0	0	0	0	2
Honeywell Schools - Reception relocation	1	0	0	0	0	1
Hotham School 3 Boilers to ASHP Phase 1	76	2	0	0	0	78
Riverside School Portacabin Replacement	8	0	0	0	0	8
Ronald Ross-Replace Emergency Lighting	37	0	0	0	0	37
Sellincourt Primary School - External Window Works Phase 1	11	0	0	0	0	11
Sellingcourt Primary-Asbestos	23	10	0	0	0	33
Shaftesbury Park Primary School - Boiler Replacement phase 1	31	0	0	0	0	31
Smallwood Primary Sch-WC refurbishment	88	7	0	0	0	95
WESS Schools Smallwood Prim Decarbonisation LED Lighting	2	0	0	0	0	2
Southmead Primary ASD Learning Space	156	81	0	0	0	237
Paddock Primary School - Boiler Replacement phase 2	67	0	0	0	0	67
Penwortham Primary - Boundary Fence	109	16	0	0	0	125
Programme Contingency	75	0	0	0	0	75
Unallocated Schools planned maintenance	0	288	0	0	0	288
	<b>1,909</b>	<b>992</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,901</b>
<b>TOTAL PRIMARY EDUCATION</b>	<b>6,823</b>	<b>20,992</b>	<b>15,287</b>	<b>22,486</b>	<b>0</b>	<b>65,588</b>
<b><u>SECONDARY EDUCATION</u></b>						
<b>SECONDARY EXPANSION</b>						
St. Cecilia's Church of England School (Additional 1FE)	354	437	430	0	0	1,221
	<b>354</b>	<b>437</b>	<b>430</b>	<b>0</b>	<b>0</b>	<b>1,221</b>

## London Borough of Wandsworth – General Fund Capital Programme

	CCP Latest Spending Plan					Total £'000
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	
<b>SECONDARY PLANNED MAINTENANCE</b>						
Ark Putney School lift	14	676	18	0	0	708
Ernest Bevin Sixth Form Boiler works	-6	0	0	0	0	-6
Paddock Secondary School - Playspace Perimeter Fencing	30	0	0	0	0	30
Paddock Secondary Sch - Boiler works	1	0	0	0	0	1
	<b>39</b>	<b>676</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>733</b>
<b>TOTAL SECONDARY EDUCATION</b>	<b>393</b>	<b>1,113</b>	<b>448</b>	<b>0</b>	<b>0</b>	<b>1,954</b>
<b>SPECIAL SCHOOLS</b>						
<b>SPECIAL EXPANSION</b>						
Paddock Special School expansion at Broadwater Primary	16,406	12,594	671	0	0	29,671
The Alton ASD Provision	33	0	0	0	0	33
	<b>16,439</b>	<b>12,594</b>	<b>671</b>	<b>0</b>	<b>0</b>	<b>29,704</b>
<b>SPECIAL PLANNED MAINTENANCE / OTHER</b>						
Garratt Park - 3 Boilers to ASHP Phase 1	217	11	0	0	0	228
WESS Schools Garratt Park Sch Decarbonisation LED Lighting	2	0	0	0	0	2
Greenmead Sch-Replace Emergency Lighting	72	54	0	0	0	126
	<b>291</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>356</b>
<b>TOTAL SPECIAL SCHOOLS/OTHER</b>	<b>16,730</b>	<b>12,659</b>	<b>671</b>	<b>0</b>	<b>0</b>	<b>30,060</b>
<b>HIGH NEEDS CAPITAL PROVISION</b>						
Granard Primary new resource base	94	0	0	0	0	94
St John Bosco College – extend Savio & Devereux base	43	0	0	0	0	43
Swaffield Primary new resource base	8	0	0	0	0	8
<b>TOTAL HIGH NEEDS CAPITAL PROVISION</b>	<b>145</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145</b>
<b>OTHER EDUCATION FUNDED SCHEMES</b>						
Schools Devolved Capital	196	0	0	0	0	196
<b>TOTAL OTHER EDUCATION FUNDED SCHEMES</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>196</b>
<b>TOTAL EDUCATION</b>	<b>24,287</b>	<b>34,764</b>	<b>16,406</b>	<b>22,486</b>	<b>0</b>	<b>97,943</b>
<b>OTHER CHILDREN'S SERVICES</b>						
166 Roehampton lane (Family Hub)	300	0	0	0	0	300
ARP -166 Roehampton lane (Family Hub)	25	0	0	0	0	25
Childcare Expansion Capital Grant	370	0	0	0	0	370
Garratt Green Playground Refurbishment	30	500	500	304	0	1,334
George Shearing Centre Football Pitch	0	423	0	0	0	423
Heathbrook Park playground refurbishment	30	518	783	0	0	1,331
Latchmere Recreation Ground playground refurbishment	30	503	400	400	0	1,333
Lady Allen Adventure Playground Refurbishment	150	209	0	0	0	359
Oakdene Children's Home improvements	97	90	0	0	0	187
Paddock Primary & Secondary Schools -Access Controls	67	0	0	0	0	67
Schools LED Lighting Upgrade Programme	232	52	0	0	0	284
Urgent Health & Safety Works	86	0	0	0	0	86
Various Retention Payments	30	273	0	0	0	303
Wandsworth Family Hub Programme	570	763	0	0	0	1,333
<b>TOTAL OTHER CHILDREN'S SERVICES</b>	<b>2,017</b>	<b>3,331</b>	<b>1,683</b>	<b>704</b>	<b>0</b>	<b>7,735</b>
<b>TOTAL CHILDREN'S COMMITTEE</b>	<b>26,304</b>	<b>38,095</b>	<b>18,089</b>	<b>23,190</b>	<b>0</b>	<b>105,678</b>

## London Borough of Wandsworth – General Fund Capital Programme

## CCP Latest Spending Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
<b>FINANCE</b>						
<b><u>OPERATIONAL BUILDINGS</u></b>						
Corporate Buildings - works to ensure Health and Safety & regulatory compliance	132	0	0	0	0	132
Cyclical Roof and Fabric Replacement/Repairs	246	202	0	0	0	448
Emergency Plant and Equipment In Core Buildings	307	0	0	0	0	307
Minimum Energy Efficiency rating compliance work	6	343	0	0	0	349
Public Sector Decarbonisation Scheme of operational buildings and schools	125	0	0	0	0	125
SSA wide, Replace access control system hardware and software	1	249	0	0	0	250
Statutory Compliance Remedial Works Core Buildings	70	0	0	0	0	70
WESS Decarbonisation Projects	342	0	0	0	0	342
<b>TOTAL OPERATIONAL BUILDINGS</b>	<b>1,229</b>	<b>794</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,023</b>
<b><u>IT SERVICES</u></b>						
ICT Infrastructure	943	1,141	0	0	0	2,084
<b>TOTAL IT SERVICES</b>	<b>943</b>	<b>1,141</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,084</b>
<b><u>PROPERTY SERVICES</u></b>						
Acquisition of Atheldene and Surrounding Sites	2,483	2,029	0	0	0	4,512
Northcote Library & associated site	2,444	0	0	0	0	2,444
<b>TOTAL PROPERTY SERVICES</b>	<b>4,927</b>	<b>2,029</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,956</b>
<b><u>SCHEMES IN THE NINE ELMS REGENERATION AREA</u></b>						
Health Facilities	3,223	4,621	2,960	0	0	10,804
Utilities	100	148	0	0	0	248
<b>TOTAL SCHEMES IN THE NINE ELMS REGENERATION AREA</b>	<b>3,323</b>	<b>4,769</b>	<b>2,960</b>	<b>0</b>	<b>0</b>	<b>11,052</b>
<b><u>GENERAL FINANCE &amp; CORPORATE SERVICES</u></b>						
Coroner's Court refurbishment	188	0	0	0	0	188
General Fund Inflation budget	1,000	3,000	4,189	0	0	8,189
Loans to Other Bodies	0	100	0	0	0	100
Public Realm Investment Fund unallocated (PRIF)	51	0	0	0	0	51
UK Shared Prosperity Fund	806	0	0	0	0	806
<b>TOTAL GENERAL FINANCE &amp; CORPORATE SERVICES</b>	<b>2,045</b>	<b>3,100</b>	<b>4,189</b>	<b>0</b>	<b>0</b>	<b>9,334</b>
<b>TOTAL FINANCE COMMITTEE</b>	<b>12,467</b>	<b>11,833</b>	<b>7,149</b>	<b>0</b>	<b>0</b>	<b>31,449</b>
<b>HOUSING</b>						
Alton Activity Centre	200	1,800	300	0	0	2,300
Disabled Facilities Grants	1,000	403	0	0	0	1,403
Empty Properties Grant	200	350	350	400	400	1,700
Loans to Leaseholders	178	100	200	0	0	478
Wandsworth Affordable Housing Programme	0	2,000	1,540	0	0	3,540
<b>TOTAL HOUSING COMMITTEE</b>	<b>1,578</b>	<b>4,653</b>	<b>2,390</b>	<b>400</b>	<b>400</b>	<b>9,421</b>

## London Borough of Wandsworth – General Fund Capital Programme

## CCP Latest Spending Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
<b>TRANSPORT</b>						
<b><u>CCTV</u></b>						
Mobile CCTV to combat flytipping	0	45	0	0	0	45
Speed Indicator Devices (20mph)	10	0	0	0	0	10
<b>TOTAL CCTV SCHEMES</b>	<b>10</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55</b>
<b><u>HIGHWAYS</u></b>						
ASDA Clapham Junction	0	81	0	0	0	81
Battersea High Street - Improvements for Businesses & Market Traders	16	0	0	0	0	16
Battersea High Street Public Realm - phase 2	49	146	0	0	0	195
Blocked Gullies & ongoing renewal to improve condition	-36	280	150	148	0	542
Boroughwide - Tree Works	172	0	0	0	0	172
Boroughwide highway bridges and structures works	50	350	0	0	100	500
Burntwood Lane	84	2,311	0	0	0	2,395
Capitalised Repairs: - Footways	2,742	3,250	3,250	3,250	3,250	15,742
Capitalised Repairs: -Carriageways	5,000	7,000	7,000	7,000	7,000	33,000
Changing Places Toilet facilities at Clapham Junction Station	100	0	0	0	0	100
Culvert Road Rail Bridge underpass	100	50	0	0	0	150
Culvert Road Traffic Signal Junction Improvements	78	0	0	0	0	78
Cycle Parking at Railway Stations	406	49	0	0	0	455
Electric Charging points - grant funded	1	160	561	0	0	722
Elmbourne Road Improvements	34	0	0	0	0	34
Falcon Road Corridor Study (Battersea Link)	0	400	0	0	0	400
Falcon Road Underpass	200	4,300	0	0	0	4,500
Feasibility and implementation for controlled crossing – Southcroft Road and Mitcham Lane	150	0	0	0	0	150
Flood Alleviation Works - SUDS	178	200	206	0	0	584
Frogmore Depot Office Improvements	0	60	0	0	0	60
Heaver Estate & Traffic Reduction Measures	50	0	0	0	0	50
Highways Improvements - Trinity Rd/Glenburnie Rd	47	0	0	0	0	47
Implementation of Walking and Cycling Strategy	25	0	0	0	0	25
Improvement to Battersea Park Station	500	1,000	7,500	5,502	0	14,502
Key Gateways	50	2,334	0	0	0	2,384
Lower Richmond Road Safety Corridor Review	146	100	0	0	0	246
Low emission Highways Vehicles	46	0	0	0	0	46
Mitcham Lane Safety & Corridor Improvements	325	0	0	0	0	325
Nine Elms Highways, Pedestrian and Public Realm	500	3,000	500	0	0	4,000
Nine Elms Park	155	8,541	4,600	0	0	13,296
Northcote Road & Abyssinia Close improvements	10	0	0	0	0	10
Old York Road improvements	1,626	570	0	0	0	2,196
One way streets conversion to two way cycling	87	103	0	0	0	190
Osiers Road S278	0	18	0	0	0	18
Pedestrian Crossings - at 10 locations borough wide	56	80	0	0	0	136
Putney High Street Public Realm & Environment Improvements	874	0	0	0	0	874

## London Borough of Wandsworth – General Fund Capital Programme

	CCP Latest Spending Plan					Total £'000
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	
Queenstown Road Corridor Scheme (Nine Elms Element)	703	764	0	0	0	1,467
Refurbishment of East Putney railway bridges	0	400	0	0	0	400
River Promenade Works (PRIF)	101	12	0	0	0	113
Riverwalk	234	250	1,231	0	0	1,715
School Streets Phase 5	0	333	0	0	0	333
Signal controlled pedestrian crossings	99	27	0	0	0	126
Southfields Public Realm Upgrade	117	0	0	0	0	117
Street Signage Improvements	302	333	365	0	0	1,000
Tooting Town Centre - Phase 1	328	0	0	0	0	328
Totterdown Street pedestrianisation	120	145	0	0	0	265
Upper Richmond Road and Putney Stations	0	666	1,334	0	0	2,000
Upper Richmond Road Improvements	0	412	824	0	0	1,236
Wandsworth Bridge / Bridge end road	140	400	0	0	0	540
Wandsworth Bridge Bearing Replacement	220	323	0	0	0	543
Wandsworth Local Fund Bikehangars	150	0	0	0	0	150
Wandsworth Town Centre Transformation Scheme	466	1,500	10,000	13,068	0	25,034
Wandsworth Town Station - Access for all	645	721	0	0	0	1,366
WESS Bike hangars	458	0	0	0	0	458
WESS E-cargo bike sustainable freight grants	5	25	0	0	0	30
WESS Electric Vehicle Charge Points	25	150	133	0	0	308
WESS Putney High St area Cycle improvements	20	130	0	0	0	150
WESS School cycle parking	11	8	0	0	0	19
WESS School Streets	329	96	0	0	0	425
WESS Wandsworth Bridge (cycle resurfacing)	50	0	0	0	0	50
<b>TOTAL HIGHWAYS</b>	<b>18,344</b>	<b>41,078</b>	<b>37,654</b>	<b>28,968</b>	<b>10,350</b>	<b>136,394</b>
<b>TOTAL TRANSPORT COMMITTEE</b>	<b>18,354</b>	<b>41,123</b>	<b>37,654</b>	<b>28,968</b>	<b>10,350</b>	<b>136,449</b>
<b>TOTAL GENERAL FUND LATEST SPENDING PLAN</b>	<b>79,935</b>	<b>109,617</b>	<b>68,449</b>	<b>53,314</b>	<b>11,291</b>	<b>322,606</b>
<b>FINANCED BY</b>						
Grants & Contributions	21,556	9,540	979	0	0	32,075
S106 & NCIL	13,242	42,464	26,168	23,037	400	105,311
SCIL	13,892	19,492	14,654	20,836	4,750	73,624
Nine Elms CIL	4,294	9,942	10,862	5,502	0	30,600
Earmarked reserves	137	343	0	0	0	480
Revenue funding	131	131	131	541	541	1,475
Capital receipts	11,560	8,403	5,004	148	100	25,215
Borrowing	15,123	19,302	10,651	3,250	5,500	53,826
<b>TOTAL FINANCING OF GENERAL FUND LATEST SPENDING PLAN</b>	<b>79,935</b>	<b>109,617</b>	<b>68,449</b>	<b>53,314</b>	<b>11,291</b>	<b>322,606</b>

**APPENDIX B**  
**London Borough of Wandsworth – Development Pool Indicative budgets**

**New Schemes 2025/26 to 2029/30**

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
<b>HEALTH</b>						
Better at Home Improvement Scheme - DFG	90	90	90	90	90	450
Digital Switchover Telecare	550	400	-	-	-	950
Integrated Sexual Health and Substance Misuse Treatment Hub	2,400	-	-	-	-	2,400
Joint Integrated Community Equipment - DFG	330	330	330	330	330	1,650
Occupational Therapy - DFG	288	288	288	288	288	1,440
<b>Total Health Committee</b>	<b>3,658</b>	<b>1,108</b>	<b>708</b>	<b>708</b>	<b>708</b>	<b>6,890</b>
<b>ENVIRONMENT</b>						
Battersea Reference Library Refurbishment	100	900	900	100	-	2,000
Climate Change - WESS	-	1,000	1,000	1,000	1,000	4,000
Leisure Infrastructure Plan (W) - Enhance	2,000	2,000	2,000	2,000	2,000	10,000
Leisure Infrastructure Plan (W) - Protect	2,078	7,313	5,735	2,578	2,296	20,000
Oasis Park	500	1,000	500	-	-	2,000
Parklets and Pocket Parks Extension	-	200	200	200	200	800
Peace Pagoda Works Phase 1	150	-	-	-	-	150
Tooting Common Capital Ring Drainage	300	-	-	-	-	300
Wandsworth Common Boardwalk	94	-	-	-	-	94
<b>Total Environment Committee</b>	<b>5,222</b>	<b>12,413</b>	<b>10,335</b>	<b>5,878</b>	<b>5,496</b>	<b>39,344</b>
<b>CHILDREN'S</b>						
Bradstow Special School	455	45	-	-	-	500
Francis Barber PRU Relocation	320	-	-	-	-	320
Granard School Resource Base Expansion	1,530	350	-	-	-	1,880
Hospital and Home Tuition Service Medical PRU Site	150	-	-	-	-	150
Riversdale School Portacabin Replacement	1,525	275	-	-	-	1,800
SEND Hub (Siward Rd)	1,000	-	-	-	-	1,000
Wandsworth Family Hub Programme - extension	550	-	-	-	-	550
Wandsworth School Condition Programme 2025/26	1,745	-	-	-	-	1,745
<b>Total Children's Committee</b>	<b>7,275</b>	<b>670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,945</b>
<b>FINANCE</b>						
IT Investment	592	340	596	477	-	2,005
Net Zero Decarbonisation Strategy	-	6,750	6,750	6,750	6,750	27,000
Nine Elms Park	-	500	1,600	2,500	-	4,600
Operational Plant and Equipment Renewal (OPER)	1,031	1,031	1,031	1,031	1,031	5,156
Operational Roof and Fabric Renewal (ORFR)	344	344	344	344	344	1,719
PSDS4 Heat decarbonisation and energy efficiency	500	2,500	1,500	2,837	-	7,337
Roehampton Community Hub	5,750	5,450	5,450	-	-	16,650
Statutory Compliance and Remedial Works (SCRWCB)	825	825	825	825	825	4,125
Town Hall Annex - Great Employer Investment	3,050	2,950	-	-	-	6,000
<b>Total Finance Committee</b>	<b>12,092</b>	<b>20,690</b>	<b>18,096</b>	<b>14,764</b>	<b>8,950</b>	<b>74,592</b>
<b>HOUSING</b>						
Disabled Facilities Grant	-	470	470	470	470	1,880
Loans to Leaseholders	100	100	100	200	200	700
Trewint Travellers Site Upgrades	100	50	-	-	-	150
<b>Total Housing Committee</b>	<b>200</b>	<b>620</b>	<b>570</b>	<b>670</b>	<b>670</b>	<b>2,730</b>

**APPENDIX B****London Borough of Wandsworth – Development Pool Indicative budgets****New Schemes 2025/26 to 2029/30**

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
<b>TRANSPORT</b>						
Bike Hangars Expansion	500	500	500	-	-	1,500
Buildings Maintenance Fleet	750	-	-	-	-	750
CCTV Moving Traffic Enforcement Cameras	42	-	-	-	-	42
Clapham Junction Masterplan	65	-	-	-	-	65
Controlled Parking Zone Improvement	100	-	-	-	-	100
Crossings - standards and compliance improvements	30	30	30	30	-	120
Crossings - upgrades	360	360	360	360	360	1,800
Cycle Lane Segregation	40	40	-	-	-	80
Granville Merton Brathways Rds Junction Improvement	150	-	-	-	-	150
Henry Prince Estate Footbridge	50	-	-	-	-	50
Highway Bridges and Structures Improvements	-	-	-	-	100	100
Preventing vehicle incursion on railways	80	70	-	-	-	150
Pride in Our Streets	2,500	2,000	2,000	2,000	2,000	10,500
Quiet Cycle Routes	250	500	-	-	-	750
Railway Bridges Enhancements and Improvements	500	500	500	500	-	2,000
Roads and Pavements	-	-	-	-	10,000	10,000
Speed Indicator Devices	100	50	-	-	-	150
Wandsworth Town Station - Accessibility and Second Entrance	3,398	1,133	-	-	-	4,531
<b>Total Transport Committee</b>	<b>8,916</b>	<b>5,183</b>	<b>3,390</b>	<b>2,890</b>	<b>12,460</b>	<b>32,838</b>
<b>Total New Schemes</b>	<b>37,363</b>	<b>40,684</b>	<b>33,099</b>	<b>24,910</b>	<b>28,284</b>	<b>164,339</b>

**APPENDIX B**  
**London Borough of Wandsworth – Development Pool Indicative budgets**

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
<b>Existing Schemes 2025/26 to 2029/30</b>						
<b>ENVIRONMENT</b>						
Cleaner Borough Plan - Estates Waste & Recycling Bins	694	-	-	-	-	694
Combined Heat & Power Unit Repairs/Replacements Latchmere and Tooting Leisure Centres	120	-	-	-	-	120
Wandsworth Environment and Sustainability Strategy	2,000	-	-	-	-	2,000
<b>Total Environment Committee</b>	<b>2,814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,814</b>
<b>CHILDREN'S</b>						
Granard Specialist Nursery Base	200	-	-	-	-	200
Conversion/Extension Foster Carers' Properties	150	150	-	-	-	300
<b>Total Children's Committee</b>	<b>350</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>
<b>FINANCE</b>						
Alton Renewal Plan - A Lighting Strategy and Lighting Interventions	80	-	-	-	-	80
Alton Renewal Plan - Art Interventions	52	-	-	-	-	52
Alton Renewal Plan - Gateway Artwork into Alton	45	-	-	-	-	45
Alton Renewal Plan - Leisure Centre Walkway	90	-	-	-	-	90
Alton Renewal Plan - Shopfront Improvements on Danebury Avenue	120	-	-	-	-	120
Alton Renewal Plan - Wayfinding and Heritage Trail	80	-	-	-	-	80
Council Funded Decarbonisation Projects - Phase 2	1,000	-	-	-	-	1,000
<b>Total Finance Committee</b>	<b>1,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,467</b>
<b>HOUSING</b>						
Alton Renewal Plan - Alton Activity Centre Play & Access Improvements	86	-	-	-	-	86
<b>Total Housing Committee</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86</b>
<b>TRANSPORT</b>						
Alton Renewal Plan - Improved access to Richmond Park	225	-	-	-	-	225
Alton Renewal Plan - Quiet cycle routes	150	100	-	-	-	250
Alton Renewal Plan - Pedestrian environment improvements	125	-	-	-	-	125
Alton Renewal Plan - Zebra Crossings and Parade Decoration	80	-	-	-	-	80
Cycleways Network	150	-	-	-	-	150
Tooting Town Centre Improvement fund	1,420	1,750	-	-	-	3,170
<b>Total Transport Committee</b>	<b>2,150</b>	<b>1,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000</b>
<b>Total Existing Schemes</b>	<b>6,867</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,867</b>
<b>Total Development Pool</b>	<b>44,230</b>	<b>42,684</b>	<b>33,099</b>	<b>24,910</b>	<b>28,284</b>	<b>173,206</b>

**Financed By :**

Grants & Contributions	4,833	6,557	6,053	7,390	4,553	29,387
S106 & CIL	16,906	12,399	12,908	4,979	7,491	54,683
Earmarked Reserves	1,342	340	596	477	-	2,755
Capital Receipts	1,164	290	-	-	-	1,454
Borrowing - Invest 2 Save	6,480	6,750	3,091	8,750	8,750	33,821
Borrowing	13,503	16,347	10,452	3,314	7,491	51,107
<b>Total Financing</b>	<b>44,230</b>	<b>42,684</b>	<b>33,099</b>	<b>24,910</b>	<b>28,284</b>	<b>173,206</b>

***Proposed Additions to the General Fund Capital Programme***

APPENDIX C

**WANDSWORTH BOROUGH COUNCIL**

**THE COUNCIL'S CAPITAL STRATEGY 2025/26**

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 2025/26 are included as Appendix G to the Treasury Management Policy elsewhere on this agenda as Paper No. 25-85. These estimated Prudential Indicators will be monitored and updated as required through 2025/26 and if any material change is needed will be reported to this Committee in summer 2025 with the Treasury Management Outturn report of 2024/25.

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. The Latest Spending Plan reported in Paper No. 25-84 provides the Council with the detailed monitoring position on all live schemes and the current

***(Paper No. 25-84)***

## ***Proposed Additions to the General Fund Capital Programme***

projection of the level of capital investment and financing costs over the next five-year period for schemes within the Committed Capital Programme (CCP).

- 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 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 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.

## ***Proposed Additions to the General Fund Capital Programme***

### **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 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.

## ***Proposed Additions to the General Fund Capital Programme***

### **4. Capital Expenditure – Housing Revenue Account Capital Programme**

#### **Overview of Governance Process**

- 4.1 The Housing Revenue Account (HRA) Budget Framework is another of the Council's four financial frameworks as detailed in the Council's Medium Term Financial Strategy. It is based upon the 30-year HRA business plan that models the resources necessary to manage the housing stock and the cycles of work necessary to maintain to the 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, 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 resources over the 30-years of the Business Plan.
- 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, land or from vacant property sales not subject to Right to Buy pooling arrangements.
  - b) *Right to Buy 1-4-1 receipts* – as per the agreement with the Government, the residual receipts from Right to Buy sales are retained by the Council to be used for one-for-one replacement build.

***(Paper No. 25-84)***

## ***Proposed Additions to the General Fund Capital Programme***

- c) *Grants and reimbursements* – Section 106 funds (specifically for Affordable Housing), other external capital grants and reimbursements, in particular from leaseholders.
- d) *Borrowing* – HRA borrowing, whether internal or external, increases HRA debt. HRA debt in Wandsworth is currently £126 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 10 years to support the Council's ambitions for estate regeneration and new housing development with the current estimate that over £780 million of additional borrowing will be required. It is currently assumed that borrowing will begin to be required from 2024/25 with the first £50 million of this long-term borrowing expected to be from internal borrowing rather than more costly PWLB borrowing – even when factoring in the reduction to the PWLB borrowing rate (60 basis points) offered when borrowing supports housing delivery.
- e) *Major Repairs Reserve* – this is used where resources from the above 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 as part of developing proposals.

### **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.

## ***Proposed Additions to the General Fund Capital Programme***

- 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 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 currently underway and due to be completed by March 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 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 £625 million at the end of December 2024 and the average rate of return for 2024/25 as at end of December 2024 is 5.18% (excluding investment property). The Council is budgeting to begin 2025/26 with investments in excess of £580 million and the estimated movements for the following two years based upon current cash flows show

***(Paper No. 25-84)***

## ***Proposed Additions to the General Fund Capital Programme***

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 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

***(Paper No. 25-84)***

**Proposed Additions to the General Fund Capital Programme**

- 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.
- 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 3.86% on the Council's original investment. There have been a small number of properties in the portfolio where rents have decreased due to lease

## ***Proposed Additions to the General Fund Capital Programme***

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 0.8% of average investments in 2024/25 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 2025/26 in Paper No. 24-380 (Appendix E). 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. The original loan was for £223 million and will be fully repaid at the end of the 2024/25 financial year. The interest due is fully charged to the Council's HRA.
- 6.2 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 2024 £26m was held for WRWA and £0.8m for NESCB. The Council's General Fund has no external debt other than any amounts relating to these deposit facilities.
- 6.3 **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.
- 6.4 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 £66.5 million of internal borrowing will remain outstanding at the end of 2024/25. The HRA has also borrowed internally to support spend for Right to Buy one-for-one replacement not funded by retained receipts. Where utilised this borrowing is repaid in full in the year following its advance. This is not expected to continue beyond 2024/25 as 100% of Right to Buy one-for-one re-provision expenditure can now be funded from retained Right to Buy receipts.

***(Paper No. 25-84)***

***Proposed Additions to the General Fund Capital Programme***

- 6.5 The General Fund has not internally borrowed for many years other than for a school spend to save scheme as mentioned in paragraph 3.8 i). 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.
- 6.6 **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 3.8 i). 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.
- 6.7 **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 £210 million in March 2024 for 2024/25 and a limit of £260 million is proposed for 2025/26.

<b>Whole Borough Strategic CIL Receipts (including Nine Elms), Projects Committee to &amp; Expenditure Incurred as at 31st December 2024</b>			<b>Appendix D</b>
<b>SCIL Receipts</b>	<b>£</b>		
<b>Total SCIL Receipts to 31st December 2024</b>	<b>-225,372,658</b>		
<b>Projects to be funded by SCIL</b>	<b>SCIL Budget Committed</b>	<b>Expenditure Incurred to date</b>	<b>Net Remaining Budget</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Committed Capital Programme</b>			
£5m Town Centre Investment Fund	1,480,000	0	1,480,000
Abyssinia Close Improvements	103,265	89,265	14,000
Balham children's library refurbishment	120,000	0	120,000
Balham Library - Roofing Works	130,000	142	129,858
Barn Elms Sports Centre- Replacement of Artificial Multi-Use Games Surface	172,000	0	172,000
Battersea District Library Roof & Glass Dome repair and replacement	150,000	0	150,000
Battersea River Wall – urgent stabilisation works	1,969,000	0	1,969,000
Blocked Gullies & ongoing renewal to improve condition	211,822	111,822	100,000
Boroughwide - Essential Repairs to Roads & Paths Across Parks	204,000	0	204,000
Boroughwide - Tree Works	456,885	263,885	193,000
Boroughwide Parks Railings and Pathways	300,000	0	300,000
Capitalised Repairs: - Footways	5,179,481	1,495,481	3,684,000
Capitalised Repairs: -Carriageways	16,462,014	2,712,014	13,750,000
Completed SCIL Projects	58,602,007	58,602,007	0
Culvert Road Traffic Signal Junction Improvements	150,000	35,242	114,758
Cycle Parking at Railway Stations	500,000	44,840	455,160
Decarbonisation Schemes in Operational Buildings and Schools	130,802	5,802	125,000
East Putney Railway Bridges Refurbishment	400,000	0	400,000
Falcon Road Underpass	4,300,000	0	4,300,000
Flood Alleviation Works - SUDS	953,798	359,798	594,000
Furzedown Recreation Ground Improvements	685,000	0	685,000
Garratt Green Playground Refurbishment	1,334,000	0	1,334,000
Grass Playing Pitch Drainage	1,400,000	350,622	1,049,378
Heathbrook Park playground refurbishment	1,333,000	0	1,333,000
Heaver Estate & Traffic Reduction Measures	150,000	0	150,000
Inflation Provision for Capital Projects	4,672,000	0	4,672,000
Latchmere Leisure Centre - Roof Structure Repairs	176,000	8,581	167,419
Latchmere Recreation Ground playground refurbishment	1,333,000	0	1,333,000
Leisure Centres - Balham & Wandle Air Handling Systems	306,054	11,054	295,000
Leisure Centres - Pool Filtration Vessels	179,000	88,652	90,348
Leisure Centres - Swimming Pool Improvements	396,000	392,868	3,132
Lower Richmond Road Safety Corridor Review	300,000	49,330	250,670
Mitcham Lane Safety & Corridor Improvements	425,313	170,313	255,000
Nine Elms - Completed Projects	18,716,232	18,716,232	0
Nine Elms - Thames River Path	4,445,174	2,730,174	1,715,000
Nine Elms - Key gateways	2,594,974	210,974	2,384,000
Nine Elms - Utilities	955,362	707,362	248,000
Nine Elms - Improvements to Battersea Park Station	16,485,647	2,483,647	14,002,000
Nine Elms - Queenstown Road Corridor Scheme (Nine Elms Element)	1,593,331	149,331	1,444,000
Nine Elms - Health Facilities	11,627,238	823,238	10,804,000
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	275,427	195,573
Pedestrian Crossings - at locations borough wide	352,750	335,750	17,000
Pedestrian Crossings - Signal Controlled	200,000	7,500	192,500
Pocket Parks	400,000	0	400,000
PRIF River Promenade Works	483,400	370,164	113,236
Public Realm Investment Fund unallocated	51,000	0	51,000
Putney High Street - Public Realm & Environment Improvements	2,253,451	2,121,451	132,000
Putney Vale Cemetery Burial Space Extension	263,251	34,340	228,911
Putney Vale Cemetery Chapel lifts	200,000	0	200,000
Resurfacing of courts 1-10 at Battersea Park Millennium Arena	75,000	0	75,000
Roehampton Leisure Centre - Renewal of Roof Coverings	156,340	89,340	67,000
School Streets Phase 5	333,000	0	333,000

Projects to be funded by SCIL	SCIL Budget Committed	Expenditure Incurred to date	Net Remaining Budget
	£	£	£
<b>Committed Capital Programme</b>			
SCIL Infrastructure Maintenance (Revenue)	10,752,379	4,752,379	6,000,000
Shillington Park - pathway lighting installation	63,000	0	63,000
Southfields Public Realm Upgrade	497,000	440,000	57,000
Swaffield Rd Pocket Park	400,000	0	400,000
Tooting Common Lakeside playground refurbishment	384,000	11,442	372,558
Totterdown Street pedestrianisation	205,451	79,451	126,000
Upper Richmond Road & Putney Stations	2,000,000	0	2,000,000
Wandle Recreation Centre - Artificial Pitch Repairs	90,101	41,101	49,000
Wandsworth Bridge / Bridge end road	550,000	0	550,000
Wandsworth Bridge Bearing Replacement	3,840,000	3,297,407	542,593
Wandsworth Cemetery Burial Space Extension	301,000	123,339	177,661
Wandsworth Environmental and Sustainability Strategy (WESS)	5,468,412	1,125,675	4,342,737
Wandsworth Town Station - Accessibility Improvements	900,000	240,000	660,000
Schools LED Lighting – Phase 2 Feasibility & Design	180,000	0	180,000
<b>Total Committed Capital Programme SCIL Funded Projects</b>	<b>193,952,934</b>	<b>104,006,885</b>	<b>89,946,049</b>
<b>Existing Schemes Development Pool</b>			
ARP - Alton Activity Centre Play & Access Improvements	86,000	0	86,000
ARP -Gateway Artwork into Alton	45,000	0	45,000
ARP -Improved access to Richmond Park	225,000	0	225,000
ARP -Leisure Centre Walkway	90,000	0	90,000
ARP -Quiet cycle routes	250,000	0	250,000
ARP -Pedestrian environment improvements	125,000	0	125,000
ARP -Wayfinding and Heritage Trail	80,000	0	80,000
ARP -Zebra Crossings and Parade Decoration	80,000	0	80,000
Wandsworth Environment and Sustainability Strategy	2,000,000	0	2,000,000
Tooting Town Centre - Phase 1	330,000	0	330,000
<b>Total Existing Schemes Development Pool SCIL Funded Projects</b>	<b>3,311,000</b>	<b>0</b>	<b>3,311,000</b>
<b>New Schemes Development Pool</b>	<b>49,221,700</b>	<b>0</b>	<b>49,221,700</b>
<b>Total Development Pool</b>	<b>52,532,700</b>	<b>0</b>	<b>52,532,700</b>
<b>Total Projects To be funded from SCIL</b>	<b>246,485,634</b>		
Value of SCIL Receipts Over Committed to date	21,112,976		
Forecast of further CIL receipts by 31.3.2030	-42,500,000		
<b>Forecast Value of SCIL Receipts Uncommitted by 31.3.2030</b>	<b>-21,387,024</b>	*	
<b>Cash Balance of SCIL Receipts unspent to date</b>		<b>-121,365,774</b>	

\* This uncommitted sum does not include any funding for the Wandsworth Town Centre Transformation Scheme which could cost up to £27.5m

WANDSWORTH BOROUGH COUNCILFINANCE OVERVIEW AND SCRUTINY COMMITTEE – 25TH FEBRUARY 2025EXECUTIVE – 3RD MARCH 2025COUNCIL – 5TH MARCH 2025Report by the Executive Director of Finance on the Council's  
Treasury Policy for 2025/26SUMMARY

This report reviews the Treasury Management activities so far during 2024/25 and makes proposals for 2025/26 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 2025/26, including the determination of the Council's borrowing limit and operational boundary, and the Minimum Revenue Provision policy for the financial year 2025/26. Prudential Indicators are also included where the affordability limit and the impact of capital investment decisions are assessed.

The Council's cash balances started the financial year at £624m. Balances are £625m at 31 December 2024 after peaking in July 2024 at £703m. Investments are expected to be in excess of £580m at 31 March 2025. The average return on investments as at 31 December 2024 is 5.18% and is expected to be around 5.10% at year-end. Long-term investments in pooled funds have cumulatively dropped in capital value in 2024/25 by £0.3m as at 31 December 2024, and are expected to yield revenue income in 2024/25 around £6.4m.

External debt has reduced to £8.6m at the end of December 2024 and will be nil at 31 March 2025, as the planned repayment of the HRA subsidy buy out debt comes to an end.

## 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
MHCLG	Ministry of Housing, Communities and Local Government
MMFs	Money Market Funds
MRP	Minimum Revenue Provision
PWLB	Public Works Loan Board
IFRS	International Financial Reporting Standard

## RECOMMENDATIONS

1. That the Finance Overview and Scrutiny Committee support the recommendations to the Executive in paragraph 2. Any views, comments, or recommendations that are approved on the report will be submitted to the Executive for consideration.
2. The Executive to recommend the Council:
  - (a) to approve the change in the Council's Treasury Policy Statement as outlined in paragraph 12 and produced in full in Appendix C.
  - (b) to approve, as required under Section 3 of Part 1 of the Local Government Act 2003, for the financial year 2025/26, an authorised borrowing limit and operational boundary of £210m, as referenced in paragraph 4 in Appendix B.
  - (c) to approve a Minimum Revenue Provision (MRP) for 2025/26 to repay internal borrowing by the Dedicated Schools Budget (DSB) over a period of twelve years as shown in paragraphs 7 to 8 of Appendix B, and any new MRP that the Council may pay on new internal or external borrowing, as referenced in paragraph 9 of Appendix B.
  - (d) to approve the updated Prudential Indicators in Appendix G.
  - (e) to note the new Liability Benchmark for 2025/26 as set out in Appendix H.

## INTRODUCTION

3. The Treasury Management Policy (the Policy) gives an overview of the purpose and scope of the Treasury Management function, as well as identifying and setting criteria to limit risks. It is intended to give context to the Treasury Management Strategy (the Strategy). CIPFA (Chartered Institute of Public Finance and Accountancy) issue a Treasury Management Code which was revised in December 2021. CIPFA also publish the Prudential Code which was also revised in December 2021. The changes in the Codes have little impact on the Council and these were analysed as part of the Council's Prudential

**Treasury Policy Statement 2025/26**

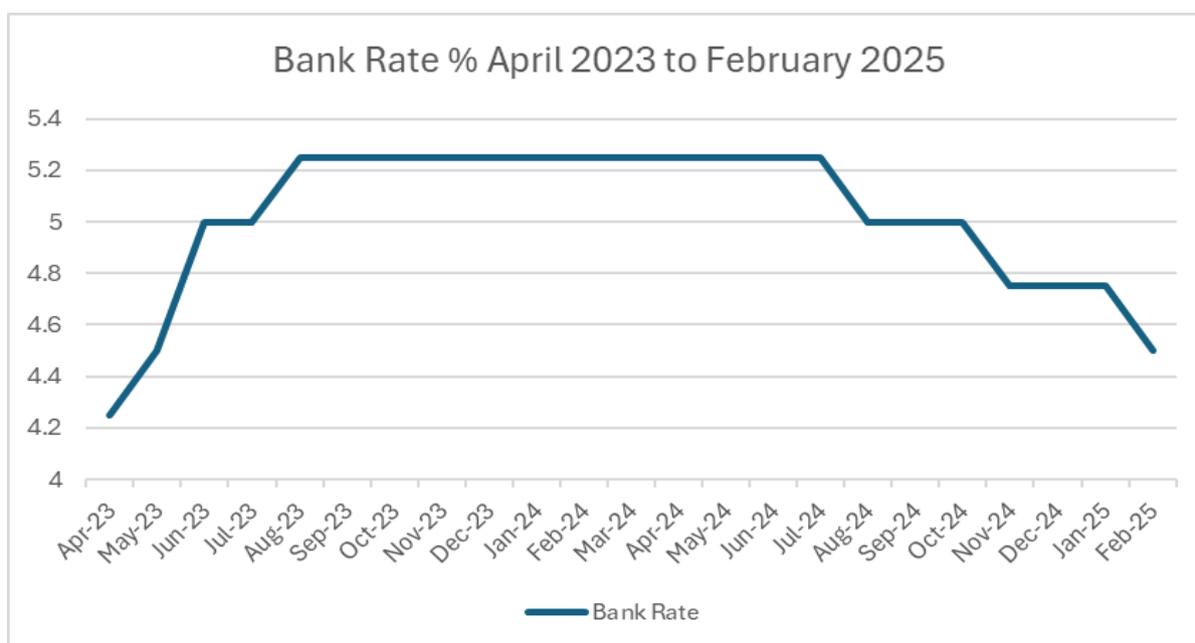
Indicators and Capital Strategy. The Council’s investment strategy also takes into consideration the Investment Guidance issued under Section 15 of the Local Government Act 2003 by the Ministry of Housing, Communities and Local Government (MHCLG).

- 4. The overall arrangements for Treasury Management include provision for reviewing and updating of the Policy at this time of year. The last annual review of the Policy was in February 2024 (Paper No. 24-90) and a mid-year review was more recently produced in December 2024 (Paper No. 24-380). The updated Policy for 2025/26 is attached as Appendix C to this report. Subsequent paragraphs comment on experience to date in 2024/25 and updates to the Policy for 2025/26 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 four 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 2025/26, this will continue while interest rates are expected to remain relatively high in the short term.

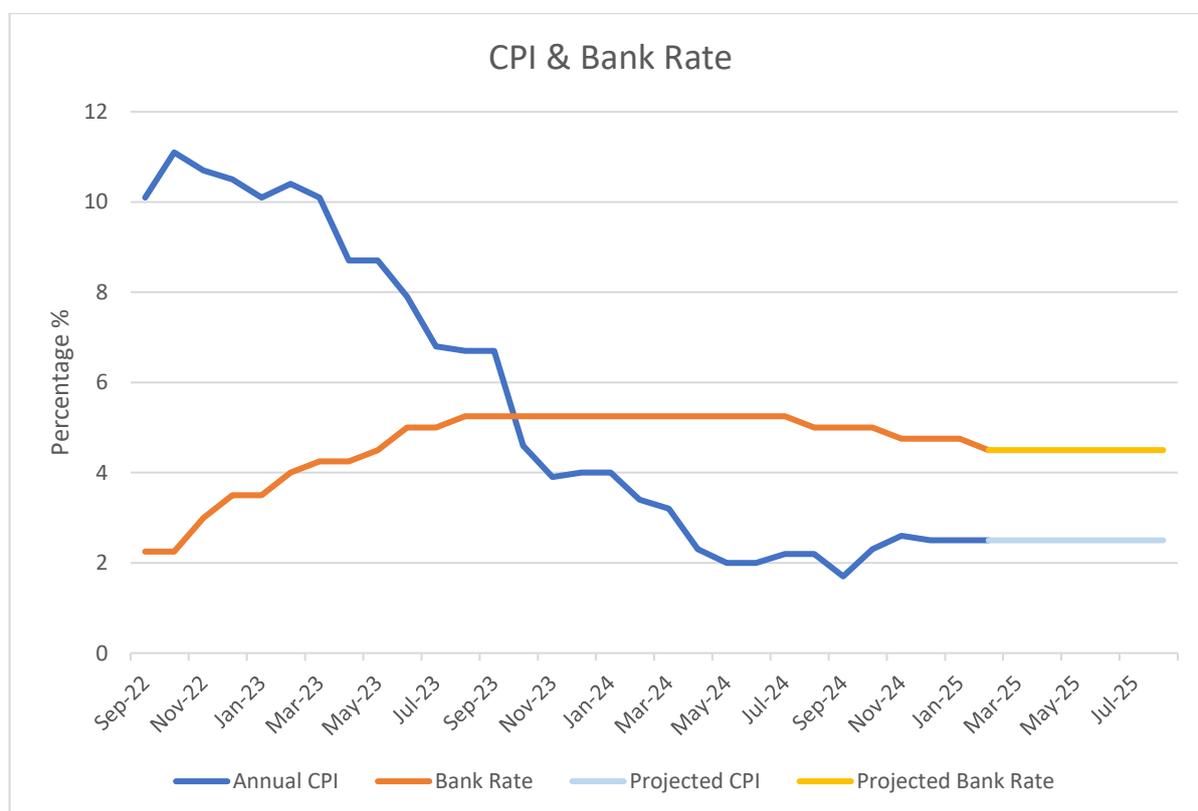
**TREASURY MANAGEMENT EXPERIENCE IN 2024/25**

**ECONOMIC BACKGROUND**

- 6. The UK economy continues to navigate a complex landscape marked by a notable rise in inflation in recent years and two reductions in the Bank Rate in 2024 and one further in February 2025, which has led to a more volatile investment market.
  
- 7. The following graph shows the change in Bank Rate between April 2023 and February 2025:



8. The graph below shows the combined CPI and Bank Rate between September 2022 and February 2025, and a projected CPI and Bank Rate to July 2025:



**INVESTMENTS**

9. The Council’s investments at 31 December 2024 are £625m compared to £690m at 31 December 2023. The level of investment during the year has remained above £620m and peaked at £703m in July 2024. Average balances of £650m were budgeted for 2024/25 and actual average daily balance is £671m to 31 December 2024. Investment balances are expected to finish the

**Treasury Policy Statement 2025/26**

year above £580m. The size and composition of the Council's investments at 31 March 2024 and 31 December 2024 is shown in [Appendix C](#).

10. The Council's overall average rate of interest on investments is 5.18% as at 31 December 2024. This is predicted to be 5.10% as at 31 March 2025. This is higher than the budgeted rate of 5.02% and compares to 4.8% in 2023/24 and 2.2% in 2022/23. This improvement to budget is directly linked to the Bank Rate holding at 5.25% for longer than expected compared to when budgets were set. The majority of investments were made when the Bank Rate was at its peak and due to supply and demand in the local authority lending market, rates remain substantially above the Bank Rate.
11. The Council's strategy allows the use of different investment products to reduce risk, ensure liquidity, and maximise returns. By engaging with the market brokers, officers continue to ensure the range of products are as broad as possible. The table below shows investments as at 31 December 2024:

	31 December 2024		
	% of investment portfolio	Total Investments £m	Weighted Average return %
Local Authority Fixed Term Deposits – 1 year	50.9%	318.0	5.2%
Multi Asset Funds	15.4%	96.3	5.1%
MMFs (same day)	11.0%	69.0	5.1%
Bank Fixed Term Deposits – 1 year	10.4%	65.0	5.3%
MMF (+1 day)	6.2%	38.5	5.0%
CCLA	4.4%	27.6	5.3%
Bank Fixed Term Deposits – 3 Year	1.6%	10.0	4.8%
NatWest Reserve Account	0.1%	0.8	3.0%
<b>Subtotal</b>	<b>100.0%</b>	<b>625.2</b>	<b>5.2%</b>
Less amount invested on behalf of:			
- Western Riverside Waste Authority		-26.0	
- North East Surrey Crematorium Board		-0.8	
<b>Total</b>		<b>598.4</b>	

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

12. Further detail around investments is outlined in [Appendix A](#), [E](#) and [F](#). [Appendix B](#) outlines an updated Treasury Policy which proposes a minor change to the Policy regarding proposed loan duration to be based on interest rates and debt profile rather than a fixed number of years (full details of which are outlined in paragraph 3.4 of [Appendix C](#)). In addition, [Appendix G](#) includes revised Prudential indicators for approval and [Appendix H](#) outlines the Liability Benchmark for information which is a new CIPFA Treasury Management Code requirement.

The Town Hall  
Wandsworth  
SW18 2PU

FENELLA MERRY  
Executive Director of Finance

17<sup>th</sup> February 2025

Appendix A – Investments Overview

Appendix B – Proposed updated Treasury Policy Overview

Appendix C – Treasury Policy Statement

Appendix D – External Debt

Appendix E – Investment detail 31 December 2024

Appendix F – Interest Rates

Appendix G – Prudential Indicators

Appendix H – Liability Benchmark

### **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](http://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.

**Appendix A – Investments****Short Term Liquid Investments**

1. As at 31 December 2024, £69.0m were held in Money Market Funds (MMFs). MMF weighted average rates on 31 December 2024 were 5.13% compared to 5.31% at 31 December 2023. MMFs were budgeted at 4.5% for 2024/25 to follow just under Bank Rate predictions at that time.
2. The +1 day access MMF continues to grow in capital value in the first nine months of 2024/25 totalling £1.7m growth since 31 March 2024. 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. The counterparty limit for this fund was revised in December 2024 as part of the Mid-Year Review (Paper No. 24-380) to maximise usage of this fund while still keeping its maximum limit of £50m in line with non-capital bearing MMFs. The Council's investment as at 31 December 2024 is £38.5m (11.82% of the fund's assets).

**Short Term Fixed Term Deposits**

3. Opportunities for fixed term deposits at high rates are widespread in 2024/25 in line with the high Bank Rate. New fixed term deposits (comprising banks and local authority investments) were budgeted to achieve 4.92% in 2024/25 compared to 4.00% in 2023/24. As at 31 December 2024, fixed term deposits are achieving 5.20% collectively.
4. Local authority lending demand has also been high with local authorities paying a premium on short term borrowing as an alternative to short term Public Works Loan Board (PWLB) borrowing. The Council currently has £318m of fixed term deposits with other local authorities compared to £168m at the same time last year. As at 31 December 2024, local authorities are paying between 5.10% and 5.30% compared to between 5.00% and 5.70% in December 2023. As this type of lending is low risk, the Council has continued to offer a high level of loans to other local authorities and will continue to do so into 2025 (subject to cashflow needs and counterparty checks).
5. The Council invests with several banks and renews ('rolls') these fixed term investments forward when the rates being offered are competitive. The Council has not rolled as many bank deals in 2024/25 compared to 2023/24 due to banks reacting to the decline in the Bank Rate since August 2024. At 31 December 2024, investments with banks was £55m compared to £255m at the same time last year. As at 31 December 2024, banks are offering a one-year fixed term deposit at 4.50% compared to between 5.05% and 5.30% as at 31 December 2023.

### Long Term Investments

6. As at 31 December 2024, pooled investment funds (Multi Asset Funds and the CCLA Property Fund) have achieved a weighted average rate of return of 5.23% with an investment balance of £123.9m. The principal investment of these funds is £130m showing a £6.1m reduction from principal remaining, however the peak of this shortfall was £11.9m in September 2022. Therefore, the funds are recovering albeit at a slower pace. There has been a minor fall since 31 March 2024 of £0.3m showing that most of the loss is in relation to previous years. This rate of return on these investments is slightly higher than 5% budgeted, however, this can fluctuate month-to-month as the fund value changes and yield is determined by the funds themselves rather than strictly following the Bank Rate as other investments do.
7. The table below is a summary of the value of the pooled investments held at 31 December 2024 and the change from principal and the start of the financial year:

	Principal £m	March 2024 Valuation £m	December 2024 Valuation £m	Loss from Principal, as at 31 December 2024 £m	Loss from 31 March 2024, as at 31 December 2024 £m
Multi Asset Funds	100.0	96.5	96.3	-3.7	-0.2
Property Funds	30.0	27.7	27.6	-2.3	-0.1
<b>Total Value</b>	<b>130.0</b>	<b>124.2</b>	<b>123.9</b>	<b>-6.1</b>	<b>-0.3</b>

8. Currently, there are no plans to withdraw from these funds but to continue to hold them long term as is their purpose. Combined with the LVNAV fund (+1 day MMF) as referenced in paragraph 2, all capital bearing funds are showing an overall net loss from principal of £1.4m which is supported in its entirety by £4.8m held in an International Financial Reporting Standard (IFRS) 9 Volatility Reserve. Further details on IFRS 9 are detailed in paragraphs 15 to 16.
9. 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 £27.6m on the purchase of 10 properties. There was an additional acquisition in 2019 of the Sergeant Industrial Estate, which was acquired for strategic purposes.
10. 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.
11. The pandemic 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 has managed to weather the downturn in this investment class. The portfolio currently generates rents of £2.2m, up from £1.9m from the initial rents, which represents a return of 3.86% on the Council's original investment.

12. A full report on the 2024/25 treasury management performance will be made to committee as part of the outturn 2024/25 publication or with the Treasury Management Mid-year review, in accordance with the arrangements prescribed in the Policy Statement.

## **REVIEW OF LONGER-TERM INVESTMENTS**

13. In the future the Bank Rate is forecast to continue to fall after seeing the first reduction in August 2024 followed by the latest reduction in February 2025, therefore there will be fewer high yielding short term investments available. The Council therefore needs to continue to proactively consider its counterparty limits for longer term investments.
14. As communicated to this Committee in February 2024 (Paper No. 24-90), the Council added £50m to its Multi Asset Fund investments in a 'tranche 2' which commenced in 2022/23 and was finalised in September 2023. This was led by Link Treasury Services (Link) now named Mitsubishi UFJ Financial Group, Inc. (MUFG). Officers are continuing to progress with the 3rd tranche of Multi Asset investments in 2025 (again with MUFG) but which has been a drawn out process to ensure the Council is investing at the right time against market volatility (similar to tranche 2).
15. An aggregating issue effecting previous decisions on further multi asset fund investments is the proposed end of the IFRS 9 override. If IFRS 9 was to be applied, it would mean that annual gains or losses arising from changes in capital value of pooled investments such as multi asset funds would need to be charged to revenue in the year that they occur – currently those losses sit solely on the balance sheet. Since its introduction in 2018 IFRS 9 has been "overridden" (i.e. does not apply) in relation to local authorities. Government announced in January 2023 that the override would be extended for another two years to the end of 2024/25. Within the last few weeks Government has confirmed the override will end after the extension, but the particulars of amounts held in unusable reserves (a loss in the case of this Council) under the override ending are still to be confirmed.
16. If there is a potential further investment in Multi Asset Funds and in preparation for the override ending in 2025/26, the Council would continue to set aside resources in an earmarked reserve. This reserve could be used to mitigate any impact on revenue if capital values on investments held drop which is compounded by one set annual date to record losses or gains which could at any time in the future coincidentally fall on a time of economic volatility (regardless of whether this is reflective of the whole year). To provide some

context, the capital value of Multi Asset Funds has reduced by 4.9% since principal purchase, however they grew by 0.7% in the 6 months since April 2024 and as of the 31 December 2024 had fallen by 0.2% from the April valuation, demonstrating volatility. This will be considered by the Executive Director of Finance if further Multi Asset Funds are entered into. At present the IFRS 9 Volatility Reserve holds £4.8m which more than covers the £1.4m loss from principal of all capital bearing funds as at 31 December 2024 (£6.1m loss from Multi Asset and Property Funds offset by a £4.7m gain from the capital bearing MMF).

17. As stronger market recovery began to be seen 18 months after commencement of tranche 3, the selection of funds recommenced in Summer 2024. The recovery has been gradual as whilst some improvement could be seen from September 2023 onwards volatility still existed due to the Bank Rate increasing up to August 2023. After the Bank Rate has held at 5.25% in September 2023, a period of stability followed therefore allowing multi asset fund capital values to hold steady (or grow). Officers have held shortlisting presentations of 7 funds and have analysed those presentations with an outcome documented in an Investment Strategy Statement (ISS) which will be circulated internally for review before any funds or decision to invest occurs. If any new funds are set up, they will be available for use when needed and the Executive Director of Finance, taking into account advice from MUFU, will be able to initiate the investment at an appropriate time. This action will be taken in consultation with the Finance Lead Member.
18. As part of the ISS and long term investment review officers have identified other long term options such as a £10m, 3 year fixed term deposit at 4.82% which was placed with NatWest on the 2nd August 2024 which will provide the Council a high interest yield through to 2026/27.
19. The size and composition of the Council's debt at 31 March 2024 and 31 December 2024 is shown in [Appendix D](#). Gross debt has reduced from £26m to under £9m, reflecting the repayments of PWLB debt. No new external borrowing has been undertaken in 2024/25 and none is expected for the remainder of the financial year.

## REGULATIONS

20. 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.
21. The impact of IFRS 9 on (measurement of) Financial Instruments is outlined above in paragraphs 15 to 16. All capital bearing funds will continue to be analysed alongside regulation updates from Government and as outlined above, the Council has made provisions by setting aside a sum within a reserve.

**Appendix B – Proposed Updated Treasury Policy**

1. The Council continues to have high levels of balances which are expected to reduce over the next three years. If it was assumed that General Fund borrowing was to be taken internally in 2024/25 (if needed) and externally in 2025/26 onwards, and taken externally for the HRA from 2025/26, balances should remain above £570m). It is proposed that the Treasury Policy Statement is updated on the duration of any loan taken by the Council and will be guided by interest rate forecasts and its current debt profile rather than an average of six years as detailed in paragraph 3.4 of [Appendix C](#). This is to support the Council in making the most appropriate decisions regarding its debt profile. No other changes are proposed to the policy statement as the Policy already sufficiently supports investment and borrowing plans for 2025/26.
2. The Strategy for 2025/26 considers the outlook for investment and debt levels for the period 2025/26 to 2027/28 considering estimates of major cash flow movements. These estimates are shown in the table in paragraph 4.1 in [Appendix C](#).
3. The Council is projecting to begin the year with investments greater than £580m. The Council started 2024/25 with £17.2m of PWLB loans taken up for the Housing Revenue Account (HRA) on 28th March 2012, this will have all been repaid by the end of the financial year.

**Authorised Borrowing Limit and Operational Boundary for 2025/26**

4. The Council must set a borrowing limit and operational boundary for 2025/26 under Section 3 of Part 1 of the Local Government Act 2003. This limit refers only to gross borrowing, ignoring investments. It is intended to reflect the maximum amount that a local authority can borrow without further reference back to the Council. The current authorised borrowing limit and operational boundary is set at £210m.

**Minimum Revenue Provision Statement for 2025/26**

5. 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.
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 not be used in place of the revenue charge and prudent MRP must be determined with respect

to an 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. The new regulations were introduced in spring 2024, this has not changed Wandsworth's policy as we are already compliant with the regulations as no external or internal borrowing has been previously taken for the General Fund.

7. 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 £7m took place to partially fund the scheme to develop Greenmead/Ronald Ross schools to be charged to the Dedicated Schools Budget (DSB).
8. 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.
9. To reflect any General Fund internal or external borrowing, at year end there will be an additional amount set aside as MRP as appropriate, in line with the MRP policy.

## **CAPITAL STRATEGY**

10. The requirement to produce an annual Capital Strategy was introduced in 2018 by amendments to CIPFA's Prudential Code and remains under later updates to the Code. The 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. Investment properties are still addressed via the CIPFA Prudential Property Investment guidance which specifically addresses the decision-making process for investing in property. The proposed Capital Strategy for 2025/26 (Paper No. 25-84) is reported elsewhere on this agenda.
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WANDSWORTH BOROUGH COUNCILTREASURY POLICY STATEMENT – MARCH 2025

**Amendment** - The duration of the loan will be guided by the current interest rate forecast and the Council's current debt profile, rather than an average 6 years – paragraph 3.4.

## 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 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 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;

**Treasury Policy Statement**

(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 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 Executive 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 Executive 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 Executive Director and attended by the Director of Financial Management and the Chief Accountant. 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 Director of Financial Management may authorise changes in strategy previously defined at a monthly meeting if circumstances require.

2.6. The Council uses specialist Treasury Management advisers who are appointed at least once every 4 years to carry out an independent review of the Council’s Treasury Management activities, to include an assessment of risk. The 2025 review is underway with Link Treasury Services (now Mitsubishi UFJ Financial Group, Inc (MUFG) after being bought out in 2024) with a completion aim of March 2025. MUFG

(or other advisors) are also appointed for advice on a one-off specific treasury management activity if the Executive Director of Finance considers that it is appropriate.

### 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 that own 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 &gt; 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 £50m 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 £30m is placed for periods longer than 6 months;
- (b) up to £100m with other UK local authorities or precepting authorities;
- (c) up to £20m 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 £20m 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 £10m 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 £10m 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 £5m 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 £10m 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 £50m 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 Director of Financial Management. 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 £50m.
- (d) The Federated +1-day MMF may exceed £50m to allow for capital appreciation only. Principal investment (including net investments and divestments must remain under £50m). This capital value will be formally reviewed at the monthly Treasury Management Meeting with the Executive Director of Finance each

## **Treasury Policy Statement**

month.

- (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 £50m in total assets under management in the Fund (excluding the capital bearing MMF which is bound by 3.2.4 (d)).
- (h) For an AA rated Short Dated Income Fund, the maximum investment in any Fund shall not exceed £5m, or 7.5% of assets under management, whichever is 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 considering foreseeable net spending needs and allowing for adequate reserves and contingencies. As investment levels are expected to remain above ~~£570m~~ £500 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 £100m. Investments over 364 days shall not exceed £50m 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 £100m limit in a) above.
  - (i) Up to £50m 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 £50m 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 £5m 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 £50m per investment/ loan type and £125m 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 £1m.
- (vi) Investments may be made from the Pensions Resilience Reserve and other cash balances up to an aggregate limit of £150m 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 £35m unless capital appreciation takes an initial investment over that value. Any new investment should not make the cumulative investments higher than 25% 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, if 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. **The duration of the loan will be guided by the current interest rate forecast and the Council's current debt profile.** ~~Raised for a period more than 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.

**Treasury Policy Statement****4. STRATEGY FOR 2025/26**

4.1. The following table considers the outlook for investment and debt levels for the period 2025/26 to 2027/28 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>2025/26</u> £'m	<u>2026/27</u> £'m	<u>2027/28</u> £'m
<b>Estimated investments 1st April</b>	<b>588.0</b>	<b>608.1</b>	<b>604.8</b>
Existing debt 1st April	0	0	0
Estimated new HRA borrowing	-94.3	-309.6	-494.9
Estimated new General borrowing	-37.5	-70.2	-85.3
Deposit facilities for other bodies & funds	-26.0	-24.1	-21.2
<b>Net investments/debt 1st April</b>	<b>430.2</b>	<b>204.2</b>	<b>3.4</b>
<b>Estimated investments 1st April</b>	<b>588.0</b>	<b>608.1</b>	<b>604.8</b>
<u>Deduct</u>			
Capital payments - General	-152.0	-110.7	-86.4
Capital payments - HRA	-185.6	-268.3	-245.2
Net Movement in funds, reserves & provisions - General	-15.0	-27.9	-36.4
Net Movement in funds, reserves & provisions -HRA	52.8	43.8	23.8
<u>Add</u>			
New HRA borrowing receipts	94.3	217.2	191.5
New General borrowing receipts	37.5	33.5	16.8
General Capital receipts	9.5	5.2	0.7
HRA capital receipts	62.0	21.2	23.2
General Capital grants	105	72.0	68.9
Revenue provision for capital & credit liabilities	11.6	13.4	17.7
<u>In-year net cash movement before loans</u>	<u>-20.1</u>	<u>-0.6</u>	<u>-25.4</u>
<b>Net investments/debt 31st March</b>	<b>450.3</b>	<b>203.6</b>	<b>-22.0</b>
<b><u>Estimated investments 31st March</u></b>	<b><u>608.1</u></b>	<b><u>604.8</u></b>	<b><u>571.5</u></b>
Deposit facilities for other bodies	-26.0	-24.1	-21.2
Repayment of new HRA borrowing	0.0	1.9	6.2
Repayment of new GF borrowing	0.0	0.8	1.7

4.2. The Council began 2024/25 with investments of £624m and is expecting to have in excess of £580m at the end of 2024/25. Outstanding PWLB loans taken for the HRA on 28<sup>th</sup> March 2012 will be fully repaid in March 2025, with the last instalment being £8.6m

**4.3. Authorised Borrowing Limit and Operational Boundary for 2025/26:**

The Council must set a borrowing limit and operational boundary for 2025/26 under Section 3 of Part 1 of the Local Government Act 2003. This limit refers only to gross borrowing, ignoring investments, and it reflects the maximum amount that a local authority can borrow without further reference back to the Council. This borrowing limit and operational boundary is currently set at £210m for 2025/26.

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The Town Hall  
Wandsworth  
SW18 2PU

Fenella Merry  
Executive Director of Finance

17 February 2025

**APPENDIX D**  
**Paper No. 25-86**

**TOTAL DEBT**

	<b>Maturity Date</b>	<b>Rate of Interest</b>	<b>Balance</b>	<b>Balance</b>
		<b>%</b>	<b>31/12/2023</b>	<b>31/12/2024</b>
			<b>£'000</b>	<b>£'000</b>
<b><u>Long-Term Debt</u></b>				
Public Works Loan Board - Equal				
Instalments of Principal Loans	28/03/2025	1.69%	25,803	8,601
<b>Total Long-Term Debt</b>			<b><u>25,803</u></b>	<b><u>8,601</u></b>
<b><u>Deposit Facilities for other Bodies</u></b>				
North East Surrey Crematorium Board			540	800
Western Riverside Waste Authority			21,547	26,050
<b><u>TOTAL DEBT</u></b>			<b><u>47,890</u></b>	<b><u>35,451</u></b>

	Value £m	Interest Rate	Fitch Ratings		Outlook
			Long Term	Short Term	
<b><u>Bank Account</u></b>					
Natwest Bank	0.8	2.75%	A	F1+	Not Negative
<b><u>Money Market Funds</u></b>					
Aberdeen Liquidity (Lux)	34.0	4.77%	AAA rating		
Federated Global Cash Plus	38.5	4.71%	AAA rating		
Insight Liquidity Fund	35.0	4.80%	AAA rating		
<b><u>Fixed - Under 3 Months Remaining</u></b>					
ANZ Bank	10.0	5.26%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	5.25%	AA-	F1+	Not Negative
NatWest Bank	5.0	4.89%	A+	F1	Not Negative
Surrey County Council	5.0	5.02%			
Telford and Wrekin Council	5.0	5.20%			
Toronto Dominion Bank	10.0	4.90%	AA-	F1+	Not Negative
<b><u>Fixed - 3 to 6 Months Remaining</u></b>					
Central Bedfordshire Council	5.0	4.80%			
Cheshire East Council	5.0	5.15%			
Cheshire East Council	20.0	5.20%			
Cheshire East Council	10.0	5.10%			
Cornwall County Council	30.0	4.85%			
Cornwall County Council	10.0	4.70%			
DBS Bank	10.0	4.73%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	5.39%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	5.30%	AA-	F1+	Not Negative
South Ayrshire Council	5.0	5.20%			
Surrey County Council	5.0	5.02%			
West Dunbartonshire Council	10.0	5.20%			
<b><u>Fixed - 6 Months to 1 Year Remaining</u></b>					
Aberdeen City	15.0	4.95%			
Aberdeen City	10.0	4.80%			
Aberdeen City	10.0	5.10%			
Aberdeenshire Council	5.0	5.05%			
Cambridgeshire County Council	10.0	4.70%			
Cambridgeshire County Council	10.0	4.75%			
Cambridgeshire County Council	10.0	4.55%			
Falkirk Council	10.0	4.85%			
Fife Council	20.0	4.95%			
London Borough of Brent	10.0	4.75%			
London Borough of Brent	10.0	4.85%			
Manchester City Council	10.0	4.80%			
Monmouthshire County Council	5.0	5.10%			
Moray Council	5.0	4.55%			
North Lanarkshire Council	10.0	5.05%			
North Tyneside Metropolitan Borough Council	10.0	4.55%			
North Tyneside Metropolitan Borough Council	3.0	4.80%			
Powys County Council	10.0	4.80%			
Suffolk County Council	10.0	4.75%			
West Dunbartonshire Council	10.0	4.75%			
West Dunbartonshire Council	5.0	5.20%			
Worcestershire County Council	10.0	4.80%			
<b><u>Fixed - Over 1 Year Remaining</u></b>					
NatWest Bank	10.0	4.82%	A	F1+	Not Negative

## Longer Term Investments

**CCLA Property Fund** 27.6 | 5.33%

### **Multi Asset Income Funds**

Aegon Diversified Monthly Income Fund	20.0	6.18%
Artemis Monthly Distribution Fund	15.8	4.71%
Fidelity Multi Asset Income Fund	24.5	6.48%
JPM Multi-Asset Income Fund	14.6	3.80%
Royal London Sustainable Fund	21.4	3.83%

**TOTAL INVESTMENTS 31 DECEMBER 2024** 625.2

## **INVESTMENTS AT 31 March 2024**

	Value £m	Interest Rate	Fitch Ratings	
			Long Term	Short Term
<b><u>Bank Account</u></b>				
Natwest Bank	0.8	1.00%		
<b><u>Money Market Funds</u></b>				
Aberdeen Liquidity (Lux)	3.1	5.25%	AAA rating	
State Street Sterling Liquidity Fund	50.0	5.27%	AAA rating	
Federated Global Cash Plus	50.4	5.29%	AAA rating	
<b><u>Fixed - Under 3 Months Remaining</u></b>				
Aberdeen City Council	5.0	5.55%		
Bank of Montreal	5.0	5.50%	AA-	F1+
Central Bedfordshire Council	5.0	6.30%		
Central Bedfordshire Council	5.0	5.50%		
Central Bedfordshire Council	5.0	5.45%		
Cornwall County Council	10.0	4.45%		
DBS Bank Ltd.	10.0	5.40%	AA-	F1+
DBS Bank Ltd.	10.0	5.48%	AA-	F1+
First Abu Dhabi Bank	10.0	5.58%	AA-	F1+
First Abu Dhabi Bank	10.0	5.90%	AA-	F1+
First Abu Dhabi Bank	10.0	4.97%	AA-	F1+
First Abu Dhabi Bank	10.0	5.07%	AA-	F1+
First Abu Dhabi Bank	10.0	4.96%	AA-	F1+
Goldman Sachs International Bank	5.0	5.03%	A+	F1
Landesbank Hessen-Thuringen	10.0	5.22%	A+	F1+
London Borough of Haringey	10.0	5.55%		
Monmouthshire County Council	10.0	5.00%		
National Bank of Kuwait	10.0	5.36%	A+	F1
NatWest Bank	10.0	5.30%	A	F1
Suffolk County Council	10.0	5.70%		
Surrey County Council	10.0	6.90%		
Telford and Wrekin Council	10.0	5.78%		
West Dunbartonshire Council	10.0	5.70%		
<b><u>Fixed - 3 to 6 Months Remaining</u></b>				
Australia and New Zealand Banking Group Ltd.	10.0	5.48%	A+	F1
Basildon Borough Council	10.0	4.85%		
Cheshire East Council	10.0	5.55%		
Cheshire East Council	10.0	5.70%		
DBS Bank Ltd.	10.0	5.50%	AA-	F1+
Goldman Sachs International Bank	5.0	6.13%	A+	F1
NatWest Bank	5.0	5.28%	A	F1
Santander UK Plc	5.0	5.43%	A+	F1
Suffolk County Council	5.0	5.60%		
Surrey County Council	5.0	6.00%		
Toronto Dominion Bank	10.0	5.80%	AA-	F1+
Toronto Dominion Bank	20.0	6.15%	AA-	F1+
<b><u>Fixed - 6 Months to 1 Year Remaining</u></b>				
DBS Bank	10.0	5.12%	AA-	F1+
DBS Bank	10.0	5.59%	AA-	F1+

London Borough of Brent	10.0	5.60%		
London Borough of Brent	10.0	5.80%		
National Australia Bank	10.0	5.86%	A+	F1
National Bank of Canada	10.0	5.06%	A+	F1
NatWest Bank	10.0	5.10%	A	F1
North Lanarkshire Council	5.0	5.55%		
Suffolk County Council	5.0	5.60%		
West Dunbartonshire Council	10.0	5.75%		

**Longer Term Investments**

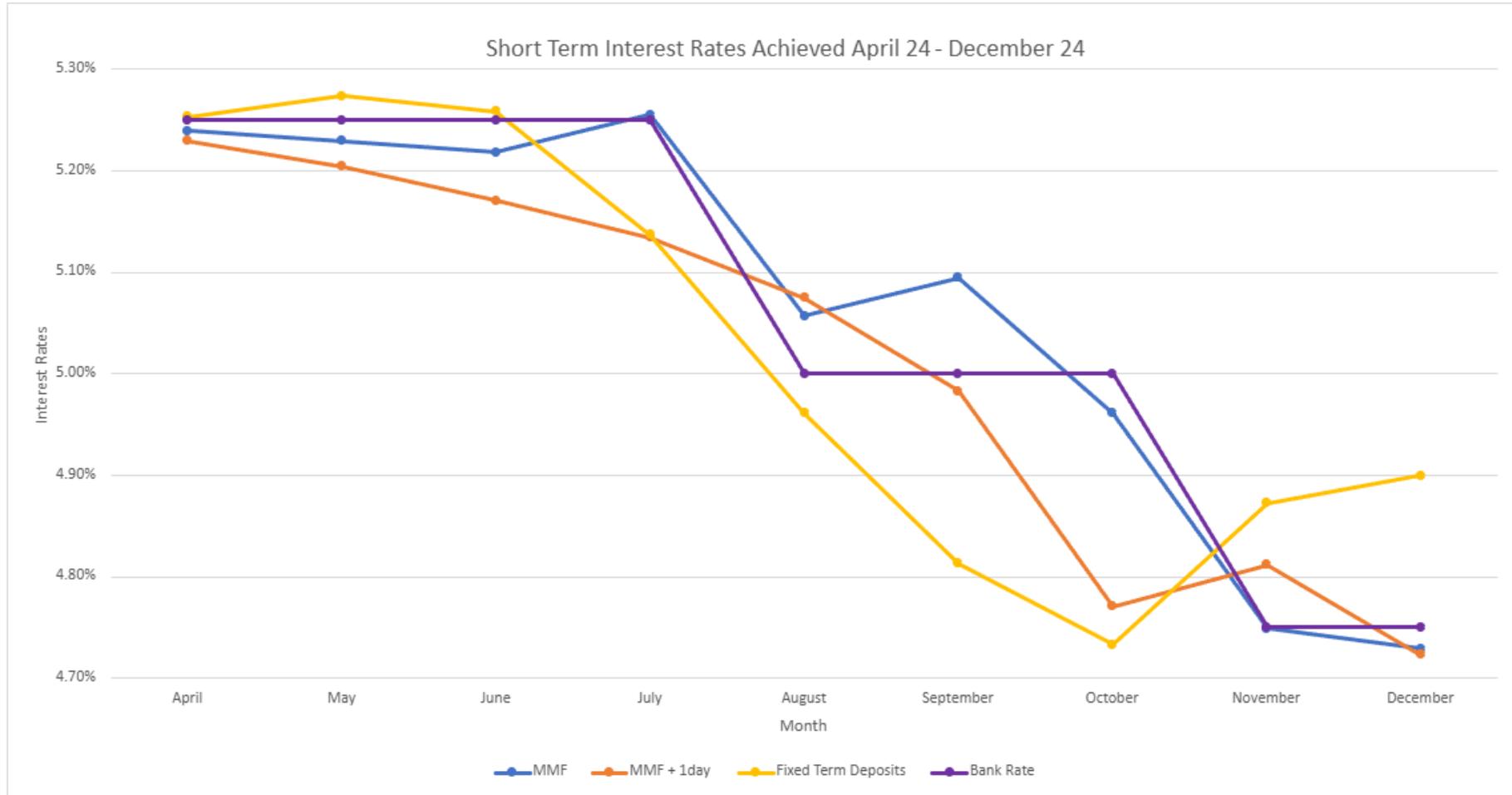
<b>CCLA Property Fund</b>	27.9	5.13%		
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**Multi Asset Income Funds**

Artemis Monthly Distribution Fund	15.4	4.36%		
JPM Multi-Asset Income Fund	14.2	3.12%		
Fidelity Multi Asset Income Fund	25.2	5.97%		
Aegon Diversified Monthly Income Fund	20.1	6.26%		
Royal London Sustainable Trust	21.5	3.59%		

<b>TOTAL INVESTMENTS 31 MARCH 2024</b>	<b>623.6</b>			
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**Appendix F**  
**Paper No. 25-86**



## 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 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 also presented to committee in September for the prior year Outturn.

PIs are therefore included within this report to document the estimated outturn for this financial year, the forthcoming financial year and the subsequent two years as required.

### **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 from 2024/25 to 2027/28:

	Estimate <u>2024/25</u> £000	Estimate <u>2025/26</u> £000	Estimate <u>2026/27</u> £000	Estimate <u>2027/28</u> £000
HRA Capital Programme	128,160	185,552	268,251	245,236
General Fund Capital Programme	80,184	152,112	110,744	86,471
<b>Total Capital Expenditure</b>	<b>208,344</b>	<b>337,664</b>	<b>378,995</b>	<b>331,707</b>
<b>Of Which (HRA):</b>				
Financed from Grants & Contributions	28,905	53,507	11,935	21,005
Financed by Wandsworth (Capital Receipts & Reserves)	49,647	37,699	39,136	32,754
<i>New Borrowing Required by Programme:</i>				
Internal Borrowing	49,608	0	0	0
External Borrowing	0	94,346	217,180	191,477
<b>Of Which (GF):</b>				
Financed from Grants & Contributions	53,362	103,177	71,619	68,336
Financed by Wandsworth (Capital Receipts & Reserves)	11,828	11,383	5,615	1,285
<i>New Borrowing Required by Programme:</i>				
Internal Borrowing	14,994	66	62	57
External Borrowing	0	37,486	33,448	16,793
<b>Total Financing</b>	<b>208,344</b>	<b>337,664</b>	<b>378,995</b>	<b>331,707</b>

The estimate of capital expenditure changes during the course of the year as schemes are added, completion dates change, or as additional resources become available to reduce the need to borrow. The budget monitoring reports during the year detailed these changes.

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

Actual HRA capital spend is projected to increase and this will mainly be funded by planned external borrowing. General fund capital expenditure is also expected to increase over the next two years to reflect the current approved capital programme. General Fund borrowing is assumed to be internal in 2024/25 (if needed) and external from 2025/26 onwards.

**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.

<b>HRA CFR</b>	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
<b>Opening CFR</b>	<b>127,444</b>	<b>149,348</b>	<b>232,574</b>	<b>438,609</b>
Schemes financed by Borrowing (incl. leases)	49,608	94,346	217,180	191,477
MRP contributions to fund the Requirement	-27,704	-11,120	-11,145	-11,171
<b>Closing CFR</b>	<b>149,348</b>	<b>232,574</b>	<b>438,609</b>	<b>618,915</b>

<b>General Fund CFR</b>	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
<b>Opening CFR</b>	<b>15,406</b>	<b>29,935</b>	<b>66,710</b>	<b>96,593</b>
Schemes (potentially) financed by Borrowing (incl. leases)	14,994	37,552	33,510	16,850
MRP contributions to fund the Requirement	-465	-777	-3,627	-4,265
<b>Closing CFR</b>	<b>29,935</b>	<b>66,710</b>	<b>96,593</b>	<b>109,177</b>

The CFR increases when there is an increase in spending which is not funded from existing resources. The Council would therefore 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.

**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.

<b>HRA</b>	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
Net Financing Costs	23,334	7,480	15,342	24,880
Net Revenue Stream	188,522	168,256	177,637	194,863
As a Ratio	<b>12.38%</b>	<b>4.45%</b>	<b>8.64%</b>	<b>12.77%</b>

<b>General Fund</b>	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
Net Financing Costs	-17,150	-12,264	-6,488	-4,796
Net Revenue Stream	199,711	220,733	238,842	253,660
As a Ratio	<b>-8.59%</b>	<b>-5.56%</b>	<b>-2.72%</b>	<b>-1.89%</b>

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).

The General Fund Net Financing Costs are negative as interest receivable income is higher than interest payable costs. However this reduces as external borrowing is forecast to be taken from 2025/26 (costs for which are incurred from 2026/27), and interest rates reduce therefore reducing interest receivable income. For the HRA, Net Financing Costs are positive as interest payable is the dominant factor. HRA financing costs reduce in 2025/26 as existing external borrowing from the PWLB is repaid, and increase from 2026/27 as new borrowing is forecast to be taken in 2025/26 but start to be repaid in 2026/27.

**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 that will result from the authority's total capital plan. 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.

<b>General Fund</b>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<b>Impact of Change</b>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Interest Payable	1,808	1,926	6,278	7,377
Interest Receivable	-18,958	-14,190	-12,767	-12,173
<b>Net Treasury Costs</b>	<b>-17,150</b>	<b>-12,264</b>	<b>-6,488</b>	<b>-4,796</b>
Year on Year Change	-1,565	+4,885	+5,776	+1,692
Impact on the Council Tax Requirement	-2.19%	5.84%	5.73%	1.50%
Impact on a Band D Property	-£10.91	£33.32	£38.92	£11.29

In 2024/25 the impact on the Council Tax Requirement is negative due to proactive treasury investments generating investment income. The impact on the Council Tax Requirement is expected to increase in future years as interest receivable income falls as the Bank Rate forecast drops and external borrowing could be taken.

**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>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Gross External Debt Limit Set	520,208	830,542	1,160,199	1,300,123
Gross External Debt	26,997	157,879	403,835	601,302
Amount above/(below) limit	-493,211	-672,663	-756,364	-698,821

The Council is well within this limit and the Indicator is split further below between the General Fund and HRA for information. The HRA large variance is as estimated and due to new borrowing in future years. The General Fund's Gross External Debt has increased due to holding a higher balance of funds from other bodies, plus the projected amount borrowed in future years.

<b>HRA Debt Limit</b>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Gross External Debt Limit Set	438,609	702,141	1,005,256	1,159,834
Gross External Debt	0	94,346	309,639	494,885
Amount above/(below) limit	-438,609	-607,795	-695,617	-664,949

<b>General Fund Debt Limit</b>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Gross External Debt Limit Set	81,599	128,401	154,942	140,289
Gross External Debt	26,997	63,533	94,196	106,417
Amount above/(below) limit	-54,602	-64,868	-60,746	-33,872

The gross external debt figure for 2024/25 for the General Fund are funds held for Western Riverside Waste Authority and North East Surrey Crematorium Board. External debt from 2025/26 includes potential new external borrowing from the PWLB.

### **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.

#### **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.

The Council's Authorised Limit for External Debt is the same as the Operational Boundary due to finance leases not having a significant impact on external debt.

	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
Authorised Limit Set	210,000	210,000	455,000	650,000
Gross External Debt	26,997	157,879	403,835	601,302
Amount above/(below) limit	-183,003	-52,121	-51,165	-48,698

The revised authorised limit for external debt is not altered in year regardless of no new borrowing taken which is why the estimated position for 2024/25 is considerably lower than the limit set. This margin reduces in future years where external borrowing is forecast for the General Fund. The Council is well within this limit and the Indicator is split further below between the General Fund and HRA for information.

<b><u>HRA Debt Limit</u></b>	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
Gross External Debt Limit Set	168,800	121,000	335,500	519,500
Gross External Debt	0	94,346	309,639	494,885
Amount above/(below) limit	-168,800	-26,654	-25,861	-24,615

<b><u>General Fund Debt Limit</u></b>	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
Gross External Debt Limit Set	41,200	89,000	119,500	130,500
Gross External Debt	26,997	63,533	94,196	106,417
Amount above/(below) limit	-14,203	-25,467	-25,304	-24,083

#### **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. It excludes internal borrowing as per Indicator F.

The Council's Operational Boundary is the same as the Authorised Limit for External Debt. Due to the implication of IFRS 16, Finance Leases are included in projected debt. However they are relatively small so do not have an impact on the operational boundary that has been set.

	<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>	<u>Estimate</u> <u>2027/28</u> <u>£000</u>
Operational Boundary Set	210,000	210,000	455,000	650,000
Projected External Debt	27,068	157,946	403,897	601,358
Amount below Limit	-182,932	-52,054	-51,103	-48,642

#### **I. Adoption of the CIPFA Code of Practice for Treasury Management**

The CIPFA Code of Practice sets out best practice in treasury management and the Code has always been followed by Wandsworth. The Prudential Indicator states that authorities should adhere to the Code of Practice. All treasury activities adhere to the Code of Practice and regular reviews ensure that this continues.

## **Appendix H - Liability Benchmark**

This is a new requirement in the CIPFA Treasury Management Code that the Council must report on. It compares the Council's external loans against its current and future borrowing need, net of cash resources that could be applied to suppress external debt (internal borrowing).

**The liability benchmark is intended to highlight whether external borrowing is required and, if so, when, how much and for how long.**

As a minimum, the local authority will estimate and measure the liability benchmark for the forthcoming financial year and the following two financial years. However, CIPFA strongly recommends that the liability benchmark is produced for at least ten years.

The liability benchmark is not a single measure but should be presented as a chart of four balances as follows:

**Existing Loan Debt Outstanding:** the authority's existing loans that are still outstanding in future years - this is nil for Wandsworth.

**Loans Capital Financing Requirement:** this represents the unfinanced element of the capital programme yet to be paid for by a cash resource. This is calculated in accordance with the "loans CFR" definition in the Prudential Code and projected into the future based on approved prudential borrowing. This is not the same as the "accounting CFR" which includes finance leases (and Public Finance Initiatives where applicable – Wandsworth has none). Deducted from the loans CFR is the Minimum Revenue Provision (MRP) set aside to repay the liability.

**Net Loans Requirement:** external loans less cash investment balances projected into the future and based on the approved prudential borrowing, planned MRP and any other major cash flows forecast.

**Liability benchmark (or Gross Loans Requirement) = Net loans requirement + short term liquidity allowance.**

The short term liquidity allowance provides a level of liquidity for daily cash flow management.

### **The Council's overall Liability Benchmark**

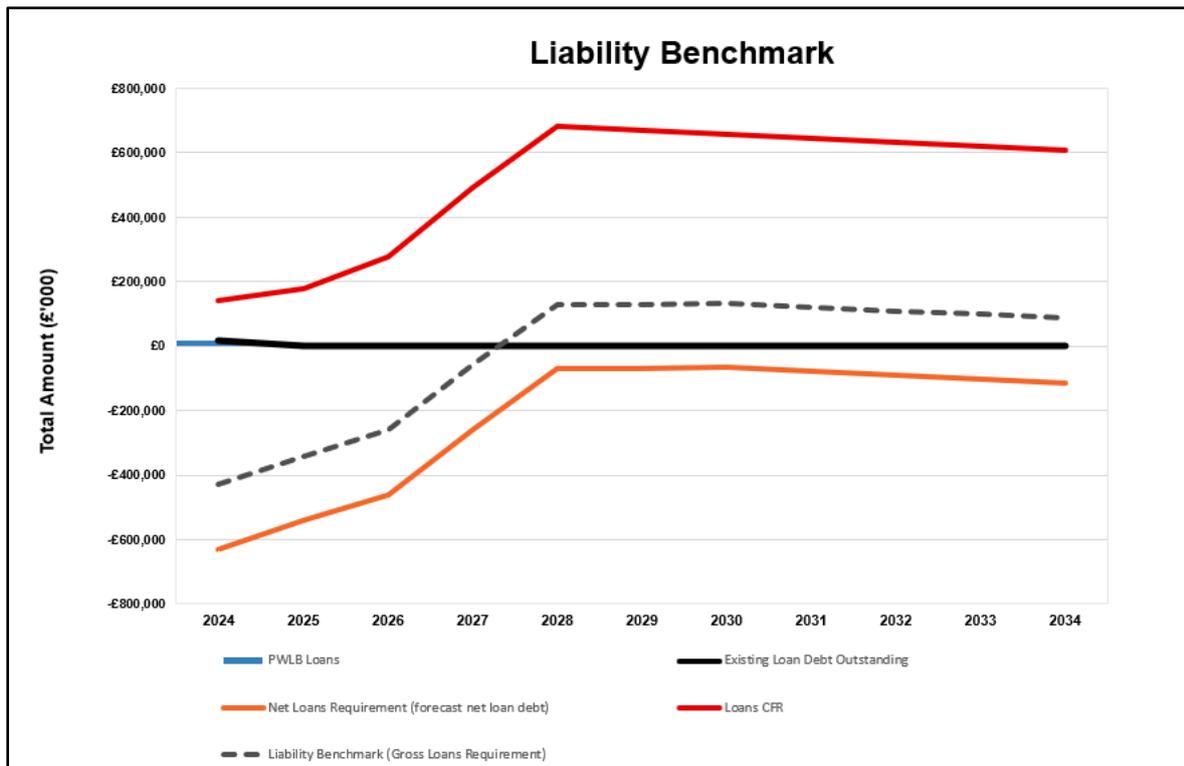
The graph below shows when the Council would need to externally borrow to fund its capital commitments across the HRA and General Fund, whilst keeping an appropriate level of liquidity. The liquidity level that has been deemed acceptable is £200m, £150m for the General Fund and £50m for the HRA.

This is a relatively high liquidity level and this reflects that the Council holds £130m of its investments in multi asset funds and property funds that are intended to be held for

***(Paper No. 25-86)***

a longer period of time (as their value can fluctuate over time) and would not want to be withdrawn from. Adjusting for this therefore increases the liquidity requirement i.e. the headroom above the net loans requirement which is considered to be the *real* level at which point external borrowing is required. This level is discretionary, can be altered if required, and will be kept under review.

The liability benchmark has been plotted over ten years as this period covers all of the borrowing decisions that have been made to date across both the HRA and General Fund. Projecting further forward than this would be of little benefit at this stage as the benchmark does not make assumptions about future investment decisions not yet made. This period will be kept under review to ensure the benchmark is presented appropriately.



Potential external borrowing is represented by the liability benchmark (dotted black line) being above zero (i.e. above the x axis). The graph shows that, based on current approved spending plans, the Council would need to borrow £129m externally in 2027/28 to remain within the liability benchmark, with internal borrowing continuing until then. All existing external loans will be repaid at the end of 2024/25 and the Council is financing current capital schemes through internal borrowing. The use of these reserves is expected to remain part of the Council’s balance sheet throughout 2025/26 and 2026/27. Current modelling forecasts funds lasting until 2027/28, once interest rates are projected to have fallen. At this point the Council will consider the liability benchmark when taking any view on external borrowing. Current budgets continue to assume borrowing is taken externally from 2025/26 onwards to reflect a prudent position.

WANDSWORTH BOROUGH COUNCIL

BOROUGH RESIDENTS' FORUM – 16TH JANUARY 2025

HOUSING OVERVIEW AND SCRUTINY COMMITTEE – 22ND JANUARY 2025

EXECUTIVE – 3RD FEBRUARY 2025

COUNCIL – 5TH FEBRUARY 2025

Joint Report by the Executive Director of Finance and the Executive Director of Housing 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 2024/25 to 2027/28. The report also proposes an amendment to the Council's existing rent setting policy.

The report first recommends additions to the existing Housing Revenue Account capital programme (as set out in summary in Appendix A) totalling £83.605 million as detailed in Appendix B to this report culminating in an overall capital programme amounting to £626.655 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 2.7% with effect from the first Monday in April 2025.

The Cabinet Member for Housing also proposes general increases in non-residential charges of 2.2% as set out in Appendix D, again to take effect from the first Monday in April 2025.

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.

Finally, Appendix G sets out the detail of the amendment to the Council's existing rent policy with Appendix H containing the Equality Impact Needs Assessment carried out in respect of the proposed change.

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 plans.

GLOSSARY

BRF	Borough Residents' Forum
CPI	Consumer Price Index
DHP	Discretionary Housing Payment
EINA	Equality Impact Needs Assessment
FR	Formula Rent
FRC	Formula Rent Cap
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
TWBC	Total Welfare Benefit Cap
UKSPF	UK Shared Prosperity Fund

**RECOMMENDATIONS**

1. The Housing Overview and Scrutiny 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 £83.605 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 £626.655 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 2.7% from the first Monday in April 2025;
  - (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 2.7% from the first Monday in April 2025;
  - (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 2.7% from the first Monday in April 2025;

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

- (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 2.7% except in exceptional cases;
- (g) to approve the revision to the Council's existing rent policy as set out in paragraphs 96 to 105 and in Appendix G to this report;
- (h) that the non-residential charges be increased by an average of 2.2% as set out in Appendix D to the report be approved with effect from the first Monday in April 2025;
- (i) that the Executive Director of Housing be authorised to serve notices upon tenants of Housing Revenue Account dwellings, advising of the charges to be applied from the first Monday in April 2025;
- (j) that the estimates shown in Appendix E to the report for the Housing Revenue Account for the financial years 2024/25 through to 2027/28 be adopted as the Housing Revenue Account budget framework; and,
- (k) that the Executive Director of Finance be authorised to prepare the statutory Housing Revenue Account statement for 2025/26 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) a statement must be prepared, showing these proposals and the estimated HRA income and expenditure. This statement must be made available for public inspection.
4. This report has been prepared to enable the Council to meet the statutory requirement outlined in (a) above for 2025/26, 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.

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

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 and inspection.

**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 October 2024 (Paper No. 24-270) and any budget virements and budget variations approved since as summarised in Appendix A to this report.
8. Additions totalling £83.605 million are proposed for approval as summarised below and as set out in detail in Appendix B for consideration.

<b>Programme Area</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Repairs & Improvements	-	10,293	15,959	24,422	<b>50,674</b>
Environmental & Estate Improvements	620	165	996	924	<b>2,705</b>
Site Developments	1,890	9,285	7,495	440	<b>19,110</b>
Regeneration	600	4,600	2,939	2,977	<b>11,116</b>
<b>TOTAL</b>	<b>3,110</b>	<b>24,343</b>	<b>27,389</b>	<b>28,763</b>	<b>83,605</b>

**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 £37.5 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 (or £66,000 per property at current prices).
10. Despite the changes 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. However, the most recent update of the stock condition survey, undertaken in 2022 has indicated that based on the sample tested, the level of investment in to the existing stock needs to be increased to ensure the ongoing target of 100% of properties meeting the decent homes standard can be met.
12. 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 considerably which, in part, will be driving the requirement to increase the base level of financial resources available for capital works as will the increased focus by the regulator and the need to bring existing stock back up to the 100% decency target.

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

13. Moving forward it has been agreed that from early 2025 stock condition surveys will cover 100% of tenanted stock over a five year period with the specification including a requirement to produce financial modelling which will extrapolate the data over the business planning period and will therefore become the foundation on which future assumptions on necessary capital investment in the housing stock is built.
14. The precise financial impact of this will need to be considered as results become available but until such time the HRA business plan has to rely on the previous data.
15. Notably inflation levels in repairs and maintenance is known to be outstripping the underlying levels of inflation assumed within the HRA business plan which is also causing a financial pressure as 'top-up' bids are regularly required for existing approvals where the original budget and inflation allowance built in has proved insufficient when approaching the tender stage.
16. It is therefore accepted that the level of bids proposed for this bidding round will again be significantly higher than those seen in recent years and again be above the level typically available in the HRA business plan.
17. Of the bids submitted, as detailed in [Appendix A](#), £50.674 million relate to Repairs & Improvements schemes in Council owned housing stock. For comparison the equivalent level in previous years was £50.628 million in January 2024 and £33.5 million in January 2023 showing the recent significant uplifts in the historic 'normal' level of capital bids.
18. In addition it should be recalled that urgent capital bids came forward as part of the HRA Business Plan Update in October 2024 (Paper No. 24-270) which approved £8.25 million in advance of the formal capital bids process. Therefore the total value of bids submitted during the year is £58.924 million. This being well above the long term level allowed for in the HRA business plan.
19. In recognition of the Council's climate change ambitions it is considered that nearly £25 million of that total new investment is for schemes that will have a positive impact on energy efficiency such as heating and building fabric improvements. All of these bids will deliver improvements and assist in meeting the imperatives set by the Council's carbon reduction targets.
20. Included in the above capital bids total is £19.5 million for much needed roof and window renewals, £1 million of which has been set aside for Council owned street properties. Furthermore, the proposed bids contain £4.9 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 renewal budgets within the existing programme totalling £25 million over the framework period.

**Environmental & Estate Improvements**

21. Provision has been made within the HRA business plan of £3 million per annum for Environmental & Estate Improvements and other works not typically considered to be linked to stock decency but very much linked to quality of life issues. 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, although not necessarily related to decency works.

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

22. £0.915 million has already been approved as part of the Alton Renewal Plan in July 2024 (Paper No. 24-170) to improve the bin stores across the estate and a further £2.705 million is proposed for addition now. This includes bids for the refurbishment of clubrooms at the Focus Hall (Alton) and on the Henry Prince Estate that will be covered by UK Shared Prosperity Fund (UKSPF) grant.

**Impact on Leaseholders**

23. From the chargeable bids submitted for approval an estimated £14.635 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.
24. 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.
25. For those leaseholders estimated to be billed (3,396 in total), the average major works charge is £4,309 per property for capital bids included in this bidding round.
26. Where resident leaseholders receive a major works bill over £3,000, then these can now be paid in up to 48 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, details of which can be found on the Council's website.

**Site Developments**

27. The expectation is that overall the Homes for Wandsworth programme will still be contained within the £338 million net cost estimate last reported to Housing Overview and Scrutiny Committee in November 2023 and incorporated into the HRA business plan update at that time.
28. Bids totalling £19.110 million are now proposed which cover three new additions to the capital programme at Eastwood North and South and at Skeena Hill. In addition a further bid is proposed to continue to take pipeline schemes to a stage where formal approval is required.
29. Given that the Homes for Wandsworth Programme will now solely deliver homes for council rent there is no ability for the HRA to offset any further cost increases through tenure changes (in part due to current Council policy decisions but also grant condition restrictions where GLA grant funding is applied for and utilised).
30. Therefore if costs increase then additional external funding such as available grant, Right to Buy receipts or S106 Affordable Housing funds will need to be utilised to continue to balance cost pressures.
31. As with all capital spending within the HRA costs will need to be monitored and tightly controlled so not to put the long-term viability of the HRA at risk and to ensure that individual schemes are viable. The Housing Development Team use various software packages and metrics (such as Loan to Value and the Interest Cover Ratio) to assess suitability of potential development sites before proposing scheme additions through capital bids. Essentially the GLA grant regime requires the Council

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

to identify the grant levels required to generate a positive Net Present Value assessment which is based on assumed costs and income and evaluated over a term of 40 years. This allows potential schemes to be ranked against one another to identify those that represent the best value for money.

### **Regeneration**

32. As reported elsewhere on this agenda (Paper No. 25-9) the Council and Taylor Wimpey have recently announced a mutually agreed dissolution of the Winstanley and York Road regeneration joint venture. Given the current position on both existing regeneration schemes proposed bids are limited at this time. In total £11.116 million is included for continuing project team costs and specialist consultancy advice. Bids are also being submitted to support the HRA elements of the Alton Early Improvement Programme (part of the Alton Renewal Plan) at Downshire Field and the Roehampton Community Hub.
33. Once the future direction of both schemes is agreed any new developments in respect of these will be addressed via separate reports. All costs relating to the regeneration schemes are considered to be project costs included in the overall scheme costs and are within the projected cash flows currently assumed in the HRA business plan. The HRA business plan continues to allow overall provisions in line with existing scheme total approvals despite the uncertainty relating to future cost commitments.

### **Capital Expenditure Summary**

34. 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 2024/25 – 2027/28 totals £626.655 million.

<b>Programme Area</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Repairs & Improvements	32,576	78,547	79,718	48,270	<b>239,111</b>
Environmental & Estate Improvements	3,448	3,825	3,872	1,616	<b>12,761</b>
Site Developments	41,946	55,682	67,629	16,666	<b>181,923</b>
Regeneration	32,818	31,065	42,550	47,822	<b>154,255</b>
Vehicle Fleet Renewal	500	-	-	-	<b>500</b>
Purchase of Properties	14,000	14,033	-	-	<b>28,033</b>
House Purchase Grants	2,872	2,400	2,400	2,400	<b>10,072</b>
<b>TOTAL</b>	<b>128,160</b>	<b>185,552</b>	<b>196,169</b>	<b>116,774</b>	<b>626,655</b>

35. 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.
36. 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

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

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**

37. 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 £1.5 million will be generated in 2024/25.

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 of around £1.5 million per year which are anticipated to mostly arise from minor disposals of land parcels and lease extensions which are treated as capital income where the value is in excess of £10,000;

- (b) Capital receipts from Right to Buy sales are covered by a voluntary agreement between the Council and the Ministry of Housing, Communities and Local Government (MHCLG) whereby retained receipts from Right to Buy sales over an assumed level must be utilised to fund the replacement and development cost of re-provision of low cost social housing. Changes to the regulations mean that it is now permissible to cover permitted re-provision costs in full.

Due to the recent reduction in the Right to Buy discount levels accelerating the number of applications from tenants trying to benefit from the previous (more generous) rates, Right to Buy sales are expected to continue throughout the remainder of 2024/25, through 2025/26 and potentially in to 2026/27 as those tenants look to complete on the acquisition of their home.

The HRA business plan assumes £6.913 million of capital receipts (known as Right to Buy one-for-one replacement receipts) are applied in 2024/25 and £6.999 million in 2025/26 to support the delivery of non-grant supported development schemes under the Homes for Wandsworth programme. Any future receipts will generally continue to support the Homes for Wandsworth development programme where it is more advantageous to do so rather than seek other forms of external grant funding but can now once again be used to fund direct acquisitions;

- (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 regeneration schemes and development plans from Section 106 Affordable Housing commuted sums, grant funding or additional Right to Buy one-for-one replacement receipts insofar as they are available.

## ***Housing Revenue Account Budget (including Rents for Council Dwellings)***

The Council currently holds £31.330 million of Section 106 Affordable Housing commuted sums of which £27.644 million remains uncommitted with potentially £16 million more in the pipeline dependant on development triggers being met.

The current HRA business plan however makes no assumptions on the future application of this source of funding as a review of available resources is underway where officers will consider the optimum future use of held and forecast Section 106 Affordable Housing commuted sums to maximise affordable housing delivery. This will inform future funding priorities and prioritisation in the HRA capital financing assumptions. Section 106 Affordable Housing commuted sums can be used alongside external grant funding so that any utilisation will in all likelihood reduce future borrowing requirements;

- (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 the MHCLG for the acquisition programme part funded from the Local Authority Housing Fund. The total grant funding becoming available is estimated at £15.644 million in 2024/25 and £44.739 million in 2025/26.

The Council will continue to 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 will potentially reduce the need for future borrowing.

Additionally £1.461 million of specific grant is anticipated in 2024/25. This comes from a variety of schemes including from the Government's Waking Watch Replacement Fund, the Heat Network Efficiency Scheme Fund and the UKSPF grant which is funding the refurbishment works at the Focus Hall (Alton) and on the Henry Prince Estate clubrooms. Again, opportunities to leverage in external grant funding will be explored where available;

- (e) Where capital expenditure is incurred in relation to properties previously sold on long leases the costs are potentially chargeable to the leaseholder as part of the annual service charge billing process. Given the increase in the level of resources committed to the HRA capital programme in recent years the amount anticipated to be chargeable to leaseholders is also expected to increase.

The estimated level of leaseholder major works contributions is £11.8 million in 2024/25 based on the September 2024 billing and £8.768 million in 2025/26;

- (f) Internal and External Borrowing. 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.

Given the amendment to the Right to Buy regulations allowing reprovion costs to be covered fully by one-for-one replacement receipts short-term internal borrowing is no longer considered to be required to fund the previously unfunded element of reprovion costs where only 40% of costs could be covered and the balance from other HRA resources.

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

Over the 30-year HRA business plan it is currently assumed that around £780 million of new borrowing is required with this assumed to be long-term debt. This first £49.608 million of this long-term borrowing is now forecast for 2024/25 based on current expenditure profiles. Current estimates show that additional borrowing of £94.346 million will be required in 2025/26.

The table below shows the expected borrowing profile based on the proposed capital programme but the HRA business plan contains assumptions for significant further capital bids for development schemes in 2026/27 and 2027/28 which, in reality, would lead to a more significant borrowing requirement in those later years.

It is anticipated that this first tranche of borrowing will take the form of internal borrowing from the General Fund rather than utilising more expensive external borrowing from the Public Works Loans Board (PWLB) on terms that are mutually beneficial for both the HRA and the General Fund.

For future borrowing requirements it will need to be determined whether this will actually be external borrowing or whether further internal borrowing could be utilised closer to the time that it is actually necessary to borrow to finance expenditure;

- (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 £28.3 million in 2024/25 and £29.2 million in 2025/26 towards funding future capital works. In recent years the Major Repairs Reserve balance has been utilised to support site development and regeneration schemes however, given the increase in resources applied to standard repairs and improvements the balance of this needs to be addressed which is partially the driver for increased borrowing levels. Finally the HRA's capital and revenue reserves, which totalled £192.157 million at the beginning of 2024/25, will be used as the balancing item, insofar as these continue to remain available.

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

<b>Programme Area</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total Expenditure	128,160	185,552	196,169	116,774	<b>626,655</b>
Financed By:					
(a) Capital Receipts	1,500	1,500	1,500	1,500	<b>6,000</b>
(b) Right to Buy 1-4-1 Receipts	6,913	6,999	7,775	659	<b>22,346</b>
(c) S106 Receipts	-	-	-	-	-
(d) Capital Grant	17,105	44,739	3,314	11,312	<b>76,470</b>
(e) Leaseholder Major Works Charges	11,800	8,768	8,621	9,693	<b>38,882</b>
(f) Borrowing	49,608	94,346	145,098	63,015	<b>352,067</b>

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(g) Use of the Major Repairs Reserve	41,234	29,200	29,861	30,595	<b>130,890</b>
Total Financing	128,160	185,552	196,169	116,774	<b>626,655</b>

39. 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 £38 million (opening balance 2024/25) 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 2024/25.
40. 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**

41. The legacy impact of previously high inflation levels continues to pressure the financial position of the HRA despite the fact that inflation rates reduced throughout the autumn to a low in September 2024 (Consumer Price Index (CPI) was 1.7% which is key as the September CPI is specifically linked to rent calculations) before increasing to stand at 2.6% by November 2024.
42. There are still specific pressures in construction and building materials that are continuing to have a significant impact on a number of the key contracts 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 impact of that is again being recognised in current year forecasts compounded with the fact that overall volumes of repairs also seem to be increasing.
43. Repairs budgets in the HRA have again been put under increasing pressure during this financial year and a significant overspend is again being forecast by the Executive Director of Housing predominantly in relation to repairing/ refurbishing vacant properties (voids) before they are re-let but also across general repairs. The latest forecast is currently predicting an £8 million overspend for the year. Whilst this overspend will be met from revenue reserves at year end the HRA business plan currently makes no allowance for cost to continue at this elevated level into future years and to do so would render the HRA business plan unviable without a reprioritisation of existing commitments.
44. General Supervision & Management budgets are also showing an overspend of circa £1.4 million with the majority of this linked to increases in insurance costs and again costs linked to settlements of disrepair cases and other legal costs.
45. 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

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

maintaining services and current stock plus the borrowing required for the development and regeneration schemes.

46. For the 2025/26 budget setting exercise inflation assumptions have been built in to the budgets of 3% for salaries and general overriding averages of 2.5% for repairs and running costs respectively where not linked to specific contractual terms.
47. Looking forward to future years the updated HRA business plan allows for general assumptions on inflation beyond 2025/26 of 3% on salaries and 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 estimated assumption of underlying CPI on all costs from 2027/28 onwards.
48. 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. With reserves and future income already committed to support borrowing for development expectations within the financial assumptions are that underlying expenditure levels need to reduce in the short term to ensure the long-run viability of the HRA business plan.

**Capital Financing Costs**

49. 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”). The current financial year, 2024/25, therefore represents the final year of the existing external borrowing and all will be repaid by the end of this year.
50. 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 self-financing debt was extended and is currently estimated to be fully repaid by the end of financial year 2031/32.
51. 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 other capital schemes where needed, borrowing is estimated to cost the HRA £4.812 million in interest and require principal loan repayments totalling £42.084 million during 2024/25 and £6.860 million in interest and £11.494 million for repayments in 2025/26. The significant reduction in repayments in 2025/26 reflects the last of the self-financing PWLB and the fact that no further internal borrowing is required for Right to Buy re-provision.
52. Predicting future borrowing rates is complicated and advice has been taken from the Treasury section in conjunction with treasury advisors. For the proposed internal borrowing from 2024/25 the actual rate will be set between the Council’s return on

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

investments and the rate available from the PWLB at the point it is considered that the borrowing occurs.

53. The interest rate assumed on the new borrowing beyond 2025/26 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 start trending downwards. Whilst significant long-term borrowing of £780 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 when rates are at an inflated level compared to rates seen pre-pandemic.
54. 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**

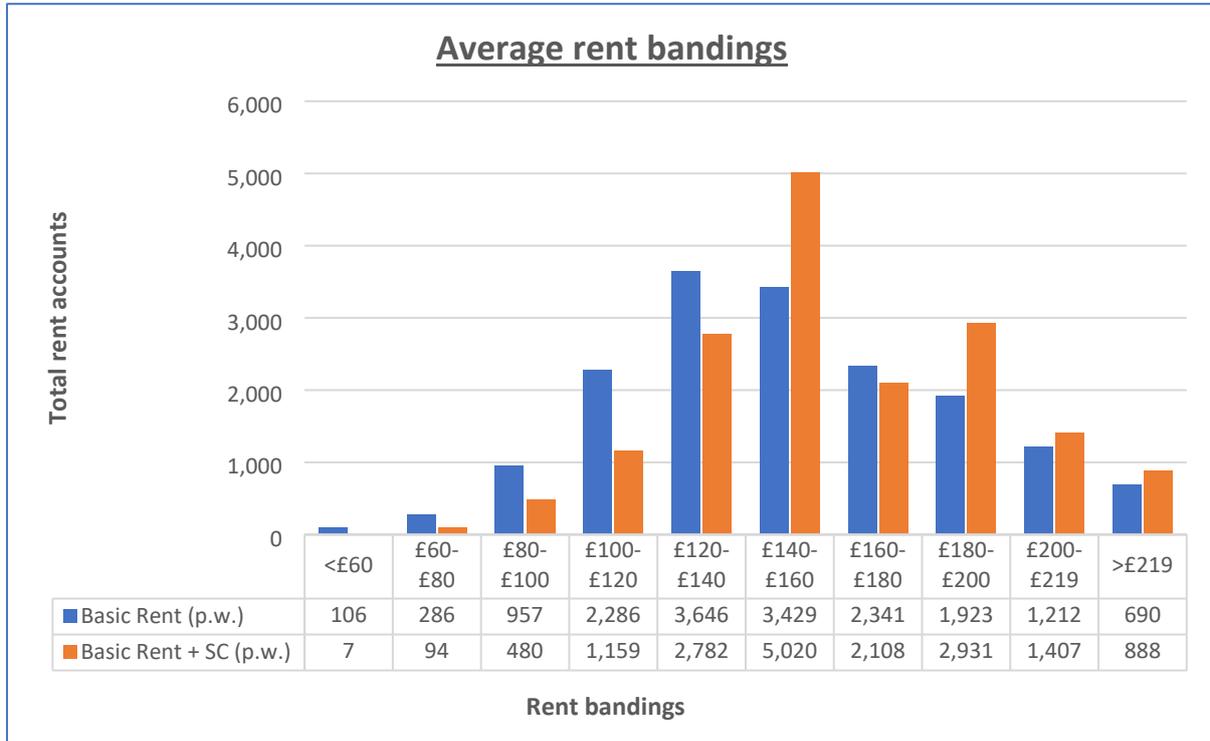
55. Other expenses include provision for bad debts and other miscellaneous costs incurred in the HRA. The budget for 2024/25 has been set at £3.210 million in line with current estimates increasing to £4.242 million in 2025/26.
56. Predominantly this increase is in response to the increasing levels of rent arrears (including heating and hot water and tenants' service charge arrears) within the HRA above that normally arising as a consequence of the collection rate target for which a prudent provision for bad debts will need to be determined at year end.
57. Arrears arise for a number of reasons (such as changes of financial circumstances both in terms of household income and expenditure levels). The Council's Rent Collection Service seeks to engage with residents and arrange affordable payment agreements. 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. Under existing rent policy the Council reviews its rents and other HRA charges each year with effect from the first full week in April 2025. This forms part of the statutory requirement to review HRA expenditure, rents and other income to ensure the HRA will not fall into deficit in the forthcoming year.
59. The Council currently owns 17,411 residential tenanted properties in the HRA and the average rent paid by Council tenants is £149.70 per week. In addition average service charges of £10.48 per week are raised, giving a total average rent payable of £160.18 per week. There are significant variations around this average ranging at the extremes from £55.11 to £366.51 per week as a consequence of past rent policies, in addition to the general assumption that rents increase with assessed bedroom size of properties. The current distribution of actual rents both excluding and including service charges is shown in the chart below: -

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



- 60. Forecast rent income (excluding service charges) for 2024/25 is £132 million. Of this c.£39 million is a direct transfer from the Council’s Housing Benefit system to individual rent accounts with the balance payable by tenants in cash either from Universal Credit or their own resources.
- 61. The Council’s rents are considered as “Social Rents” which are significantly lower than private sector rents and tenants benefit from guarantees around increases, service levels and security of tenure.
- 62. Since 2020 local authorities have been subject to Government policy (known as the Rent Standard) which sets statutory maximum increases on rents for existing tenants. The existing Rent Standard was set to run from April 2020 to March 2025 but this has now been extended by a year under the same terms of September’s CPI + 1%. September 2024 CPI has been confirmed at 1.7% so the maximum increase for the 2025/26 rent increase is 2.7%.
- 63. The Government has consulted on a new five-year rent policy for the period April 2026 - March 2032 and although the outcome of the consultation is still awaited the current assumption is that it will not deviate significantly from the current Rent Standard. Should material changes emerge that necessitate adjustments to the Council’s policy then this will be brought to the attention of the committee at a future meeting.
- 64. The Council’s current rent policy is aligned with the existing Rent Standard and whilst it allows for the possibility for approving rent increases at a level lower than the statutory maximum, the existing HRA business plan assumes the maximisation each year in order to continue to fund essential services. Any reduced increases below the maximum allowed represent a permanent loss of income in relation to existing tenancies as there is no allowance to make compensating excessive increases in future years. Dwelling rents currently make up 70% of the HRA’s budgeted revenue income base and with reserves and interest rates expected to fall over coming years this percentage is only set to grow and increase in importance as contribution to

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

maintaining the viability of the business plan and underpinning existing and future plans for investment in Council stock increases.

**Affordable Rent Properties**

65. 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.
66. 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 3.5% of its stock classified as Affordable Rents.
67. 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, which fall outside the 'Formula Rent' (FR) regime. However at present the Council does not distinguish between the profile of tenants placed in such properties 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 assumes annual rent increases mirroring those applied to Social Rent properties.
68. The rent proposals therefore incorporate the combined impact for both Social Rent and Affordable Rent properties.

**Rent Proposals for April 2025**

69. The recommendations for the April 2025 rent increase, proposed in consultation with the Cabinet Member for Housing, are outlined in the following paragraphs.
70. In developing the following proposals consideration has been given to the impact of both the continued 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.
71. 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.
72. 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.

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

73. 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.
74. The September 2024 CPI is 1.7%, which would therefore equate to a maximum allowable rent increase of 2.7% from April 2025. Rent increases at a headline of 2.7% would generate additional income of £3.13 million each year, as assumed in the October 2024 update of the HRA business plan.
75. 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 2.7%.
76. Because of the profile of current rents this would result in an actual average rent increase of 2.47% or £3.56 per week (excluding service charges). The table below shows how this rent increase would be distributed in relation to amounts that existing tenants currently pay per week, as well as size of properties occupied: -

<b>2.7% INCREASE</b>				
<b>No. of bedrooms</b>	<b>Total tenancies</b>	<b>Average Current Rent (per week)</b>	<b>Average Rent increase (per week)</b>	<b>Average Rent increase</b>
<b>0</b>	839	£89.65	£2.38	2.68%
<b>1</b>	4,445	£118.51	£3.12	2.66%
<b>2</b>	6,314	£146.05	£3.74	2.59%
<b>3</b>	4,168	£184.47	£4.40	2.42%
<b>4</b>	1,000	£206.98	£2.22	1.16%
<b>5</b>	87	£230.82	£0.64	0.31%
<b>6</b>	21	£273.42	£0.00	0.00%
<b>7</b>	2	£250.26	£0.00	0.00%
<b>Total</b>	<b>16,876</b>	<b>£149.70</b>	<b>£3.56</b>	<b>2.47%</b>

77. 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 the national 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 FR. In Wandsworth this generally results in smaller properties incurring an increase in rent and larger properties experiencing smaller increases due to the historic local policies and the tables above clearly demonstrate the impact of this.
78. In line with the proposals for both Social and Affordable Rent properties the 2.7% rent increase would also be applied to the Council's temporary accommodation hostel stock at Nightingale Square from the first Monday in April 2025. Residents at Nightingale Square are also required to pay for other services they receive.

**Other property dwelling rents**

79. 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 previously sold under the Right to Part Buy, Equity Share and Social Homebuy options. There are no specific rules within the

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

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 therefore recommended that this is repeated in 2025/26 and that rents in these properties are increased by a maximum of 2.7% from the first Monday in April 2025.

### **Tenants' Service Charges**

80. 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. Unlike basic rents, tenants service charges are not subject to statutory limitation although general guidance is that they should be broadly set on the basis of cost recovery with safeguards to prevent excessive non-inflationary increases to maintain affordability.
81. The Council's existing policy reflects this with estimates for costs calculated for blocks and estates based on uplifted historic averages and projections for the following year, but with general increases capped overall within an overall 'envelope' in line with the wider rent increase of CPI + 1%. An exception is made for block electricity charges reflecting the wider volatility in these costs which generally align poorly with wider inflation and in cases of other exceptional cost changes (e.g. as a result of changes in contract scope).
82. 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.
83. It should be noted that all are specifically designed to be eligible for Housing Benefit and/or incorporation into Universal Credit calculations and therefore, as with rents, the majority of lower income tenants would expect to be protected against rises
84. The current average weekly charges for 2024/25 are shown in the table below: -

<b>Service Charge Element</b>	<b>No. of Properties Charged</b>	<b>Average Charge (per week)</b>	<b>Maximum Charge (per week)</b>
Aerials	12,509	£0.32	£2.00
Block Cleaning	12,876	£3.39	£21.40
Block Electricity	13,456	£2.67	£19.90
Entrycall	11,395	£0.51	£8.19
Estate Cleaning	13,603	£3.09	£16.95
Garden Maintenance	14,330	£0.89	£12.77
Paladin Hire	12,713	£0.40	£1.95
<b>Total (excluding Wardens)</b>	<b>15,091</b>	<b>£9.89</b>	<b>£33.28</b>
Sheltered Wardens	1,055	£29.22	£29.22
<b>Total</b>	<b>15,091</b>	<b>£11.94</b>	<b>£62.50</b>

85. Where there is a new or extended service being introduced, authorities are expected to consult appropriately with tenants before introducing new or extended services

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

and associated charges. There are currently no proposals to introduce any new service charges for 2025/26.

86. 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 Discretionary Housing Payments (DHP) if other criteria are met.
87. The estimate for tenants' service charge income falls under the Other Income heading within the HRA framework. The estimated level of income is £9.2 million in 2024/25 and £9.3 million in 2025/26.

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

88. All of these rent and service 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 (TWBC)).
89. The Government's TWBC is currently £25,323 a year or £486.98 per week. This was last uplifted in line with inflation in April 2023 but the TWBC is expected to remain at its current level from April 2025.
90. The table below 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 Rent + Service Charge to be paid by tenant (per week)
Full Housing Benefit	3,671	22%	£0.00
Part Housing Benefit	1,573	9%	£38.83
Universal Credit check completed*	Up to 7,179	43%	£164.37
<b>Total on Benefits</b>	<b>(Up to) 12,423</b>	<b>74%</b>	
No Housing Benefit / Universal Credit	4,352	26%	£157.80
<b>Total</b>	<b>16,775</b>	<b>100%</b>	

*\*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 7,179 checks on the system for current tenants 6,331 occurred in this financial year and are considered relatively up to date.*

91. 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 £276.16 per week for a one bedroom property to £667.40 per week for 4 bedrooms or more. As demonstrated Council rents remain significantly lower than these current private sector Housing Benefit rates.

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

92. 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 period October 2023 to September 2024) which again demonstrates the low rents paid by the Council's tenants compared to the wider private rental market.

No. of bedrooms	Wandsworth Council Tenants	Wandsworth Market Rents		Wandsworth Council average Tenant Rents as a % of Median Market Rents
	Average inc Service charge (per week)	Lower quartile (per week)	Median (per week)	
0	£106	<b>£271</b>	<b>£300</b>	35%
1	£133	<b>£346</b>	<b>£392</b>	34%
2	£156	<b>£427</b>	<b>£496</b>	31%
3	£192	<b>£540</b>	<b>£640</b>	30%
4+	£217	<b>£738</b>	<b>£871</b>	25%

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

93. The Council's Social Rents are on average generally less than 35% of median private rents.
94. Tenants 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 DHP scheme (recharged to the HRA in relation to Council tenants). The impact of this is difficult to predict and quantify but could be a further cost to the HRA.
95. Where rents are not met in full by Housing Benefit / Universal Credit there is likely to be some additional shortfall where rents are increased.

### Local Capping on Rent Increases

96. Since 2015/16 the Council's rent policy has included an additional locally determined provision to limit rent increases for tenants whose existing envelope rent charge (including tenant service charges) is above 45% of the TWBC (currently £219 per week for Wandsworth tenants). Since this aspect of the policy was adopted the TWBC has been varied twice and on a largely arbitrary basis – from 2013 to 2016 it was £26,000 (giving a local cap figure for freezes on existing rents above £225 per week) reduced to £23,000 (£199 per week) in 2016 and increased to £25,323 (£219 per week) in 2023.
97. It should be noted that the existing rent policy (whilst adopted at the time on general 'affordability' grounds to restrict increases to those tenants in more expensive tenancies, often for mainly historic reasons) never created a direct link to any individual household's ability to meet the cost of rent increases (whether through the benefit system or their own resources) rather a recognition that it might be less likely in higher rent properties, and where the impact of a percentage related increase would be greater.
98. The most recent Government statistics (from May 2024) suggest that the total number of households impacted by the threshold in the entire borough (both Private and Social Housing sector) is around 1,019, although data is limited on how many of

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

those would be Council tenants unless they have specifically sought Council assistance with paying their rent.

99. The most recent revision of the national rent policy following the introduction of the statutory Rent Standard introduced an additional nationally mandated cap on rent increases (excluding service charges) for Social Rent properties through the Formula Rent Cap (FRC) which (unlike the local cap) grows every year at the rate of CPI + 1.5%. This cap was originally below the local cap but is increasingly overtaking the level of the local cap (set relative to the total welfare benefit cap – currently £219 per week) as shown in the table below: -

<b>No. of bedrooms</b>	<b>2024/25 Formula Rent Cap (per week)</b>	<b>2025/26 Formula Rent Cap (per week)</b>
0	£188.04	£194.06
1	£188.04	£194.06
2	£199.09	£205.46
3	£210.15	£216.87
4	£221.19	£228.27
5	£232.26	£239.69
6+	£243.31	£251.10

*\*the Formula Rent Cap excludes service charges whereas the Council's local cap includes them (where applicable)*

100. The implication of the above is that the retention of the local cap will increasingly limit the growth of the income base below that intended by national policy. The increase in the TWBC in 2023/24 delayed the impact for a couple of years, and whilst there may be uplifts of the TWBC in the future it is problematic for the ongoing viability of the HRA business plan to continue to link the two on the basis of this unrelated decision.
101. In addition to the longer term impact on the income base, the existing local cap has the potential to undermine wider Council policies to encourage under-occupying tenants to move to smaller properties more appropriate to their circumstances, where one incentive for doing so can be the prospect of lower rents because the local cap does not distinguish by variation in property size.
102. It is therefore recommended that the existing basis for the local cap be removed from the rent policy and a revised single affordability cap limiting rent increases be adopted based on the national FRC. Technically this would remain discretionary for the c.600 Affordable Rent properties in the stock but would ensure common treatment for all tenants. The approach for setting new “default” rents for new tenants would remain unchanged - so the ability for the starting rent to be higher than the FRC for new tenancies in relation to affordable tenancies would remain, with the affordability of the rents to new tenants being assessed prior to placement.
103. The proposed change would generate an estimated £0.14 million rent income in 2025/26 mainly from tenants in larger Social Rent properties where the FR has risen above the level of the existing local cap, although the real value of the policy change would be on increased income in future years. It should be noted that there would still be c. 550 tenants receiving a rent freeze as a consequence of their existing rent levels being above the FRC.

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

104. The other amendments to the existing rent policy are not technically a change but designed to clarify the position in relation to Affordable Rent properties and consolidate the policies for both Social Rent and Affordable Rent properties into a single document.
105. The proposed revised rent policy showing changes to be adopted is shown in Appendix G and an Equality Impact Needs Assessment (EINA) analysis in relation to it and going into greater detail about the change is shown in Appendix H.

**Non-Dwelling Rents**

106. In addition to dwelling rents the HRA also receives income from its commercial portfolio and from charges for estate garages and storerooms which are covered under the non-residential charges proposals later in the report. The income to the HRA is estimated at £5.627 million in 2024/25 and £5.386 million in 2025/26.

**Leaseholder Service Charge Income**

107. 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 £20.250 million in 2024/25 which is based on the bills raised to date in the year as part of the September billing run and an estimate of those still to be billed, and £21.285 million in 2025/26.

**Other Income**

108. Other Income covers a range of other 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. The income to the HRA is estimated at £28.971 million in 2024/25 and £23.408 million in 2025/26.
109. 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.
110. The current rate of interest is estimated at 5.12% for 2024/25 and 4.50% in 2025/26 and then are expected to reduce. The estimated level of investment income is £12.039 million in 2024/25 and £7.872 million in 2025/26. The reduction being due to the change in interest rate and the forecast HRA reserve balances generally reducing.

**HRA NON-RESIDENTIAL CHARGES**

111. In addition to residential charges the Council issues charges on estate based property for garages and storerooms, and a smaller number of sites for parking and secure cycle sheds. This is in addition to charges for pre-assignment lease packs, and other ad-hoc charges for key replacements.

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

112. Charges are banded to try to link to relative desirability of site, noting that multiple lets and those that are not directly linked to residency on estates is subject to a 20% surcharge for VAT at the standard rate. In all cases non-residential lets are purely voluntary and there is no obligation for tenants to obtain or continue with any existing letting. Occupancy levels (of garages in particular) continue to be high and represents a useful ongoing income source to the HRA, albeit noting that in recent years there has been some drop in the portfolio linked to demolitions for regeneration and housing development, so overall the increase will deliver no net increase in income.
113. In the case of property charges it is proposed that existing charges are raised by a general 2.2% in line with wider Council approach to increasing fees and charges to maintain the income base to offset costs. In relation to pre-assignment and ad-hoc administrative charges it is proposed similarly that charges are raised by 2.2%.
114. It is estimated that these changes will generate an additional £0.74 million on current income levels, although it should be noted that overall budgeted income will remain broadly unchanged as base income has reduced over the last year due to the decommissioning of a number of sites for the purposes of the Council's development programme. The impact of this has been incorporated within the HRA budget framework presented as part of this report for approval.
115. The proposed non-residential charges, as set out in [Appendix D](#), are recommended to take effect from the first Monday in April 2025.

### **CONSULTATION**

116. 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 2025. Any feedback from the BRF will be considered at the Housing Overview and Scrutiny Committee meeting.
117. 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 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 2025.

### **HRA BUDGET FRAMEWORK**

118. 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).
119. The HRA business plan and budget framework reported to this Committee and the Executive in October 2024 (Paper No. 24-270) has been adjusted to take account of the recommendations in this report, including the additions to the capital programme,

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

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.

120. Appendix E to this report sets out the HRA budget framework that reflects the proposals in this report covering the period to 31 March 2028, before which time predicted HRA reserves must not be reduced by more than £40 million from the presently predicted £210.788 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. 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 £192 million, initially increase as the self-financing debt is repaid, but then generally reduce as the revenue effect of the new borrowing starts to have an impact to a combined low of approximately £125 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 as would any continuation of repairs spend at current levels.
126. The future forecast surpluses involve a number of assumptions on future spend and income levels which if varied can have a significant effect on available resources. 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 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.

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

### **CABINET MEMBER FOR HOUSING**

128. Although the rate of inflation has reduced from the high levels seen over the last two years the legacy of this continues to pose significant financial challenges for local authority budgets and across the social housing sector.
129. It will be recalled that for 2023/24 the usual CPI + 1% formula for rent increases (an implied 11.1% increase) was replaced with a 7% cap imposed by the then government. 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. This compounded the financial strain caused previously when 1% rent reductions were enforced for a period of 4 years. For 2024/25 the rent increase was set in line with the usual formula which allowed a maximum increase of 7.7%.
130. In order to ensure the long-term financial viability of the HRA, a rent increase at an average of 2.7%, the maximum permissible under the Rent Standard, is therefore considered to be necessary. This will mean we can continue to maintain our existing stock, 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.
131. It is welcomed that the current government is consulting on future social housing rent policy which will hopefully give a commitment to future rent increases which will give stability and allow for longer term financial planning at a time when expanded requirements in regard to building safety, decent homes, and the green agenda are expected at significant cost.
132. This Council is acutely aware of the ongoing impact the 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 is worth noting that for those tenants who receive Housing Benefit or Universal Credit (and not subject to the TWBC), these increases should have no direct impact on their household budgets. For those not in receipt of benefit, or subject to the TWBC, a range of support mechanisms are already in place for those who may need it.

### **CONCLUSION**

133. The report proposes £83.605 million of new HRA capital bids which, when added to the existing approved programme, creates an overall capital commitment of £626.655 million over the framework period, demonstrating the Council's ongoing commitment to maintaining existing stock and continuing to invest in the delivery of new affordable housing through both the estate regeneration schemes and the Homes for Wandsworth development programme.
134. It is recommended that tenants have their rent increased by a maximum of 2.7% with effect from the first Monday in April 2025, equivalent to an average increase of 2.47%. It is also recommended that non-residential charges are increased generally by an average of 2.2%, also with effect from the first Monday in April 2025.
135. An amendment to the Council's existing rent policy limiting rent increases for those tenants charged exceptionally high rents is proposed to replace the existing

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

threshold linked to the TWBC and replace it with the FRC defined under the Rent Standard which will apply to both Social Rent and Affordable Rent properties.

136. The HRA business plan continues to be based on a number of assumptions on future spend and income levels which if varied could have a significant effect on available resources. 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.
137. 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.
138. 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.

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The Town Hall  
Wandsworth  
SW18 2PU

FENELLA MERRY  
Executive Director of Finance

Dave Worth  
Interim Executive Director of Housing

14th January 2025

**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](http://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>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
MAJOR REFURBISHMENT OF ESTATES	13,707	43,724	46,336	20,497
RE-LIFTING	4,446	7,575	4,232	-
RE-WIRING	2,079	2,068	3,147	2,351
HEATING REPAIRS & IMPROVEMENTS	2,118	6,648	7,645	1,000
SPECIAL REPAIRS	4,495	2,990	-	-
SHELTERED HOUSING	3,179	4,360	1,650	-
ADAPTATIONS FOR DISABLED	2,262	-	-	-
ENTRYCALL & CCTV	290	889	749	-
<b>TOTAL REPAIRS AND IMPROVEMENTS</b>	<b>32,576</b>	<b>68,254</b>	<b>63,759</b>	<b>23,848</b>
ENVIRONMENTAL & ESTATE IMPROVEMENTS	2,828	3,660	2,876	692
SITE DEVELOPMENTS & EXPANDED PROGRAMME	40,056	46,397	60,134	16,226
REGENERATION PROJECTS	32,218	26,465	39,611	44,845
<b>TOTAL ENVIRONMENTAL, NEW BUILD &amp; REGENERATION</b>	<b>75,102</b>	<b>76,522</b>	<b>102,621</b>	<b>61,763</b>
VEHICLE FLEET RENEWAL	500	-	-	-
PURCHASE OF PROPERTIES	14,000	14,033	-	-
HOUSE PURCHASE GRANTS	2,872	2,400	2,400	2,400
<b>TOTAL HOUSING REVENUE ACCOUNT</b>	<b>125,050</b>	<b>161,209</b>	<b>168,780</b>	<b>88,011</b>

**Housing Revenue Account - Proposed Additions to the Capital Programme**

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>MAJOR REFURBISHMENT OF ESTATES</u></b>				
<b>Ackroydon (East) Estate (West Hill)</b>				
Swanton Gardens 14-31, 58-87				
Roof renewal	-	-	170	397
<b>Ackroydon (West) Estate (West Hill)</b>				
Caryl House 1-13 Grantley House 1-13				
Roof renewal	-	-	90	211
<b>Alton Estate (Roehampton)</b>				
Allbrook House 1-45				
Roof & window renewal	-	-	328	766
Danebury Avenue 117-211o, 213-243o				
Window renewal	-	-	245	571
<b>Arndale Estate (Wandsworth Town)*</b>				
Eliot & Wentworth Court				
Cladding replacement	-	-	3,713	3,712
<b>Carnie Lodge (Bedford)</b>				
Window renewal	-	-	66	154
<b>Chatham Road East (Northcote)</b>				
Chatham Road 121-131, 133 FA-FH				
Roof renewal	-	-	49	114
<b>Chatham Road West (Northcote)</b>				
Cobham Close 1, 3-19, Darley Road 1-9, 11-33, Halston Close 1-41				
Kingsdown Court 1-17, Northcote Road 160-170, Pembury Court 1-6,				
Rainham Close 1-9, Staplehurst Court 1-12, Teyham Court 1-11				
Roof renewal	-	-	264	616
<b>Doddington &amp; Rollo Estates (Battersea Park)*</b>				
Battersea Park Rd 253-257, 281-285				
Cromwell House, Falkener Court, Landseer House,				
Lucas Court, Palmerston House, Youngs Court				
Roof renewal - Phase 3	-	-	-	1,000
<b>Goulden House (St Mary's)</b>				
Window renewal & structural works	-	480	480	640
<b>Lavenham Court 1-6, Pavilion Chambers 1-17 (Lavender)</b>				
Window renewal	-	-	88	205
<b>Morella Road 4 FA-FF (Balham)</b>				
Conversion works	-	-	112	260
<b>Oakhill Road 68-72, 68A-72A, 68B-72B (East Putney)</b>				
Roof renewal	-	-	21	49
<b>Oaklands Estate (West Hill)</b>				
Lydney Close 1-64, Peterstow Close				
Tenanted Houses Only				
Roof renewal	-	-	236	552
<b>Surrey Lane Estate (Battersea Park)</b>				
Gardiner House, Musgrave Court, Westbridge House				
Whitgift House, Wolsey Court				
Roof renewal - Phase 2	-	-	1,175	2,741
<b>Totteridge House (St Mary's)</b>				
Window & roof renewal	-	-	603	1,406

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b>Winstanley Estate (Falconbrook)</b>				
Fenner Sq. 1-18, 20-41, 19a-b, Holliday Square 1-44, John Parker Sq. 1-14, 15-36, Thomas Baines Road 1-8, 9-30, 31-56, 57-82, Weekly Square 1-14, 15-28				
Roofing - Phase 1	-	-	653	1,525
<b>Kitchens and Bathrooms</b>				
Phase 16A - Doddington West*	-	-	-	1,405
Phase 17 - Badric Court*	-	400	100	-
Phase 19 - Boroughwide	-	1,500	1,500	-
<b>Boroughwide</b>				
External decorations conversion to window renewal	-	1,000	-	-
<b>TOTAL MAJOR REFURBISHMENT OF ESTATES</b>	<b>-</b>	<b>3,380</b>	<b>9,893</b>	<b>16,324</b>
<b><u>RELIFTING</u></b>				
<b>Alton Estate (Roehampton)</b>				
Holmsley House, Kimpton House Phase 3	-	-	168	392
Community Hall	-	-	67	67
<b>Ashburton Estate (West Putney)</b>				
Hayward Gardens Phase 3	-	-	159	371
<b>Battersea Fields Estate (Battersea Park)</b>				
Macdonald House Phase 3	-	-	135	315
<b>Battersea High Street (St Mary's)</b>				
Meecham Court Phase 2	-	-	102	238
<b>Rollo Estate (Battersea Park)</b>				
Ravenet Court	-	-	126	294
<b>William Willison Estate (West Hill)</b>				
Keevil Drive 65-127, Stapleford Close 1-34 Phase 2	-	-	210	490
<b>TOTAL RELIFTING</b>	<b>-</b>	<b>-</b>	<b>967</b>	<b>2,167</b>
<b><u>REWIRING</u></b>				
<b>Wimbledon Park Estate (West Hill)*</b>				
Allenswood, Ambleside, Lindale Full rewire excluding lateral mains - Phase 1	-	358	835	-
<b>Boroughwide</b>				
Block LED lighting upgrades	-	200	300	-
Communal & laterals	-	250	250	300
Individual rewires	-	1,500	-	-
<b>TOTAL REWIRING</b>	<b>-</b>	<b>2,308</b>	<b>1,385</b>	<b>300</b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>HEATING REPAIRS &amp; IMPROVEMENTS</u></b>				
<b>Derinton Road 101A-B Nursery (Tooting Bec)</b>				
Pipework renewal	-	-	18	42
<b>Doddington Estate (Battersea Park)</b>				
Upgrade of HIU heating systems to Inc. prepay meters - Phase 2	-	-	149	348
<b>Fitzhugh Estate (Wandsworth Common)*</b>				
Replacement of communal heating system	-	-	1,000	2,387
<b>Boroughwide</b>				
Cold water booster - Phase 3	-	-	162	377
Heating system upgrades	-	-	200	-
Water tank renewal - Phase 11	-	-	290	677
Water tank renewal - Phase 12	-	-	228	532
<b>TOTAL HEATING REPAIRS &amp; IMPROVEMENTS</b>	<b>-</b>	<b>-</b>	<b>2,047</b>	<b>4,363</b>
<b><u>SPECIAL REPAIRS</u></b>				
<b>Acquired Properties</b>				
Roofs, decoration, damp proofing	-	-	300	-
Extensions/conversions	-	1,000	-	-
Refurbishment of street properties	-	1,000	-	-
Provision for urgent schemes	-	-	700	-
<b>TOTAL SPECIAL REPAIRS</b>	<b>-</b>	<b>2,000</b>	<b>1,000</b>	<b>-</b>
<b><u>SHELTERED HOUSING</u></b>				
<b>Ashburton Estate (West Putney)</b>				
1-18 Boyd Court, 1-16 Cortis Terrace, 135-165 Westleigh Avenue				
Lift installation	-	-	175	410
<b>Maysoule Road Estate (Falconbrook)*</b>				
Holmleigh Court - Heating, window renewal, fire risk assessment works				
Communal decs and flooring	-	225	125	-
<b>Totterdown Fields Estate (Tooting Bec)</b>				
Cowick Road 1-39o, 2-88e				
Window renewal & external refurbishment	-	-	197	460
<b>Boroughwide</b>				
Abyssinia Close, Doris Emmerton, Grosse Way				
Fire alarm upgrade & emergency lighting	-	380	-	-
<b>TOTAL SHELTERED HOUSING</b>	<b>-</b>	<b>605</b>	<b>497</b>	<b>870</b>
<b><u>ADAPTATIONS FOR THE DISABLED</u></b>				
Conversion works	-	1,000	-	-
Minor adaptations	-	1,000	-	-
<b>TOTAL ADAPTATIONS FOR THE DISABLED</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>ENTRYCALL &amp; CCTV</u></b>				
<b>Winstanley Estate (Falconbrook)</b>				
Weekley Square, Carmichael Close, Fenner Square, John Parker Square, Thomas Baines Road				
New entrycall system installation	-	-	170	398
<b>TOTAL ENTRYCALL &amp; CCTV</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>398</b>
<b><u>ENVIRONMENTAL &amp; ESTATE IMPROVEMENTS</u></b>				
<b>Alton Estate (Roehampton)</b>				
Focus Hall Clubroom	450	-	-	-
<b>Henry Prince Estate (Wandle)</b>				
Community Clubroom refurbishment	170	-	-	-
<b>Surrey Lane Estate (Battersea Park)</b>				
Environmental improvements	-	-	396	924
Estate road resurfacing and paving	-	165	300	-
Future playground refurbishment	-	-	300	-
<b>TOTAL ENVIRONMENTAL &amp; ESTATE IMPROVEMENTS</b>	<b>620</b>	<b>165</b>	<b>996</b>	<b>924</b>
<b><u>SITE DEVELOPMENTS &amp; EXPANDED PROGRAMME</u></b>				
<b>Eastwood North (Roehampton)</b>	895	2,745	3,180	180
<b>Eastwood South (Roehampton)</b>	795	2,475	2,580	150
<b>Skeena Hill (West Hill)</b>	-	1,415	1,735	110
Other schemes / feasibilities & contingencies	200	2,650	-	-
<b>TOTAL SITE DEVELOPMENTS &amp; EXPANDED PROGRAMME</b>	<b>1,890</b>	<b>9,285</b>	<b>7,495</b>	<b>440</b>
<b><u>REGENERATION PROJECTS</u></b>				
Project team costs	-	-	1,305	2,000
<b>ROEHAMPTON SCHEME</b>				
Procurement of specialist services	-	-	284	350
Downshire Field	200	3,400	400	-
Roehampton Community Hub	300	400	-	-
<b>WINSTANLEY &amp; YORK ROAD ESTATE SCHEME</b>				
Procurement of specialist services	100	800	950	350
Development costs - Residential	-	-	-	277
<b>TOTAL REGENERATION PROJECTS</b>	<b>600</b>	<b>4,600</b>	<b>2,939</b>	<b>2,977</b>
<b>TOTAL ADDITIONS</b>	<b>3,110</b>	<b>24,343</b>	<b>27,389</b>	<b>28,763</b>
Bids with a * indicates a top-up to an existing specific scheme				

**Housing Revenue Account - Revised Capital Programme**

	<b><u>2024/25</u></b>	<b><u>2025/26</u></b>	<b><u>2026/27</u></b>	<b><u>2027/28</u></b>
	<b><u>£ '000</u></b>	<b><u>£ '000</u></b>	<b><u>£ '000</u></b>	<b><u>£ '000</u></b>
MAJOR REFURBISHMENT OF ESTATES	13,707	47,104	56,229	36,821
RE-LIFTING	4,446	7,575	5,199	2,167
RE-WIRING	2,079	4,376	4,532	2,651
HEATING REPAIRS & IMPROVEMENTS	2,118	6,648	9,692	5,363
SPECIAL REPAIRS	4,495	4,990	1,000	-
SHELTERED HOUSING	3,179	4,965	2,147	870
ADAPTATIONS FOR DISABLED	2,262	2,000	-	-
ENTRYCALL & CCTV	290	889	919	398
<b>TOTAL REPAIRS AND IMPROVEMENTS</b>	<b>32,576</b>	<b>78,547</b>	<b>79,718</b>	<b>48,270</b>
ENVIRONMENTAL & ESTATE IMPROVEMENTS	3,448	3,825	3,872	1,616
SITE DEVELOPMENTS & EXPANDED PROGRAMME	41,946	55,682	67,629	16,666
REGENERATION PROJECTS	32,818	31,065	42,550	47,822
<b>TOTAL ENVIRONMENTAL, NEW BUILD &amp; REGENERATION</b>	<b>78,212</b>	<b>90,572</b>	<b>114,051</b>	<b>66,104</b>
VEHICLE FLEET RENEWAL	500	-	-	-
PURCHASE OF PROPERTIES	14,000	14,033	-	-
HOUSE PURCHASE GRANTS	2,872	2,400	2,400	2,400
<b>TOTAL HOUSING REVENUE ACCOUNT</b>	<b>128,160</b>	<b>185,552</b>	<b>196,169</b>	<b>116,774</b>

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

	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000	<u>2027/28</u> £ '000
<b><u>MAJOR REFURBISHMENT OF ESTATES</u></b>				
<b>Ackroydon (East) Estate (West Hill)</b>				
Swanton Gardens 14-31, 58-87				
Roof renewal	-	-	170	397
<b>Ackroydon (West) Estate (West Hill)</b>				
Caryl House 1-13 Grantley House 1-13				
Roof renewal	-	-	90	211
<b>Alfred Butt House (Trinity)</b>				
Roof renewal	-	53	463	-
<b>Alton Estate (Roehampton)</b>				
Allbrook House 1-45				
Roof & window renewal	-	-	328	766
Danebury Avenue 117-211o, 213-243o				
Window renewal	-	-	245	571
Binley House, Charcot House, Denmead House, Dunbridge House, Winchfield House				
Window renewal	20	761	5,781	4,360
Harbridge Avenue				
Wall reconstruction	9	120	-	-
<b>Antrim House (Lavender)</b>				
Roof renewal	1	-	-	-
<b>Argyle Esher Estate (West Hill)</b>				
Bisley House				
Roof renewal	-	-	-	207
<b>Arndale Estate (Wandsworth Town)</b>				
Front entrance hall improvements	-	-	420	-
Edwyn House & Knowles House				
Roof renewal	-	5	450	45
Eliot & Wentworth Courts				
Cladding replacement	106	3,825	10,538	7,531
New alarm system	299	-	-	-
<b>Ashburton Chartfield Estate (West Putney)</b>				
Westleigh Avenue 34 FA-FH				
Roof renewal	-	-	115	10
<b>Ashburton South Estate (West Putney)</b>				
Tildesley Road 323-387				
Podium deck car park renewal	-	10	306	-
<b>Auckland Estate (Lavender)</b>				
External decorations conversion to window renewal	-	200	1,044	200
<b>Auckland Road 25 FA-FB (Lavender)</b>				
Roof and window renewal	1	99	-	-
<b>Balham Hill Estate (East &amp; West Balham)</b>				
Roof and window renewal	19	1,500	876	-
<b>Battersea High Street Estate (St Mary's)</b>				
Coles Court, Meecham Court, Morgan Court, Pritchard Court				
Roof renewal	50	594	250	-

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b>Bevill Allen Close (Furzedown)</b>				
All blocks				
Roof renewal	439	10	-	-
<b>Cambalt Road 13-121 (West Putney)</b>				
Spandrel panel replacement and window renewal	10	641	1,277	-
<b>Carey Gardens Estate (Shaftesbury &amp; Queenstown)</b>				
Estate wide roof renewal	1,100	65	-	-
<b>Carnie Lodge (Bedford)</b>				
Window renewal	-	-	66	154
<b>Chatham Road East (Northcote)</b>				
Chatham Road 121-131, 133 FA-FH				
External decorations conversion to window renewal	3	-	-	-
Chatham Road 121-131, 133 FA-FH				
Roof renewal	-	-	49	114
<b>Chatham Road West (Northcote)</b>				
Cobham Close 1, 3-19, Darley Road 1-9, 11-33, Halston Close 1-41 Kingsdown Court 1-17, Northcote Road 160-170, Pembury Court 1-6, Rainham Close 1-9, Staplehurst Court 1-12, Teyham Court 1-11				
Roof renewal	-	-	264	616
<b>Colson Way Estate (Furzedown)</b>				
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	-	500	1,700	240
<b>Doddington &amp; Rollo Estates (Battersea Park)</b>				
Bank Court, Connor Court, Park Court, Turpin House, Alfreda Court, Newtown Court, Ravenet Court, Rawson Court, Rollo Court				
Roof renewal - Phase 1	6	500	1,695	-
Arthur Court, Bolton Court, Kennard House, Russell Court, St George House, Voltaire Court				
Roof renewal - Phase 2	-	9	140	1,080
Battersea Park Rd 253-257, 281-285 Cromwell House, Falkener Court, Landseer House, Lucas Court, Palmerston House, Youngs Court				
Roof renewal - Phase 3	-	-	430	1,669
<b>Ethelburga Estate (Battersea Park)</b>				
Ethelburga Tower				
Roof renewal - Phase 3	-	51	600	21
<b>Fairfield Court (Wandsworth Town)</b>				
External decorations conversion to window renewal	-	245	487	-
<b>Fairfield Drive (Wandsworth Town)</b>				
Window renewal	5	-	-	-
<b>Falcon Road Estate (Falconbrook)</b>				
Eden House, Ridley House, Temple House				
Replacement of spandrel panels	-	100	200	-
<b>Faylands Estate (Furzedown)</b>				
Garrick House, Levett House, Marchmont House, Ryland House, Shelburne House				
Roof renewal - Phase 1	679	40	-	-

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b>Faylands/Boothby Adams Estate (Furzedown)</b> Boswell House, Adams House, Boothby House Roof renewal - Phase 2	80	225	-	-
<b>Fitzhugh Estate (Wandsworth Common)</b> All Blocks Roof renewal	50	1,500	1,215	-
<b>George Wyver Close (West Hill)</b> Beaumont Road 34-62e, 64-92e External decorations conversion to window renewal	539	215	-	-
<b>Goulden House (St Mary's)</b> Window renewal & structural works	-	480	480	640
<b>Gravenel Gardens (Tooting Broadway)</b> Gravenel Gardens 1-6, 7-12, 13-48, Jordan Lodge 1-6 Roof renewal	5	149	300	-
<b>Gwendolen Avenue 16 FA-FE (West Putney)</b> Roof renewal	1	-	-	-
<b>Hafer Road (Lavender)</b> Lavender Sweep 68-72 Roof renewal	-	32	74	-
<b>Henry Harrison Court (Wandsworth Town)</b> Window renewal	-	49	114	-
<b>Henry Prince Estate (Wandle)</b> St John's Drive 1a, 9-24, 33-40, 41-56, 64-72, 73-88 Roof renewal - Phase 1	1,377	-	-	-
St John's Drive 1-8, 25-32, 57-64, 89-96 Roof renewal - Phase 2	5	527	1,000	-
Wandle Way 1-16, 33-48, 57-72, 81-96, 105-120 Roof renewal - Phase 2A	-	-	10	2,296
Haldane Place 1-56 Roof renewal - Phase 3	-	-	-	1,297
<b>Herlwyn Gardens 19-22, 17, 23 &amp; 24 (Tooting Bec)</b> Roof renewal	-	-	55	200
<b>Holborn Estate (Tooting)</b> External decorations conversion to window renewal	-	377	300	-
<b>Honeywell Road (Northcote)</b> Window renewal	298	-	-	-
<b>Lane Court (Northcote)</b> Roof and window renewal	10	600	40	-
<b>Larpent Avenue 33 (West Putney)</b> Roof and window renewal	161	-	-	-
<b>Latchmere Estate (Battersea Park)</b> Burns Road, Matthews Street, Joubert Street, Odger Street, Sheepcote Lane, Freedom Street, Reform Street Window renewal	96	-	-	-
<b>Lavenham Court 1-6, Pavilion Chambers 1-17 (Lavender)</b> Window renewal	-	-	88	205

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

	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000	<u>2027/28</u> £ '000
<b>Lennox Estate (Roehampton)</b> Ludovick Walk 2-10, 11-35, 36-66 Roof renewal - Phase 2	2	-	-	-
<b>Longstaff Estate (East Putney)</b> Woodhams House Replacement of walkway safety guards	20	183	-	-
<b>Louvaine Road 17 (Wandsworth Town)</b> Roof and window renewal	-	69	30	-
<b>Lurline Gardens Estate (Battersea Park)</b> All Saints Court, Lurline Gardens 2-24, Queenstown Road 363-369 Roof renewal	150	300	33	-
<b>Manville Road 30-38C (South Balham)</b> Window renewal	5	85	-	-
<b>Mayford Close (Nightingale)</b> Mayford Close 11-16 External refurbishment	-	62	262	50
<b>Morella Road 4 FA-FF (Balham)</b> Conversion works	-	-	112	260
<b>Newlands Estate (Tooting Bec)</b> Barringer Square 22-164e, 7-109o, Tooting Bec Road 174-212e Treherne Court 1-35 cons, 40-55 cons Roof renewal	143	-	-	-
<b>Nightingale Square (Balham)</b> Roof renewal	-	262	846	100
<b>Oakhill Road 68-72, 68A-72A, 68B-72B (East Putney)</b> Roof renewal	-	-	21	49
<b>Oaklands Estate (West Hill)</b> Lydney Close 1-64, Peterstow Close Tenanted Houses Only Roof renewal	-	-	236	552
<b>Oxford Road 20 FA-FB (Thamesfield)</b> Roof and window renewal	-	41	91	-
<b>Putney Hill 39 F1-F20 (East Putney)</b> External decorations conversion to window renewal	50	314	-	-
<b>Ranelagh Estate (Thamesfield)</b> Hewett House, Lancaster House, Pearson House Roof renewal	378	1,300	-	-
<b>Seymour Road 32-34 (East Putney)</b> Roof renewal	5	-	-	-
<b>Savona Street 10-16 (Shaftesbury &amp; Queenstown)</b> External decorations conversion to window renewal	30	130	-	-
<b>Southdean Gardens 11 (West Hill)</b> Roof and window renewal	20	66	-	-
<b>Southlands Estate (St Mary's)</b> Gaitskell Court, McKiernan Court, Winders Rd 51-101o Roof renewal	-	-	305	523

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

	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000	<u>2027/28</u> £ '000
<b>Southmead Estate (West Hill)</b> Beaumont Road 1-47, Southmead Road 14-60, 62-108, Urmston Drive 2-48, 50-96 Roof renewal - Phase 2	9	-	-	-
<b>St John's Avenue 2 (East Putney)</b> Roof renewal	-	33	72	-
<b>Stephen Sanders Court (Northcote)</b> Window renewal	-	409	120	-
<b>Streatham Park Estate (Furzedown)</b> Boyce House 1-28 cons, 1A, 29-49 cons Busby House 1-26 cons, 27-47 cons Roof renewal	421	218	-	-
<b>Surrey Lane Estate (Battersea Park)</b> Battersea Bridge Road 152-158, 162-168, Hervey Court, Jacobson Court, Mansel Court, Sancroft Court, Villiers Court Roof renewal - Phase 1	-	338	1,122	-
Gardiner House, Musgrave Court, Westbridge House Whitgift House, Wolsey Court Roof renewal - Phase 2	-	-	1,175	2,741
<b>Totteridge House (St Mary's)</b> Window & roof renewal	-	-	603	1,406
<b>Thrale Road 87 FA &amp; FB (Furzedown)</b> Window and door renewal. Roof and porch roof overhaul	-	41	91	-
<b>Upper Richmond Road 41 F1-F4 (East Putney)</b> Window and roof renewal	-	59	138	-
<b>Upper Richmond Road 125 F1-F43 (East Putney)</b> External decorations conversion to window renewal including flooring	70	405	-	-
<b>Upper Richmond Road 328 F1-F2 (Thamesfield)</b> Roof renewal	109	-	-	-
<b>Vardens Road 23 (Wandsworth Town)</b> Roof and window repairs	50	187	-	-
<b>Vardens Road 53 FA-FC (Wandsworth Town)</b> Window renewal and external decorations	30	405	-	-
<b>Wandsworth Common North Side 30 FA-FC (Wandsworth Town)</b> Roof and window renewal	-	147	50	-
<b>Wendelsworth Estate (Wandsworth Town)</b> Bembridge House, Binstead House, Bowyer House, Culver Court, Domelton House, Linstone Court, Vectis Court Window renewal	58	3,195	900	-
<b>Wilditch Estate (Battersea Park)</b> Culvert Rd 50-56e, 58 1-22 cons, 60-66e, 68-78e, 80 F1-11, 82-90e, 92-126e, 92a-92b Sheepcote Lane 54-88e 54a-54b Window renewal	50	800	293	-
Weybridge Point 1-61 cons 1a, 1c Remedial works to cladding panels	114	4,509	4,375	-

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

	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000	<u>2027/28</u> £ '000
<b>William Willison Estate (West Hill)</b>				
Stoford Cl 1-76, Beaumont Rd 49-111, Southmead Rd Window renewal - Phase 1	14	-	-	-
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	397	1,979	87	-
Mere Close, Potterne Close Window renewal - Phase 3	-	217	902	-
Keevil Drive 1-63, 65-127, 2-88, 90-112, 114-128 130-144, 146-256 Window renewal - Phase 4	-	-	342	2,450
<b>Winstanley Estate (Falconbrook)</b>				
Fenner Sq. 1-18, 20-41, 19a-b, Holliday Square 1-44, John Parker Sq. 1-14, 15-36, Thomas Baines Road 1-8, 9-30, 31-56, 57-82, Weekly Square 1-14, 15-28 Roofing - Phase 1	-	-	653	1,525
<b>Kitchens and Bathrooms</b>				
Phase 11 - Arndale Estates (Phase 1), Albon House, Edwyn House, Knowles House	32	-	-	-
Phase 11A - Southlands East	100	1,100	141	-
Phase 13 - Alton E Blocks 1-6 Chilcombe House, Crondall House, Farnborough House, Kimpton House, Rushmere House, Somborne House	676	2,189	-	-
Phase 13A - Alton E Blocks 17-23 Allenford House, Bramley House, Penwood House, Shalden House, Swaythling House, Tatchbury House, Warnford House	500	2,601	-	-
Phase 14 - Doddington East	-	-	2,846	149
Phase 15 - Holborn Estates	352	465	-	-
Phase 15A - Hazelhurst Estate	300	2,499	-	-
Phase 16 - Doddington West	-	-	2,186	1,000
Phase 16A - Doddington West	-	-	-	3,186
Phase 17 - Badric Court	3	2,052	100	-
Phase 18 - Arndale Eliot & Wentworth Court	6	260	1,792	-
Phase 18A - Arndale Sudbury House	6	260	1,792	-
Phase 19 - Boroughwide	-	1,500	1,500	-
Wimbledon Park Estate	117	80	-	-
<b>Boroughwide</b>				
External decorations conversion to window renewal	-	1,000	-	-
Fire safety systems to sheltered & short term lets - Phase 3	2,877	-	-	-
Fire safety systems to sheltered & short term lets - Phase 4	600	1,512	353	-
Retrofit - Void Properties	150	850	-	-
Retrofit - Tenanted Properties	494	1,500	1,000	-
<b>TOTAL MAJOR REFURBISHMENT</b>	<b>13,707</b>	<b>47,104</b>	<b>56,229</b>	<b>36,821</b>

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

	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000	<u>2027/28</u> £ '000
<b><u>RE-LIFTING</u></b>				
<b>Alton Estate (Roehampton)</b>				
Charcot House, Winchfield House	50	250	34	-
Binley House, Denmead House, Dunbridge House Phase 1A	-	189	442	-
Allenford House, Bramley House, Swaythling House, Tatchbury House, Warnford House Phase 2	-	249	580	-
Holmsley House, Kimpton House Phase 3	-	-	168	392
Community Hall	-	-	67	67
<b>Anne Kerr Court (East Putney)</b>	136	-	-	-
<b>Argyle Esher Estate (West Hill)</b>				
Bisley House	-	95	221	-
<b>Argyle Glen Albyn Estate (West Hill)</b>				
Chobham Gardens 1-36, 37-65, 66-95	706	170	-	-
<b>Argyle Limpsfield Estate (West Hill)</b>				
Greenfield House, Oakman House	5	-	-	-
<b>Arndale Estate (Wandsworth Town)</b>				
Sudbury House Phase 2	400	58	-	-
Eliot Court & Wentworth Court Phase 3	30	599	-	-
<b>Ashburton South Estate (West Putney)</b>				
Tildesley Road Phase 1	48	244	-	-
Hayward Gardens Phase 2	50	922	50	-
Hayward Gardens Phase 3	-	-	159	371
<b>Badric Court (St Mary's)</b>	5	500	35	-
<b>Battersea Fields Estate (Battersea Park)</b>				
Macdonald House Phase 3	-	-	135	315
<b>Battersea High Street (St Mary's)</b>				
Lindsay Court Phase 1	-	103	239	-
Meecham Court Phase 2	-	-	102	238
<b>Battersea Park Estate (Battersea Park)</b>				
Atkinson House, Dresden House Phase 1	40	621	-	-
Berry House, Walden House Phase 2	-	284	663	-
<b>Copeland House (Tooting Broadway)</b>	79	87	124	-

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b>Edgecome Hall Estate (West Hill)</b> William Harvey House	95	-	-	-
<b>Fitzhugh Estate (Wandsworth Common)</b> Gernigan House, Morville House, St Quentin House, Skipsea House, Woodhall House	620	220	-	-
<b>Goulden House (St Mary's)</b>	17	-	-	-
<b>Gravenel Gardens 13-48 (Tooting Broadway)</b>	-	41	97	-
<b>Harwood Court (West Putney)</b>	6	-	-	-
<b>Hazelhurst Estate (Tooting Broadway)</b> Hayesend House, Chillingford House	-	205	479	-
<b>Hibbert St (Falconbrook)</b> Sheridan House	5	135	-	-
<b>Kersfield Road Estate (East Putney)</b> Classinghall House, Lusher House	203	24	-	-
<b>Lurline Gardens Estate (Battersea Park)</b> All Saints Court 1-38 cons	4	-	-	-
<b>Melody Road 128-162 (Wandsworth Town)</b>	10	140	-	-
<b>Newlands Estate (Tooting Bec)</b> Barringer Square 71-109, Treherne Court	99	60	-	-
<b>Rollo Estate (Battersea Park)</b> Newtown Court, Rollo Court Phase 1	5	-	-	-
Rawson Court Phase 2	48	637	-	-
Ravenet Court Phase 3	-	-	126	294
<b>St James Grove Estate (Battersea Park)</b> Castlemaine	-	201	470	-
<b>Sutherland Grove Estate (East Putney)</b> Strathan Close 40-71	200	4	-	-
<b>The Platt Estate (Thamesfield)</b> Phelps House	235	9	-	-
<b>Wendelsworth Estate (Wandsworth Town)</b> Bembridge House, Binstead House Phase 2	900	107	-	-
<b>William Willison Estate (West Hill)</b> Keevil Drive Phase 1	-	166	548	-
Keevil Drive 65-127, Stapleford Close 1-34 Phase 2	-	-	210	490
<b>Winstanley Estate (Falconbrook)</b> Weekley Square, Carmichael Close, Fenner Square, Holliday Square, John Parker Square, Thomas Baines Road Phase 1	350	271	-	-
Clarke Lawrence Court, Sendall Court, Shaw Court, Sporle Court Phase 2	100	984	250	-
<b>TOTAL RE-LIFTING</b>	<b>4,446</b>	<b>7,575</b>	<b>5,199</b>	<b>2,167</b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b>RE-WIRING</b>				
<b>Doddington Estate (Battersea Park)</b>				
Park Court	-	78	-	-
Communal rewire and lighting replacement				
<b>Ethelburga Estate (Battersea Park)</b>				
Laterals and communals - Phase 1	-	284	25	-
<b>Totterdown Fields Estate (Tooting Bec)</b>				
Derinton Road/Blakenham Road Clubroom				
Fire alarm system upgrades	-	20	47	-
<b>Wimbledon Park Estate (West Hill)</b>				
Allenswood, Ambleside, Lindale				
Full rewire excluding lateral mains - Phase 1	-	658	850	-
<b>Boroughwide</b>				
Block electrical upgrades - Phase 1	79	1,249	1,555	-
Block electrical upgrades - Phase 2	-	137	1,200	-
Block electrical upgrades - Phase 3	-	-	305	1,313
Block electrical upgrades - Phase 4	-	-	-	1,038
Block LED lighting upgrades	-	200	300	-
Communal & laterals	-	250	250	300
Individual rewires	2,000	1,500	-	-
<b>TOTAL REWIRING</b>	<b><u>2,079</u></b>	<b><u>4,376</u></b>	<b><u>4,532</u></b>	<b><u>2,651</u></b>

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

	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000	<u>2027/28</u> £ '000
<b><u>HEATING REPAIRS &amp; IMPROVEMENTS</u></b>				
<b>Arndale Estate (Wandsworth Town)</b>				
Eliot Court and Wentworth Court Heat interface unit installation	37	1,370	808	-
<b>Battersea Park Estate (Battersea Park)</b>				
Atkinson House, Berry House, Dresden House, MacDonald House, Walden House Installation of dry risers	797	-	-	-
<b>Colson Way Estate (Furzedown)</b>				
Replacement of communal extract fans	-	350	37	-
<b>Derinton Road 101A-B Nursery (Tooting Bec)</b>				
Pipework renewal	-	-	18	42
<b>Doddington Estate (Battersea Park)</b>				
Upgrade of heating systems to include prepay meters - Phase 1	3	181	637	-
Upgrade of HIU heating systems to Inc. prepay meters - Phase 2	-	-	149	348
<b>Fitzhugh Estate (Wandsworth Common)</b>				
Replacement of communal heating system	-	93	1,937	3,387
<b>George Wyver Close (West Hill)</b>				
Beaumont Road 34-62e, 64-92e Replacement of communal heating system	-	518	35	-
<b>Goulden House 1-269 cons (St Mary's)</b>				
Replacement of communal extract fans	68	200	-	-
<b>Haven Lodge (Falconbrook)</b>				
Replacement of communal heating system	48	190	130	-
<b>Kambala (Falconbrook)</b>				
Edwin Trayfoot Lodge 1-36, 1a COSTA Replacement of communal heating system	50	292	-	-
<b>Lennox Estate (Roehampton)</b>				
Burke Close 1-27 Replacement of communal heating system	40	169	-	-
<b>Nightingale Square (Balham)</b>				
Pipework renewal	-	68	300	-
<b>Rusham Road FA &amp; FC-FJ (Balham)</b>				
Replacement of communal heating system	-	58	100	-
<b>Upper Richmond Road 125 F1-F43 (East Putney)</b>				
Replacement of communal heating system	187	-	-	-
<b>Wimbledon Park Estate (West Hill)</b>				
Allenswood, Ambleside, Briardale, Fernwood, Lindale, Vereban, Wimbledon Park Crt 1-12, 14-19, 20-51 Cold water tank replacement	50	307	-	-
<b>Yew Tree Lodge 1-78 (Furzedown)</b>				
Replacement of communal heating system	4	292	691	-

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

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<b>Boroughwide</b>				
Cold water booster - Phase 3	-	-	162	377
Communal ventilation upgrades	-	1,000	2,393	-
Heating system upgrades	200	200	200	-
Water tank renewal - Phase 4	434	-	-	-
Water tank renewal - Phase 6	100	218	-	-
Water tank renewal - Phase 7	100	445	-	-
Water tank renewal - Phase 8	-	192	435	-
Water tank renewal - Phase 9	-	163	368	-
Water tank renewal - Phase 10	-	342	774	-
Water tank renewal - Phase 11	-	-	290	677
Water tank renewal - Phase 12	-	-	228	532
<b>TOTAL HEATING REPAIRS &amp; IMPROVEMENTS</b>	<b>2,118</b>	<b>6,648</b>	<b>9,692</b>	<b>5,363</b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>SPECIAL REPAIRS</u></b>				
<b>Alton Estate (Roehampton)</b>				
Kimpton House - Door entry installation	-	59	-	-
Swanwick Close 5 - New roofing system	62	-	-	-
<b>Bolingbroke Grove 39 (Northcote)</b>				
Tanking /damp eradication/structural repairs	40	-	-	-
<b>Bolingbroke Grove 73 (Northcote)</b>				
Roof and window renewal	117	-	-	-
<b>Byrne Road 29 (South Balham)</b>				
Roof renewal	50	66	-	-
<b>Goulden House (St Mary's)</b>				
Void refurbishment	64	-	-	-
<b>Upper Richmond Road 125 F1-F43 (East Putney)</b>				
Door entry installation	25	-	-	-
<b>Westover Road 54 (Wandle)</b>				
Window renewal and roof repairs	-	60	-	-
<b>York Road (Falconbrook)</b>				
Inkster House - Boiler replacement	48	-	-	-
<b>Energy Efficiency Works</b>				
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	69	-	-	-
Social housing decarbonisation	500	500	-	-
<b>Sheltered Properties</b>	561	-	-	-
<b>Boroughwide</b>				
Acquired Properties				
Roofs, decoration, damp proofing	195	300	300	-
External cladding assessments	175	-	-	-
Extensions/conversions	1,707	2,613	-	-
Minor repairs	105	-	-	-
Refurbishment of street properties	539	1,142	-	-
Provision for urgent schemes	106	250	700	-
<b>TOTAL SPECIAL REPAIRS</b>	<b>4,495</b>	<b>4,990</b>	<b>1,000</b>	<b>-</b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>SHELTERED HOUSING</u></b>				
<b>Althorpe Grove Estate (St Mary's)</b>				
Althorpe Mews, Battersea Church Road, Sunbury Lane Kitchen renewal	300	39	-	-
<b>Alton Estate (Roehampton)</b>				
Fontley Way 21-35, Greatham Walk 2-16 Hyacinth Road 1-8, Foxcombe Road 1-33 Alton Club Room Electrical upgrades	160	102	-	-
<b>Ashburton Estate (West Putney)</b>				
1-18 Boyd Court, 1-16 Cortis Terrace, 135-165 Westleigh Avenue Lift installation	-	-	175	410
<b>Auckland Estate (Lavender)</b>				
Abyssinia Close 14 (F1-F26) Electrical upgrades	-	200	71	-
<b>Carey Gardens Estate (Shaftesbury &amp; Queenstown)</b>				
All communal sheltered areas Electrical upgrades	160	102	-	-
<b>Convent Estate (East Putney)</b>				
Francis Snary Lodge Dwellings and communal areas Electrical upgrades	160	102	-	-
<b>Hepplestone Close, Sclater Close (West Putney)</b>				
Grosse Way 1-34 and Hepplestone Close 1-14, 20-32 Electrical upgrades	160	102	-	-
<b>Hill Lodge 1-34 (Wandsworth Town)</b>				
Electrical upgrades	-	50	233	-
<b>Maysoule Road Estate (Falconbrook)</b>				
Holmleigh Court - Heating, window renewal, fire risk assessment works Communal decs and flooring	2,049	1,686	205	-
<b>Rambler Close Estate (Furzedown)</b>				
Rambler Close 1-16, 17-32 Dwellings and communal areas Electrical upgrades	160	102	-	-
<b>Totterdown Fields Estate (Tooting Bec)</b>				
Cowick Road 1-39o, 2-88e Window renewal & external refurbishment	-	-	197	460
<b>Boroughwide</b>				
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	30	1,100	57	-
Abyssinia Close, Doris Emmerton, Grosse Way Fire alarm upgrade & emergency lighting	-	380	-	-
Upgrade of wardens call system	-	1,000	1,209	-
<b>TOTAL SHELTERED HOUSING</b>	<b>3,179</b>	<b>4,965</b>	<b>2,147</b>	<b>870</b>

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

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<b><u>ADAPTATIONS FOR THE DISABLED</u></b>				
<b>Boroughwide</b>				
Conversion works	2,262	1,000	-	-
Minor adaptations	-	1,000	-	-
<b>TOTAL ADAPTATIONS FOR THE DISABLED</b>	<b><u>2,262</u></b>	<b><u>2,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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

	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000	<u>2026/27</u> £ '000	<u>2027/28</u> £ '000
<b><u>ENTRYCALL &amp; CCTV</u></b>				
<b>Aldrington South Estate (Furzedown)</b>				
Grierson House 1-21, 22-55, Shenstone House 1-21, 22-55				
Tyers House 1-6				
Replacement of door entry system	-	50	103	-
<b>Alton Estate (Roehampton)</b>				
Binley House, Winchfield House, Charcot House				
Dunbridge House F Blocks				
Replacement of door entry system	-	95	6	-
<b>Bevill Allen Close Estate (Furzedown)</b>				
Bevill Allen Close 1-24, 25-36, 37-48				
Installation of door entry system	2	-	-	-
<b>Carey Gardens (Shaftesbury &amp; Queenstown)</b>				
Carey Gardens 2-44, 264-296e, 46-66e, 68-86e, 88-120e,				
176-226, 228-262, 123-185, 187-255, 59-89				
Condell Road 1-89, 91-121, 123-137				
Replacement of door entry system	2	150	36	-
<b>Chatham Road West Estate (Northcote)</b>				
Staplehurst Court, Teyham Court				
Replacement of door entry system	2	87	-	-
<b>Colson Way Estate (Furzedown)</b>				
Fordyce House, Langton House, Walmsley House				
Replacement of door entry system	-	-	89	-
<b>Doddington Estate (Battersea Park)</b>				
Connor Court, Turpin House				
Replacement of door entry system	2	108	2	-
<b>Goulden House (St Mary's)</b>				
Replacement of door entry system	-	200	120	-
<b>Hazelhurst Estate (Tooting Broadway)</b>				
Newbridge Court 1-12, 13-28, 29-36, Pangbourne Court				
Replacement of door entry system	-	46	109	-
<b>Robertson Street Estate (Shaftesbury &amp; Queenstown)</b>				
Scott Court 1-24				
Installation of door entry system	1	-	-	-
<b>Somerset Estate (St Mary's)</b>				
Sparkford House, Selworthy House				
Replacement of door entry system	-	-	78	-
<b>Streatham Park Estate (Furzedown)</b>				
Boyce House 1-26, 27-47, Busby House 1-28, 29-49				
Replacement of door entry system	-	50	103	-
<b>Winstanley Estate (Falconbrook)</b>				
Weekley Square, Carmichael Close, Fenner Square,				
John Parker Square, Thomas Baines Road				
New entrycall system installation	-	-	170	398
<b>Boroughwide</b>				
CCTV upgrades	281	-	-	-
Upgrading of PSN data lines	-	103	103	-
<b>TOTAL ENTRYCALL &amp; CCTV</b>	<b>290</b>	<b>889</b>	<b>919</b>	<b>398</b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>ENVIRONMENTAL &amp; ESTATE IMPROVEMENTS</u></b>				
<b>Alton Estate (Roehampton)</b>				
Minstead Gardens (Sheltered Accommodation) Environmental improvements	-	-	-	204
Focus Hall Clubroom	668	-	-	-
Estate bin store improvements	291	600	-	-
Estate road resurfacing and paving	236	-	-	-
<b>Bellamy House Estate (Tooting Broadway)</b>				
Environmental improvements	-	271	77	-
<b>Ethelburga Estate (Battersea Park)</b>				
Redesign and renewal of paving and parking areas	-	307	719	-
<b>Fitzhugh Estate (Wandsworth Common)</b>				
Environmental improvements	-	-	-	388
<b>Henry Prince Estate (Wandle)</b>				
Community Clubroom refurbishment	248	-	-	-
Environmental improvements	-	-	300	100
<b>Nightingale Square (Balham)</b>				
Playground refurbishment	10	168	80	-
<b>Ryde Vale Estate (South Balham)</b>				
Renew road surfaces	386	-	-	-
<b>Surrey Lane Estate (Battersea Park)</b>				
Environmental improvements	-	-	396	924
<b>Totterdown Fields - Cowick Road (Tooting Bec)</b>				
Environmental improvements	15	-	-	-
<b>Wimbledon Park Estate (West Hill)</b>				
Environmental improvements	-	300	700	-
<b>Boroughwide</b>				
Estate bin store improvements	294	-	-	-
Estate road resurfacing and paving	-	929	1,300	-
Playground refurbishment	300	250	300	-
Provision for urgent schemes	1,000	1,000	-	-
<b>TOTAL ENVIRONMENTAL &amp; ESTATE IMPROVEMENTS</b>	<b>3,448</b>	<b>3,825</b>	<b>3,872</b>	<b>1,616</b>

Housing Revenue Account Budget (including Rents for Council Dwellings)

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<b><u>SITE DEVELOPMENTS</u></b>				
Arnal Crescent 37-53 (West Hill)	112	863	344	20
Beaumont Road/Whitlock Drive (West Hill)	569	68	-	-
Fordyce House (Furzedown)	112	-	-	-
Salter House (Furzedown)	150	1,729	589	27
Whitlock Drive 145-147 (West Hill)	20	49	856	616
<b><u>EXPANDED PROGRAMME</u></b>				
Ackroydon (West Hill)	435	1,069	7,253	6,755
Atheldene (Wandle)	3,060	13,740	13,740	3,069
Badric Court (St Mary's)	341	38	-	-
Balham East (Balham)	119	427	1,530	491
Balham West (Balham)	173	427	1,486	388
Bessborough Road Garages (Roehampton)	268	2,191	2,591	296
Eastwood North (Roehampton)	895	2,745	3,180	180
Eastwood South (Roehampton)	795	2,475	2,580	150
Farnborough House Garages (Roehampton)	779	3,649	12,764	2,963
Fontley Way (Roehampton)	408	135	-	-
Kersfield Estate (East Putney)	3,842	136	129	-
Lavender Hill (Shaftesbury & Queenstown)	386	2,492	61	172
Patmore Street (Shaftesbury & Queenstown)	5,525	320	-	-
Platt Estate (Thamesfield)	2,900	3,353	401	186
Putney Vale (Roehampton)	3,907	3,282	115	-
Randall Close (Battersea Park)	10,028	1,753	2,900	-
Skeena Hill (West Hill)	-	1,415	1,735	110
The Alders (Furzedown)	595	8,366	8,679	803
Tyneham Close (Shaftesbury & Queenstown)	369	1,690	6,696	440
Winstanley / York Road - Block 5A (Falconbrook)	2,958	-	-	-
Other schemes / feasibilities & contingencies	3,200	3,270	-	-
<b>TOTAL SITE DEVELOPMENTS &amp; EXPANDED PROGRAMME</b>	<b>41,946</b>	<b>55,682</b>	<b>67,629</b>	<b>16,666</b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>REGENERATION PROJECTS</u></b>				
Project team costs	2,000	2,000	2,000	2,000
<b>ROEHAMPTON SCHEME</b>				
Acquisitions	527	-	-	-
Procurement of specialist services	500	500	650	350
Downshire Field	200	3,400	400	-
Roehampton Community Hub	300	400	-	-
<b>WINSTANLEY &amp; YORK ROAD ESTATE SCHEME</b>				
Building & site acquisitions	14,000	15,000	10,000	8,686
Penge House and Inkster House acquisitions	500	3,000	3,000	2,936
Procurement of specialist services	400	800	950	350
Development costs - Residential	5,129	3,750	25,000	33,500
Development costs - Infrastructure	9,262	2,215	550	-
<b>TOTAL REGENERATION PROJECTS</b>	<b><u>32,818</u></b>	<b><u>31,065</u></b>	<b><u>42,550</u></b>	<b><u>47,822</u></b>

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

	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>	<u>2026/27</u> <u>£ '000</u>	<u>2027/28</u> <u>£ '000</u>
<b><u>OTHER CAPITAL SCHEMES</u></b>				
<b><u>VEHICLE FLEET RENEWAL</u></b>				
Vehicle fleet renewal	500	-	-	-
<b>TOTAL VEHICLE FLEET RENEWAL</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>PURCHASE OF PROPERTIES</u></b>				
Acquisitions	14,000	14,033	-	-
<b>TOTAL PURCHASE OF PROPERTIES</b>	<b>14,000</b>	<b>14,033</b>	<b>-</b>	<b>-</b>
<b><u>HOUSE PURCHASE GRANTS</u></b>				
House purchase grants	2,872	2,400	2,400	2,400
<b>TOTAL HOUSE PURCHASE GRANTS</b>	<b>2,872</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>

**HOUSING REVENUE ACCOUNT NON-RESIDENTIAL CHARGES**

**Table 1 – Garages (£ per week)**

	<b><u>Current Charge</u></b>	<b><u>Proposed Charge</u></b>
	<b>£</b>	<b>£</b>
Band A+	38.10	38.95
Band A	34.40	35.15
Band B	20.55	21.00
Band C	14.80	15.15
Band D	10.95	11.20

**Table 2 – Other Property (£ per week)**

	<b><u>Current Charge</u></b>	<b><u>Proposed Charge</u></b>
	<b>£</b>	<b>£</b>
Store shed - Band A+	5.35	5.45
Store shed - Band A	4.10	4.20
Store shed - Band B	3.25	3.30
Store shed - Band C	2.10	2.15
Motorcycle sheds	8.45	8.65
Parking Lots/Other non-domestic sites	11.20	11.45
Parking lots at Lockyer House	20.55	21.00
Cycle lockers	2.10	2.15

**Table 3 – Other Charges**

	<b><u>Current Charge</u></b>	<b><u>Proposed Charge</u></b>
	<b>£</b>	<b>£</b>
Replacement door entry fob	23.70	24.20
Replacement resident's parking permit	24.90	25.45
Replacement or additional sets of keys	Cost plus 24.90	Cost plus 25.45
Pre-assignment enquiries	218.75	223.55

**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)

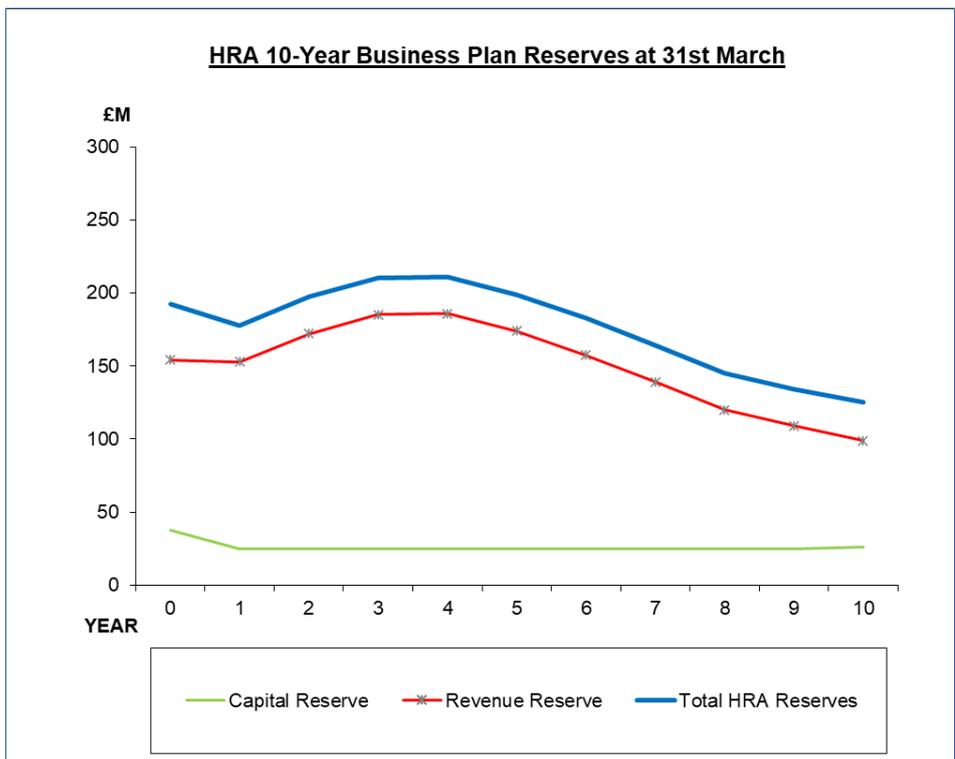
### APPENDIX E

#### COUNCIL HOUSING BUDGET FRAMEWORK

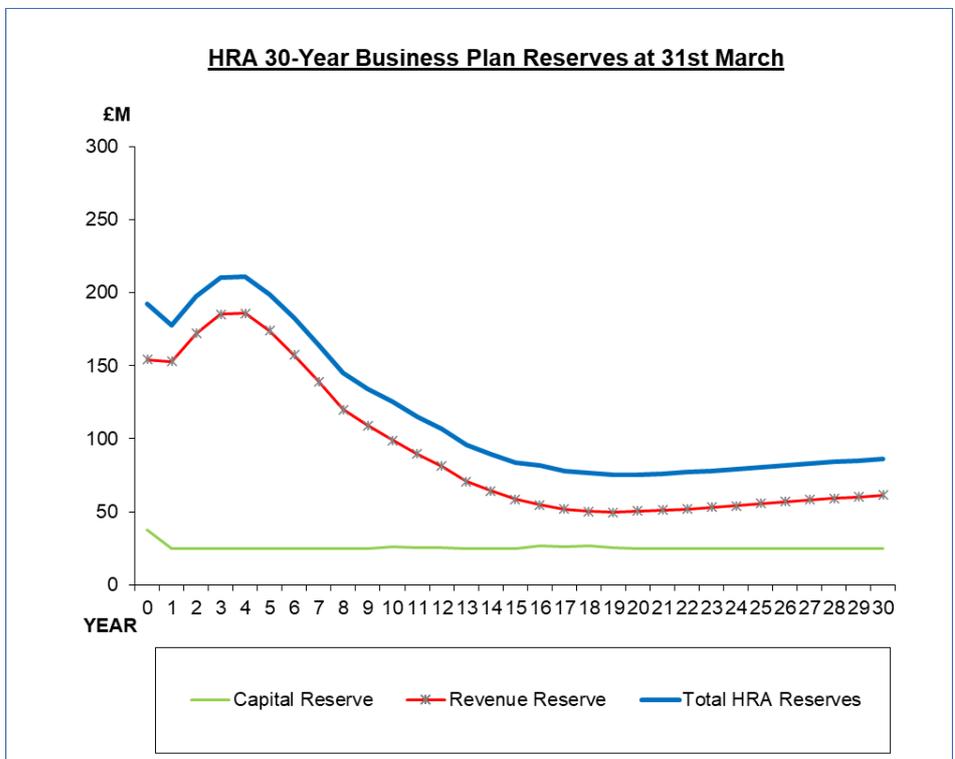
	Original Budget 2024/25 £'000	Revised Budget 2024/25 £'000	Budget 2025/26 £'000	Budget 2026/27 £'000	Budget 2027/28 £'000
<b>EXPENDITURE</b>					
<b>REVENUE</b>					
Supervision, Management & Maintenance					
Repairs & Maintenance	42,694	39,841	44,996	43,178	44,252
General Management	45,635	46,223	49,016	50,412	51,962
Special Services	23,828	24,052	22,448	23,113	23,780
Capital Financing Costs	49,361	46,896	18,354	26,479	39,153
Other Expenses	5,002	3,210	4,242	4,594	5,121
Depreciation (Contribution to Capital)	28,310	28,300	29,200	29,861	30,595
<b>TOTAL REVENUE EXPENDITURE</b>	<b>(194,830)</b>	<b>(188,522)</b>	<b>(168,256)</b>	<b>(177,637)</b>	<b>(194,863)</b>
<b>CAPITAL</b>					
Repairs and Improvements	81,436	32,576	78,547	79,718	48,270
Environmental, New Build & Regeneration	102,026	78,212	90,572	114,051	66,104
Vehicle Fleet Renewal	400	500	0	0	0
Purchase of Properties	14,500	14,000	14,033	0	0
House Purchase Grants	3,000	2,872	2,400	2,400	2,400
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>(201,362)</b>	<b>(128,160)</b>	<b>(185,552)</b>	<b>(196,169)</b>	<b>(116,774)</b>
	<b>396,192</b>	<b>316,682</b>	<b>353,808</b>	<b>373,806</b>	<b>311,637</b>
<b>INCOME</b>					
<b>REVENUE</b>					
Gross Rents – Dwellings	133,490	132,233	137,511	140,124	144,618
Gross Rents – Non-Dwellings	5,627	5,627	5,386	5,521	5,659
Leaseholder Service Charges	21,940	20,250	21,285	22,028	22,833
Other Income	30,826	28,971	23,408	23,097	22,292
<b>TOTAL REVENUE INCOME</b>	<b>(191,883)</b>	<b>(187,081)</b>	<b>(187,590)</b>	<b>(190,770)</b>	<b>(195,402)</b>
<b>CAPITAL</b>					
Contribution from Revenue (Depreciation)	28,310	28,300	29,200	29,861	30,595
Capital Receipts	5,614	8,413	8,499	9,275	2,159
Capital Grants & Reimbursements	20,944	17,105	44,739	3,314	11,312
Leaseholder Major Works Charges	6,001	11,800	8,768	8,621	9,693
Borrowing	140,493	49,608	94,346	145,098	63,015
<b>TOTAL CAPITAL INCOME</b>	<b>(201,362)</b>	<b>(115,226)</b>	<b>(185,552)</b>	<b>(196,169)</b>	<b>(116,774)</b>
	<b>393,245</b>	<b>302,307</b>	<b>373,142</b>	<b>386,939</b>	<b>312,176</b>
Total reserves at beginning of year	179,387	192,157	177,782	197,116	210,249
Surplus / (Deficit) in year	(2,947)	(14,375)	19,334	13,133	539
Total reserves at end of year	176,440	177,782	197,116	210,249	210,788

**APPENDIX F**

**HRA 10 Year Business Plan Reserves Position**



**HRA 30 Year Business Plan Reserves Position**



**COUNCIL'S RENT POLICY**

**Council's Rent Policy (as revised March 2021)**

1. The Council will comply with the Rent Standard set by the Regulator of Social Housing.
2. When considering changes to rents paid by tenants in Social Rent properties it will take decisions in accordance with the following:
  - i) for tenants whose current rent levels (inclusive of service charges) fall above the (Council defined) affordability level linked to the overall benefit cap, there will be no increase applied. Where the calculation for service charges would imply an increase, the basic rent would be adjusted downwards to compensate.
  - ii) tenants in i) in receipt of benefits and subject to the overall benefit cap will be considered eligible for Discretionary Housing Payments to mitigate the excess rents charged, as covered by the Council's Discretionary Housing Payments policy.
  - iii) notwithstanding tenants covered by the provisions of i) any tenants with rents currently above the statutory Formula Rent Cap level linked to property size will be subject to a freeze or commensurately lower rise until such time as they are brought back within the capped level.
  - iv) tenants, excluding those in i) and iii), whose rent levels fall above the 'rent flexibility level' of the Formula Rent in relation to their property + 5% (10% for Supported Housing properties) shall be subject to a maximum increase of the Consumer Price Index (CPI) (based on September CPI of the preceding year), or other such variable increase up to CPI + 1% as is possible until such time as they are brought back within the flexibility level.
  - v) all other tenants in Social Rent properties shall be subject to a maximum rent increase of CPI + 1%.
3. When setting initial rents for new occupants of Social Rent properties, such rents will by default be set in accordance with the following:
  - i) for all properties, with the exception of Supported Housing properties, rent shall be set at the Formula Rent for that property + 5%, capped at the relevant Formula Rent Cap for size of property.
  - ii) for Supported Housing properties, reflecting the fact that tenants pay a specific service charge for the supported housing element, the rent shall be set at the Formula Rent for that property, capped at the relevant Formula Rent Cap for size of property.

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

4. Notwithstanding the default rent levels outlined in 3 (above), initial rents for new occupants may on a case-by-case basis be set at lower levels (under delegations granted to the Executive Director of Finance, in consultation with the Executive Director of Housing and Regeneration) should this be deemed to be necessary to deliver other approved Council policies and objectives.
5. Where tenants are occupying Affordable Rent properties, but at Social Rent levels (and therefore not statutorily subject to Social Rent requirements under the Rent Standard), all decisions in relation to their rents will be aligned with the policy for tenants in Social Rent properties as outlined above, subject to this not conflicting with the Rent Standard in relation to Affordable Rent properties.

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

### **Proposed Revised Council Rent policy (to be adopted from April 2025) - With Amendments**

To identify amendments to the Policy removals have been shown by using strikethrough text whereas additions and other amendments are shown in bold text.

1. The Council will comply with the Rent Standard set by the Regulator of Social Housing.
2. When considering changes to rents paid by tenants in Social Rent properties it will take decisions in accordance with the following:
  - i) ~~for tenants whose current rent levels (inclusive of service charges) fall above the (Council defined) affordability level linked to the overall benefit cap, there will be no increase applied. Where the calculation for service charges would imply an increase, the basic rent would be adjusted downwards to compensate.~~
  - i) tenants with rents currently above the statutory Formula Rent Cap level linked to property size will be subject to a freeze or commensurately lower rise until such time as they are brought back within the capped level.**
  - ii) ~~tenants in 2i) in receipt of benefits and subject to the overall benefit cap will be considered eligible for Discretionary Housing Payments to mitigate the excess rents charged, as covered by the Council's Discretionary Housing Payments policy.~~
  - iii) ~~notwithstanding tenants covered by the provisions of i) any tenants with rents currently above the statutory Formula Rent Cap level linked to property size will be subject to a freeze or commensurately lower rise until such time as they are brought back within the capped level.~~
  - iv) tenants, ~~excluding those in 2i)~~, whose rent levels fall above the 'rent flexibility level' of the Formula Rent in relation to their property + 5% (10% for Supported Housing properties) shall be subject to a maximum increase of the Consumer Price Index (CPI) (based on September CPI of the preceding year), or other such variable increase up to CPI + 1% as is possible until such time as they are brought back within the flexibility level.
  - v) all other tenants in Social Rent properties shall be subject to a maximum rent increase of CPI + 1%.
3. When setting initial rents for new occupants of Social Rent properties, such rents will by default be set in accordance with the following:
  - i) for all properties, with the exception of Supported Housing properties, rent shall be set at the Formula Rent for that property + 5%, capped at the relevant Formula Rent Cap for size of property.

## ***Housing Revenue Account Budget (including Rents for Council Dwellings)***

- ii) for Supported Housing properties, reflecting the fact that tenants pay a specific service charge for the supported housing element, the rent shall be set at the Formula Rent for that property, capped at the relevant Formula Rent Cap for size of property.
- ~~4. Notwithstanding the default rent levels outlined in 3 (above), initial rents for new occupants may on a case-by-case basis be set at lower levels (under delegations granted to the Executive Director of Finance, in consultation with the Executive Director of Housing and Regeneration) should this be deemed to be necessary to deliver other approved Council policies and objectives.~~
- ~~5. Where tenants are occupying Affordable Rent properties, but at Social Rent levels (and therefore not statutorily subject to Social Rent requirements under the Rent Standard), all decisions in relation to their rents will be aligned with the policy for tenants in Social Rent properties as outlined above, subject to this not conflicting with the Rent Standard in relation to Affordable Rent properties.~~
4. Where tenants are occupying Affordable Rent properties decisions on rent increases will be made in line with the following:
- i) **tenants with rents currently above the Formula Rent Cap level for Social Rent properties linked to property size will be subject to a freeze or commensurately lower rise until such time as they are brought back within the capped level.**
  - ii) tenants, excluding those in 4i), shall be subject to a maximum rent increase of CPI + 1% which is the statutory maximum increase under the Rent Standard in relation to Affordable Rent properties.
5. **In relation to the setting of initial rents for Affordable Rent properties, the default rent to be applied should be reviewed on an annual basis and will be uplifted in line with the increase stipulated for Formula Rents (currently CPI + 1%). As per statutory rules this rent (in combination with any service charges levied) should not be allowed to exceed 80% of the market rent comparator for the property.**
6. **Notwithstanding the default rent levels outlined in paragraphs 3 and 5 above, initial rents for new occupants may on a case-by-case basis be set at lower levels (under delegations granted to the Executive Director of Finance, in consultation with the Executive Director of Housing and Regeneration) should this be deemed to be necessary to deliver other approved Council policies and objectives.**
7. **Tenants in receipt of benefits and subject to the overall benefit cap will be considered eligible for Discretionary Housing Payments to mitigate the excess rents charged, as covered by the Council's Discretionary Housing Payments policy.**

**Proposed Revised Council Rent policy (to be adopted from April 2025)**

1. The Council will comply with the Rent Standard set by the Regulator of Social Housing.
2. When considering changes to rents paid by tenants in Social Rent properties it will take decisions in accordance with the following:
  - i) tenants with rents currently above the statutory Formula Rent Cap level linked to property size will be subject to a freeze or commensurately lower rise until such time as they are brought back within the capped level.
  - ii) tenants whose rent levels fall above the 'rent flexibility level' of the Formula Rent in relation to their property + 5% (10% for supported housing properties) shall be subject to a maximum increase of the Consumer Price Index (CPI) (based on September CPI of the preceding year), or other such variable increase up to CPI + 1% as is possible until such time as they are brought back within the flexibility level.
  - iii) all other tenants in Social Rent properties shall be subject to a maximum rent increase of CPI + 1%.
3. When setting initial rents for new occupants of Social Rent properties, such rents will by default be set in accordance with the following:
  - i) for all properties, with the exception of Supported Housing properties, rent shall be set at the Formula Rent for that property + 5%, capped at the relevant Formula Rent Cap for size of property.
  - ii) for Supported Housing properties, reflecting the fact that tenants pay a specific service charge for the supported housing element, the rent shall be set at the Formula Rent for that property, capped at the relevant Formula Rent Cap for size of property.
4. Where tenants are occupying Affordable Rent properties decisions on rent increases will be made in line with the following:
  - i) tenants with rents currently above the Formula Rent Cap level for Social Rent properties linked to property size will be subject to a freeze or commensurately lower rise until such time as they are brought back within the capped level.
  - ii) tenants, excluding those in 4i), shall be subject to a maximum rent increase of CPI + 1% which is the statutory maximum increase under the Rent Standard in relation to Affordable Rent properties.
5. In relation to the setting of initial rents for Affordable Rent properties, the default rent to be applied should be reviewed on an annual basis and will be uplifted in line with the increase stipulated for Formula Rents (currently CPI + 1%). As per

### ***Housing Revenue Account Budget (including Rents for Council Dwellings)***

statutory rules this rent (in combination with any service charges levied) should not be allowed to exceed 80% of the market rent comparator for the property.

6. Notwithstanding the default rent levels outlined in paragraphs 3 and 5 above, initial rents for new occupants may on a case-by-case basis be set at lower levels (under delegations granted to the Executive Director of Finance, in consultation with the Executive Director of Housing and Regeneration) should this be deemed to be necessary to deliver other approved Council policies and objectives.
7. Tenants in receipt of benefits and subject to the overall benefit cap will be considered eligible for Discretionary Housing Payments to mitigate the excess rents charged, as covered by the Council's Discretionary Housing Payments policy.

**APPENDIX H**

**EQUALITY IMPACT NEEDS ASSESSMENT**

<b>Directorate</b>	Finance
<b>Service Area</b>	Financial Control
<b>Service/policy/function being assessed</b>	Rent policy
<b>Which borough (s) does the service/policy apply to</b>	Wandsworth
<b>Staff involved in developing this EINA</b>	<b>Financial Control, Housing Policy Team</b>
<b>Date approved by Directorate Equality Group (if applicable)</b>	n/a
<b>Date approved by Head of Policy and Review</b>	7 January 2025
<b>Date submitted to Directors' Board</b>	n/a

**1. Summary**

**Background:**

- The Council's existing rent policy is largely governed by national statute (via the Rent Standard) which limits the scale of % increases that can be applied annually, subject to local discretion to apply lower increases.
- The Council classifies its tenanted properties into two groups (both referenced within the Rent Standard) – "Social Rent" (c. 16,800) and "Affordable Rent" (c. 600). Rents and rent increases for Social Rent properties are guided by calculations linked to a nationally determined formula. Rents for Affordable Rent properties are generally higher, and the statutory rules surrounding them are generally less restrictive, with the only fundamental rule that the total rent charge (including service charges if relevant) should not exceed 80% of market value. However there can still be wide variations in rent charges based on location, property value and tenancy commencement date both between and within the two groups (the latter means that two otherwise identical properties could be charged different rents).
- Beyond the need to assess affordability for prospective tenants/occupants prior to placements/lettings there is no particular distinction guiding how Affordable and Social Rent properties are utilised within general letting strategy.
- The national Rent Standard currently defines an overall limit on rent increases for both Affordable and Social Rent property tenancies of CPI + 1%. However, there are further limits applied in relation to Social Rent properties where the current rent payable is (for historic reasons) above the formula calculated rent (limited to CPI) or above an overarching 'Rent Cap' linked to bedroom numbers (no increase). These additional limits do not statutorily apply to Affordable Rent properties. The formula rent for a property increases every year by CPI + 1% and the Rent Cap by CPI + 1.5%.
- Since 2015 (pre-dating the Rent Standard) the Council's policy has contained an additional local clause to maintain a measure of fairness and additional affordability for all tenants regardless of property type, and to account particularly for tenants who for historic reasons are paying rents much higher than would be the case if their property would be relet under current rules. This 'local cap' grants a rent freeze to tenants whose total rent payable is higher than 45% of the national benefit cap for families (currently £219 per week in London). Whether this cap applies is determined entirely by the current rent payable, and not by individual tenant circumstances (so is therefore to some extent arbitrary and therefore potentially not anyway well targeted at those who might best benefit from it – ie. some who might have their benefit capped are not protected if their rent is lower than the

## ***Housing Revenue Account Budget (including Rents for Council Dwellings)***

local cap and others who are not impacted by the benefit cap anyway receive this 'protection' against rent increases).

- The local cap is increasingly directly affecting a greater number of tenancies as the Government does not routinely uprate the national Benefit Cap and as a result increasingly impacting on the potential growth in the Council's rent base as general increases in rents over time draw more tenancies (both in Social and Affordable Rent properties) within scope.
- Furthermore the impact of the current local cap is that over time smaller properties will begin to receive the same charge as larger properties, which potentially undermines other Council policies around encouraging the freeing up of urgently needed larger properties by those who no longer require it ('underoccupiers') who can currently be incentivised in part by the lower rent charge that they would receive in smaller properties more appropriate to their circumstances.

### **Proposal:**

- It is proposed to replace the existing local cap on rent increases linked to existing rent higher than 45% of the national benefit cap for families, with the extension of the national Rent Cap to all Council Properties, even where not prescribed by statute (ie. for Affordable Rent properties).
- Whilst still offering protection against rent increases for those with particularly high rents this will in future ensure a more consistent approach for existing tenants, whilst aligning the local affordability cap with general economic inflationary growth rather than a measure which doesn't anyway particularly reflect individual or local circumstances.
- It is emphasised that regardless of whether tenants benefit from the cap or not, the Council will continue to offer tenancy support and pursue other wider affordability measures and mitigations to assist those most impacted by difficulties in meeting their rental obligations, including those tenants who are struggling because they find that Government assistance is not sufficient to cover their housing costs. Noting that the existing policy only impacts rent increases but does not otherwise affect the charging of rent at levels above the rent cap for new or existing tenants where not statutorily prohibited.

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

### **2. Evidence gathering and engagement**

#### **a. What evidence has been used for this assessment?**

<b>Evidence</b>	<b>Source</b>
Ethnicity, age and gender information for affected and potentially affected tenants	Internal tenancy data from records held on Housing Management system
Borough Demographic data of all protected groups	DataWand (ONS Census 2021)

#### **b. Who have you engaged and consulted with as part of your assessment?**

<b>Individuals/Groups</b>	<b>Consultation/Engagement results</b>	<b>Date</b>	<b>What changed as a result of the consultation</b>
N/A			

**3. Analysis of need**

**Potential impact on this group of residents and actions taken to mitigate impact and advance equality, diversity and inclusion**

For the immediate purposes of the 2025/26 rent decision, it is estimated that c.698 tenants who would receive freezes or otherwise less than statutorily allowed rent increases as a result of the existing local cap, would now receive higher increases (up to the maximum recommended increase of 2.7%). The vast majority (c.656) of these are in 'Social Rent' properties reflecting that the Formula Rent Cap (FRC) has risen above the existing local rent cap level for 4+ bed properties (ie. the previous statutory protection from the FRC is being lost since it rises more rapidly than rents). It is estimated, that if there are no increases to the Benefit Cap, this will also be the case for 3-bed properties in 2026/27 and 2-bed properties in 2027-28. Around 42 tenants in Affordable Rent properties would lose the protection against full rent increases they currently have in 2025/26.

Using information from internal records it is possible to identify profiles of specifically affected tenancies broken down by Gender, Age groups and Ethnicity. Information on other protected categories is more limited and so the available information on the boroughs Council tenants as a group has been used as a proxy. It should be noted that the change in policy if sustained in future years would over time affect a profile of tenants more aligned with the wider Council stock might otherwise have seen their rents rise above the existing local cap if it remained unchanged.

The analysis is based on a total number of 16,883 existing tenancies of which 698 would receive a different (increased) rent charge in 2025/26 under the proposed revision to the policy. Of the other 16,185 existing tenancies, 347 will still receive the same protection under the FRC that they would have received under the existing local cap – with the other 15,838 unaffected by either cap.

Whilst the relative number of households affected by the changes is relatively low, and in many cases any rent increases will additionally be covered by matching increases in benefits where they are in receipt, it is still recognised that some people may struggle as a result of receiving a rent increase (as is the case for any of the other c.16,000 Council tenancies). When rent letters are issued advising of the rent for the forthcoming year, they include relevant Council contacts for support and assistance and the Council has pro-active measures for identifying tenants struggling with their rents and where appropriate offering assistance.

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

Protected group	Findings																							
<b>Age</b>	The following table identifies the age profile for tenants affected by the change in 2025/26 (analysis uses information on the main tenant named on the tenancy)																							
	<b>Property size (beds)</b>	<b>Total</b>	<b>Under 25</b>	<b>25-34</b>	<b>35-44</b>	<b>44-55</b>	<b>55-64</b>	<b>65-74</b>	<b>75+</b>															
	2	8	0.0%	25.0%	25.0%	25.0%	12.5%	12.5%	0.0%															
	3	169	0.0%	3.6%	19.5%	30.2%	24.3%	8.3%	14.2%															
	4	448	0.0%	0.9%	14.3%	28.1%	26.1%	11.4%	19.2%															
	5	61	0.0%	4.9%	13.1%	34.4%	27.9%	1.6%	18.0%															
	6	11	0.0%	0.0%	9.1%	54.5%	9.1%	18.2%	9.1%															
	7	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%															
	<b>All</b>	<b>698</b>	<b>0.0%</b>	<b>2.1%</b>	<b>15.5%</b>	<b>29.5%</b>	<b>25.4%</b>	<b>9.9%</b>	<b>17.6%</b>															
	<i>Overall tenant profile (Dec 24)</i>	<i>16,883</i>	<i>1.7%</i>	<i>10.0%</i>	<i>18.5%</i>	<i>20.0%</i>	<i>23.3%</i>	<i>14.4%</i>	<i>12.1%</i>															
Borough adult resident population	256,935	6.9%	33.5%	21%	15.4%	11%	6.8%	5.4%																
The analysis shows both that Council tenancies are skewed towards older (+45yrs) age groups in general and further that they are most likely to be impacted by the policy. This may be a consequence of many older residents being in long standing tenancies which are often most likely to be skewed towards higher rents than those that would be charged if newly let under the rent standard. When the rent standard was introduced and incorporated as Council policy it was noted that the existing rent for larger properties tended to be higher than those that would be charged under Formula Rents and conversely the opposite for smaller ones.																								
<b>Disability</b>	<u>Tenant profile (as of 31/03/2024):</u>																							
	Wandsworth's tenant profile shows that those living in council-managed accommodation with a physical disability account for 9% of the population. This is lower than the comparable statistic from the Census 2021 for overall borough population, where 14.8% have a disability which limits their day-to-day activities. Reasons for this may be the focus on the above statistic only representing physical disabilities and in recording disability information overall. There is no specific information available for those directly impacted by change of policy in 2025/26.																							
		<table border="1"> <thead> <tr> <th rowspan="2">Disability*</th> <th colspan="2">WBC Tenant Profile</th> </tr> <tr> <th>No. of tenants</th> <th>% of tenants</th> </tr> </thead> <tbody> <tr> <td>No</td> <td>15,153</td> <td>91%</td> </tr> <tr> <td>Yes</td> <td>1,458</td> <td>9%</td> </tr> <tr> <td>Total</td> <td>16,611</td> <td>100%</td> </tr> </tbody> </table>							Disability*	WBC Tenant Profile		No. of tenants	% of tenants	No	15,153	91%	Yes	1,458	9%	Total	16,611	100%		
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<b>Sex</b>	<b>The following table identifies the sex profile for tenants affected by the change in 2025/26 (analysis uses information on the main tenant named on the tenancy).</b>																							
	<b>Property size (beds)</b>	<b>Total</b>	<b>FEMALE</b>	<b>MALE</b>																				
	1	0	N/A	N/A																				
2	8	87.5%	12.5%																					

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

	3	169	73.4%	26.6%
	4	448	74.8%	25.2%
	5	61	70.5%	29.5%
	6	11	72.7%	27.3%
	7	1	0.0%	100.0%
	<b>All</b>	<b>698</b>	<b>74.1%</b>	<b>25.9%</b>
	<i>Overall tenant profile (Dec 24)</i>	<i>16,883</i>	<i>67.5%</i>	<i>32.5%</i>
	Borough adult resident population		52.5%	47.5%
	<p>The analysis shows that tenancies with females as the main tenant are more likely to be potentially affected by the change to the policy than males and far more so than the general population profile for the wider borough. This is largely a reflection of the tenant profile in general, but also that where tenancies have males as the main tenant they are more likely to be within smaller/single properties which will be generally unaffected by the change in property due to the general link between larger properties and higher rents. It should be noted that the analysis includes Council properties currently being used as temporary accommodation as rental charges for these properties are currently calculated on the same basis as for permanent tenancies.</p>			
<b>Gender reassignment</b>	<p><u>Resident population (ONS Census 2021):</u></p> <p>The 2021 Census collected data on gender identity for the first time and the question was voluntary and only asked of people aged 16 and above. 254,037 (92.86%) said their gender identity was the same as their sex registered at birth.</p> <p>In total, 1,691 (0.62%) Wandsworth residents indicated a change of gender identity with 713 (0.26% stating their gender identity was different to that of birth but did not provide a response to what they identified with. Of the 1,691 residents who indicated a change in gender identity, there was an even split between males and females. 347 identified as trans woman and 304 identified as trans man. 182 Wandsworth residents identified as non-binary.</p> <p><u>Tenant profile:</u></p> <p>The Housing and Regeneration Department does not currently hold comparative tenant or applicant data on this group.</p>			
<b>Marriage and civil partnership</b>	<p><u>Resident population (ONS Census 2021):</u></p> <p>Of Wandsworth residents aged 16 years and over, 55.8% said they had never been married or in a civil partnership.</p> <p><u>Tenant profile:</u></p> <p>The Housing and Regeneration Department does not currently hold comparative tenant data on this group.</p>			
<b>Pregnancy and maternity</b>	<p><u>Resident population:</u></p> <p>In 2020, the birth rate in Wandsworth was 46.5 per 1000 females of childbearing age (15-44 years) (Office of National Statistics 2020)</p> <p><u>Tenant profile:</u></p>			

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

	The Housing and Regeneration Department does not currently hold comparative tenant data on this group.																																																																																
<b>Race/ethnicity</b>	<p>The following table identifies the race/ethnicity profile for tenants affected by the change in 2025/26 (analysis uses information on the main tenant named on the tenancy).</p> <table border="1" data-bbox="443 398 1477 999"> <thead> <tr> <th>Property size (beds)</th> <th>Total</th> <th>Asian</th> <th>Black</th> <th>Mixed</th> <th>Not known</th> <th>Other</th> <th>White</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>8</td> <td>37.5%</td> <td>0.0%</td> <td>12.5%</td> <td>12.5%</td> <td>0.0%</td> <td>37.5%</td> </tr> <tr> <td>3</td> <td>169</td> <td>13.6%</td> <td>18.3%</td> <td>2.4%</td> <td>11.8%</td> <td>8.9%</td> <td>45.0%</td> </tr> <tr> <td>4</td> <td>448</td> <td>14.5%</td> <td>29.9%</td> <td>2.7%</td> <td>14.5%</td> <td>7.6%</td> <td>30.8%</td> </tr> <tr> <td>5</td> <td>61</td> <td>13.1%</td> <td>42.6%</td> <td>3.3%</td> <td>6.6%</td> <td>6.6%</td> <td>27.9%</td> </tr> <tr> <td>6</td> <td>11</td> <td>9.1%</td> <td>54.5%</td> <td>0.0%</td> <td>9.1%</td> <td>0.0%</td> <td>27.3%</td> </tr> <tr> <td>7</td> <td>1</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td>100.0%</td> <td>0.0%</td> <td>0.0%</td> </tr> <tr> <td><b>All</b></td> <td><b>698</b></td> <td><b>14.3%</b></td> <td><b>28.2%</b></td> <td><b>2.7%</b></td> <td><b>13.2%</b></td> <td><b>7.6%</b></td> <td><b>34.0%</b></td> </tr> <tr> <td><i>Overall tenant profile (Dec 2024)</i></td> <td><i>16,883</i></td> <td><i>10.1%</i></td> <td><i>30.9%</i></td> <td><i>3.5%</i></td> <td><i>9.6%</i></td> <td><i>9.0%</i></td> <td><i>37.0%</i></td> </tr> <tr> <td>Overall Borough profile</td> <td></td> <td>11.7%</td> <td>10.1%</td> <td>6.3%</td> <td></td> <td>4.1%</td> <td>67.8%</td> </tr> </tbody> </table>	Property size (beds)	Total	Asian	Black	Mixed	Not known	Other	White	2	8	37.5%	0.0%	12.5%	12.5%	0.0%	37.5%	3	169	13.6%	18.3%	2.4%	11.8%	8.9%	45.0%	4	448	14.5%	29.9%	2.7%	14.5%	7.6%	30.8%	5	61	13.1%	42.6%	3.3%	6.6%	6.6%	27.9%	6	11	9.1%	54.5%	0.0%	9.1%	0.0%	27.3%	7	1	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	<b>All</b>	<b>698</b>	<b>14.3%</b>	<b>28.2%</b>	<b>2.7%</b>	<b>13.2%</b>	<b>7.6%</b>	<b>34.0%</b>	<i>Overall tenant profile (Dec 2024)</i>	<i>16,883</i>	<i>10.1%</i>	<i>30.9%</i>	<i>3.5%</i>	<i>9.6%</i>	<i>9.0%</i>	<i>37.0%</i>	Overall Borough profile		11.7%	10.1%	6.3%		4.1%	67.8%
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No answer	7.2%																																																																																
<b>Sexual orientation</b>	<p><u>Resident population (ONS Census 2021):</u></p> <p>The 2021 Census collected data on sexual orientation for the first time and the question was voluntary and only asked of people aged 16+. 14,148 (5.2%) of 16+ year olds were either gay/lesbian, bisexual or any other sexual orientation. Males were more likely to identify as LGB+ with the majority between 25-44 years (higher proportion 24-34 years old). In females, the majority of LGB+ were more likely to be aged between 16-34 years (higher proportion aged 25-34 years old).</p> <table border="1" data-bbox="443 1973 1458 2074"> <thead> <tr> <th>Sexual Orientation</th> <th>No. of residents</th> <th>% of residents</th> </tr> </thead> <tbody> <tr> <td>Straight or Heterosexual</td> <td>236,553</td> <td>86.5%</td> </tr> <tr> <td>Non answered</td> <td>22,821</td> <td>8.3%</td> </tr> </tbody> </table>	Sexual Orientation	No. of residents	% of residents	Straight or Heterosexual	236,553	86.5%	Non answered	22,821	8.3%																																																																							
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## Housing Revenue Account Budget (including Rents for Council Dwellings)

	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Gay or Lesbian</td> <td style="width: 25%; text-align: center;">8,342</td> <td style="width: 25%; text-align: center;">3.0%</td> </tr> <tr> <td>Bisexual</td> <td style="text-align: center;">4,762</td> <td style="text-align: center;">1.7%</td> </tr> <tr> <td>All other sexual orientations</td> <td style="text-align: center;">1,080</td> <td style="text-align: center;">0.4%</td> </tr> </table>	Gay or Lesbian	8,342	3.0%	Bisexual	4,762	1.7%	All other sexual orientations	1,080	0.4%																									
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	<p><u>Tenant profile:</u></p> <p>The Housing and Regeneration Department does not currently hold sexual orientation data on tenants.</p>																																		
<p><b>Across groups i.e older LGBT service users or Black, Asian &amp; Minority Ethnic young men.</b></p>	<p>Please see above sections (sexual orientation and race/ethnicity). No available data for this section.</p>																																		
<p><b>Socio-economic status (to be treated as a protected characteristic under Section 1 of the Equality Act 2010) Include the following groups:</b></p> <ul style="list-style-type: none"> <li>• <b>Deprivation (measured by the 2019 English Indices of Deprivation)</b></li> <li>• <b>Low-income groups &amp; employment</b></li> <li>• <b>Carers</b></li> <li>• <b>Care experienced people</b></li> <li>• <b>Single parents</b></li> <li>• <b>Health inequalities</b></li> <li>• <b>Refugee status</b></li> </ul>	<p><u>Tenant profile:</u></p> <p>The Housing and Regeneration Department does not currently hold comparative tenant or applicant data on socio-economic status.</p> <p>Resident population (DataWand):</p> <p>The Index of Multiple Deprivation (IMD) 2019 is the official measure of relative deprivation for small areas (or neighbourhoods) in England. The IMD combines information from seven domains to produce an overall relative measure of deprivation. The domains are: Income; Employment; Education; Skills and Training; Health and Disability; Crime; Barriers to Housing Services; Living Environment. The IMD ranks every small area (Lower Super Output Area) in England from 1 (most deprived) to 32,844 (least deprived). Decile 1 represents the most deprived 10% of LSOAs in England while decile 10 shows the least deprived 10% of LSOAs. Overall, Wandsworth have more areas of lower deprivation than areas of high deprivation. No LSOA has been identified as the most deprived decile (decile 1), but 4.5% are decile 2 and 8.9% are decile 3.</p>																																		
	<div style="border: 1px solid black; padding: 10px;"> <p style="text-align: center; margin: 0;"><b>Index of Multiple Deprivation - LSOAs by decile in Wandsworth (2019)</b></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <caption>Index of Multiple Deprivation - LSOAs by decile in Wandsworth (2019)</caption> <thead> <tr> <th>Decile</th> <th>Count of LSOAs</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Decile 1</td><td>0</td><td>0%</td></tr> <tr><td>Decile 2</td><td>4.5</td><td>4.5%</td></tr> <tr><td>Decile 3</td><td>8.9</td><td>8.9%</td></tr> <tr><td>Decile 4</td><td>10.1</td><td>10.1%</td></tr> <tr><td>Decile 5</td><td>13.4</td><td>13.4%</td></tr> <tr><td>Decile 6</td><td>17.3</td><td>17.3%</td></tr> <tr><td>Decile 7</td><td>15.1</td><td>15.1%</td></tr> <tr><td>Decile 8</td><td>12.8</td><td>12.8%</td></tr> <tr><td>Decile 9</td><td>12.8</td><td>12.8%</td></tr> <tr><td>Decile 10</td><td>5</td><td>5%</td></tr> </tbody> </table> </div>		Decile	Count of LSOAs	Percentage	Decile 1	0	0%	Decile 2	4.5	4.5%	Decile 3	8.9	8.9%	Decile 4	10.1	10.1%	Decile 5	13.4	13.4%	Decile 6	17.3	17.3%	Decile 7	15.1	15.1%	Decile 8	12.8	12.8%	Decile 9	12.8	12.8%	Decile 10	5	5%
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	<p>However, when specifically considering the impact of rent levels and increases, and changes to rent policy, a relevant factor is the eligibility to benefits through direct Housing Benefit or Universal Credit. Whilst being in receipt of benefits is indicative of lower socio-economic status, impacts on these specific groups will not</p>																																		

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

necessarily be affected by the change in rent policy since benefit levels are normally adjusted to match increased housing costs, unless the tenants is in a specific group affected by the benefit cap. [Exemptions from the benefit cap](#) apply to a number of groups linked to age (e.g. above State Pension age), employment status (e.g. in receipt of Working Tax Credit and/or in receipt of Universal Credit and earning above a certain earnings threshold) and a range of other criteria linked to disability and caring responsibilities.

Of those tenants who would be directly impacted by the change in policy in 2025/26 the following information is held in relation to receipt of benefits:

Benefit Status	Existing tenancies affected in 2025/26		Overall tenant profile (Dec 2024)	
	Total	%	Total	%
Full or Partial Housing Benefit	197	28%	5,253	31%
Council has been asked to respond to queries confirming rent levels for the purposes of a Universal Credit (UC) claim*	309	44%	7,108	42%
<b>Known/believed to be eligible/in receipt of benefits</b>	<b>506</b>	<b>72%</b>	<b>12,361</b>	<b>73%</b>
Not believed to be in receipt of (housing related) benefits	192	28%	4,522	27%

\*As UC is administered by Central Government and paid directly to tenants the Council does not hold definitive records on whether tenants are in receipt. However we are required to provide rental information to inform any individual claims so this can be used as a likely proxy for the above.

### Data gaps

Data gap(s)	How will this be addressed?
As addressed, data on all protected characteristics is not currently collected	A large proportion of our tenants will have been a tenant of the Council for many years and data is mainly collected once the tenant has signed up to the property. In addition the Council is mainly collecting data on age, ethnicity, disability and gender, which restricts our ability to provide a richer assessment of other protected groups based on our tenant profile. However the Housing Services division (covering homelessness and allocations) have begun recording data on religion and sexual orientation, so over time there should be greater capability to report on a higher number of the protected groups.

## **Housing Revenue Account Budget (including Rents for Council Dwellings)**

### **4. Impact**

As noted previously, the consideration of “impact” of the change in policy has both direct and indirect elements. The direct impact is whether the change will alter the rent increase applicable to an existing (or future) tenant in 2025/26 or future years subject to any future review of the policy. However, beyond this, tenants will only see an actual financial impact where they are not in receipt of housing related benefits or where there are limitations on those benefits that might result in them not receiving increases that correspond to their rental increases. However when considering equalities differences with the wider borough population it needs to be considered that Council rents, even those which were protected under the ‘local’ cap are generally significantly lower than those available to people renting their homes on the open market.

<b>Protected group</b>	<b>Positive</b>	<b>Negative</b>
<b>Age</b>	<p>The existing policy potentially protects tenants from rent increases where they are housed in more expensive accommodation that maybe inappropriate to their circumstances. Changing the policy could therefore have a potential positive impact if it prompts such tenants to seek out alternative (and cheaper) housing options within the Council stock. This may also free up larger properties from under-occupiers, making them available to others in need seeking larger properties within the Borough.</p>	<p>The analysis suggests that the change in policy is likely to disproportionately impact on older age groups (45+) compared to both the general tenancy profile and (particularly) the wider borough population. In general, the larger properties most likely to be affected by higher rents subject to the existing local cap are skewed towards occupation by older age groups. However, there is insufficient data available to determine the extent to which this will actually have a material financial impact on those affected as the change may be covered by benefits (those of pension age in particular would not be subject to the benefit cap if in receipt of benefits). Furthermore, where tenants are under-occupying properties, perhaps as a result of children having moved out of their family homes, they may have options to move to smaller (and likely cheaper) properties which if actioned would lead to an ultimate financial benefit.</p> <p>To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.</p>
<b>Disability</b>	<b>See above</b>	<p>Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. However it should be noted that disabled tenants are more likely to be eligible for benefits, as well as less likely to be subject to any benefit cap which could potentially limit ability to meet increases.</p> <p>To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.</p>
<b>Sex</b>	<b>See above</b>	<p>Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. Relative to the wider borough and existing tenant population this is more likely</p>

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

		<p>to impact female tenants as male tenants/occupants tend to be more heavily concentrated in smaller properties likely to be largely unaffected by the policy change in the immediate future.</p> <p>To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.</p>
<b>Gender reassignment</b>	<b>See above</b>	<p>Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. There is no information available to determine the relative impact on the change of policy on this group.</p> <p>To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.</p>
<b>Marriage and civil partnership</b>	<b>See above</b>	<p>Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. There is no information available to determine the relative impact on the change of policy on this group.</p> <p>To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.</p>
<b>Pregnancy and maternity</b>	<b>See above</b>	<p>Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. There is no information available to determine the relative impact on the change of policy on this group.</p> <p>To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.</p>
<b>Race/ethnicity</b>	<b>See above</b>	<p>Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. There does not appear to be any significant variance between the profile of those who would be potentially impacted in 2025/26 and the wider tenant population. Relative to the wider borough population there is a significantly higher proportion of ethnic minority groups in Council accommodation.</p> <p>To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has</p>

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

		proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.
<b>Religion and belief, including non-belief</b>	<b>See above</b>	Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. There is no information available to determine the relative impact on the change of policy on this group. To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.
<b>Sexual orientation</b>	<b>See above</b>	Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits. There is no information available to determine the relative impact on the change of policy on this group. To mitigate this impact, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.
<b>Socio-economic status (to be treated as a protected characteristic under Section 1 of the Equality Act 2010) Include the following groups:</b> <ul style="list-style-type: none"> <li>• Deprivation (measured by the 2019 English Indices of Deprivation)</li> <li>• Low-income groups &amp; employment</li> <li>• Carers</li> <li>• Care experienced people</li> <li>• Single parents</li> <li>• Health inequalities</li> <li>• Refugee status</li> </ul>	<b>See above</b>	Any tenant impacted by the change in policy would receive a higher rent charge in 2025/26 (and potentially in future years), which could impact them financially if this were not covered by an increase in benefits.  The information on socio-economic status of affected tenants however is limited, and largely currently restricted to data held about whether they are in receipt of benefits. However as discussed most tenants on benefits would be expected to have the impact of an increase in rent offset by an adjustment to their benefits creating no net financial impact.  There is no additional information on socio-economic status for those tenants to whom this would not apply.  However in this context it should be noted that the existing cap is not the primary tool that the Council implements to assist tenants who are struggling with meeting their rental obligations. In addition to wider Council policies to make life more affordable for borough residents (including low Council tax and ongoing Cost of Living and Access for All programmes) the Council pro-actively offers tenant support and welfare, which can include temporary financial assistance through the use of Discretionary Housing Payments (DHP) as appropriate. Alongside the wider offers from the council, rent letters issued for the forthcoming year will include relevant Council contacts for support and assistance. Additionally, the Council has

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

		proactive measures in place to identify tenants struggling with their rents and, where appropriate, offer assistance.
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### 5. Actions to advance equality, diversity and inclusion

Action	Lead Officer	Deadline
n/a		

### 6. Further Consultation (optional section – complete as appropriate)

Consultation planned	Date of consultation
This EINA will be subject to consultation alongside the annual review of Housing Rents and Charges paper where the changes are proposed to be approved.	16/01/2025

WANDSWORTH BOROUGH COUNCILCHILDREN'S OVERVIEW AND SCRUTINY COMMITTEE – 11TH FEBRUARY 2025EXECUTIVE – 3RD MARCH 2025Report by the Executive Director of Children's Services on Schools Finance - Budget Allocations for 2025/26SUMMARY

Schools are currently facing difficult challenges. The most serious of 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 FY2024/25, the Council continued its investment in support for schools. The School Business Manager (SBM) Academy continues with a new cohort supporting the Schools Finance Traded Service in providing financial advice and support to schools. Schools now operate a monthly school forecasting pattern which helps encourage rigour and provides the most accurate information possible to decision-makers. We have facilitated the procurement and implementation of a new finance system which provides much more information to schools and is much easier and faster to use. In addition, we have supported the schools in the most difficult financial situations to make changes to stabilise their positions.

In December 2024, the Education and Skills Funding Agency (ESFA) announced the details of the Local Authority Dedicated Schools Grant (DSG) school funding settlement for 2025/26.

Due to a fall in pupil numbers, the Schools Block element of the Dedicated Schools Grant (DSG) has decreased by **£0.387m (-0.2%)** after accounting for the additional grants awarded in 2024/25. 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 2025/26 could be set at between 0% and -0.5%. Schools Forum agreed -0.5%.

The total DSG allocation of **£313.414m** for 2025/26 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 2025.

The DFE has instructed all councils to move at least 10% closer to the National

Funding Formula (NFF) rates in FY 2025/26. 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. Wandsworth Schools Forum has elected to move 20% closer to the NFF.

## 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 Overview and Scrutiny 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 are recommended to:
  - (a) 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);
  - (b) 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 13<sup>th</sup> January 2025.

## INTRODUCTION

3. The purpose of this paper is to set out the schools' budgets for 2025/26 and also contains an explanation of the various funding streams that make up the core funding for our state funded schools.
4. Schools' budgets are made up of a variety of funding streams. The majority of funding is

*(Paper No. 25-65)*

provided to schools via the Dedicated Schools Grant (DSG) but there are also additional grants that schools receive.

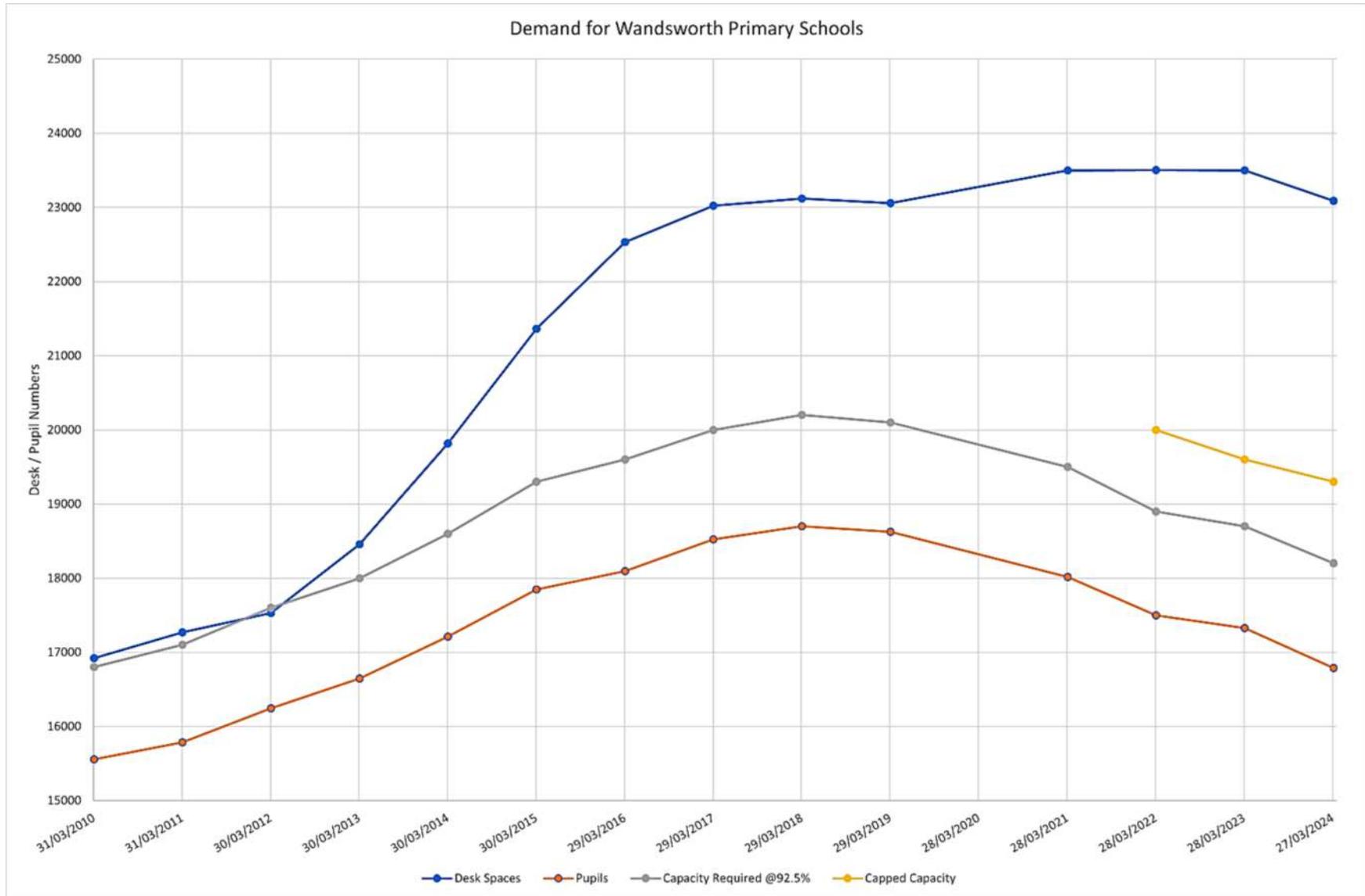
5. The funding received by schools from DSG consists of Schools Block funding via the Local Funding Formula (core mainstream school funding), High Needs funding (funding for special needs pupils) and Early Years funding (funding for children from 9 months old until 4 year olds).
6. Other additional grants of material size received by schools outside of the DSG are pupil premium and 6<sup>th</sup> 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 14 years, from 2010 to 2024, the school age pupil population has grown by over 10%. At its peak in 2018, the primary school population had grown by over 20%, from circa 15,600 in 2010 to 18,700.
9. Since 2018 onwards, we have seen early years and primary school numbers decrease by over 10%.
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. However, two primary schools have closed in the last two years and consultations are currently taking place regarding a third.
13. Pupil Services continues to agree informal Published Admission Number caps with appropriate primary schools throughout the borough. Further caps were agreed for the September 2024 admissions.

***(Paper No. 25-65)***

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



(Paper No. 25-65)

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

### ***The Overall Dedicated Schools Grant***

14. The ESFA announced the details of the school funding settlement for 2025/26 in mid-December 2024.
15. 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 then receive their funding directly from the ESFA. The schedules appended to this report thus include these schools.
16. The DSG allocations for 2025/26 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***

17. The Teachers Pay Additional Grant (TPAG), the Core Schools Budget Grant (CSBG) and the Teachers' Pension Employer's Contribution Grant (TPECG) are grants which were previously paid to schools totally separately, but that have now been merged with the schools block funding for 2025/26. As such, when comparing the schools block funding for 2025/26 to the funding for 2024/25, we need to add in these grants. After doing that, we can see that the Schools Block allocation has reduced by **£0.388m (-0.2%)** in FY 2025/26 compared to FY 2024/25. After accounting for these grants, the NFF rates have increased slightly. The basic per pupil funding factor (0.40%), the Free School Meal Ever 6 factor (0.65%), and the lump sum factor have all increased (0.39%). Other factors such e.g. low prior attainment, mobility, English as an additional language have an average increase of 0.35%. These rate increases do not compensate for the fall in pupil numbers which is the driver behind the reduced income. It is proposed that the ISB be set at **£194.866m** which is a decrease of **£0.387m (-0.2%)** compared to the previous year. There is no transfer of funding from the Schools Block to the High Needs Block in FY 2025/26.
18. The amount within the schools block included for the CSBG has been annualised. The amount received in FY 2024/25 covered the period from September 24 to March 2025. The amount included in the FY 2025/26 schools block funding covers the period from April 2025 – March 2026.
19. As well as schools block funding, it is expected that a further grant will be distributed to schools in FY 2025/26 to fund (at a national level) the increase in National Insurance (NI) employer contributions applicable from April 2025. The amounts and methodology have not been published yet and do not form part of this paper.

***(Paper No. 25-65)***

20. The Growth Fund, which supports expanding schools, is **£350,000** in FY 2025/26. This was agreed by Schools Forum on 13<sup>th</sup> January 2025. This funding is part of the Schools Block allocation but is funded as lump sums to schools who have agreed growth.
21. The primary driver of school funding is the number of pupils on roll at the October census. In FY 2025/26, pupil numbers in primary schools declined by **363** (-2.15%) while in secondary schools, pupil numbers decreased by **263** (-2.67%).
22. In accordance with guidance, 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 2025/26, based on the current mix of academies and maintained schools is **£493,026**.
  - b. for historic commitments – for severance costs and prudential borrowing for capital expenditure (except with permission from the Secretary of State) it is expected that the funding will remain at FY 2024/25 levels following a decision on a disapplication application 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 High Needs Block***

23. The indicative top-up and protection funding for high needs pupils will be included in the final budgets issued to schools in February 2025, 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.
24. The size of the High Needs Block (HNB) has been increased by £4.498m or 6.67% in FY 2025/26.

### ***Early Years***

25. The Government announced an extension to funded childcare places to be introduced incrementally until the offer is fully available in September 2025.
26. Once fully implemented, 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, with a maximum of 15 hours being available for children from 9 months of age until 2 years old.

***(Paper No. 25-65)***

27. During FY 2024/25, the first changes to the system appeared which introduced the free places of 15 hours for 9 months – 2-year-olds. FY 2025/26 will see the full expansion with these places increasing to 30 hours from September 2025.
28. As such the indicative funding provided by the DfE for Early Years is significantly higher in FY 2025/26 compared to FY 2024/25 to fund the extended offer. Both years' funding is subject to change following the January 2025 Early Years Census, but the current increase is **£10.323m (29%)**.
29. The total indicative funding for the Early Years Block is **£45.472m** which includes funding for the existing offer for Under 2s, 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.
30. 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 2025/26 DSG allocation will be adjusted for the January 2026 numbers, and once the January census numbers are available, an early years' estimate will be sent to schools later in February.

#### ***Pupil Premium***

31. 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 in FY 2024/25. Changes to the rates have not yet been published for FY 2025/26. The Universal Infant Free School Meals funding has increased to £2.58 per pupil, a 2% increase.

#### ***Post-16 Funding***

32. 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 2024/25 and 2025/26 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 2025.

### **PART C: SETTING SCHOOLS BUDGETS FOR 2025-26**

#### ***Mainstream Schools: Individual School Budgets***

33. 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 13<sup>th</sup> January 2025 setting out the draft schools funding methodology and allocations for next year. The Schools

***(Paper No. 25-65)***

Forum gave support for the principles and funding rates in the paper at the meeting on 13<sup>th</sup> January 2025.

34. There are no changes to the funding factors proposed for FY 2025/26, as it has been mandatory for all LAs to use all factors since FY 2023/24.
35. As in FY 2024/25, the DfE guidance for Schools Block funding for FY 2025/26 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 2025/26 in fact moves 20% closer to the NFF
36. 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 2025 once all relevant information has been received and the necessary calculations made.
37. 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 2025/26, the DfE stipulated that MFG had to be between +0% and -0.5%.
38. At the Schools Forum meeting on 13<sup>th</sup> January 2025, Schools Forum selected -0.5% which does allow schools to lose up to half a percent of funding on a per pupil basis. Various options were presented to Schools Forum who selected this option as a compromise as it starts to offer more protection to secondary schools who are now experiencing falling rolls at a faster rate than primary schools.
39. 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 31<sup>st</sup> of March 2024, individual school's revenue balances amounted to **£12.813m** in total, a decrease of £0.664m since 31<sup>st</sup> March 2023, 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***

40. 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

***(Paper No. 25-65)***

will be provided through 'top-up funding' paid by the commissioning authority (i.e. the authority where the pupil is resident).

41. All schools will be sent their 2025/26 funding allocations in February 2025. A budget preparation pack will be despatched to all schools that buy into the Financial Advisory Service in February 2025 to assist them in finalising their budget plans for 2025/26.
42. Individual school budget plans from schools are required to be submitted to the Council by 1st May 2025. 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***

43. 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.
44. 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.
45. During the 2024-25 financial year, officers have concluded a procurement exercise to give schools access to preferential rates on the replacement of their current finance system with a modern alternative. All but two schools have chosen to adopt the new system, with the joint procurement approach allowing a discount of £195,000 in costs to be realised versus an individual school procurement approach.
46. Officers are supporting the rollout of the new school finance system, taking the opportunity to streamline processes and remove considerable amounts of complexity. Schools are benefiting from these process changes, as well as the faster workflows within the new system.
47. Wandsworth provides a suite of tools to help schools manage their finances, including monthly reporting tools, workforce planning tools, and assistance with Integrated Curriculum financial Planning to help schools understand their metrics and how they compare to others.
48. 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.

***(Paper No. 25-65)***

49. 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.
50. The School Business Manager (SBM) academy was established in September 2022. 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 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.
51. 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***

52. 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.
53. Officers present important decisions that Schools Forum have made at Headteacher meetings and School Business Manager meetings.
54. 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)**

55. 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

***(Paper No. 25-65)***

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

56. The Dedicated Schools Grant allocation for 2025/26 is estimated at £313.413m including the funding paid to academies; of which the Schools block is £194.866m as set out in the table below.

	2025/26 DSG allocations (£million)
Schools Block	194.866
Central Schools Services block allocation	2.503
High Needs Block allocation (provisional)	70.572
Early Years Block (provisional)	45.472
<b>Total DSG allocation</b>	<b>313.413</b>

57. 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.
58. 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 2025/26 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 2025/26.
59. 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.
60. 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.
61. 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.

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## CONCLUSION

62. It is proposed that the ISB for 2025/26 be set at **£194.413m** (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.

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The Town Hall,  
Wandsworth,  
SW18 2PU.

Ana Popovici  
Executive Director of Children's Services

3rd February 2025

### **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](http://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.

***(Paper No. 25-65)***

WANDSWORTH BOROUGH COUNCIL

FINANCE OVERVIEW AND SCRUTINY COMMITTEE – 4TH DECEMBER 2024

EXECUTIVE – 9TH DECEMBER 2024

Report by the Executive Director of Finance on the Medium Term Financial Strategy  
2024/25

SUMMARY

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

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

**RECOMMENDATIONS**

1. The Finance Overview and Scrutiny Committee is recommended to support the recommendations in paragraph 2. If it approves any views, comments or additional recommendations 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 2024/25 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. The MTFS continues to form part of the Corporate Plan and was last presented to Committee and approved by the Executive in October 2023 (Paper No. 23-321). Other elements of the Corporate Plan include the 2024/25 actions and key performance indicators for 2024/25 (see Paper No. 24-383 elsewhere on the agenda). 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 following the November committee cycle.
5. 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.
6. 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. 24-376 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 2024/25**

7. There have been key changes since the budgets and previous frameworks were last approved such as continuing demand pressures, above inflation cost rises and ongoing challenges around the cost of living. In addition, the new Government has given some initial direction on local government funding in its recent Budget in October.
8. Whilst the Council's **General Fund revenue framework** financial outlook has remained in a similar position overall since last reported in February (Paper No. 24-88) this is made up of two main factors. Additional government funding outlined in the national budget on 30th October has helped, however spend pressures, particularly increasing demand for and cost of the Council's statutory services, have caused increasing budget pressures. In effect the Government's proposed funding increases are insufficient to address the rising complexity of demand and increased costs being incurred by the sector as a whole, and locally an ongoing and increasing funding gap remains.
9. In particular the scale and speed of increases in demand for statutory services have meant the budget gap remains large 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 and use of reserves will be required to help bring the Council's General Fund revenue financial position into balance in the period to 2027. Whilst the budget gap shown in the MTFS includes assumed council tax increases of 4.99% in 2025/26 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 reported in October 2024 within the HRA Business Plan update (Paper No. 24-270). The paper set out the impact of inflationary pressures and 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.
11. The **General Fund capital framework** was last updated and reported to this Committee in October (Paper No. 24-283) and highlights the scale of the current capital programme, a significant part of which is in relation to the Nine Elms area and the Decade of Renewal commitment, 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

**(Paper No. 24-378)**

position highlighted above.

- 12. The **Dedicated Schools Budget framework** was the subject of a separate report to September/October committee cycle (Paper No. 24-265) which reported 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 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, 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.

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The Town Hall  
Wandsworth  
SW18 2PU

FENELLA MERRY  
Executive Director of Finance

26th November 2024

Background Papers

- 1. The Council’s Budget Book for 2024/25
- 2. The Council’s draft final accounts 2023/24

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](http://www.wandsworth.gov.uk/moderngov)) unless the report was published before May 2001, in which case the committee secretary can supply if required.

**Appendices:**

Appendix A: Wandsworth Borough Council Medium Term Financial Strategy 2024/25.

APPENDIX A

## WANDSWORTH BOROUGH COUNCIL

**MEDIUM TERM FINANCIAL STRATEGY 2024/25****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 Executive 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.

**(Paper No. 24-378)**

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 Executive 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. However, Paper No. 24-181 set out the Council’s policy framework to promote “Access for All”. This acknowledges that not all residents have the same access to the opportunities that living in Wandsworth can bring and outlines proposals for Britain’s best concessionary scheme as well as the development of a programme of innovative, preventative services to support residents facing challenges. Work is ongoing to ensure charges for Council services are applied with this policy in mind.
  
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. 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 competition for limited supply and therefore costs.
12. The new Government's first Budget made a number of announcements in relation to local government funding. The sector received the largest funding increase in percentage terms with a real terms increase in Core Spending Power of 3.2% for 2025/26 which includes an additional £1.3bn of grant funding. The exact allocation of this funding will only be clear when the provisional local government financial settlement is announced in December. The Government has recognised the sustained pressure on Council budgets however this, plus other additional funding for local government received since 2019, only partly reverses the huge cuts in funding since 2010.
13. The Government also announced it would look to deliver multi-year funding settlements for local authorities from 2026/27. One year settlements for the past six years has had a significant impact on councils' ability to make strategic planning and investment in prevention decisions.
14. The Budget also included additional funding for pressures in SEN placement costs and a commitment to allow rent increases in the social rented sector of up to CPI+1% each year for the next five years.
15. Despite the welcome news in the Budget, 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. A number of councils, including in London, are in conversation with the Government about receiving exceptional financial support in order to avoid issuing section 114 notices. However, as exceptional financial support is effectively a permission to borrow rather than additional funding it does not solve the underlying structural funding pressure. It is clear that national government intervention is required to fix not just the sector's structural funding deficit but the causes of demand pressures such as the housing crisis and broken care market.
16. Following a period of high inflation, annual increases in the Consumer Price Index (CPI) have been falling over the last year with the latest figure being 1.7% in September 2024. The Bank of England expects inflation to rise to 2.8% by

**(Paper No. 24-378)**

September 2025 before easing. Increases in the National Minimum Wage, London Living Wage and employers' national insurance contributions will continue to put above inflation pressure on contractors' costs and therefore have the potential to cause pressure on Council budgets. The Bank of England's base rate, currently 4.75%, is expected to fall but more slowly than previously anticipated.

17. 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**

18. The MTFS was last approved in September 2023 and assumed a mix of council tax increases, efficiency savings and use of reserves to balance the budget between now and 2027. An updated General Fund framework was subsequently approved as part of the council tax setting exercise in February 2024 (Paper No. 24-88).
19. This framework has since been adjusted for the 2023/24 outturn position (as detailed in Paper No. 24-186). This saw service committee budgets overspend by £11.2m overall relating to a number of high demand led service pressures. This was fully offset by higher than budgeted treasury income of £11.4m resulting from high bank interest rates. In addition, some unused inflation contingency and additional unbudgeted Homes for Ukraine grant income contributed to a net underspend of £4.854m. This was allocated to support the Council's "Access for All" programme to enable the delivery of pilot projects that look to tackle barriers to accessing opportunities for all across the borough.
20. All budget variations this year to date (which include the investment in the Alton Renewal Plan, Cleaner Borough Plan, homelessness staffing, breakfasts in schools and improvements to the Voluntary and Community Sector infrastructure) have also been captured and projections have been extended into 2027/28 to cover a four year period as well as an estimate incorporated for future service and inflation pressures.

## GENERAL FUND REVENUE BUDGET FRAMEWORK

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	£m	£m	£m	£m
Original Budget	244.387	245.835	249.168	247.222
Inflation to Current Prices	4.461	4.461	4.461	4.461
Developments	8.516	3.059	2.646	2.146
Concurrent Budget Variations				
<b>Revised committee budgets</b>	<b>257.364</b>	<b>253.355</b>	<b>256.275</b>	<b>253.829</b>
Inflation (revised)	16.989	31.113	43.677	56.427
Other potential service pressures	7.300	27.673	26.381	25.939
Additional treasury investment income	-2.828	-5.080	-4.950	-1.030
New Homes Bonus	-6.477	-7.500	-6.000	-5.000
Non-Service Specific Grants	-34.127	-43.213	-43.461	-44.926
Improved Better Care Fund	-16.985	-16.985	-16.985	-16.985
<b>Total</b>	<b>221.236</b>	<b>239.363</b>	<b>254.937</b>	<b>268.255</b>
Planned Use of Balances and Reserves	-21.525	-14.778	-6.517	-3.176
<b>Budget Requirement</b>	<b>199.711</b>	<b>224.585</b>	<b>248.419</b>	<b>265.078</b>
Less:				
Collection Fund Surplus	-2.032	-2.000	-2.000	-2.000
Retained Business Rates	-58.328	-65.025	-64.461	-65.751
Revenue Support Grant	-28.884	-32.554	-33.205	-33.869
Business Rates "Top-up"	-39.089	-39.089	-39.089	-39.089
<b>Council Tax Requirement</b>	<b>71.378</b>	<b>85.917</b>	<b>109.664</b>	<b>124.370</b>
<b>Band D Council Tax</b>				
Wandsworth Council	497.37	614.54	753.05	849.33
Greater London Authority	471.40	480.83	490.45	500.26
Total	968.77	1,095.37	1,243.50	1,349.59
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		<b>13.467</b>	<b>31.775</b>	<b>44.027</b>

- 21. There has been a slight improvement of the overall position in the short term since the budget and framework were set in March although the longer term position is slightly worse:

<b>Funding gap</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
As at March 2024	16.447	34.822	43.493
As at December 2024	13.467	31.775	44.027

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

- 22. Inflation levels have dropped down; however contract inflation continues to track above CPI and continues to be a factor (combined with demand service pressures). The revised framework now reflects the Bank of England’s latest forecasts of inflation which are anticipated to increase up to 2.8% up to September 2025 before lowering.
- 23. As interest rates have remained 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 service budget pressures in future years which show no immediate signs of abating. The Council is experiencing sustained service demand pressures in adult social care and homelessness, with children’s social care predicted to come under further pressure. 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 (despite additional funding) without national government intervention.
- 24. The above framework assumes an additional amount of government grant funding in future years as the Government has announced a 3.2% real terms increase in funding for the sector. Initial modelling estimates an additional £10m of grant funding to be received in 2025/26 plus a further £7m of business rates income. Confirmation of this will only take place once the provisional finance settlement is announced in December. In addition the Government has signalled its intention to introduce multi-year funding settlements as part of the Spending Review in Spring 2025, which will support us in our overall future longer term financial planning.
- 25. Under current legislation, in order to avoid a referendum, by 2026/27 the council tax requirement would have to be reduced by £44.4m 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 £165m since 2010.

26. 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 collection and the 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**

27. The Localism Act 2011 replaced the capping regime for excessive council tax increases with local referenda, and the previous Government confirmed the council tax referendum threshold for 2024/25 as 3%. In addition, social care authorities have been given 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 2024/25 by applying a social care precept of 2% whilst freezing the main element of the council tax. The new Government has given its intention of a maximum increase of 4.99% for 2025/26, but no indication for future years (which will likely be linked to multi year settlements). For planning purposes the framework assumes total council tax increases of 4.99% in 2025/26 and 2.99% in each of the subsequent years although no decisions on future levels have been made yet.

### **Particular risk factors**

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24. Over half of the Council's General Fund revenue spending is funded from Government funding. This makes the Council's financial position potentially particularly sensitive to proposed national funding reforms.
25. Further proposed changes to business rates and the national "Fair Funding Review" are now being considered by the new Government. At this stage it seems more likely that these reviews present a risk for Wandsworth rather than an opportunity, particularly as the Government looks to support the most deprived parts of the country. In a speech to the House of Commons the Local Government Minister, Jim MacMahon, promised to rebuild the financial foundations of local government "from scratch". He suggested that the Government would focus on aligning funding with deprivation levels, through an "initial rescue operation" in 2025/26's financial settlement, and a later "recovery operation" through a multi-year settlement.

26. 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. 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.
27. The final Local Government Finance Settlement 2024/25 reflected funding for increased costs and also an additional £600m of support nationally to help with the financial challenges the sector is facing. This increased the funding available by a national average of 7.5% in cash terms and in Wandsworth by 9.9% (including an assumed council tax increase of 4.99%). In cash terms the Council received an additional £24m to cover demand pressures and inflation.
28. 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 £190m on services funded by Government specific grants or subsidies.
29. 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. From April 2024, the Department for Work and Pensions started a managed migration nationally to move the remainder of working age claimants left on legacy benefits to Universal Credit. The Council is currently reimbursed by Government for the Housing Benefit 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 continuing need to administer a council tax support scheme for all residents.
30. With regard to ringfenced grants the **Public Health Grant**, first introduced in 2013/14, has an allocation of £31.2m in 2024/25, which is an increase of 2.6% compared with 2023/24, a small increase against the backdrop of inflation.
31. 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 2024/25 is £28.5m of which the Council received £9.7m to deliver commissioned services.

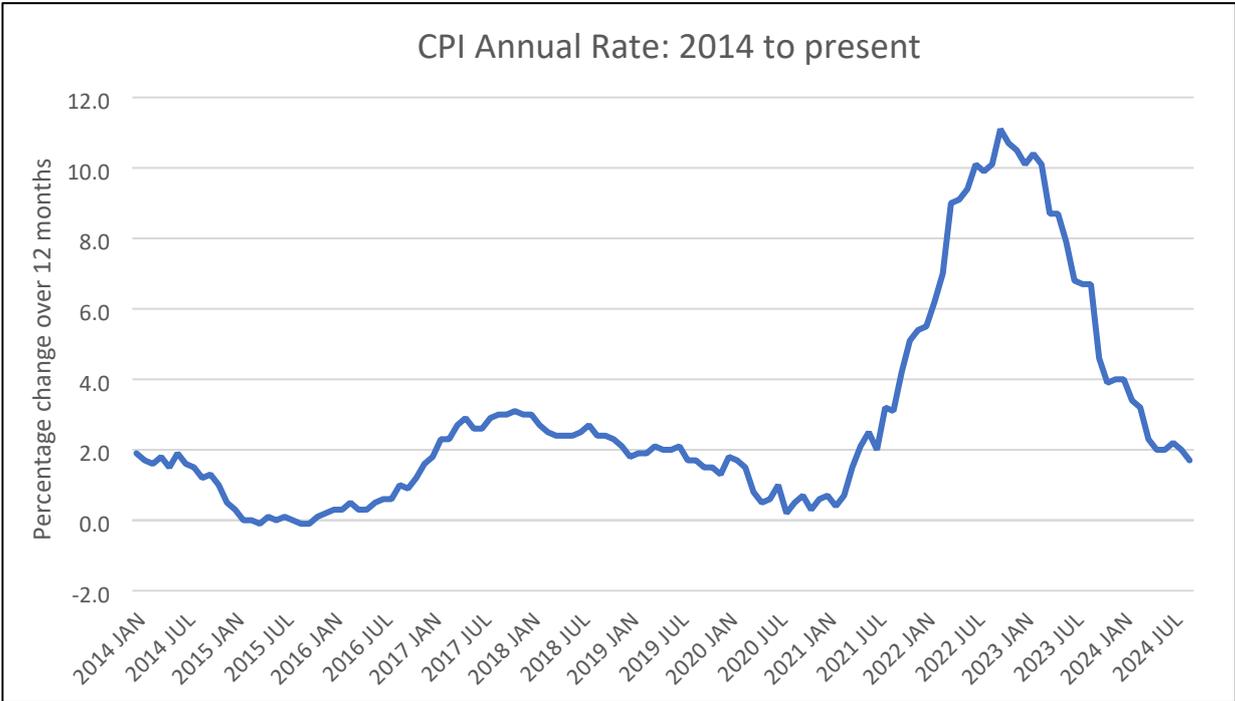
32. The **Improved Better Care Fund** has been established to assist with pressures in adult social care. The current year's funding is £17m (no change from 2023/24). It is assumed this grant will remain constant thereafter. There is a requirement to spend this funding on meeting adult social care needs, 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.
33. In addition, the Council received £33.6m of **Social Care Support Grant** in 2024/25, an increase of £8m 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 £168m (and rising) in this area and this grant has been allocated in full to contribute towards this cost.
34. 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 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 £15.6m, in 2024/25 it received £6.5m. Based on growth in household numbers it has been assumed the Council's allocation in 2025/26 will be £7.5m. Although there are uncertainties about this as a future funding allocation, we have assumed this reduces over time rather than going to nil in future years.
35. 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.
36. It is also unclear how the Government will recognise the severe impact that demand growth is having on council budgets through increased grant funding. Whilst the Budget on the 30<sup>th</sup> October acknowledged some, it is unclear if this will be fully recognised in future settlements in full.

### Inflation

37. 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 three years. During that time, the country has faced the highest levels of

**(Paper No. 24-378)**

inflation for 40 years, with CPI peaking at 11.1% in October 2022. Following a series of bank rate increases, the method by which the Bank of England aims to control inflation, the most recent announcement showed annual inflation of 1.7% for September 2024:



- 38. The Bank of England has predicted that inflation will rise from its current level of 2.7% to 2.8% by September 2025 before easing. When the 2024/25 budget was set, the rate of inflation was expected to fall, however we have seen continuing high inflation on demand led services (adults, children’s and homelessness). The agreed pay award in 2024/25 has increased costs by an average of 3.5%.
- 39. Overall, latest assumptions are that the budget for inflation in the current year inflation is sufficient in broad terms but increased costs relating to the minimum wage and employers’ national insurance contributions are expected to have an impact on contractors delivering services on the Council’s behalf and may put pressure on the price of any contract tenders or extensions.
- 40. Crucially, the cost of inflation continues to outstrip income increases despite projected additional funding from Government, 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.
- 41. In previous years, with inflation running at 2.7% and pay inflation assumed to be 2%, the inflation provision in Wandsworth was around £7.5m per year. In 2024/25 this rose to £21m. Whilst general inflation levels have dropped to approximately previous levels, due to base rises and other inflation indices affecting costs, in 2025/26 this is expected to cost a further £14m per year.

### Income

42. Income generated from services (including statutory charges over which the Council has no control) currently funds around a quarter 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.
43. The Council's annual budget includes income of £44m in 2024/25 for parking, i.e. both charges and penalties. This is a relatively volatile source of funding supporting mainstream General Fund services. In 2024/25 the base income budget was reduced by £2.8m to reflect lower activity levels experienced since the pandemic. 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.
44. Other income from fees and charges totals £75m, some of which will always be subject to external economic, social and demographic factors beyond the Council's control and therefore not guaranteed. The pandemic impacted income in some service areas, in particular leisure income, and income in relation to planning has been affected by the economic climate. Budgets in these areas continue to be under pressure.

### Cost of living crisis

45. 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.
46. The impact for residents continues and the Council and its partners will continue to do more to help prevent hardship. The Council has so far committed £15m of its own funding to support a range of initiatives, as well as delivering other initiatives funded by Government grants. Longer term support is being delivered through implementation of the recommendations of the Cost of Living Commission and the Access for All policy which aims to provide equitable access to what living in the borough has to offer.
47. The Council is due to receive £4.1m of Household Support Fund grant from the Government in 2024/25 which is being used to fund key cost of living initiatives for households in financial crisis. It has also been confirmed this will be funded in 2025/26 albeit at a slightly lower level. The nature of this funding means there is no guarantee it will continue beyond 2025/26 and this therefore poses a risk.

Rising homelessness

48. 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 ongoing challenge of the current national housing crisis is having a significant impact on the Council's statutory homelessness services.
49. As previously reported (Paper No. 24-267), 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. However, whilst officers are implementing plans to manage costs 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.
50. 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 rent homes within its "Homes for Wandsworth" self-build programme.

Welfare reform

51. 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).
52. 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.

- 53. Following a four year freeze the Local Housing Allowance (LHA) (the maximum level of financial help with rent that private sector tenants can receive) was uplifted in April 2024 and relinked to the 30th percentile of local rent costs. This increase was welcomed as originally LHA was designed to cover the lowest 30% of market rents but was covering only 3% of properties in London (and even less in Wandsworth), increasing the risk of homelessness. However, it has again been frozen from April 2025 whilst private rents have continued to increase due to market demand.
- 54. The Council has received confirmed funding of £0.79m of Discretionary Housing Payment grant in 2024/25, down from £1.31m 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.

Social care – adults

- 55. 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 challenge.
- 56. 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 including Discharge Fund.
- 57. In 2024/25, activity levels continue to increase across all areas of care and client groups with a 6.1% increase in service users since March 2023. Activity patterns remain uncertain and along with demographic growth it is difficult to predict demand.

- 58. Funding via the Market Sustainability and Improvement Fund continues with the aim of providing stability to the care market, however the future of this grant remains uncertain, which may leave the Council to fund higher care costs in the longer term.
- 59. Nationally the social care sector continues to face a number of challenges as outlined by the recent report from the Association of Directors of Adult Social Services (ADASS) following the 2024 budget survey which highlighted a national overspend of adult social care budgets of £586m in 2023/24. The Council continues to focus on a strength-based approach to keeping residents healthy and independent, helping to prevent, reduce or delay the need for social care. The Council’s Transforming Social Care programme is implementing a range of initiatives to help manage future demand for services to improve efficiency, including the use of digital technology, integrated health and care services and a more strategic approach to mental health commissioning.

Social care – children

- 60. 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.
- 61. In the current financial year, the department is projecting a breakeven position however there is continued pressure within demand led budgets in key areas that need to be managed to maintain a balanced budget position. The biggest pressures have arisen within Special Education Needs and Disabilities (SEND), both special needs transport and children with disabilities respite care, as well as looked after children’s placements.
- 62. These pressures are not unique to Wandsworth and are a national challenge. Wandsworth’s practice model means we have low numbers of residential placements compared to most other councils however, for the small number of children with very complex needs that we do place, the prices of these placements have increased significantly over the last few years. These price increases are attributable to a dysfunctional social care market where demand outstrips supply and regulation stifles the development of new provision.
- 63. There is also a national challenge recruiting social worker positions with permanent workers and local authorities. Whilst the Council uses more expensive agency workers to cover vacant positions to ensure caseloads are managed safely and effectively, it has had huge success in this area with agency and staff turnover figures at the lowest levels in nearly ten years.

### Pressure on the Dedicated Schools Budget

64. 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.
65. 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 DSG deficit carried forward into 2024/25 of £13.864m and a forecast deficit in-year position of £6.006m 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. A sensitivity analysis shows the impact of only small movements in variables, with a 1% increase in funding above what is forecast decreasing the deficit by £2.7m by 2028/29. Conversely, an increase of 1% in growth above the assumed level will see the deficit increase by £1.6m by 2028/29, and a 1% increase in price above assumed inflation will see the deficit increase by £3.7m in the same timeframe.
66. There is currently a "statutory override" in place which means any deficit associated with the DSB is kept off a council's balance sheet, however the override is due to expire in March 2026. On expiry, the Council's reserve balances will need to be used to cover any accumulated DSB deficit.

### Pension Fund deficit

67. 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 increased from 18% to 19.1% to apply from 1<sup>st</sup> April 2023 to 31<sup>st</sup> 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 £0.85m per annum from the Pensions Resilience Reserve. Each 1% change in the contribution rate would have a General Fund impact of around £0.7m per year.

## Balancing the budget

### Size of the funding gap

68. 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.

	2025/26 £'m	2026/27 £'m	2027/28 £'m
Funding gap	<b>13.467</b>	<b>31.775</b>	<b>44.027</b>

69. This assumes council tax increases of 4.99% in 2025/26 and 2.99% thereafter (including a 2% adult social care precept each year), the impact of service demand pressures in the current and future years, including higher than average inflation increases, increased grant funding from Government following the recent Budget, and a gradual tapering off of current high treasury income being driven by interest rates.

As a result, and unlike in previous years when the budget gap had been building up over the medium term, current assumptions predict a significant challenge from 2025/26 due to the ongoing impact of significant service pressures. A number of efficiencies have already been assumed within the 2024/25 base budget but have in effect since been countered by this demand led growth.

70. 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

71. The figures above assume maximum council tax increases (to avoid a referendum) each year. A 1% increase in council tax generates additional income of £0.7m each year and, by the end of the framework period (2027/28), additional council tax income (including growth in base) of £11.1m is therefore assumed.
72. 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

- 73. The Council maintains a number of reserves and balances aimed at both protecting against financial risks and providing opportunities for targeted investment. 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 £204.2m at the start of 2024/25. 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 £9.6 m as at 31st March 2024. 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 £97.1m as at 31st March 2024.
  
- 74. In addition, there is planned use of the Cost of Living Reserve and the Refugee and Homelessness Support Reserve which have balances of £10.9m and £6.7m respectively. Following the 2023/24 outturn £4.85m of reserves were set aside in the Access for All Reserve for future drawdown in line with the Council’s policy. These are expected to be expended in full over the near term on specific projects.
  
- 75. As outlined above, service demand levels are significantly higher than those predicted when the budget was set for 2024/25. 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 more than £20m resulting in projected year end reserve balances of £184m.
  
- 76. 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

- 77. 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:

- a. 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.
- b. 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.
- c. 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.
- d. 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:

- e. 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.
- f. 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.

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

Sustainability:

- i. 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.
- j. 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.
- k. 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.

Transformation and efficiencies:

- l. 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, 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 (an update of which is elsewhere on this agenda). One of its objectives is to contribute to the Council's ongoing financial sustainability.

- m. 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 a number of areas are expected to deliver a net saving for the organisation:
  - i. **Digital and data** – investment in technology and staff, with an ambition to become the best digitally enabled council in the UK with efficiencies through business process re-engineering and system costs.
  - ii. **Customer** – investment to ensure that individuals are at the heart of a seamless customer experience driving efficiencies across the Council.
  - iii. **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.
  - iv. **Procurement and commissioning** – using commissioning and procurement activity to deliver value for money and improved outcomes for residents.

78. There will need to be further investment in the change programme to realise the efficiencies and savings identified to facilitate longer term change, and the Service Transformation Reserve will be used to underpin the programme where appropriate.

79. 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

80. To summarise, service demand pressures are high and show little sign of abating and levels of inflation in these services also remain high. 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.

81. The Council will continue to lobby the Government about the structural underfunding of local government and the spending review in 2025 may see both opportunities and changes for the Council.

82. 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**

- 88. 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 £434 m to the Government funded from a mix of available HRA reserves, borrowing from the Public Works Loan Board and internal borrowing.
  
- 89. 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 January 2024 (Paper No. 24-12) with the latest update of the HRA business plan reported to the Housing Committee in October 2024.
  
- 90. 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 £40m by the end of March 2027 from the previously estimated level of £193m. The HRA business plan update confirms that projected reserves continue to fall within that controlling parameter. The HRA financial framework controls will be reviewed and formally updated by full Council following the HRA budget review in February 2025.
  
- 91. 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

- 92. Due to recent higher levels of inflation expenditure budgets are continuing to come 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. The business plan currently assumes long run inflation on general running costs of 2.5% and pay of around 2.8%. Additionally, inflation assumptions on repairs and maintenance is estimated at 3%. In the short term slightly higher rates have been allowed for to capture any inflationary increase lag that has still to come through.

Rent increases

- 93. 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.
- 94. The statutory rent increase formula is a maximum of CPI + 1%. This has been extended to cover the April 2025 increase. A new longer term rent settlement was announced in the Chancellor's Autumn Budget statement which confirms maximum limits of CPI + 1% for the next 5 years. A consultation on these changes is underway.
- 95. However, this doesn't create any additional resource headroom as 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 each year.
- 96. 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.

Income collection

- 97. The full roll out of Universal Credit which is being implemented throughout 2024/25 (with a target completion date of April 2025) could potentially have a significant impact on the level of bad debt provision that needs to be made within the HRA as, unlike Housing Benefit, Universal Credit is paid directly to claimants rather than to the Council. Should this lead to an increase in the level of housing rent arrears then the level of bad debt provision made in the HRA framework would need to be increased. The full longer term impact of the cost of living crisis is still settling but there is likely to be a further risk to income collection and increasing rent arrears for years to come as the true extended economic impact is recognised.

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.
- 99. The cost of bringing void properties back into use is also one of the biggest pressures to repairs budgets, both capital and revenue. Additional revenue budget provision was added to the repairs base budget in 2023/24 which then

still significantly overspent. Early indications show that this is continuing into 2024/25. The HRA business plan assumes expenditure levels on voids reduces in the short term in line with the return to normal turnover levels although it might need to be recognised that these targets are on the low side due to the development of new properties and the 'churn' that creates when moving existing tenants to appropriately sized properties.

Interest rates

100. The HRA had opening balances totalling £192m at the beginning of 2024/25. 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.
101. 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

102. 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.
103. 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 £225m 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 £35m-£40m 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 Councils to assist with meeting the costs of decarbonisation commitments.
104. 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

105. As approved in September 2022 (Paper No. 22-252) the Homes for Wandsworth development programme is now to be all for Council social rent rather than its previous target of £80m long term financing using receipts from market sales and shared ownership to cross subsidise the programme.
106. The estimated revised net cost of the new approach is £332m which includes £85m of agreed/approved Greater London Assembly (GLA) funding. Based on further positive discussions with the GLA, it is hoped that as much as an additional £50m can be secured through a mix of GLA grant, section 106 affordable housing funding and retained receipts from Right to Buy sales (if they do remain available in future years) to continue to support the switch from private sale to Council rent.
107. Should the Council be successful in obtaining additional grant funding towards the development cost this will reduce the overall net cost to the HRA based upon current forecasts to a net £282m which will reduce the amount of future borrowing required.
108. It is worth noting that increased and longer term borrowing such as this is recognised across the social housing sector as an acceptable way of increasing Council housing stock and will deliver more low cost rented homes in the borough which will be available for the long term.

#### Large scale regeneration

109. The position on both regeneration schemes continues to cause uncertainty for the longer-term financial modelling within the business plan. The business plan therefore continues to assume total investment levels in line with those previously reported within existing commitments, albeit with amendments to scheme timings and cash flows where necessary. Once the issues have been resolved a clearer understanding of future cash flows will be possible and be built into later iterations of the business plan.

**GENERAL FUND CAPITAL FRAMEWORK**

110. Paper No. 24-283 set out the latest approved General Fund capital programme totalling £351.4m.

<b>General Fund Capital Programme</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>Future Years £000</b>
Health	6,233	4,418	2,779	1,233
Environment	18,285	11,184	845	397
Children's	51,735	36,173	16,532	1,038
Finance	19,830	13,045	2,191	0
Housing	1,896	2,483	2,110	840
Transport	30,513	36,811	51,137	39,739
<b>Total</b>	<b>128,492</b>	<b>104,114</b>	<b>75,594</b>	<b>43,247</b>
<b>Financed by:</b>				
Section 106 receipts & Neighbourhood CIL	38,458	32,516	22,180	951
Strategic CIL	32,550	28,593	43,862	31,926
Grants and Reimbursements	22,213	9,253	530	0
Council Contributions – receipts/borrowing	34,666	33,621	8,891	9,288
Revenue and Reserve contributions	605	131	131	1,082
<b>Total</b>	<b>128,492</b>	<b>104,114</b>	<b>75,594</b>	<b>43,247</b>

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

<b>Usable Capital Resources</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
Start of year	13,516	0	0	0	0
Add: Grants and reimbursements	89,355	74,702	66,572	27,727	5,150
Add: Other contributions	131	131	131	541	541
Add: New capital receipts	4,000	7,500	0	0	0
Less: Capital spend (after slippage)	(128,492)	(104,114)	(75,594)	(31,936)	(11,311)
Borrowing	21,490	21,781	8,891	3,668	5,620
<b>End of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Capital grants and reimbursements**

112. Grants and reimbursements expected to support the General Fund programme over the five years are £263m. The most significant of these are Section 106 and Community Infrastructure Levy (CIL) contributions totalling £231m.

### **Realisation of investments**

113. 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 2024 the Council had cash investments of £624m but these relate almost entirely to current liabilities and to General Fund and HRA reserves for contingencies and specific purposes although could be redirected to help fund a capital programme as desired. 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.
114. The Council had usable capital receipts in hand amounting to £13.5m at the end of 2023/24. Forecast capital receipts include the estimates of sales of General Fund sites totalling £11.5m up to 2028/29. 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 110 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.
115. 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 (Paper No. 24-283) 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**

116. The revenue consequences of the existing capital programme, and of additions to the HRA and General Fund capital programmes in January, are modelled in

***(Paper No. 24-378)***

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.

- 117. 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 for all investment but particularly when considering “invest to save” schemes where other funding is not available. Borrowing for regeneration in the HRA will be required this year. 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. Whilst some allowance has been made in future General Fund revenue estimates 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**

- 118. 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 £17.2m 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 as well as borrowing to fund the General Fund capital programme. The current working assumption is for cash balances to fall from an opening balance at the start of the year of £624m to between £570m and £600m over the next few years, largely as a result of planned spend in relation to the decade of renewal and affordable housing schemes. Assumptions on other capital schemes within the period that have not yet been approved are not included at this time.

**Prudential borrowing /divestment**

- 119. 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. However, as receipts diminish there will be a requirement to undertake borrowing to fund capital investment in the borough. 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 £210m has been set in March 2024 for 2024/25 reflecting the existing long term borrowing of £45m at 1st April 2024 and allowing for other possible requirements. When the budget was set, new long-term borrowing of £152m was planned during this financial year –

across both HRA and General Fund, with the majority of that investment being to deliver affordable housing within the HRA. As General Fund receipts diminish, there will also be a need to borrow for the General Fund – initially internal borrowing from cash balances and externally in the future.

**Particular risk factors**

Uncertainty over future capital receipts estimates

- 120. 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.
- 121. 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

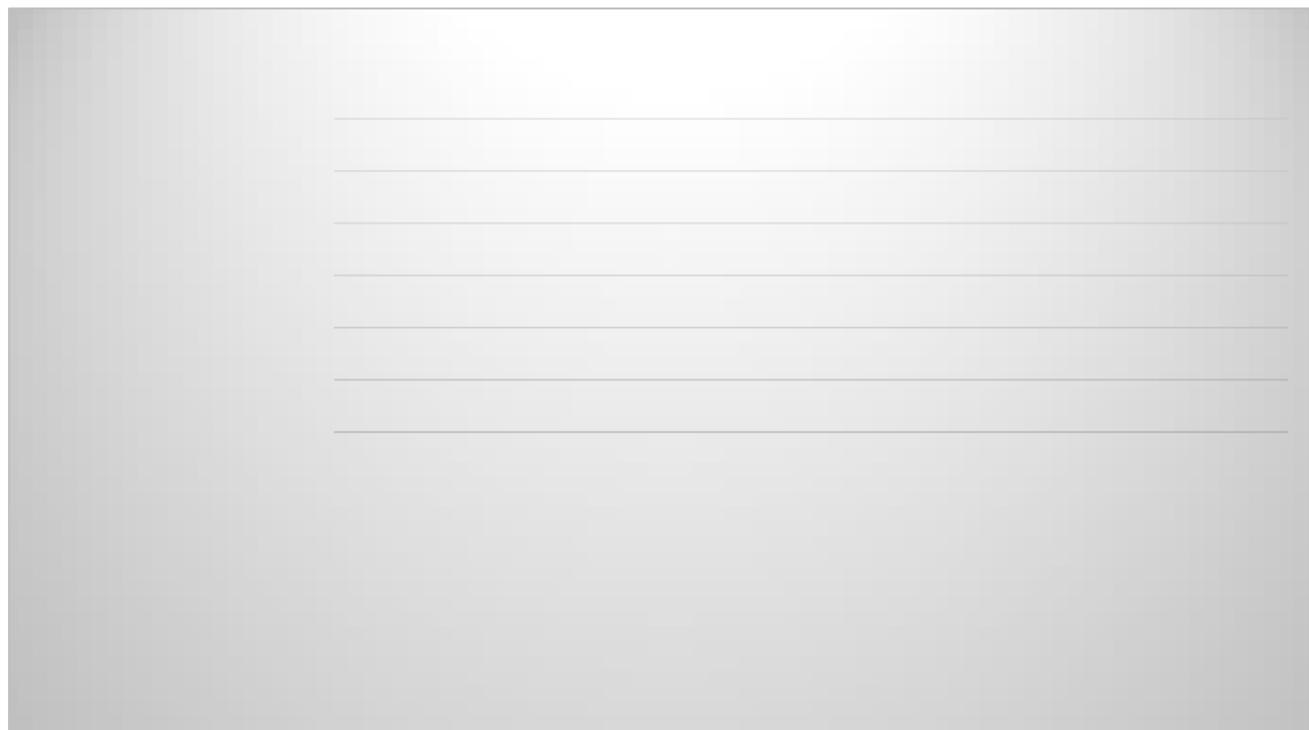
- 122. Funding of the Council’s approved capital programme includes the use of a significant amount of section 106 and CIL receipts already received. There is a risk in the current economic climate that future receipts will drop and the Government’s proposals for reform of the planning system may also have an impact. Future spending plans will need to be kept under constant review.
- 123. 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**

- 124. 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.
- 125. The funding passed on to schools (which forms part of the Schools Block) is calculated using a Local Funding Formula (LFF). From 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) every year. The Wandsworth LFF was adjusted to meet these requirements in 2023/24 and 2024/25.
- 126. 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 2024/25 before any pupil premium or other grants are allocated. This was the maximum amount permissible. The Council’s estimated DSG for 2024/25 is £184.229m after academy recoupment.
- 127. The Dedicated Schools Budget is as follows:

	<b>Original Budget 2024/25</b>
<b>EXPENDITURE</b>	<b>£’000</b>
Early Years Funding	33,686
Early Years Central Retained	1,445
Primary Schools Formula Funding	77,142
Secondary Schools Formula Funding	5,407
Growth Fund	438
Centrally Retained De-Delegated Funds	1,172
Central Schools Services Funding	2,636
High Needs Funding	62,372
Pupil Premium Funding to Schools	6,400
Other Grant Funding to Schools	24,742
	<b>215,440</b>
<b>INCOME</b>	
Dedicated Schools Grant	184,298
Pupil Premium	6,400
Other Income	24,742
	<b>215,440</b>

128. 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.
129. 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 2022/23 and 2023/24.
130. Due to the incredibly sensitive nature and compounding effect of the variables with the SEND / High Needs budgets, trying to manage DSG forecasting over five years is extremely challenging.
- a. **Funding:** For every 1% increase in funding in 2025/26, above the 3% currently expected, this would reduce the deficit by £2.7m by 2028/29. A 10% increase, rather than 3%, would reduce the deficit by £19m by 2028/29. On the reverse side, a 2% increase in funding rather than 3% (overall 1% decrease) would increase the deficit by £2.7m by 2028/29.
  - b. **Price:** For every 1% increase in average cost in 2024/25, above the planned assumptions, the overall deficit increases by £3.7m by 2028/29. An additional 1% increase in average price the following year then means the overall accumulated deficit increases by £7.0m by 2028/29.
  - c. **EHCP Growth:** Each 1% increase in EHCP growth above the assumption for 2024/25 will add £1.6m to the deficit by 2028/29. If growth in 2025/26 is again only 1% above the assumptions, the impact is a £3.7m increase in the overall deficit by 2025/26. Similarly, if EHCP growth falls by 1% this would reduce the deficit by £1.6m by 2028/29.
131. Our latest forecasts include assumptions on managing demand and growth but more importantly assume an average of 5% income for the next three years. The income assumptions are predicated on an assumption that central government will have to fund at that level to avoid the system becoming further unsustainable.
132. The forecast indicates that the in-year deficit is projected to increase over the next two years before slowing and finally entering an in-year surplus position in 2027/28 which starts to allow the deficit to be repaid.
133. Our population forecasting models predict that EHCP growth will slow rapidly in the later part of this decade before numbers start to reduce in the early 2030s.
134. A budget recovery plan update was presented to the Children’s Committee in October 2024 (Paper No. 24-265). The latest projection of a cumulative deficit and moving towards a cumulative surplus are as follows:



### **Government Funding**

135. Future years' budgets are expected to increase. The October budget announced that total core school funding is increasing by £2.3bn in 2025 to 2026, bringing the total of this funding to £63.9bn nationally. This is almost a 4% increase. Indications suggest an increase of over 9% for high needs funding compared to the 2024/25 baseline. The implementation of the National Funding Formula (NFF) as a standard across all local authorities will continue on the same basis in 2025/26 as 2024/25.
136. 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.

### **DSG Deficit**

137. The DSG in Wandsworth had a deficit carried forward of £13.864m at the end of 2023/24 and a forecast deficit in-year position of £6m for the current year.
138. 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.

November 2024

WANDSWORTH BOROUGH COUNCILJOINT PENSIONS COMMITTEE – 25TH MARCH 2025Report by the Director of Finance on Wandsworth Pension Fund Budget 2024-2028SUMMARY

This report summarises Pension Fund income and expenditure in 2024/25 compared to the approved budget, and uses this data, triennial valuation outcomes and latest market information to set a budget for 2025/26.

The report proposes noting the estimated outturn for 2024/25, approving the Fund budget for 2025/26 and noting the projected year budget position for 2026/27 and 2027/28.

GLOSSARY

CPI      Consumer Price Index  
AUM      Assets Under Management

**RECOMMENDATIONS**

1. The Joint Pensions Committee is recommended to:
  - note the estimated outturn on the Pension Fund Revenue Budget for 2024/25;
  - approve the Pension Fund Budget for 2025/26; and
  - note the projected budget for 2026/27 and 2027/28 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 and is used in the external audit assessment of the Fund being a Going Concern (has the resources and liquidity to meet its financial obligations for the foreseeable

## ***Pension Fund Budget***

future). These high level projections are further supported by detailed daily cash flow monitoring to maintain sufficient cash in the Fund's bank and held by the custodian 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 3.5% is assumed in line with major employers' budget setting.
  - Consumer Price Index (CPI) inflation was 1.7% at September 2024. This set the increase applied to pension benefits from April 2025.
  - 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 discount rate 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, so the projections include assumptions on the timing and value of both draw down and repayment.
  - No estimate is made of the cashflows associated with hedging exchange rates for risk management. The hedge generates monthly cash flows, depending on which way rates have moved, and it is not possible to make a meaningful estimate these movements.
  - The budget does not include estimated draw downs or returned principle from closed private asset funds. As with exchange rate hedging, there is insufficient information to make estimates appropriate for the budget as fund manager estimates tend to be overly optimistic. Rough estimates are used by officers for outline planning, and these show that if the optimistic cash flows are achieved, there may be a reduction in cash balances to fund this, but within the acceptable range.
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.
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.
6. All investment revenue returns are included here, although the Fund has a mix of accumulation and redemption instructions to managers for dealing with returns. The projected returns are therefore reported as either cash or potential cash. Most of the accumulation funds could be switched to cash distributions if needed for

liquidity. Any unrealised return (change in the value of investments held) is excluded.

## **PROJECTIONS FOR 2024/25**

7. 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 :
- Employer strain costs are lower than budgeted which is in line with the downward trend.
  - Transfers in are lower than budgeted, suggesting that the low value last year was not indicative of a change in behaviours.
  - Lump sum retirement payments have been higher than budgeted. While the number of payments looks similar to last year there has been an increase in the average value of lump sums.
  - Lump sum death benefit payments have been lower than budgeted. There has been a reduction in deaths nationally this year, and this is reflected in the a significant reduction in the number of grants paid this year.
  - Investment income has been higher than anticipated, which is linked to interest rates remaining high.
  - Custody costs have reduced with the new contract with Northern Trust starting this year.
  - Costs of Administration and Investment team support have increased since last year due a combination of the pay award and reallocation of charges.

## **MEDIUM TERM CASH PROJECTIONS**

8. 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.
9. The Fund's projected income net of fees is sufficient to comfortably cover the deficit on dealings with members and the costs of administering the Fund. This remains true when income which is currently reinvested quarterly is excluded. There is currently no need to change any reinvestment instructions to cover cashflow, and the option to generate regular cashflows without the need to sell assets gives further comfort on the cash position.
10. The Fund's allocation to alternative asset classes includes a mixture of funds in ramp up and others starting to repay capital. While there are 2 open ended infrastructure investments, all the private debt investments are closed funds. Cash flow projections for the next 3 years highlight the need to identify a new private debt investment if the current allocation to this class is maintained after the 2025 triennial valuation and asset allocation review.
11. 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

## ***Pension Fund Budget***

estimate, this does not account for market volatility so variances are more likely in these areas.

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The Town Hall  
Wandsworth  
SW18 2PU

Fenella Merry  
Executive Director of Finance

17th March 2025

### **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](http://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](mailto:Daniel.Kuszel@richmondandwandsworth.gov.uk)) can supply it if required.

## Pension Fund Budget

## APPENDIX A

## Pension Fund Revenue Budget and Projections 2025/26 to 2027/28

	Outturn 2023/24 £000	Original Estimate 2024/25 £000	Projected Outturn 2024/25 £000	Projected Variance 2024/25 %	Budget Estimates		
					2025/26 £000	2026/27 £000	2027/28 £000
<b>Regular Monthly Cashflows</b>							
<b>- Contributions From</b>							
Employees	19,884	20,480	20,692	1%	21,420	22,250	23,120
Employers Normal	57,585	60,300	60,780	1%	62,910	65,360	67,910
<b>- Benefits Payable</b>							
Pensions	(79,569)	(84,670)	(85,982)	2%	(87,440)	(89,540)	(91,690)
<b>Subtotal Regular Cash</b>	<b>(2,100)</b>	<b>(3,890)</b>	<b>(4,510)</b>		<b>(3,110)</b>	<b>(1,930)</b>	<b>(660)</b>
<b>Irregular Cashflows</b>							
<b>- Contributions From</b>							
Employers Strain costs	978	1,320	1,198	-9%	1,220	1,270	1,310
Transfer In	6,038	10,020	8,936	-11%	9,610	9,980	10,370
<b>- Benefits Payable</b>							
Lump Sum Retirement Benefits	(12,483)	(11,440)	(16,175)	41%	(13,410)	(13,940)	(14,480)
Lump Sum Death Benefits	(1,961)	(1,680)	(1,002)	-40%	(1,620)	(1,680)	(1,750)
Transfers Out	(59,667)	(13,350)	(13,532)	1%	(14,530)	(15,090)	(15,680)
<b>Subtotal Irregular Cash</b>	<b>(67,095)</b>	<b>(15,130)</b>	<b>(20,575)</b>		<b>(18,730)</b>	<b>(19,460)</b>	<b>(20,230)</b>
<b>Net Additions/Withdrawals from Dealing with Members</b>	<b>(69,195)</b>	<b>(19,020)</b>	<b>(25,085)</b>	<b>32%</b>	<b>(21,840)</b>	<b>(21,390)</b>	<b>(20,890)</b>
	45,000						
<b>Returns on Investments</b>							
<b>Investment Income</b>							
- Distributed Cash	40,548	33,690	41,854	24%	44,100	45,150	46,240
- Dividends Reinvested (potential cash)	26,601	23,000	26,517	15%	27,680	28,350	29,030
Investment Management Expenses	(12,125)	(12,030)	(12,431)	3%	(12,960)	(13,540)	(14,150)
Custody costs	(40)	(40)	(34)	-15%	(30)	(30)	(30)
<b>Net Return on Investments</b>	<b>54,984</b>	<b>44,620</b>	<b>55,906</b>	<b>28%</b>	<b>58,790</b>	<b>59,930</b>	<b>61,090</b>
<b>Other Fees &amp; Charges</b>							
External Professional Services	(381)	(380)	(303)	-20%	(290)	(270)	(220)
Council Support Services	(1,318)	(1,330)	(1,593)	20%	(1,650)	(1,710)	(1,780)
<b>Other Fees &amp; Charges</b>	<b>(1,699)</b>	<b>(1,710)</b>	<b>(1,896)</b>	<b>-1%</b>	<b>(1,940)</b>	<b>(1,980)</b>	<b>(2,000)</b>
<b>Projected Increase/(Decrease) in Cash</b>	<b>(15,910)</b>	<b>23,890</b>	<b>28,925</b>	<b>21%</b>	<b>35,010</b>	<b>36,560</b>	<b>38,200</b>
<b>Excluding reinvested potential cash</b>	<b>42,511</b>	<b>(890)</b>	<b>2,408</b>		<b>7,330</b>	<b>8,210</b>	<b>9,170</b>