

WANDSWORTH BOROUGH COUNCIL

Consultation with the Local Business Community

Report by the Director of Resources
on the Council's Budget Plans for 2023/24 and future years

SUMMARY

The Council wishes to continue its regular consultation with the local business community about its budget plans for future years. This report provides an overview of these plans and invites views to be taken into account when decisions are made on the council tax for 2023/24 and budgets for future years. Comments on the Council's budget plans can be received up until 17th February 2023.

RECOMMENDATION

1. Local businesses are invited to make comments on the Council's budget plans, for consideration by the Finance Committee on 1st March 2023 and the Executive on 7th March 2023 before deciding upon recommendations to the full Council for setting the council tax for 2023/24 and budget frameworks for future years.

BACKGROUND MATERIAL

2. Statutory guidelines determine much of the content of the papers that are available for consultation. Wandsworth Business Partnership members may wish to refer to the following background material:
 - [Statement of Accounts 2021-22](#)
 - [General Fund Capital Programme 2022/23 to 2026/27](#)
 - [HRA Business Plan Update 2022/23](#)
 - [HRA Business Plan Update 2022/23 \(appendix A\)](#)
 - [Council General Revenue Budget 2022-2026](#)
 - [Council's Medium Term Financial Strategy](#)
 - [Housing and Regeneration on the Housing Revenue Account Budget \(including Rents for Council Dwellings\)](#)
 - [Appendix A - C](#)
 - [Appendix D – F](#)

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

Capital and Major Works Programmes

3. For council housing, the repairs and improvements works continue with a programme of £75.5 million in 2023/24 and £41.2 million in 2024/25. In addition, another £145.8 million is being invested into new build, regeneration projects and environmental improvements in 2023/24 and £85.3 million in 2024/25 all of which contribute to the combined Housing Revenue Account capital programme totalling £226.6 million in 2023/24 and £126.6 million in 2024/25. This is to be financed by capital receipts, borrowing, capital reimbursements including service charges and grants which include the utilisation of the retained Right to Buy receipts, grant where available and the application of Section 106 receipts held for affordable housing or capital reserves built up over previous years.
4. Capital expenditure for other services is financed by grants and by realising the invested proceeds of the sale of council assets. Total expenditure in the current year is £118.8 million; this includes £8 million of spending on schools and other children's facilities. The programme for 2023/24 is £113 million, which includes a further £32.7 million spending on schools and other children's facilities and for 2024/25 £20.9 million which includes £9.1 million on schools and other children's facilities. These figures include new schemes for 2023/24 and future years.

Revenue Budget and Council Tax

5. The Mayor of London (Mr Sadiq Khan) has issued a consultation document on the Greater London Assembly (GLA) budget requirement and precepts for 2023/24. This shows the total GLA precept increasing by £27.89 (7.05%) from £395.59 to £423.48. However, the government limits on Council Tax increases have been set higher than this level for the GLA, and it is now expected the GLA will increase their charges by £38.55 (9.7%), from £395.59 to £434.14, of which £20 will fund transport, and a 2.99% increase for both police and fire services. Based on the GLA's assumptions around a third £20 increase for TfL and similar increases in other areas, estimates for GLA increases in future years have been included within the budget framework. The Mayor will confirm his final precept once he has considered the implications of the provisional local government and police settlements.
6. The provisional Settlement Funding Assessment for 2023/24 was announced in December with an increase in average Core Spending Power (defined as Government grant plus ability to increase council tax) of 9.2% across England, with Wandsworth's Core Spending Power increasing by 10.3%. Overall the Government has injected a further £2 billion of additional grant into the sector in 2023/24 at a national level. Once again this was a single year settlement which continues to make the medium term outlook uncertain and the distribution of funding between boroughs could be impacted in future years by formula changes. However the Council's overall financial position in 2023/24 is now significantly better than previously assumed when the Medium Term Financial Strategy was agreed in September 2022.

7. The Secretary of State has set the level at which general Council Tax can increase prior to a referendum at 2.99% for 2023/24 (1.99% in 2022/23). However, in addition, as last year, local authorities responsible for adult social care will be given additional Council Tax flexibility on top of this general threshold, on the understanding that this additional revenue will be used for adult social care services. The Council applied an adult social care precept of 2% in 2017/18, 2018/19, 2019/20 and 2020/21, 3% in 2021/22, and 1% in 2022/23. The Government is allowing an increase of 2% in 2023/24 (1% in 2022/23).
8. The Council's General Revenue budget 2022-2026 report includes net service expenditure proposals for 2023/24 totalling £210.4 million. It highlights that, in order to set a council tax level for 2023/24 which does not breach the 4.99% referendum level, consideration will need to be given to known additional spending pressures and a review of earmarked reserves, in combination with the possibility of generating savings proposals.
9. The draft revenue budget framework. The power of the Council to significantly vary its expenditure upwards is limited in each of its financial frameworks due to factors such as the provision for local referenda introduced within the Government's Localism Act, the need to legally balance the Housing Revenue Account and the level of capital receipts available. Therefore, any decision to reorder spending priorities is in reality based on the competing needs of services for current budgeted expenditure.

Council housing rents

10. Average social rents for the Council's housing stock are currently £130.00 per week. Rents were considered at the Housing Committee on 24th January 2023 where it was agreed that Council rents would be increased by a maximum of 7% from April 2023 in line with the government's national cap on rent increases for 2023/24. In addition to rent, some services have been previously unpooled from the rent charge and are itemised separately. Where tenants benefit from these services the individual charges are calculated based on actual costs with increases from year to year capped where applicable. The current average charge for services is £9.62 per week. Average Council rents remain lower than equivalent private sector rental levels and the Council continues to maintain a financially viable Housing Revenue Account business plan based upon current assumptions.

TIMETABLE

11. Written comments, received by 17th February 2023, will be considered by the Finance Committee on 1st March 2023 and the Executive on 7th March 2023.

Responses can be emailed to financeconsultation@wandsworth.gov.uk. The Executive will then present recommendations to the full Council (at a meeting on 8th March) for setting the Council's council tax for 2023/24 and revenue budget framework for future years.

The Town Hall,
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31st January 2023

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