

COUNCIL BUDGETS

2023-2024



WANDSWORTH BOROUGH COUNCIL – BUDGET BOOK 2023/24

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Section 1

Council Tax Report and Technical Appendices

Analysis of Service Budgets

WANDSWORTH BOROUGH COUNCIL

FINANCE COMMITTEE – 1ST MARCH 2023

EXECUTIVE – 7TH MARCH 2023

Report by the Director of Resources on the Council Tax Requirement and Council Tax for 2023/24

SUMMARY

This is the first council tax setting exercise under the new 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 2023/24 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' levy will increase by 12.6% in cash terms, equivalent to an 11.9% increase in their charge and the GLA increase for the year is 9.7%. Revised figures are as follows:

	<u>2022/23</u>	<u>2023/24</u>	
	£m	£m	
Council Tax Requirement	65.834	68.698	
Majority of the borough:	£	£	
Wandsworth Council	409.80	409.80	0.0%
Adult Social Care Precept	60.66	70.20	2.0%
Greater London Authority	395.59	434.14	9.7%
Total Band D	866.05	914.14	5.6%
Commons part of the borough:	£	£	
Wandsworth Council	409.80	409.80	0.0%
Adult Social Care Precept	60.66	70.20	2.0%
Greater London Authority	395.59	434.14	9.7%
Wimbledon & Putney Commons Levy	32.14	35.96	11.9%
Total Band D	898.19	950.10	5.8%
Average Band D bill	872.55	921.31	

GLOSSARY

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

RECOMMENDATIONS

1. The Finance Committee are recommended to support the recommendations of the Cabinet Member for Finance, shown in paragraph 2. If they approve any views, comments or recommendations on this report, they will be submitted to the Executive for their consideration.
2. The Cabinet Member for Finance recommends the Executive as follows:
 - (a) to approve the General Fund budget variations and further spending requirements shown in paragraphs 7 and in Appendix A;
 - (b) to endorse the proposals for reserves as described in paragraphs 23, 24 and 25 and as summarised in Appendix C;
 - (c) to recommend the Council, in the form shown in Appendix D and Appendix E, to give effect to the council tax requirement and council tax amounts for 2023/24 so determined 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 restrictions that unearmarked reserves should not be forecast to fall below £6.75 million in 2023/24 nor the council tax band D forecast for the next two years rise by more than a further £47.87 (paragraph 44);
 - (e) to agree that, should it be necessary following the meeting of the Greater London Authority (GLA) on 23rd February 2023, the Director of Resources be authorised to update the content of this report for any changes to the GLA's band D council tax and related GLA budget reported within this report, for the approval of full Council at its meeting on 8th March 2023: and
 - (f) to recommend the Council to agree in principle to implement from 1st April 2024 a 100% council tax premium for second homes and to reduce the period after which empty homes are charged a council tax premium from two years to one, as detailed in paragraphs 52-54.

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 Director of Resources, 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 2023/24 approved in January in Paper No. 23-016 to include the latest estimates of expenditure and notified levies and precepts. It then considers reserves, including the need for a general reserve appropriate to meet contingencies, and reviews the financial reserves appropriate for specific purposes. The calculation of the council tax requirement follows, with the calculation of the Council's share of council tax and discussion around the risks of the requirement for a council tax referendum. Paragraph 38 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 2023/24 are set out in paragraph 39 and the recommended revenue budget framework is discussed in paragraph 49.

COUNCIL NET REVENUE EXPENDITURE

Service Revenue Budgets

5. In January 2023 the Executive approved an aggregate budget for 2023/24 of £210.407m at November 2022 prices (Paper No. 23-016). Since then, a number of other adjustments have been accommodated, including changes as notified by bodies empowered to make levies or charges upon the Council, changes in specific grants (including some additional funding included within the final local government finance settlement) and revised estimates on a number of budget lines. Budget variations approved by the Executive in this cycle, with the support of the relevant Committee, are detailed in [Appendix A](#).
6. The allowance recommended for inflation from November 2022 prices through to 2023/24 outturn is £27.181m. The Council's budget is sensitive to inflation figures. The inflation contingency for 2023/24 is therefore higher than in previous years, reflecting forecast salary inflation, energy price increases, assumptions in changes for current levies and precepts, plus estimates of contract inflation (linked to CPI which is currently very high). Inflation levels have exceeded 9% in each of the last nine months, and CPI (January) is currently 10.1%. Cumulative inflation increases for 2024/25 and 2025/26 of £39.9m and £51.5m respectively are also recommended.

Council's Revenue Expenditure

7. Subject to approval of the revenue budget variations, the Council's net expenditure

for 2023/24 through to 2025/26 is as follows:

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	£m	£m	£m
Budgets as per Paper No. 23-016	210.407	219.834	227.837
Budget variations (Appendix A)	-0.919	-1.160	-1.189
Other adjustments (paragraph 5)	-0.297	-0.471	0.436
Provision for inflation (paragraph 6)	27.181	39.855	51.453
Service pressures contingency (paragraph 13)	2.200	0.000	0.000
Revised committee budgets	238.572	258.058	278.537
New Homes Bonus	-2.421	0.000	0.000
Non-Service Specific Grants	-28.613	-28.613	-28.613
Improved Better Care Fund	-16.985	-16.985	-16.985
Council Net Expenditure	190.553	212.459	232.939

New Homes Bonus

8. The New Homes Bonus (NHB) was introduced in 2011 and initially provided a Government grant equivalent to the increase in council tax revenues that would otherwise be generated from new housing stock but calculated using national council tax rates. Originally the grant was payable on cumulative growth in housing stock for the previous six years. However, the funding has been reduced, and is now only received for one year. The government has still not responded to the New Homes Bonus consultation which ended in April 2021, and so although the Council is expected to receive NHB funding of £2.4m in 2023/24 (down from £4.8m in 2022/23), allocations beyond 2023/24 have been assumed to be nil.

Social Care Funding

9. Wandsworth has been allocated £17.0 million of Improved Better Care Fund grant in 2023/24, at the same level as the initial allocation received in 2022/23. In addition, the Government confirmed the continuation and uplift of the additional Social Care Support Grant first introduced in 2019/20 to assist with spending pressures within both children's and adults' social care. Wandsworth's allocation has therefore increased by £9.0 million, from £16.6 million in 2022/23 to £25.6 million in 2023/24. This has been partially offset by the Independent Living Fund Grant which has been rolled into the Social Care Grant, however overall there is still an £8.7 million increase.

Services Grant

10. A new Services Grant was introduced by the Government in 2022/23, with Wandsworth receiving an allocation of £5.095 million. This grant is to cover "vital services, including social care". The grant has continued in 2023/24 at a reduced value of £2.989 million. The grant is unringfenced and the Government initially made it clear this will be excluded from any proposed baseline for transitional support to

the future national funding distribution formula review, and so is being considered as temporary funding at this stage.

Impact of COVID-19

11. The 2022/23 budget includes necessary expenditure in relation to the COVID-19 pandemic and a small number of COVID related ringfenced and non-specific grants and compensation. It also includes some reduced income budgets as a result of longer term impacts on behaviour which have reduced income in some areas.
12. A £2 million centrally held contingency budget in 2022/23 has been allocated in full to services where income levels have continued to be lower than expected. However for 2023/24, as the impact of the pandemic is better known, a central COVID contingency has not been set and instead the potential continuation of a slow recovery of income has been recognised within the service pressures contingency budget.

General Funding Pressures

13. As detailed in Paper No. 23-016, significant additional pressures are anticipated in the coming year in homelessness and adult social care and additional budget provision has already been made as a result. However these budgets will need to be continually reviewed in year to ensure base budgets continue to be set at a realistic level. Whilst some additional non-ringfenced grant funding has been received in 2023/24 to assist with service pressures such as these, the Council continues to bear the risk that cost pressures are ongoing whilst some elements of the compensating additional funding are not guaranteed in future years.
14. 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 2023/24 confirmed that local authorities could again raise this precept, with the limit set at 2% for Wandsworth.
15. Whilst Directors will continue to drive forward with their planned service efficiencies and change programmes, these will also need to be kept under constant review to ensure delivery of these programmes. In light of these and other specific risks identified as part of the budget setting process, a service pressures contingency has been set at £2.2 million for 2023/24. This recognises the risk in increasing service demand and also the continuing slow recovery of income levels in service areas such as parking and leisure.

Cost of Living Crisis

16. A £5 million reserve has been set aside to support the Council's response to the cost of living crisis (Paper No. 22-312), and regular updates on progress are being reported to committee. All additional spend continues to be monitored closely.
17. The cost of living update paper elsewhere on this agenda (Paper No. 23-083) includes a proposal to give further financial support to those low income households

in receipt of council tax reduction during 2023/24 by applying a Cost of Living Discount of up to £150 funded from a mixture of the Government's Council Tax Support Fund and the Council's own resources.

Further Efficiencies

18. As detailed in Paper No. 23-016 the 2023/24 budget now includes a number of contract, service delivery and back office efficiencies considered to have minimal impact on front line service delivery. The report also flagged the need to go further in identifying proposals to help deliver a longer term financially sustainable position. In order to support this officers continue to work on a programme to ensure the Council systematically reviews its spend, prioritises in line with corporate objectives and delivers further efficiencies through, for instance, improved commissioning/ procurement and better use of digital technology. Investment is required to deliver this work, largely relating to establishing a programme management resource and the backfilling of posts to free up internal capacity across a number of service areas to deliver the required work at pace, and to fully scope the broader programme. It is anticipated the programme will also need to take forward relevant recommendations arising from the LGA corporate peer challenge. This "invest to save" programme will be funded from the Service Transformation Reserve. Further details will be brought forward to this Committee for discussion in due course.

LOCAL GOVERNMENT FINANCE SETTLEMENT

19. From 2013/14, the Government significantly amended the methodology for Central Government support for Local Government, consolidating most previous specific grants into the new funding model, and reallocating the total through three separate funding streams: retained business rates (the Council retains 30% of local business rates), a business rates "top-up" (recognising the lower amount receivable under this methodology when compared with the assessed funding base level), and Revenue Support Grant (RSG).
20. From 2018/19 until 2020/21 all London boroughs voluntarily participated in a London Business Rates Pool pilot (Paper No. 20-38 refers) in preparation for a potential mandatory scheme to be introduced as part of the Government's planned reform of the business rates system. With some guarantees given around the level of funding in the pool, overall the pilot was of financial benefit to London, albeit at a reducing rate over its three years of operation. Just as in 2022/23, current modelling, suggests that London wide pooling in 2023/24 will not offer the financial benefits it has previously. Current modelling therefore continues to be based on no pooling across London as a whole.
21. As a result, the Council's income modelling for 2023/24 includes Revenue Support Grant (RSG) of £27.090m and business rates top-up grant of £37.605m as per the provisional finance settlement allocations. Retained business rates in 2023/24 plus all other adjustments in year (including receipt of section 31 grants in relation to business rate reliefs and net movement after reserve drawing relating to timing differences in business rate grants) are estimated to be £53.976m. Additional income reflects inflationary increases (at 10.1%) received through section 31 grants, and growth in the number of business properties such as around Nine Elms. Total

assumed income is therefore £118.670m in 2023/24 which is £6.2m better than previously assumed.

22. At this stage an assumption has been made of no further decrease in Government funding beyond this level. The Government's commitment to a "Fair Funding Review" has been delayed until the next parliament. At this stage it seems more likely that the review would present a risk for Wandsworth, rather than an opportunity, particularly as the Government continues to pursue its "levelling up" agenda.

GENERAL FUND REVENUE RESERVES

23. 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.
24. The Director of Resources 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 £13.5 million. The range of uncertainties in the next financial year is indicated by the items shown in Appendix B.
25. 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.
26. The final 2021/22 outturn report left the general reserve with a balance of £16.2 million (of which £13.5 million is the agreed contingency level) so that £2.7 million could be used to fund 2022/23 expenditure. This, along with other planned movement in reserves, will then be used to fund the Council's net expenditure.

<u>Use of Balances and Reserves</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	£m	£m	£m	£m
Council's Net Expenditure	175.979	190.553	212.459	232.939
Net Use of Reserves	-3.041	-1.103	-0.815	-0.815
Use of General Fund Working Balance	-2.721			
Net Expenditure after Use of Balances and Reserves	170.217	189.450	211.644	232.124

27. Overall, there is a net use of reserves anticipated at the end of 2022/23 due to agreed one-off use of the General Fund working balance and investments funded from the Cost of Living Reserve. For 2023/24 there is some planned use of reserves (totalling £1.103m) and in later years an ongoing use of reserves largely relating to additional pension contributions following the triennial pension valuation.

CALCULATION OF COUNCIL TAX AMOUNTS

Collection Fund

28. 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.
29. With regard to the council tax element, it is estimated that the Collection Fund will have a surplus of £3.833 million at 31st March 2023. Of this amount £2.082m will be credited to the Council's General Fund in 2023/24. The remainder is passed to the GLA.
30. 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%). As a result of a decrease in bad debt provision required, there will be an estimated £1.961m surplus on the Collection Fund at 31st March 2023. Accounting rules relating to the Collection Fund mean this surplus has to be shared in 2023/24 between the Council, GLA and Government. This has been reflected in the business rates income lines included above. The Business Rates Volatility Reserve will be used at year end and in turn during 2023/24 to reflect accounting adjustments in business rates income.

Wandsworth Council Tax Requirement

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

	<u>2022/23</u> £m	<u>2023/24</u> £m	<u>2024/25</u> £m	<u>2025/26</u> £m
Net Expenditure after use of balances and reserves	170.217	189.450	211.644	232.124
Collection Fund Surplus	-1.381	-2.082		
	<u>168.835</u>	<u>187.368</u>	<u>211.644</u>	<u>232.124</u>
Less:				
Retained Business Rates	-41.705	-53.976	-53.976	-53.976
Business Rates Top-Up	-36.989	-37.605	-37.605	-37.605
Revenue Support Grant	-24.307	-27.090	-27.090	-27.090
	<u>-103.001</u>	<u>-118.670</u>	<u>-118.670</u>	<u>-118.670</u>
Wandsworth Council Tax Requirement	65.834	68.698	92.974	113.454

32. In order to avoid breaching the referendum limit the Council Tax Requirement shown in future years will necessarily be reduced by the delivery of efficiencies and the use of reserves. The statutory form of calculation by the Council is shown in Appendix E, with details in Appendix D.

Council Tax Base

33. The council tax bases are calculated annually by the Director of Resources under authority delegated by the Council at its meeting on 4th February 2004. These have now been determined as 141,015 for the Borough as a whole, and 28,098 for the Wimbledon and Putney Commons Conservators' (W&PCC) area. The figures for 2022/23 were 138,028 and 27,908. Growth of 800 properties per annum has been assumed for future years and the tax base figures incorporate the effect of Local Council Tax Support on the tax base.

Wimbledon and Putney Commons Conservators (W&PCC)

34. 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 2023/24 this levy amounts to £1,010,441, an increase of £113,389 (12.6%) on the levy of £897,052 for 2022/23. As a special expense it must be charged only to taxpayers within the Conservators' area, who will therefore have tax amounts £35.96 (£32.14 in 2022/23) higher than elsewhere in the Borough at band D, an 11.9% increase. This is the highest increase seen in over 20 years, reflecting the high level of RPI inflation which the charge can increase by and the W&PCC have chosen to levy.
35. The Council has to calculate first an average band D tax element (dividing the tax needs shown in paragraph 29 by the 141,015 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:

	Average	Majority	W&PCC
	£	£	£
2023/24	487.17	480.00	515.96
2022/23	476.96	470.46	502.60

36. 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

37. The Government has confirmed the council tax referendum thresholds for 2023/24 and that an increase in the relevant amount of council tax that is considered to be

excessive is 3% or more. However, councils with adult social care responsibilities will also be able to increase council tax by a further 2% as detailed in paragraph 14. **Greater London Authority.**

38. The Mayor of London is expected to increase the precepts with the result of the GLA element on council tax bills increasing by £38.55 (9.7%) from £395.59 to £434.14 for 2023/24. The GLA is due to consider its final budget on 24th February 2023 i.e. after the dispatch date for papers for this meeting of the Finance Committee but before the Executive. Should the GLA change their provisional budget and/or council tax requirement, it is proposed that the Director of Resources 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 7th March 2023 and the full Council at its meeting on 8th March 2023 when considering the council tax requirement.

COUNCIL TAX AMOUNTS

39. Combining this Council's tax amount with that of the GLA produces total band D amounts as follows for 2023/24:

	Average	Majority	Conservators' Area
	£	£	£
Wandsworth Council	487.17	480.00	515.96
Greater London Authority	434.14	434.14	434.14
	921.31	914.14	950.10

40. 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 £853 which is expected to remain as the lowest average bill in the country.

COMMENTS OF THE CABINET MEMBER FOR FINANCE

41. This is the first Wandsworth Labour budget in 45 years and is one with fairness and compassion at its heart. This Administration is committed to doing all it can to make sure this Council truly is ambitious for all.
42. Future spend levels are difficult to predict and high inflation continues to put pressure on Council budgets. The Conservative Government must take responsibility for making the cost of living crisis worse. The impact of high inflation and hikes in energy bills are having a huge impact on our residents. We will step up where this Government is failing.

43. Future uncertainty is exacerbated by single year finance settlements and we urge the Government to end this practice in order to help councils plan for the longer term.
44. 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.
45. We know our residents are struggling with the cost of living crisis and we are committed to doing what we can to help. On balance I therefore recommend that the main element of the Council's share of council tax is frozen at current levels. We will deliver the same low council tax and provide better services for all.
46. 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 2023/24.
47. And to protect the most financially vulnerable we will give those households on the lowest incomes up to £150 off their council tax bills, taking over 10,000 households out of paying council tax altogether.
48. In addition, this Council's cost of living response, the biggest in London, will continue to support residents in a number of important ways. I therefore recommend this budget to the Council.

FUTURE YEARS' BUDGET FRAMEWORK

49. The budget variations, inflation allowances and grant assumptions described earlier in this report hypothecate average band D tax amounts for the Council element of £656 in 2024/25 and £796 in 2025/26 without further efficiencies and use of reserves to constrain council tax increases in future years. The budget framework showing these amounts is given in [Appendix F](#). 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 2023/24, nor the council tax band D forecast for the next two years rise by more than a further £47.87.
50. The detailed budget by Committee for 2022/23 to 2025/26 (based on budgets approved in Paper No. 23-016 as amended for those budget variations shown in [Appendix A](#) and amendments in paragraph 5) is available in the Members' Online Library and will be published as part of the Council's Budget Book.
51. Taking all of the above matters into account, it is recommended that for 2023/24 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 £0.68m per annum ongoing. A freeze on the main element of council tax erodes the income base by £2.03m per annum, ongoing.

52. If Government referendum criteria sets referendum limits at 3% and the adult social care precept continues at 2% for 2024/25, and then 2% and 1% in subsequent years, the framework in Appendix F indicates that the council tax requirement would have to be reduced, either from budget reductions or the use of reserves, by £38.3m by the end of the framework period. This 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 2023. 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 LEVELLING UP AND REGENERATION BILL

53. The Levelling Up and Regeneration Bill is currently progressing through Parliament. In relation to council tax it proposes giving local authorities the power 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.
54. The aim of the legislation is to incentivise the occupation of empty properties which, considering the lack of available housing in the borough, is considered to be of use. There is no requirement to implement the two proposals at the same time.
55. The Bill’s proposals are to bring these powers in from 1st April 2024, but in order to implement such a scheme by that date a formal decision to do so will need to have been made by full Council by 1st April 2023. It is therefore recommended that subject to the Bill receiving Royal Assent, and subject to further and full consideration of the powers and details at a subsequent meeting of this Committee, the Council agrees to adopt these proposals at its meeting on 8th March.

CONSULTATION

56. The Council has a statutory duty to consult with business ratepayers’ representatives. A copy of Paper No. 23-016, the report by the Director of Resources on the Council’s budget plans for 2023/24 and future years, was placed on the Economic Development Office business home page on the Council’s website. Written comments have been invited by 17th February in order to be considered by the Executive.

EQUALITY IMPACT AND NEEDS ANALYSIS

57. The Equality Act 2010 requires that the Council when exercising its functions must have "due regard" to the need to eliminate discrimination, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. As such

an Equality Impact and Needs Analysis (EINA) has been undertaken on the proposals in this report and is attached as Appendix G. This takes into account the recent Executive decision to extend the scope of EINAs to consider the socio-economic factors of the proposals.

SUPPORTING THE WANDSWORTH ENVIRONMENT AND SUSTAINABILITY STRATEGY (WESS)

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

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Director of Resources

21st February 2023

Background Papers

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

1. The Council's Budget Book 2022/23
2. Budget variations approved by the Executive in this financial year
3. Service committees' budget variation requests in this cycle
4. Final Local Government Finance Settlement notification
5. GLA precept and levying bodies' documents.

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

APPENDIX A

CONCURRENT GENERAL FUND REVENUE BUDGET VARIATIONS

	<u>2022/23</u> £'000	<u>2023/24</u> £'000	<u>2024/25</u> £'000	<u>2025/26</u> £'000
<u>TRANSPORT</u>				
Transport Fees & Charges (Paper No. 23-35)		-920	-1,055	-1,055
Extension of Northern Line – Feasibility Study (Paper No. 23-45)		+40		
<u>HEALTH</u>				
Adult Social Care & Public Health Fees & Charges (Paper No. 23-30)		-160	-160	-160
<u>ENVIRONMENT</u>				
WESS – Transport Strategy (Paper No. 23-51)		+29	+29	
Extension of Food Waste Collection (Paper No. 23-52)		+146	+80	+80
Environment Fees & Charges (Paper No. 23-54)		-54	-54	-54
TOTAL GENERAL FUND BUDGET VARIATIONS	0	-919	-1,160	-1,189

**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, and less competitive markets.
- (e) Unforeseen difficulties in recovering arrears, requiring additional provision to be made for doubtful debts.
- (f) Other unforeseen demands, and opportunities for service improvements in line with the Council's general policies, which could not be accommodated within approved budgets.
- (g) Utilisation of specific grants already consolidated into the budget.
- (h) Budgetary pressures facing services arising from changes in local demographics such as adult social services and housing, and increased demand for statutory services especially in relation to looked after children.
- (i) Impact of the COVID-19 pandemic and Cost of Living crisis on demand for Council services and potential impact on the delivery of planned transformation programmes.
- (j) Shortfalls in capital receipts, adding to the net interest borne by the General Fund.
- (k) Cost of a local disaster not covered by Government grant under the Bellwin Scheme.
- (l) Transferred responsibilities from health authorities to local authorities.
- (m) Reduction in income streams due to the continuing economic difficulties.
- (n) Potential increase in costs arising from Welfare Reform implementation.
- (o) Differences in levy or charge from that estimated before formal notice issued by levying bodies.

GENERAL FUND REVENUE RESERVES

All these 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 2022 £'000	Budgeted Change 2022/23 £'000	Balance 1st April 2023 £'000	Budgeted Change 2023/24 £'000	Balance 1st April 2024 £'000
Financial Resilience Reserve	100,881	-4,834	96,047	878	96,925
This reserve was established in 2014/15 in recognition of the substantial pressures on budgets and diminishing Government support. £5m of this balance has been transferred during 2022/23 to create the Cost of Living Reserve shown below.					
Pensions Resilience Reserve	43,424	0	43,424	-850	42,574
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 has resulted in an increase in the Council's contribution rate from 18% to 19.1%. To mitigate the impact of this on Council budgets £0.85m of this reserve (the cash impact of the increase) will be used each year over the period of the valuation.					
Renewals Fund					
Net Use - Revenue		-490		-490	
Net Use – Capital *		-476		-385	
Increase in Fund		475		475	
	26,625	-15	26,610	35	26,645
This fund is for "loans" to services with unusually large requirements for building refurbishment, energy conservation schemes, computer software and vehicle and plant replacements. It is also used for planned expenditure relating to IT hardware and software. Capital usage in 2023/24 relates to specific capital expenditure, as reported in Paper No. 23-085. *Totals exclude capital figures, as this table is presented in relation to the revenue budget					
Service Transformation Reserve	11,684	-1,508	10,176	-653	9,523
This reserve was established to meet the short-term costs of service restructuring including redundancy. As agreed in Paper No. 21-277, some funding is being drawn from this reserve for the Wandsworth Town Hall masterplan and is also being used to invest in additional capacity to deliver a corporate change programme which will deliver longer term efficiencies.					
COVID Grant Reserve	5,763	0	5,763	0	5,763
This reserve was established in 2019/20 to recognise general financial support received from the Government at the very start of the pandemic. The balance on the reserve represents unspent COVID-19 grants which have been received and not spent. This will be used to fund the costs associated with COVID-19.					

	Balance 1st April 2022 £'000	Budgeted Change 2022/23 £'000	Balance 1st April 2023 £'000	Budgeted Change 2023/24 £'000	Balance 1st April 2024 £'000
Finite Services Fund	1,410	0	1,410	0	1,410
This reserve provides for some pre-financing of identified costs of limited duration such as providing support from the General Fund for the two regeneration schemes where costs fall outside of the Housing Revenue Account.					
Cost of Living Reserve	0	5,000 -1,684	3,316	-514	2,802
This reserve was established in 2022/23 by transferring £5m from the Financial Resilience Reserve in recognition of the significant pressures on the cost of living. Commitments made to date total £2.711m and the total fund is expected to be drawn down in full during by the end of 2023/24 as further proposals come forward.					
Specific Grant Reserve	1,000	0	1,000	0	1,000
This reserve is for potential over-estimates or losses of specific General Fund Government grants.					
Other Balances (including DSO)	8,625	0	8,625	0	8,625
Reserve balances relating to accrued surpluses of the Design Service and Operational Services Direct Service Organisation (DSO) are used to enable future investment in plant and equipment or to meet redundancy costs if they arise.					
TOTAL REVENUE RESERVES AVAILABLE FOR COUNCIL TAX SETTING PURPOSES	199,412	Rev: -3,041 Cap: -476	195,895	Rev: -1,103 Cap: -385	194,406
Business Rates Volatility Reserve	22,053	-9,464	12,589	-946	11,643
This reserve was established in 2011/12 in recognition of the volatility of the arrangements for future local government funding. The reserve is used to meet any shortfall in business rate yield compared with that included in the Settlement Funding Assessment, together with any estimated surplus or deficit arising on the Collection Fund in respect of business rates. Its use therefore sits outside of the General Fund.					

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 2023/24**

	<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;	931,510	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/> 945,010 <hr/>	
<u>LESS</u>		
(a) The income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices;	805,215	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;	56,494	

- (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
- (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.

NIL

14,603 2

SUB-TOTAL

876,312

DIFFERENCE (Council Tax Requirement)

68,698

<u>Note 1</u>	<u>Expenditure</u> £'000	<u>Income</u> £'000
Gross Expenditure/Income	916,208	752,836
Central Government Funding & Localised Business Rates		64,694
Less internal recharges	-11,880	-11,880
Plus inflation to end of 2023/24	27,181	0
Less credit from Collection Fund shown separately		-436
	931,510	805,215

Note 2

	£'000
General reserves available (paragraph 24)	13,500
Add drawings from special reserves (<u>Appendix C</u>)	1,103
	14,603

FORM OF COUNCIL RESOLUTION

- (a) That the revised revenue estimates for the year 2022/23 referred to in Paper No. 23-016 as adjusted and the revenue estimates for 2023/24 as summarised in this report be approved;
- (b) That the details of the council tax requirement for the year 2023/24, as set out in Appendix D of this paper, be approved;
- (c) That it be noted that the following amounts for the year 2023/24 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) 141,015 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) 28,098 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 Director of Resources 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 2023/24 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:
- (i) £945,009,800 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A of the Act;
 - (ii) £876,311,900 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
 - (iii) £68,697,900 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) £487.17 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) £1,010,441.00 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) £480.00 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) £515.96 being the amount given by adding to the amount at (d)(vi) above the amount of the special item at (d)(v) above divided by the amount at (c)(ii) above, calculated by the Council in accordance with Section 34(3) of the Act as the basic amount of its council tax for the year for dwellings in that part of its area to which the special item relates; and
- (viii)

<u>Valuation Band</u>	Wimbledon and Putney Commons Conservators' Levy Area	All other parts of the Council's Area
	£	£
A	343.97	320.00
B	401.30	373.33
C	458.64	426.67
D	515.96	480.00
E	630.62	586.67
F	745.27	693.33
G	859.94	800.00
H	1,031.92	960.00

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 2023/24 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:

<u>Valuation Band</u>	Greater London Authority £
A	289.43
B	337.66
C	385.90
D	434.14
E	530.62
F	627.09
G	723.57
H	868.28

- (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 2023/24 for each of the categories of dwellings shown below:

<u>Valuation Band</u>	Wimbledon and Putney Commons Conservators' Levy Area £	All other parts of the Council's Area £
A	633.40	609.43
B	738.96	710.99
C	844.54	812.57
D	950.10	914.14
E	1,161.24	1,117.29
F	1,372.36	1,320.42
G	1,583.51	1,523.57
H	1,900.20	1,828.28

GENERAL REVENUE BUDGET FRAMEWORK

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	£m	£m	£m	£m
Original Budget	198.594	195.240	196.803	196.803
Inflation to Nov 2022 Prices	18.780	20.775	20.775	20.775
Developments	3.272	-6.821	0.625	9.507
Revised Committee Budgets	220.645	209.191	218.203	227.084
Inflation	0.000	27.181	39.855	51.453
Contingency for Service Pressures	0.000	2.200	0.000	0.000
New Homes Bonus	-4.764	-2.421	0.000	0.000
Non-Service Specific Grants	-22.918	-28.613	-28.613	-28.613
Improved Better Care Fund	-16.984	-16.985	-16.985	-16.985
Total	175.979	190.556	212.460	232.940
Planned Contribution to Reserves	-5.763	-1.103	-0.815	-0.815
Budget Requirement	170.216	189.450	211.644	232.124
Less:				
Collection Fund Surplus	-1.381	-2.082	0.000	0.000
Retained Business Rates	-41.705	-53.976	-53.976	-53.976
Business Rates "Top-up"	-36.989	-37.605	-37.605	-37.605
Revenue Support Grant	-24.307	-27.090	-27.090	-27.090
Council Tax Requirement	65.834	68.698	92.974	113.454
Band D Council Tax	£	£	£	£
Wandsworth Majority	470.46	480.00	648.12	787.90
Greater London Authority	395.59	434.14	475.50	496.75
Total	866.05	914.14	1,122.62	1,284.65
Adult Social Care Precept increase		2%		
Assumed council tax referendum limit in future years			4.99%	2.99%
Budget reductions or use of reserves needed in future to maintain Wandsworth's council tax increases within referendum limits			20.440	38.329

SSA EQUALITY IMPACT AND NEEDS ANALYSIS

Directorate	Resources
Service Area	Financial Management
Service/policy/function being assessed	Council tax setting
Which borough (s) does the service/policy apply to	Wandsworth
Staff involved	Fenella Merry, Katherine Burston, Jonathan Ross
Date approved by Directorate Equality Group (if applicable)	n/a
Date approved by Policy and Review Manager All EINAs must be signed off by the Policy and Review Manager	17th February 2023
Date submitted to Directors' Board	n/a

SUMMARY

Please summarise the key findings of the EINA.

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

For 2023/24, the key features of the proposed budget are:

- a freeze in the main 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 an 11.9% increase in the Wimbledon and Putney Commons Conservators' levy and a 9.7% increase in the GLA element of the Council Tax, leading to an overall increase of 5.6% for average band D, or £48.76 per year.

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

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

Taking the precept will have a positive impact on users of adult social care in Wandsworth. The Council has used the maximum allowed increase for the precept for 2023/24. Support for vulnerable adults will be maintained and service users will see no change.

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

Additionally, the Council maintains the Wandsworth Discretionary Social Fund which provides discretionary support to the most vulnerable Wandsworth residents who are experiencing hardship and crisis. In addition those low income households in receipt of council tax reduction during the year will receive up to £150 off the face of their council tax bill. It is estimated that over 10,000 households will pay zero council tax in 2023/24.

1. Background

Briefly describe the service/policy or function:

The recommendation in the report is: -

- to recommend the Council to give effect to the council tax requirement and council tax amounts for 2023/24 as follows:

	Average	Majority	Conservators' Area
	£	£	£
Wandsworth Council	487.17	480.00	515.96
Greater London Authority	434.14	434.14	434.14
	<hr/>	<hr/>	<hr/>
	921.31	914.14	950.10

2. Analysis of need and impact

PART 1 – CHANGES TO THE COUNCIL TAX CHARGE

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

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

The increase in Band D Council Tax relating to the adult social care precept for the majority of the borough would result in a cash increase of £9.54 per year (£0.18 per week) for the majority of those required to pay the full charge. The increase stems from the Government's offer to allow councils to increase council tax via the precept, 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 freeze in the main element of the council tax will benefit all residents and proposed adult social care precept increase will have minimal impact. Wandsworth is known as an affluent borough with high levels of employment (90.5% economically active residents (as at September 2022), although currently there are 7,785 out of work benefit claimants, trends remain low (Universal Credit and Job Seekers Allowance - data as at December 2022)).

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 43,300 properties. The Council has no equalities monitoring information about this group. In addition, there are 214

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 increase 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 £7.16 per year (£0.14 per week) rather than £9.54 per year (£0.18 per week).

People in this group may also be in group 3 and receive the 2023 Cost of Living Fund Discount of up to £150 if they qualify for the Council Tax Reduction scheme.

Group 3 – Those eligible for Council Tax Support

The proportion of Council Tax liability on which Council Tax Reduction is calculated for working age claimants is 70% although some households are protected from the 30% minimum contribution based on their circumstances. This is the same as for 2022/23. People in this group who contribute to their council tax will receive the 2023 Cost of Living Fund Discount of up to £150.

Group 4 – Those with no Council Tax liability

The effect on this group is neutral.

PART 2 – USE OF THE ADULT SOCIAL CARE PRECEPT & COUNCIL TAX REDUCTION

Protected group	Findings	
Age	Age band	% of population (GLA Data 2020)
	0 to 4	6
	5 to 9	5.5
	10 to 14	5.1
	15 to 19	4.2
	20 to 24	6.7
	25 to 29	12.7
	30 to 34	11.7
	35 to 39	10.6
	40 to 44	7.6
	45 to 49	6.3
	50 to 54	5.6
	55 to 59	4.6
	60 to 64	3.6
	65 to 69	2.8
	70 to 74	2.5
	75 to 79	1.7
	80 to 84	1.4
85 and over	1.2	
	Adult Services support significantly more older residents than the borough average.	
Disability	Census data 2011: Households containing a person with a long term	

	<p>health problem or disability – Total 20.7%.</p> <p>Profile of Adult Social Care Service Users: The majority of service users have physical disabilities or physical frailty as their main area of difficulty. In 2021/22, 909 had a mental health condition as their main difficulty and 870 a learning disability (all ages).</p>																																	
Sex	<p>GLA data 2020: 52% of residents are female.</p> <p>Profile of Adult Social Care Service Users: 55.0% are female</p> <p>Adult Services support significantly more female residents than the borough average.</p>																																	
Gender reassignment	Data not collected via the Census.																																	
Marriage and civil partnership	Data not collected via the Census.																																	
Pregnancy and maternity	Data not collected via the Census.																																	
Race/ethnicity	<p>GLA data 2020: 29.9% of residents are from Black, Asian and minority ethnic communities</p> <p>Profile of Adult Social Care Service Users: 43.3% of service users were from Black, Asian and minority ethnic communities. The largest proportion come from the Black or Black British community.</p>																																	
Religion and belief, including non belief	<p>Census data 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>162,590</td> <td>53.0</td> </tr> <tr> <td>Buddhist</td> <td>2,574</td> <td>0.8</td> </tr> <tr> <td>Hindu</td> <td>6,496</td> <td>2.1</td> </tr> <tr> <td>Jewish</td> <td>1,617</td> <td>0.5</td> </tr> <tr> <td>Muslim (Islam)</td> <td>24,746</td> <td>8.1</td> </tr> <tr> <td>Sikh</td> <td>832</td> <td>0.3</td> </tr> <tr> <td>Other religion</td> <td>1,283</td> <td>0.4</td> </tr> <tr> <td>No religion</td> <td>82,740</td> <td>27.0</td> </tr> <tr> <td>Religion not stated</td> <td>24,117</td> <td>7.9</td> </tr> <tr> <td>Total</td> <td>306,995</td> <td>100</td> </tr> </tbody> </table> <p>Data on adult social care clients is not available by this protected characteristic</p>	Religion	No.	%	Christian	162,590	53.0	Buddhist	2,574	0.8	Hindu	6,496	2.1	Jewish	1,617	0.5	Muslim (Islam)	24,746	8.1	Sikh	832	0.3	Other religion	1,283	0.4	No religion	82,740	27.0	Religion not stated	24,117	7.9	Total	306,995	100
Religion	No.	%																																
Christian	162,590	53.0																																
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Total	306,995	100																																
Sexual orientation	Data not collected via the Census.																																	
Across groups i.e older LGBT service users or Black, Asian and ethnic diverse young	Data not collected via the Census.																																	

men	
Socio-economic status (to be treated as a protected characteristic under Section 1 of the Equality Act 2010) Include the following groups: <ul style="list-style-type: none"> • Deprivation (measured by the 2019 English Indices of Deprivation) • Low-income groups & employment • Carers • Care experienced people • Single parents • Health inequalities Refugee status	An estimated 35,539 people experience income deprivation across Wandsworth. There were 18,247 households on Universal Credit in August 2022, and 15,261 Housing Benefit claimants in August 2022. Around 14,300 households are currently eligible for Council Tax Reduction which is means tested.

Data gaps

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

3. Impact

Protected group	Positive	Negative
Age	As 57.9% of Adult Social Care service users are aged 65 and over - taking the precept increase will have a positive impact in that it will ensure any older 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 the adult social care precept element of the council tax will support vulnerable residents who are service users of adult social care it will mean that residents will see an increase in this element of their council tax. In mitigation of this increase the CTR scheme the Council introduced in Paper No.16- 28, is calculated on 100% of the eligible Council tax for all Pensioner households and vulnerable working age households including those on disability benefits and where there is a child under 3 in the property. This support has been promoted by the Council to ensure that eligible residents are aware of its availability.
Disability	As the majority of Adult Social Care service users have physical disabilities or physical frailty as their main area of difficulty taking the precept will have a positive impact in	As above

	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.	
Sex	As 55.0% of Adult Social Care service users are female taking the precept will have a positive impact in that it will ensure that vulnerable female residents continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Gender reassignment	Taking the precept will support gender reassignment service users of Adult Social Care and ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Marriage and civil partnership	Taking the precept will support service users of Adult Social Care 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
Pregnancy and maternity	Taking the precept will support service users of Adult Social Care regardless of whether they are pregnant or have recently given birth and will ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Race/ethnicity	Taking the precept will support service users of Adult Social Care from black, asian and minority ethnic backgrounds and ensure they continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Religion and belief, including non belief	Taking the precept will support service users of Adult Social Care and ensure vulnerable residents, regardless of their faith or belief, continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	As above
Sexual orientation	Taking the precept will support service users of Adult Social Care and ensure vulnerable residents, regardless of	As above

	their sexual orientation, continue to receive support. This council tax decision is separate from any decision on services provision which may impact residents.	
Socio-economic status (to be treated as a protected characteristic under Section 1 of the Equality Act 2010) Include the following groups: <ul style="list-style-type: none"> • Deprivation (measured by the 2019 English Indices of Deprivation) • Low-income groups & employment • Carers • Care experienced people • Single parents • Health inequalities • Refugee status 	Taking the precept will support service users of Adult Social Care and ensure the most vulnerable residents continue to receive support. Some social care provision is means tested, which will provide 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

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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ANALYSIS OF SERVICE BUDGETS 2023/24

£'000	Health	Environment	Children's	Finance	Housing	Transport	GENERAL FUND TOTAL	Dedicated Schools Budget	Housing Revenue Account	TOTAL
EXPENDITURE										
Salaries	21,524	3,463	50,825	7,811	6,725	4,342	94,689	142,932	21,280	258,901
Premises	113	6,735	987	736	955	1,758	11,283	0	60,378	71,661
Use of Transport	1,252	119	5,810	44	23	19	7,266	0	298	7,564
Supplies and Services										
- Funding to Voluntary Bodies		100		594	33		727			727
- Other	3,802	1,406	4,300	9,995	2,353	4,072	25,928	42,909	9,558	78,395
Third Party Payments										
- Precepts, Levies and Charges	0	15,846	1,519	1,201	0	717	19,284	0		19,284
- Other	102,973	19,312	28,043	4,203	45,278	7,242	207,051	1,075	6,605	214,731
Transfer Payments	11,247	0	1,329	133,891	1,258	9,846	157,571	1,557	432	159,560
Support Services Recharges	5,820	3,297	6,744	14,657	822	3,054	34,395	0	8,297	42,692
Depreciation and Impairment	92	3,629	3,953	-16,368	0	7,831	-863	0	27,155	26,292
Capital Financing Charges							0		34,602	34,602
TOTAL	146,823	53,908	103,510	156,764	57,445	38,880	557,330	188,473	168,605	914,408

ANALYSIS OF SERVICE BUDGETS 2023/24 (continued)

£'000	Health	Environment	Children's	Finance	Housing	Transport	GENERAL FUND TOTAL	Dedicated Schools Budget	Housing Revenue Account	TOTAL
INCOME										
Government Grants	45,763	0	12,474	130,433	6,264	0	194,933	174,832		369,765
Other Grants & Contributions	2,159	512	2,239	88	301	646	5,945	0		5,945
Customer & Client Receipts	15,170	10,700	1,765	14,400	30,542	46,072	118,648	13,642	163,814	296,104
Interest	0	0	0	16,492	17	0	16,509	0	9,800	26,309
Recharge Income	2,464	298	4,133	6	399	72	7,370	0		7,370
Internal Charges	0	0	0	1,875	2,381	253	4,509	0		4,509
Contribution (to)/from Reserves	0	0	0	225	0	0	225	0	-5,009	-4,784
TOTAL	65,556	11,510	20,611	163,519	39,902	47,042	348,139	188,473	168,605	705,217
NET EXPENDITURE	81,267	42,398	82,900	-6,754	17,543	-8,162	209,191	-	-	209,191
New Homes Bonus Funding							-2,421			
Social Care Support Grant							-25,624			
Improved Better Care Fund							-16,985			
Services Grant							-2,989			
Service Pressures Contingency							2,200			
General Fund inflation from November 2022 to end of 2023/24							27,181			
Net Committee Budgets							190,553			

Shared Staffing Arrangement with the London Borough of Richmond upon Thames

A Shared Staffing Arrangement (SSA) between Wandsworth Council and the London Borough of Richmond upon Thames was established on 1st October 2016.

Staff are jointly employed by the two boroughs and all costs relating to the SSA are shared appropriately. The cost of SSA employed staff working across both councils was initially split based upon historic budget proportions of both councils. In accordance with Operational Budget Protocol agreed by both Councils, these budget apportionments have and will continue to be reviewed at least annually and upon any specific event taking place that could have a significant impact on the apportionment, e.g. one Council changing provision in response to an incident or inspection report. This annual review takes place in the Autumn so that any changes can be accounted for in each Council's budget/Council Tax setting cycle for the following year. Minor changes have been implemented since the original proportions were set in order to reflect actual apportionment of time and value between the boroughs. Additional teams have also been added to those working across both boroughs.

The following table details the percentage split between the two boroughs for those service areas served by SSA staff working across both boroughs. The budgets for those SSA staff providing services for one borough only (for instance Wandsworth's Children's Services and Wandsworth's Housing Management) are 100% charged to that borough and therefore excluded from this list. In addition, some teams still work for a sovereign borough due to the complexities of working across both although management skills span both boroughs (e.g. Customer Services).

Shared Staffing Arrangements By Committee

DIRECTORATE	SERVICE	RICHMOND %	WANDSWORTH %	RATIONALE FOR SPLIT OF SALARY COSTS
Health				
Adults	Adult Social Care Operations	40%	60%	Wandsworth picks up more of the cost due to borough size differential
Adults	Adult Social Service Directorate	37%	63%	Average Chief Officer apportionment across both councils based on historic salary costs
Adults	Business Resources	34%	66%	Wandsworth picks up more of the cost due to borough size differential
Adults	Commissioning Service Management	52%	48%	Based on historic salary budgets these management costs are split almost equally across the two councils
Adults	Professional Standards & Safeguarding	40%	60%	Wandsworth picks up more of the cost due to borough size differential
Adults	Public Health Core	38%	62%	Wandsworth picks up more of the cost due to borough size differential
Childrens	Business Resources	34%	66%	Wandsworth picks up more of the cost due to borough size differential
Environment				
Environment Community Services	Network Management	50%	50%	Based on historic salary budgets these costs are split equally across the two councils
Environment Community Services	Inspection & Enforcement	50%	50%	
Environment Community Services	Libraries & Cultural Services	71%	29%	Wandsworth has outsourced its leisure, culture & library services therefore SSA staff do not provide direct support to these services. Wandsworth therefore only incurs contract monitoring costs
Environment Community Services	Finance and Business Support (ECS)	73%	27%	
Environment Community Services	Registrars Management	28%	72%	Average volumes within Richmond are much lower than in Wandsworth and the management time reflects this
Environment Community Services	Land Charges	28%	72%	The team's split is according to the volume of local land charges searches within the borough.
Chief Executive Group	Climate Change	50%	50%	Management time is split equally across the two councils
Environment Community Services	Waste & Street Cleaning Management	45%	55%	Wandsworth picks up slightly more of the cost due to borough size differential
Environment Community Services	Inspection & Enforcement Support	30%	70%	Wandsworth picks up more of the cost due to borough size differential
Finance				
Resources	Resources Directorate	37%	63%	Average Chief Officer apportionment across both councils based on historic salary costs
Resources	Council Tax and Housing Benefits	27%	73%	The historic budgets in each council are driven by volume caseload where Wandsworth is larger
Resources	Benefit Service - Technical support & management	27%	73%	
Resources	Business Rates	33%	67%	Based on volume of businesses in the boroughs
Resources	Financial Management	46%	54%	The team supports Wandsworth's Housing Revenue Account whereas Richmond does not have any housing stock
Resources	Professional Training	46%	54%	
Resources	Pension & Insurance Accounting	60%	40%	This reflects the current staffing workload of supporting the relevant services
Resources	Financial Services (insurance)	33%	67%	The split of this support service reflects the split of historic salary costs from the two councils

DIRECTORATE	SERVICE	RICHMOND %	WANDSWORTH %	RATIONALE FOR SPLIT OF SALARY COSTS
Resources	ICT Services	38%	62%	The split of these support services reflect the average split of historic salary costs from the two councils
Resources	HR & Payroll	38%	62%	
Resources	Procurement	38%	62%	
Resources	Health & Safety	29%	71%	The team supports Wandsworth's housing and schools which are not applicable to Richmond
Resources	Customer Service Improvement & Transformation	50%	50%	Management time is split equally across the two councils
Resources	Customer Services Management	50%	50%	Management time is split equally across the two councils
Resources	SSA Programme	50%	50%	Management time is split equally across the two councils
Resources	Cost of Living Crisis	50%	50%	Management time is split equally across the two councils
Chief Executive Group	Chief Executive's Directorate	37%	63%	Average Chief Officer apportionment across both councils based on historic salary costs
Chief Executive Group	Community Safety	46%	54%	Wandsworth picks up slightly more of the cost due to borough size differential
Chief Executive Group	Partnerships & Voluntary Sector	80%	20%	The majority of the Wandsworth activity is grant funded or locality specific and therefore not shared with Richmond and excluded from this calculation
Chief Executive Group	Consultations	82%	18%	The weighting of the team reflects differing approaches to consultations in the two boroughs
Chief Executive Group	Corporate complaints & Freedom of Information	50%	50%	The complaints and FOI team work equally across both councils
Chief Executive Group	Information Governance	50%	50%	The corporate Governance team's time is split equally across the two councils
Chief Executive Group	Policy and Performance	50%	50%	The corporate policy team's time is split equally across the two councils
Chief Executive Group	Business Support	45%	55%	Wandsworth workload in respect of Members Support, number of financial transactions processed and legal case & deeds management is slightly higher.
Chief Executive Group	Future Direction Programme	38%	62%	The split of these support services reflect the average split of historic salary costs from the two councils
Chief Executive Group	Stronger and Safer Community	61%	39%	The team's remit has a smaller scope in Wandsworth where work has a different focus
Environment Community Services	Emergency Planning	50%	50%	Management time is split equally across the two councils
Environment Community Services	Land Charges	42%	58%	The team's split is according to the volume of local land charges searches within the borough.
Housing & Regeneration	Construction & TFM Client Team	71%	29%	The team's remit has a smaller scope in Wandsworth where responsibility is devolved to other sections
Housing & Regeneration	Property Services Support	50%	50%	Facilities management is split based upon a mixture of size of portfolio and service requirements

DIRECTORATE	SERVICE	RICHMOND %	WANDSWORTH %	RATIONALE FOR SPLIT OF SALARY COSTS
Housing				
Housing & Regeneration	Housing Departmental Support	37%	63%	Wandsworth picks up more of the cost due to borough size differential
Housing & Regeneration	Home Improvement Agency	34%	66%	Wandsworth picks up more of the costs due to borough size differential
Housing & Regeneration	Housing Services Administration	34%	66%	Wandsworth picks up more of the costs due to borough size differential
Housing & Regeneration	Finance and Business Support (H&R)	4%	96%	Wandsworth has retained its housing stock whereas Richmond has not. The cost share therefore reflects the support provided to Wandsworth in its role as a housing landlord
Housing & Regeneration	NPS Support Team	4%	96%	
Housing & Regeneration	Affordable Housing & Service Strategy	25%	75%	
Housing & Regeneration	Joint Control Room	48%	52%	Split is based on call data provided by assistive technology service.
Transport				
Environment Community Services	Environment & Community Services Directorate	37%	63%	Average Chief officer apportionment across both councils based on historic salary costs
Environment Community Services	Environment & Community Services Directorate (Business Support)	40%	60%	Due to the differing size of the boroughs and reflects the work load division across the two
Environment Community Services	Planning Enforcement	45%	55%	Wandsworth picks up more of the costs due to borough size differential
Environment Community Services	Transport Policy, Strategy & Support	42%	58%	Wandsworth picks up more of the costs due to borough size differential in relation to inner/outer London transport issues
Environment Community Services	Engineering & Parking Policy	50%	50%	Based on historic salary budgets these management costs are split equally across the two councils
Environment Community Services	Parking Contract Management	22%	78%	Wandsworth picks up more of the costs due to borough size differential
Resources	Parking Support Team & Concessionary Fares	38%	62%	The historic budgets in each council are driven by volume caseload where Wandsworth is larger

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Section 2

Revenue Budgets by Service

GENERAL FUND REVENUE SUMMARY

SUMMARY BY COMMITTEE

<u>COMMITTEE</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Health	86,308,600	81,266,600	81,343,100	81,343,100
Environment	43,415,600	42,398,300	41,939,600	41,939,600
Children's	85,033,600	82,899,500	82,749,500	82,749,500
Finance	(2,180,000)	(6,754,400)	(1,187,800)	4,369,700
Housing	15,335,200	17,542,900	18,007,200	18,007,200
Transport	(7,267,800)	(8,161,700)	(4,649,100)	(1,324,700)
Overall Committee Total	<u>220,645,200</u>	<u>209,191,200</u>	<u>218,202,500</u>	<u>227,084,400</u>

<u>Variation Analysis</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	198,594,000	198,594,000	198,594,000	198,594,000
Inflation to Current Prices	18,779,500	20,774,700	20,774,700	20,774,700
Changes in Government Grants	(6,569,200)	(6,708,000)	(4,371,500)	(4,371,500)
Other Government or Outside Body Changes	(230,800)	1,119,700	5,107,300	8,460,600
Demand Led Growth	1,377,000	5,043,600	5,043,600	5,043,600
Efficiency Savings	(1,075,600)	(7,008,300)	(6,907,700)	(6,907,700)
Investment Priorities	6,579,600	2,177,300	1,674,800	1,644,600
Other Growth & Savings	2,519,400	(5,903,300)	(2,708,200)	2,879,500
Budget Transfers	671,300	1,101,500	995,500	966,600
NET EXPENDITURE	<u>220,645,200</u>	<u>209,191,200</u>	<u>218,202,500</u>	<u>227,084,400</u>

GENERAL FUND REVENUE SUMMARY

SUBJECTIVE ANALYSIS

	<u>2022/23</u> <u>Revised</u> <u>£</u>	<u>2023/24</u> <u>Budget</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
<u>Expenditure</u>				
Employees	96,224,300	94,688,500	95,307,900	94,686,500
Premises	9,853,900	11,283,200	11,283,200	11,283,200
Transport	6,888,900	7,265,900	7,265,900	7,265,900
Supplies & Services	33,804,600	26,655,100	34,110,100	35,610,100
Third Party Payments	220,549,200	226,334,600	223,740,800	223,740,800
Transfer Payments	163,350,300	157,345,600	161,333,200	164,686,500
Support Service Recharges	34,416,800	34,395,300	34,559,400	34,490,200
Depreciation & Impairment	(863,100)	(863,100)	(863,100)	(863,100)
TOTAL EXPENDITURE	564,224,900	557,105,100	566,737,400	570,900,100
<u>Income</u>				
Government Grants	(202,466,400)	(194,933,400)	(192,596,900)	(192,596,900)
Other Grants & Contributions	(5,858,400)	(5,944,600)	(5,904,600)	(5,904,600)
Customer & Client Receipts	(109,306,500)	(118,647,800)	(119,484,400)	(119,484,400)
Interest	(14,055,100)	(16,508,500)	(18,681,500)	(14,031,500)
Recharge Income	(7,377,800)	(7,370,300)	(7,358,200)	(7,289,000)
Internal charges	(4,515,500)	(4,509,300)	(4,509,300)	(4,509,300)
TOTAL INCOME	(343,579,700)	(347,913,900)	(348,534,900)	(343,815,700)
NET EXPENDITURE	220,645,200	209,191,200	218,202,500	227,084,400

HEALTH COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Adult Service Operations	85,766,800	81,518,700	81,599,300	81,599,300
Commissioning and Quality Standards	19,091,900	19,404,000	19,355,700	19,355,700
Business Resources	6,741,200	5,585,900	5,619,800	5,619,800
Public Health	(25,995,300)	(26,092,100)	(26,081,800)	(26,081,800)
Community Safety	704,000	850,100	850,100	850,100
HEALTH COMMITTEE TOTAL	86,308,600	81,266,600	81,343,100	81,343,100

<u>Variation Analysis</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	79,314,600	79,314,600	79,314,600	79,314,600
Inflation to Current Prices	5,604,600	5,605,500	5,605,500	5,605,500
Changes in Government Grants	(3,719,200)	(6,927,300)	(4,546,300)	(4,546,300)
Other Government or Outside Body Changes	(47,600)	(113,800)	(113,800)	(113,800)
Demand Led Growth	0	1,500,000	1,500,000	1,500,000
Efficiency Savings	(198,100)	(2,058,300)	(1,908,300)	(1,908,300)
Investment Priorities	1,444,300	293,100	219,600	219,600
Other Growth and Savings	3,835,400	3,693,200	1,312,200	1,312,200
Income Generation	0	(160,000)	(160,000)	(160,000)
Budget Transfers	74,600	119,600	119,600	119,600
NET EXPENDITURE	86,308,600	81,266,600	81,343,100	81,343,100

HEALTH COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	22,532,700	21,523,600	21,673,600	21,673,600
Premises	113,100	113,100	113,100	113,100
Transport	1,252,100	1,252,100	1,252,100	1,252,100
Supplies & Services	5,722,500	3,801,800	3,728,300	3,728,300
Third Party Payments	102,453,000	102,972,700	100,591,700	100,591,700
Transfer Payments	11,246,900	11,246,900	11,246,900	11,246,900
Support Service Recharges	5,909,700	5,820,400	5,820,400	5,820,400
Depreciation & Impairment	91,900	91,900	91,900	91,900
TOTAL EXPENDITURE	149,321,900	146,822,500	144,518,000	144,518,000
<u>Income</u>				
Government Grants	(43,080,200)	(45,762,800)	(43,381,800)	(43,381,800)
Other Grants & Contributions	(2,159,400)	(2,159,400)	(2,159,400)	(2,159,400)
Customer & Client Receipts	(15,310,000)	(15,170,000)	(15,170,000)	(15,170,000)
TOTAL INCOME	(63,013,300)	(65,555,900)	(63,174,900)	(63,174,900)
NET EXPENDITURE	86,308,600	81,266,600	81,343,100	81,343,100

HEALTH COMMITTEE

ADULT SERVICE OPERATIONS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Adult Service Operations Teams	13,239,600	12,914,800	12,995,400	12,995,400
Early Help & Enablement Services	981,300	981,300	981,300	981,300
Services for Adults with Learning Disabilities	36,643,000	36,353,500	36,353,500	36,353,500
Services for Adults with Mental Health Needs	9,609,000	9,260,500	9,260,500	9,260,500
Services for Older People, Sensory & Physical Disabilities	25,293,900	22,008,600	22,008,600	22,008,600
	85,766,800	81,518,700	81,599,300	81,599,300

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	83,945,300	83,945,300	83,945,300	83,945,300
Inflation to Current Prices	4,386,600	4,385,900	4,385,900	4,385,900
Changes in Government Grants				
- 2023/24 Independent Living Fund Grant to Social Care Grant	0	253,900	253,900	253,900
- Adult Social Care Discharge Fund Grant Income	(1,081,200)	(2,381,000)	0	0
- Winter Pressures Grant Income	(712,000)	(712,000)	(712,000)	(712,000)
- 22-363 (Nov 2022) ASC Market Sustainability and Improvement Fund Grant Income	(875,800)	(3,038,000)	(3,038,000)	(3,038,000)
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(25,300)	(60,500)	(60,500)	(60,500)
Demand Led Growth				
- Mental Health Cost Pressures	0	1,500,000	1,500,000	1,500,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(68,600)	(457,000)	(376,400)	(376,400)
- 1% Vacancy Factor				
- Improved Debt Recovery	0	(331,000)	(331,000)	(331,000)
- Digital Programme Efficiencies				
- Supplies & Services - Departmental				
- Reablement Review	0	(150,000)	(150,000)	(150,000)
- 22-155 (Jun 2022) Transforming Day Opportunities	0	(200,000)	(200,000)	(200,000)
Investment Priorities				
- 22-219 (Jul 2022) Transforming Social Care Investment	1,415,000	0	0	0
Other Growth and Savings				
- Removal of One Year Budgets	0	(3,300,000)	(3,300,000)	(3,300,000)
- 20-256 (Sept 2020) Transforming the Future Programme (Year 4)	0	(188,000)	(188,000)	(188,000)
- Adult Social Care Discharge Fund Grant Spend	1,081,200	2,381,000	0	0
- Winter Pressures Grant Spend	712,000	712,000	712,000	712,000
- 22-363 (Nov 2022) ASC Market Sustainability and Improvement Fund Grant Spend	875,600	3,038,000	3,038,000	3,038,000
Income Generation				
- 23-30 (Jan 2023) Revision of Charges	0	(160,000)	(160,000)	(160,000)
Budget Transfers	(3,886,000)	(3,719,900)	(3,719,900)	(3,719,900)
NET EXPENDITURE	85,766,800	81,518,700	81,599,300	81,599,300

HEALTH COMMITTEE

COMMISSIONING & QUALITY STANDARDS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Adult Public Health Services	9,614,100	9,614,100	9,614,100	9,614,100
Advocacy, Supported Employment & Other Minor Services	439,400	424,400	424,400	424,400
Commissioning Teams	2,006,900	1,984,800	1,999,500	1,999,500
Prevention & Wellbeing Services	5,725,000	6,069,400	5,995,900	5,995,900
Professional Standards & Safeguarding	1,306,500	1,311,300	1,321,800	1,321,800
	19,091,900	19,404,000	19,355,700	19,355,700

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	17,876,700	17,876,700	17,876,700	17,876,700
Inflation to Current Prices	740,500	741,400	741,400	741,400
Changes in Government Grants				
- Rough Sleepers Drug and Alcohol Treatment Grant Income	(498,900)	(498,900)	(498,900)	(498,900)
- Substance Misuse Grant Income	(448,700)	(448,700)	(448,700)	(448,700)
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(8,600)	(20,200)	(20,200)	(20,200)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(14,200)	(67,400)	(42,200)	(42,200)
- Improved Debt Recovery		(9,000)	(9,000)	(9,000)
Investment Priorities				
- 22-362 (Nov 2022) Cost of Living Response - Enhancing Social Opportunities	7,100	0	0	0
- Cost of Living Response - WellFamily & Foodbank Partnership	0	73,500	0	0
Other Growth and Savings				
- Rough Sleepers Drug and Alcohol Treatment Grant Spend	498,900	498,900	498,900	498,900
- Substance Misuse Grant Spend	448,700	448,700	448,700	448,700
Budget Transfers	490,400	809,000	809,000	809,000
NET EXPENDITURE	19,091,900	19,404,000	19,355,700	19,355,700

HEALTH COMMITTEE

BUSINESS RESOURCES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Business Resources	6,741,200	5,585,900	5,619,800	5,619,800
	6,741,200	5,585,900	5,619,800	5,619,800

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	2,915,800	2,915,800	2,915,800	2,915,800
Inflation to Current Prices	318,000	318,000	318,000	318,000
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(9,300)	(22,400)	(22,400)	(22,400)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(69,900)	(445,700)	(411,800)	(411,800)
- Improved Debt Recovery	0	(192,300)	(192,300)	(192,300)
Other Growth and Savings				
- 22-363 ASC Market Sustainability and Improvement Fund Grant Spend	116,400	0	0	0
Budget Transfers	3,470,200	3,012,500	3,012,500	3,012,500
NET EXPENDITURE	6,741,200	5,585,900	5,619,800	5,619,800

HEALTH COMMITTEE

PUBLIC HEALTH

	<u>2022/23</u> <u>Revised</u>	<u>2023/24</u> <u>Budget</u>	<u>2024/25</u> <u>Budget</u>	<u>2025/26</u> <u>Budget</u>
	£	£	£	£
Children 0-5	67,000	85,000	85,000	85,000
Health Protection	23,700	12,700	12,700	12,700
NHS Health Checks	296,800	296,800	296,800	296,800
Obesity	20,000	20,000	20,000	20,000
Other Public Health	2,096,300	2,082,500	2,091,800	2,091,800
Physical Activity	227,200	202,200	202,200	202,200
Sexual Health	501,800	437,800	437,800	437,800
Smoking & Tobacco	183,900	182,900	183,900	183,900
Public Health Grant	(29,412,000)	(29,412,000)	(29,412,000)	(29,412,000)
	(25,995,300)	(26,092,100)	(26,081,800)	(26,081,800)

	<u>2022/23</u> <u>Revised</u>	<u>2023/24</u> <u>Budget</u>	<u>2024/25</u> <u>Budget</u>	<u>2025/26</u> <u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	(26,078,800)	(26,078,800)	(26,078,800)	(26,078,800)
Inflation to Current Prices	123,900	123,900	123,900	123,900
Changes in Government Grants				
- Community Discharge Grant Income	(102,600)	(102,600)	(102,600)	(102,600)
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(3,200)	(7,700)	(7,700)	(7,700)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(37,200)	(147,500)	(137,200)	(137,200)
Other Growth and Savings				
- Community Discharge Grant Spend	102,600	102,600	102,600	102,600
Budget Transfers	0	18,000	18,000	18,000
NET EXPENDITURE	(25,995,300)	(26,092,100)	(26,081,800)	(26,081,800)

HEALTH COMMITTEE

COMMUNITY SAFETY

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Community Safety	704,000	850,100	850,100	850,100
	704,000	850,100	850,100	850,100

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	655,600	655,600	655,600	655,600
Inflation to Current Prices	35,600	36,300	36,300	36,300
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(1,200)	(3,000)	(3,000)	(3,000)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(8,200)	(58,400)	(58,400)	(58,400)
Investment Priorities	22,200	219,600	219,600	219,600
NET EXPENDITURE	704,000	850,100	850,100	850,100

ENVIRONMENT COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Arts	895,000	864,500	854,500	854,500
Climate Change	644,600	675,700	628,600	628,600
Leisure and Waste	41,438,700	40,822,300	40,420,700	40,420,700
Highways Operations and Streetscene	437,300	35,800	35,800	35,800
ENVIRONMENT COMMITTEE TOTAL	<u>43,415,600</u>	<u>42,398,300</u>	<u>41,939,600</u>	<u>41,939,600</u>

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	38,793,000	38,793,000	38,793,000	38,793,000
Inflation to Current Prices	2,501,200	3,486,500	3,486,500	3,486,500
Other Government or Outside Body Changes	36,900	168,500	168,500	168,500
Demand Led Growth	52,200	52,200	52,200	52,200
Efficiency Savings	(89,700)	(301,400)	(527,000)	(527,000)
Investment Priorities	772,500	537,100	400,000	400,000
Other Growth and Savings	496,000	(1,254,400)	(1,284,400)	(1,284,400)
Budget Transfers	853,500	916,800	850,800	850,800
NET EXPENDITURE	<u>43,415,600</u>	<u>42,398,300</u>	<u>41,939,600</u>	<u>41,939,600</u>

ENVIRONMENT COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	3,473,100	3,462,900	3,462,900	3,462,900
Premises	5,769,700	6,735,000	6,735,000	6,735,000
Transport	118,600	118,600	118,600	118,600
Supplies & Services	1,761,700	1,506,300	1,369,200	1,369,200
Third Party Payments	35,537,900	35,158,200	35,062,200	35,062,200
Support Service Recharges	3,280,100	3,297,400	3,297,400	3,297,400
Depreciation & Impairment	3,629,400	3,629,400	3,629,400	3,629,400
TOTAL EXPENDITURE	53,570,500	53,907,800	53,674,700	53,674,700
<u>Income</u>				
Other Grants & Contributions	(502,000)	(512,000)	(522,000)	(522,000)
Customer & Client Receipts	(9,355,200)	(10,699,800)	(10,915,400)	(10,915,400)
Recharge Income	(297,700)	(297,700)	(297,700)	(297,700)
TOTAL INCOME	(10,154,900)	(11,509,500)	(11,735,100)	(11,735,100)
NET EXPENDITURE	43,415,600	42,398,300	41,939,600	41,939,600

ENVIRONMENT COMMITTEE

ARTS SERVICE

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Arts Service	895,000	864,500	854,500	854,500
	895,000	864,500	854,500	854,500
Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	861,000	861,000	861,000	861,000
Inflation to Current Prices	36,900	36,900	36,900	36,900
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(400)	(900)	(900)	(900)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(2,500)	(2,500)	(2,500)	(2,500)
- Use of S106 and Other External Funding	0	(10,000)	(20,000)	(20,000)
- Health and Wellbeing Contracts	0	(20,000)	(20,000)	(20,000)
NET EXPENDITURE	895,000	864,500	854,500	854,500

ENVIRONMENT COMMITTEE

CLIMATE CHANGE SERVICE

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Climate Change	644,600	675,700	628,600	628,600
	644,600	675,700	628,600	628,600

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	216,400	216,400	216,400	216,400
Inflation to Current Prices	30,600	30,600	30,600	30,600
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(300)	(700)	(700)	(700)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(17,700)	(17,700)	(17,700)	(17,700)
Investment Priorities				
- 22-219 (July 22) Climate Change Projects	268,500	0	0	0
- 22-216 (July 22) Citizens' Assembly	100,000	0	0	0
- 22-394 (Dec 22) Cost of Living Response: Warm Homes	29,700	29,700	0	0
- Cost of Living Responce: WRAP service	17,400	17,400	0	0
- Climate Change priorities (WESS)	0	400,000	400,000	400,000
NET EXPENDITURE	644,600	675,700	628,600	628,600

ENVIRONMENT COMMITTEE

LEISURE AND WASTE

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Leisure, Culture & Bereavement	4,163,300	4,610,200	4,610,200	4,610,200
Libraries	4,833,500	4,768,600	4,768,600	4,768,600
Registrars	138,200	135,400	135,400	135,400
Leisure and Culture Services	5,682,000	5,203,400	4,987,800	4,987,800
Street Cleansing	4,728,600	4,728,700	4,728,700	4,728,700
Waste Collection & Recycling	6,599,300	6,575,400	6,389,400	6,389,400
Waste Disposal inc Levy	15,293,800	14,800,600	14,800,600	14,800,600
	41,438,700	40,822,300	40,420,700	40,420,700

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	37,446,600	37,446,600	37,446,600	37,446,600
Inflation to Current Prices	2,304,700	3,290,000	3,290,000	3,290,000
Investment Priorities				
- 22- 216 (July 22) Public Realm – Paths, Parkways, Railings	145,500	0	0	0
- 22-340 (Nov 22) Waste Communications	60,000	90,000	0	0
- 22-394 (Dec 22) CoLC Response: Warm Spaces	74,400	0	0	0
Other Government or Outside Body Changes				
- Lee Valley Park Levy	(1,000)	(1,000)	(1,000)	(1,000)
- Wimbledon & Putney Commons Conservators Levy	(6,200)	107,100	107,100	107,100
- North East Surrey Crematorium Board	43,100	43,100	43,100	43,100
- Port of London - River Debris Clearance	1,000	1,000	1,000	1,000
- Western Riverside Waste Authority Levy	7,400	7,400	7,400	7,400
- Climate Change Levy Increase	0	8,900	8,900	8,900
- National Non Domestic Rates Revaluations	0	19,600	19,600	19,600
- National Insurance Uplift Reversal	(3,800)	(8,900)	(8,900)	(8,900)
Demand Led Growth				
- Waste Contract Increase for New Properties	52,200	52,200	52,200	52,200
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(32,300)	(32,300)	(32,300)	(32,300)
- Leisure and Culture Contract	0	(181,700)	(397,300)	(397,300)
Other Growth and Savings				
- SO83(A) E1 Battersea Park Concession Contract	(65,000)	(195,000)	(195,000)	(195,000)
- Removal of Temporary Waste Projects	0	(20,000)	(50,000)	(50,000)
- Leisure & Culture Contract Income - Slow Recovery	561,000	0	0	0
- Waste Tonnage Reductions	0	(500,000)	(500,000)	(500,000)
- Textile Contract	0	(25,000)	(25,000)	(25,000)
- Recycling Sack Provision	0	(85,000)	(85,000)	(85,000)
- Leisure Centre Contract Extension	0	(75,000)	(75,000)	(75,000)
- 23-54 (Feb 23) Review of Fees & Charges	0	(31,200)	(31,200)	(31,200)
Budget Transfers	851,100	911,500	845,500	845,500
NET EXPENDITURE	41,438,700	40,822,300	40,420,700	40,420,700

ENVIRONMENT COMMITTEE

HIGHWAYS OPERATIONS AND STREETSCENE

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Inspection & Enforcement	344,000	249,600	249,600	249,600
Network Management	(427,600)	(734,700)	(734,700)	(734,700)
Tree Root Provision	367,700	367,700	367,700	367,700
Winter Maintenance	153,200	153,200	153,200	153,200
	437,300	35,800	35,800	35,800

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	269,000	269,000	269,000	269,000
Inflation to Current Prices	129,000	129,000	129,000	129,000
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(2,900)	(7,100)	(7,100)	(7,100)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(37,200)	(37,200)	(37,200)	(37,200)
Investment Priorities				
- 22-342 (Nov 22) Mega Skips	77,000	0	0	0
Other Growth and Savings				
- Rebase of Income Budgets	0	(300,000)	(300,000)	(300,000)
- 23-54 (Feb 23) Review of Fees & Charges	0	(23,200)	(23,200)	(23,200)
Budget Transfers	2,400	5,300	5,300	5,300
NET EXPENDITURE	437,300	35,800	35,800	35,800

CHILDREN'S COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Business Resources	17,930,450	16,459,750	16,309,750	16,309,750
Children and Families	42,964,500	42,814,900	42,814,900	42,814,900
Early Help	14,653,800	14,303,700	14,303,700	14,303,700
Education Standards and Inclusion	9,484,850	9,321,150	9,321,150	9,321,150
CHILDREN'S COMMITTEE TOTAL	85,033,600	82,899,500	82,749,500	82,749,500

<u>Variation Analysis</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	80,102,600	80,102,600	80,102,600	80,102,600
Inflation to Current Prices	4,767,100	4,716,000	4,716,000	4,716,000
Changes in Government Grants	(2,129,000)	0	0	0
Other Government or Outside Body Changes	(165,600)	(397,600)	(397,600)	(397,600)
Demand Led Growth	0	400,000	400,000	400,000
Efficiency Savings	(312,400)	(2,312,400)	(2,312,400)	(2,312,400)
Investment Priorities	360,000	0	0	0
Other Growth and Savings	2,179,000	150,000	0	0
Budget Transfers	231,900	240,900	240,900	240,900
NET EXPENDITURE	85,033,600	82,899,500	82,749,500	82,749,500

CHILDREN'S COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	51,302,300	50,824,600	50,824,600	50,824,600
Premises	928,700	987,100	987,100	987,100
Transport	5,432,800	5,809,800	5,809,800	5,809,800
Supplies & Services	8,529,300	4,299,800	4,149,800	4,149,800
Third Party Payments	29,922,650	29,562,650	29,562,650	29,562,650
Transfer Payments	1,329,350	1,329,350	1,329,350	1,329,350
Support Service Recharges	6,744,700	6,744,200	6,744,200	6,744,200
Depreciation & Impairment	3,952,600	3,952,600	3,952,600	3,952,600
TOTAL EXPENDITURE	108,142,400	103,510,100	103,360,100	103,360,100
<u>Income</u>				
Government Grants	(14,928,100)	(12,474,100)	(12,474,100)	(12,474,100)
Other Grants & Contributions	(2,276,500)	(2,238,600)	(2,238,600)	(2,238,600)
Customer & Client Receipts	(1,764,700)	(1,764,700)	(1,764,700)	(1,764,700)
Recharge Income	(4,139,500)	(4,133,200)	(4,133,200)	(4,133,200)
TOTAL INCOME	(23,108,800)	(20,610,600)	(20,610,600)	(20,610,600)
NET EXPENDITURE	85,033,600	82,899,500	82,749,500	82,749,500

CHILDREN'S COMMITTEE

BUSINESS RESOURCES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Directorate & Business Resources	11,663,750	9,795,650	9,645,650	9,645,650
SEN Travel Assistance	5,618,500	6,018,300	6,018,300	6,018,300
School Support	648,200	645,800	645,800	645,800
	17,930,450	16,459,750	16,309,750	16,309,750

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	15,842,850	15,842,850	15,842,850	15,842,850
Inflation to Current Prices	1,394,300	1,353,200	1,353,200	1,353,200
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(27,200)	(65,400)	(65,400)	(65,400)
Demand Led Growth				
- Special Educational Needs Transport pressures	0	400,000	400,000	400,000
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(73,300)	(73,300)	(73,300)	(73,300)
- Directorate Staffing Review	0	(1,800,000)	(1,800,000)	(1,800,000)
- Commissioning Efficiencies	0	(100,000)	(100,000)	(100,000)
- Income Generation	0	(100,000)	(100,000)	(100,000)
Other Growth and Savings				
- 22-289 (Sep 22) Magic Breakfast Pilot	50,000	150,000	0	0
Budget Transfers	743,800	852,400	852,400	852,400
NET EXPENDITURE	17,930,450	16,459,750	16,309,750	16,309,750

CHILDREN'S COMMITTEE

CHILDREN AND FAMILIES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Children in Need Teams	5,011,950	4,989,150	4,989,150	4,989,150
Children Looked After Teams	6,524,400	6,511,600	6,511,600	6,511,600
External Care Placements	13,865,200	13,858,100	13,858,100	13,858,100
Family & Community Services	7,319,000	7,294,400	7,294,400	7,294,400
Family Centres & Contact Service	1,226,300	1,212,000	1,212,000	1,212,000
Adoption, Fostering & Permanency	2,064,600	2,057,200	2,057,200	2,057,200
Special Education Needs Disability & Psych Service	2,067,750	2,061,150	2,061,150	2,061,150
Safeguarding Standards	1,385,600	1,379,100	1,379,100	1,379,100
Social Care Academy	1,133,100	1,127,900	1,127,900	1,127,900
Youth Offending Team	735,100	700,700	700,700	700,700
Specialist Services for Families	1,631,500	1,623,600	1,623,600	1,623,600
	42,964,500	42,814,900	42,814,900	42,814,900

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	41,575,800	41,575,800	41,575,800	41,575,800
Inflation to Current Prices	2,218,000	2,191,300	2,191,300	2,191,300
Changes in Government Grants				
- 22-217 (Jul 22) Household Support Fund (2) Grant Income	(1,087,000)	0	0	0
- 22-394 (Dec 22) Household Support Fund (3) Grant Income	(1,042,000)	0	0	0
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(87,600)	(210,800)	(210,800)	(210,800)
- National Non Domestic Rates revaluations	0	200	200	200
- Climate Change Levy increase	0	100	100	100
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(124,300)	(124,300)	(124,300)	(124,300)
Other Growth and Savings				
- 22-217 (Jul 22) Household Support Fund (2) Grant Spend	1,087,000	0	0	0
- 22-394 (Dec 22) Household Support Fund (3) Grant Spend	1,042,000	0	0	0
Budget Transfers	(617,400)	(617,400)	(617,400)	(617,400)
NET EXPENDITURE	42,964,500	42,814,900	42,814,900	42,814,900

CHILDREN'S COMMITTEE

EARLY HELP

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Afterschool & Holiday Play Centres	385,200	26,600	26,600	26,600
Youth Services	3,198,700	3,206,000	3,206,000	3,206,000
Children's Centres	1,724,800	1,716,700	1,716,700	1,716,700
Early Years Central & Management Costs	8,418,900	8,403,800	8,403,800	8,403,800
Early Years - Dedicated Schools Grant	(1,600)	(25,600)	(25,600)	(25,600)
Innovation & Impact Service	793,400	844,100	844,100	844,100
Early Years - Special Educational Needs and Disability	134,400	132,100	132,100	132,100
	14,653,800	14,303,700	14,303,700	14,303,700

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	15,593,100	15,593,100	15,593,100	15,593,100
Inflation to Current Prices	535,200	555,300	555,300	555,300
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(23,400)	(56,000)	(56,000)	(56,000)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(35,900)	(35,900)	(35,900)	(35,900)
Investment Priorities				
- 22-388 (Nov 22) Cost of Living Response - a 'Warmer Welcome'	360,000	0	0	0
Budget Transfers	(1,775,200)	(1,752,800)	(1,752,800)	(1,752,800)
NET EXPENDITURE	14,653,800	14,303,700	14,303,700	14,303,700

EDUCATION STANDARDS AND INCLUSION

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Overheads	102,800	27,400	27,400	27,400
School Participation & Improvement	2,232,100	2,169,500	2,169,500	2,169,500
Lifelong Learning	50,100	42,800	42,800	42,800
Pupil Services	100,300	97,800	97,800	97,800
Psychology Service	882,350	876,450	876,450	876,450
Special Education Needs & Disability Services	2,560,600	2,550,600	2,550,600	2,550,600
Schools Depreciation	3,556,600	3,556,600	3,556,600	3,556,600
	9,484,850	9,321,150	9,321,150	9,321,150

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	7,090,850	7,090,850	7,090,850	7,090,850
Inflation to Current Prices	619,600	616,200	616,200	616,200
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(27,400)	(65,700)	(65,700)	(65,700)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(78,900)	(78,900)	(78,900)	(78,900)
Budget Transfers	1,880,700	1,758,700	1,758,700	1,758,700
NET EXPENDITURE	9,484,850	9,321,150	9,321,150	9,321,150

FINANCE COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
General Services - Chief Executive's Group	2,690,800	2,521,300	2,372,100	1,848,800
General Services - Resources Directorate	(15,921,100)	(17,687,000)	(11,842,100)	(5,761,300)
Revenue Services	7,403,300	6,856,300	6,759,700	6,759,700
Property Services	(1,812,800)	(3,153,000)	(3,162,800)	(3,162,800)
Economic Development	2,298,000	1,473,900	1,451,200	1,451,200
Environmental Services and Regulatory Services	3,161,800	3,234,100	3,234,100	3,234,100
FINANCE COMMITTEE TOTAL	(2,180,000)	(6,754,400)	(1,187,800)	4,369,700

<u>Variation Analysis</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
2022/23 ORIGINAL BUDGET	(2,150,000)	(2,150,000)	(2,150,000)	(2,150,000)
Inflation to Current Prices	3,079,300	3,441,800	3,441,800	3,441,800
Changes in Government Grants	0	318,300	318,300	318,300
Other Government or Outside Body Changes	(72,400)	181,400	181,400	181,400
Demand Led Growth	0	25,500	25,500	25,500
Efficiency Savings	(249,000)	(1,601,000)	(1,424,800)	(1,424,800)
Investment Priorities	3,227,800	1,187,900	903,800	350,300
Other Growth and Savings	(5,436,000)	(7,868,900)	(2,194,400)	3,916,600
Budget Transfers	(579,700)	(289,400)	(289,400)	(289,400)
NET EXPENDITURE	(2,180,000)	(6,754,400)	(1,187,800)	4,369,700

FINANCE COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
<u>Expenditure</u>				
Employees	7,502,600	7,810,900	7,783,600	7,260,300
Premises	762,100	736,000	736,000	736,000
Transport	44,400	44,400	44,400	44,400
Supplies & Services	11,110,500	10,588,900	18,494,500	19,994,500
Third Party Payments	6,176,300	5,404,100	5,287,300	5,287,300
Transfer Payments	141,443,600	133,890,600	133,890,600	133,890,600
Support Service Recharges	14,666,700	14,657,000	14,821,100	14,751,900
Depreciation & Impairment	(16,367,800)	(16,367,800)	(16,367,800)	(16,367,800)
TOTAL EXPENDITURE	165,338,400	156,764,100	164,689,700	165,597,200
<u>Income</u>				
Government Grants	(137,550,200)	(130,432,700)	(130,432,700)	(130,432,700)
Other Grants & Contributions	(209,700)	(312,900)	(312,900)	(312,900)
Customer & Client Receipts	(13,839,200)	(14,400,200)	(14,586,200)	(14,586,200)
Interest	(14,038,600)	(16,492,000)	(18,665,000)	(14,015,000)
Recharge Income	(5,600)	(5,600)	(5,600)	(5,600)
Internal charges	(1,875,100)	(1,875,100)	(1,875,100)	(1,875,100)
TOTAL INCOME	(167,518,400)	(163,518,500)	(165,877,500)	(161,227,500)
NET EXPENDITURE	(2,180,000)	(6,754,400)	(1,187,800)	4,369,700

FINANCE COMMITTEE

General Services - Chief Executive's Group and Other

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Corporate Initiatives	432,600	867,700	812,600	289,300
Community and Partnerships	1,984,800	1,410,000	1,315,900	1,315,900
Emergency Planning	243,400	243,600	243,600	243,600
Workspace Programme	30,000	0	0	0
	2,690,800	2,521,300	2,372,100	1,848,800

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Variation Analysis				
2022/23 ORIGINAL BUDGET	1,915,800	1,915,800	1,915,800	1,915,800
Inflation to Current Prices	92,600	80,700	80,700	80,700
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(1,200)	(3,100)	(3,100)	(3,100)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(16,500)	(60,300)	(60,300)	(60,300)
Investment Priorities				
- 22-216 (July 21) Voluntary Sector Needs Analysis	80,000	0	0	0
- 22-216 (July 21) Wandsworth Grants Fund	100,000	0	0	0
- 22-219 (July 21) KickStart Programme and Other Carry Fwds	135,900	0	0	0
- 22-394 (Dec 22) Cost of Living Response Programme Support	446,400	94,100	0	0
- Programme Management Capacity Transformation Initiatives	163,000	613,700	558,600	35,300
Budget Transfers	(225,200)	(119,600)	(119,600)	(119,600)
NET EXPENDITURE	2,690,800	2,521,300	2,372,100	1,848,800

FINANCE COMMITTEE

GENERAL SERVICES - RESOURCES

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Registration of Electors	1,348,400	730,800	730,800	730,800
General Services Finance	(7,202,100)	(8,441,900)	(2,584,900)	3,565,100
Apprenticeship Levy	454,900	454,900	454,900	454,900
Capital Financing Account	(16,745,100)	(16,745,100)	(16,745,100)	(16,745,100)
Corporate Management Costs	6,222,800	6,314,300	6,302,200	6,233,000
	(15,921,100)	(17,687,000)	(11,842,100)	(5,761,300)

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	(11,510,600)	(11,510,600)	(11,510,600)	(11,510,600)
Inflation to Current Prices	1,588,700	1,526,700	1,526,700	1,526,700
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(48,000)	(114,200)	(114,200)	(114,200)
- External Audit fees - Public Sector Audit Appointments	0	162,000	162,000	162,000
Demand Led Growth				
- Insurance - audit committee	0	25,500	25,500	25,500
Efficiency Savings				
- 20-380 (Nov 20) IT Investment Strategy	0	(316,000)	(316,000)	(316,000)
- Income, Contract and Departmental Efficiencies	(46,300)	(535,300)	(535,300)	(535,300)
Investment Priorities				
- 22-216 (Jun 22) Leader's Office	125,000	250,000	250,000	250,000
- 22-216 (Jun 22) Local Government Association	65,000	65,000	65,000	65,000
- Cost of Living Response Data Analytics	0	45,800	30,200	0
Other Growth and Savings				
- Interest on Treasury Investments	(5,652,000)	(6,645,000)	(788,000)	5,362,000
- Local Election 2022 Costs	216,000	(400,000)	(400,000)	(400,000)
- Adjustments To Back Office Services	0	39,100	42,600	3,600
Budget Transfers				
- Realignment of Depreciation Budgets	(1,213,800)	(1,213,800)	(1,213,800)	(1,213,800)
- Other Budget Transfers	554,900	933,800	933,800	933,800
NET EXPENDITURE	(15,921,100)	(17,687,000)	(11,842,100)	(5,761,300)

FINANCE COMMITTEE

REVENUE SERVICES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Council Tax & Business Rates Collection	1,299,000	1,195,400	1,195,400	1,195,400
Housing & Council Tax Benefits	6,104,300	5,660,900	5,564,300	5,564,300
	7,403,300	6,856,300	6,759,700	6,759,700

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	6,137,800	6,137,800	6,137,800	6,137,800
Inflation to Current Prices	474,400	478,200	478,200	478,200
Changes in Government Grants				
- Local Council Tax Support Admin Grant (rolled into RSG)	0	318,300	318,300	318,300
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(11,900)	(28,700)	(28,700)	(28,700)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(43,900)	(145,900)	(145,900)	(145,900)
Investment Priorities				
- Wandsworth Discretionary Social Fund Top Up	700,000	0	0	0
- 22-394 (Dec 22) Cost of Living Response Programme Support	46,600	46,600	0	0
- Cost of Living Financial Resilience	55,100	50,000	0	0
- Cost of Living Financial Inclusion	45,200	0	0	0
NET EXPENDITURE	7,403,300	6,856,300	6,759,700	6,759,700

FINANCE COMMITTEE

PROPERTY SERVICES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Commercial Properties	(5,338,400)	(5,505,100)	(5,691,100)	(5,691,100)
Energy Management Schemes	169,000	0	0	0
Operational Properties	3,158,600	2,154,100	2,330,300	2,330,300
Properties Pending Disposal	198,000	198,000	198,000	198,000
	(1,812,800)	(3,153,000)	(3,162,800)	(3,162,800)

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	(3,548,200)	(3,548,200)	(3,548,200)	(3,548,200)
Inflation to Current Prices	662,000	970,400	970,400	970,400
Other Government or Outside Body Changes				
- National Non Domestic Rates Revaluations	0	186,600	186,600	186,600
- National Insurance Uplift Reversal	(5,500)	(13,200)	(13,200)	(13,200)
- Climate Change Levy increase	0	5,700	5,700	5,700
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(97,500)	(97,500)	(97,500)	(97,500)
- Short Term Staffing Efficiencies	0	(176,200)	0	0
Investment Priorities				
- 22-219 (July 21) Outturn - Workspace Strategy	810,000	0	0	0
- 22-219 (July 21) Outturn - WESS Schools Energy Audits	69,000	0	0	0
Other Growth and Savings				
- Additional Income from Commercial Rents	0	(164,000)	(350,000)	(350,000)
- Removal of One Year Budgets	0	(414,000)	(414,000)	(414,000)
Budget Transfers	297,400	97,400	97,400	97,400
NET EXPENDITURE	(1,812,800)	(3,153,000)	(3,162,800)	(3,162,800)

FINANCE COMMITTEE

Economic Development

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Economic Development	883,700	382,700	360,000	360,000
Town Centres	1,414,300	1,091,200	1,091,200	1,091,200
	2,298,000	1,473,900	1,451,200	1,451,200

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	1,840,700	1,840,700	1,840,700	1,840,700
Inflation to Current Prices	200,700	166,200	166,200	166,200
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(5,800)	(13,700)	(13,700)	(13,700)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(37,200)	(262,200)	(262,200)	(262,200)
Investment Priorities				
- 22-219 (Jul 22) Night Time Strategy, Supporting Business and KickStart Development	266,600	0	0	0
- 22-394 (Dec 22) Cost of Living Response: Supporting Business	27,800	22,700	0	0
Other Growth and Savings				
- 22-66 (Feb 22) High Street Recovery	0	(285,000)	(285,000)	(285,000)
Budget Transfers	5,200	5,200	5,200	5,200
NET EXPENDITURE	2,298,000	1,473,900	1,451,200	1,451,200

FINANCE COMMITTEE

ENVIRONMENTAL SERVICES AND REGULATORY SERVICES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Coroners' Court and Mortuary	721,600	721,600	721,600	721,600
Regulatory Services	2,440,200	2,512,500	2,512,500	2,512,500
	3,161,800	3,234,100	3,234,100	3,234,100

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	3,014,500	3,014,500	3,014,500	3,014,500
Inflation to Current Prices	60,900	219,600	219,600	219,600
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(7,600)	(7,600)	(7,600)	(7,600)
Investment Priorities				
- 22-219 (July 21) Air Quality Projects	92,200	0	0	0
Budget Transfers	1,800	7,600	7,600	7,600
NET EXPENDITURE	3,161,800	3,234,100	3,234,100	3,234,100

FINANCE COMMITTEE - CENTRAL SUPPORT

These are memorandum accounts, fully recharged to other services

SUMMARY BY SERVICE AREA

CENTRAL SUPPORT

<u>SERVICE</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Central Services - Resources Directorate	20,093,500	19,821,200	19,659,200	19,659,200
Central Services - Chief Executive's Group	4,630,700	4,546,600	4,486,600	4,456,500
Property Services Support Functions	9,352,300	9,754,500	9,930,700	9,930,700
	34,076,500	34,122,300	34,076,500	34,046,400

<u>Variation Analysis</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	31,793,300	31,793,300	31,793,300	31,793,300
Inflation to Current Prices	2,993,100	3,895,100	3,895,100	3,895,100
Other Government or Outside Body Changes	(69,300)	59,900	59,900	59,900
Demand Led Growth	0	25,500	25,500	25,500
Efficiency Savings	(308,800)	(1,290,000)	(1,275,800)	(1,275,800)
Investment Priorities	190,700	90,100	30,100	0
Other Growth and Savings	0	224,100	224,100	224,100
Budget Transfers	(522,500)	(675,700)	(675,700)	(675,700)
NET EXPENDITURE	34,076,500	34,122,300	34,076,500	34,046,400

FINANCE COMMITTEE - CENTRAL SUPPORT

These are memorandum accounts, fully recharged to other services

SUBJECTIVE ANALYSIS CENTRAL SUPPORT

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	23,640,900	23,083,000	23,143,500	23,113,400
Premises	6,634,800	7,697,900	7,697,900	7,697,900
Transport	144,600	144,600	144,600	144,600
Supplies & Services	6,392,900	5,958,700	5,852,400	5,852,400
Depreciation & Impairment	863,000	863,000	863,000	863,000
TOTAL EXPENDITURE	39,324,500	39,386,500	39,340,700	39,310,600
<u>Income</u>				
Government Grants	(120,300)	(26,300)	(26,300)	(26,300)
Other Grants & Contributions	(1,669,700)	(1,769,700)	(1,769,700)	(1,769,700)
Internal Charges	(985,600)	(985,600)	(985,600)	(985,600)
TOTAL INCOME	(5,248,000)	(5,264,200)	(5,264,200)	(5,264,200)
NET EXPENDITURE	34,076,500	34,122,300	34,076,500	34,046,400

FINANCE COMMITTEE - CENTRAL SUPPORT

These are memorandum accounts, fully recharged to other services

CENTRAL SERVICES - RESOURCES DIRECTORATE

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Corporate Services	12,393,700	11,742,000	11,580,000	11,580,000
Resources Directorate and General Services	898,100	795,100	795,100	795,100
Financial Management	2,638,600	2,706,600	2,706,600	2,706,600
Financial Services	2,145,200	2,565,900	2,565,900	2,565,900
Revenues Services	2,017,900	2,011,600	2,011,600	2,011,600
	20,093,500	19,821,200	19,659,200	19,659,200

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	18,979,400	18,979,400	18,979,400	18,979,400
Inflation to Current Prices	1,940,700	2,578,300	2,578,300	2,578,300
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(49,400)	(117,600)	(117,600)	(117,600)
Demand Led Growth				
- Insurance Team	0	25,500	25,500	25,500
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(249,000)	(647,000)	(647,000)	(647,000)
- 20-380 (Nov 20) IT Investment Strategy	0	(316,000)	(478,000)	(478,000)
Budget Transfers	(528,200)	(681,400)	(681,400)	(681,400)
NET EXPENDITURE	20,093,500	19,821,200	19,659,200	19,659,200

FINANCE COMMITTEE - CENTRAL SUPPORT

These are memorandum accounts, fully recharged to other services

CENTRAL SERVICES - CHIEF EXECUTIVE'S GROUP

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Complaints, Consultations and FOI Team	416,000	415,100	415,100	415,100
Communications and Corporate Design	343,400	320,700	276,400	276,400
Member Services	2,133,500	2,245,100	2,245,100	2,245,100
Policy, Performance and Analysis	697,200	574,100	558,400	528,300
Chief Executive, Support and Trainees	1,040,600	991,600	991,600	991,600
	4,630,700	4,546,600	4,486,600	4,456,500

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	4,186,800	4,186,800	4,186,800	4,186,800
Inflation to Current Prices	364,000	490,600	490,600	490,600
Changes in Government Grants				
- National Insurance Uplift Reversal	(13,500)	(32,600)	(32,600)	(32,600)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(31,900)	(122,900)	(122,900)	(122,900)
Investment Priorities				
- Cost of Living Response: Data Analytics	0	45,800	30,100	0
- 22-216 (Jul 22) Cost of Living Commission	126,000	0	0	0
- 22-394 (Dec 22) Cost of Living Response: Communications	64,700	44,300	0	0
Budget Transfers	(65,400)	(65,400)	(65,400)	(65,400)
NET EXPENDITURE	4,630,700	4,546,600	4,486,600	4,456,500

FINANCE COMMITTEE - CENTRAL SUPPORT

These are memorandum accounts, fully recharged to other services

PROPERTY SERVICES SUPPORT FUNCTIONS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Borough Valuers	618,500	615,900	615,900	615,900
Building Costs	4,884,400	5,471,500	5,471,500	5,471,500
Schools and Building Capital	356,000	355,500	355,500	355,500
Facilities Management	3,493,400	3,311,600	3,487,800	3,487,800
	9,352,300	9,754,500	9,930,700	9,930,700

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	8,627,100	8,627,100	8,627,100	8,627,100
Inflation to Current Prices	688,400	1,050,300	1,050,300	1,050,300
Other Government or Outside Body Changes				
- National Non Domestic Rates Revaluations	0	219,500	219,500	219,500
- National Insurance Uplift Reversal	(6,400)	(15,100)	(15,100)	(15,100)
- Climate Change Levy Increase	0	5,700	5,700	5,700
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(27,900)	(27,900)	(27,900)	(27,900)
- Short Term Staffing Efficiencies	0	(176,200)	0	0
Budget Transfers	71,100	71,100	71,100	71,100
NET EXPENDITURE	9,352,300	9,754,500	9,930,700	9,930,700

HOUSING COMMITTEE

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Housing Management and Service Strategy	473,700	422,700	478,600	478,600
Housing Services	14,369,100	16,598,400	17,006,800	17,006,800
Private Sector Housing	492,400	521,800	521,800	521,800
HOUSING COMMITTEE TOTAL	15,335,200	17,542,900	18,007,200	18,007,200

<u>Variation Analysis</u>	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	12,813,700	12,813,700	12,813,700	12,813,700
Inflation to Current Prices	1,413,200	1,582,600	1,582,600	1,582,600
Changes in Government Grants	(721,000)	(99,000)	(143,500)	(143,500)
Other Government or Outside Body Changes	(6,600)	(23,500)	(23,500)	(23,500)
Demand Led Growth	1,324,800	3,065,900	3,065,900	3,065,900
Efficiency Savings	(14,300)	(523,100)	(14,300)	(14,300)
Investment Priorities	540,000	710,000	710,000	710,000
Other Growth and Savings	6,000	6,000	6,000	6,000
Budget Transfers	(20,600)	10,300	10,300	10,300
NET EXPENDITURE	15,335,200	17,542,900	18,007,200	18,007,200

HOUSING COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	7,092,100	6,724,500	7,233,300	7,233,300
Premises	830,900	954,600	954,600	954,600
Transport	22,500	22,500	22,500	22,500
Supplies & Services	2,371,700	2,386,000	2,386,000	2,386,000
Third Party Payments	38,679,500	45,277,900	45,277,900	45,277,900
Transfer Payments	967,500	1,257,500	1,257,500	1,257,500
Support Service Recharges	819,000	822,200	822,200	822,200
TOTAL EXPENDITURE	50,783,200	57,445,200	57,954,000	57,954,000
<u>Income</u>				
Government Grants	(6,907,900)	(6,263,800)	(6,308,300)	(6,308,300)
Other Grants & Contributions	(302,000)	(301,100)	(301,100)	(301,100)
Customer & Client Receipts	(25,434,900)	(30,541,600)	(30,541,600)	(30,541,600)
Interest	(16,500)	(16,500)	(16,500)	(16,500)
Recharge Income	(399,700)	(398,500)	(398,500)	(398,500)
Internal Charges	(2,387,000)	(2,380,800)	(2,380,800)	(2,380,800)
TOTAL INCOME	(35,448,000)	(39,902,300)	(39,946,800)	(39,946,800)
TOTAL NET EXPENDITURE	15,335,200	17,542,900	18,007,200	18,007,200

HOUSING COMMITTEE

HOUSING MANAGEMENT AND SERVICE STRATEGY

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Affordable Housing and Service Strategy	(25,000)	(25,000)	(25,000)	(25,000)
Animal Welfare	40,900	40,900	40,900	40,900
Graffiti Removal	229,600	229,400	229,400	229,400
House Purchase and Leaseholder Advances	(18,400)	(18,400)	(18,400)	(18,400)
Travellers Site	(1,700)	5,400	5,400	5,400
Warden Services, Watch and Telecare	248,300	190,400	246,300	246,300
	473,700	422,700	478,600	478,600

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	403,000	403,000	403,000	403,000
Inflation to Current Prices	67,000	74,300	74,300	74,300
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(1,600)	(4,000)	(4,000)	(4,000)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(5,800)	(5,800)	(5,800)	(5,800)
- Short Term Staffing Efficiencies	0	(55,900)	0	0
Other Growth and Savings				
- Interest on Leaseholder Loans	6,000	6,000	6,000	6,000
Budget Transfers	5,100	5,100	5,100	5,100
NET EXPENDITURE	473,700	422,700	478,600	478,600

HOUSING COMMITTEE

HOUSING SERVICES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Individuals With No Recourse to Public Funds	431,400	458,400	458,400	458,400
Direct Homelessness Costs	9,951,100	12,193,700	12,149,200	12,149,200
Homelessness Prevention Schemes	802,300	1,052,300	1,052,300	1,052,300
Housing Services Administration	3,184,300	2,894,000	3,346,900	3,346,900
	14,369,100	16,598,400	17,006,800	17,006,800

Variation Analysis	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
2022/23 ORIGINAL BUDGET	11,927,700	11,927,700	11,927,700	11,927,700
Inflation to Current Prices	1,337,300	1,473,900	1,473,900	1,473,900
Changes in Government Grants				
- Homelessness Prevention Grant Top Up	(721,000)	0	0	0
- Increased Homelessness Prevention Grant Future Years	0	(99,000)	(143,500)	(143,500)
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(5,000)	(19,500)	(19,500)	(19,500)
Demand Led Growth				
- 22-161 (Jun 22) Temporary Accommodation Pressures	1,050,000	660,000	660,000	660,000
- Temporary Accommodation Further Pressures	274,800	2,405,900	2,405,900	2,405,900
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(7,700)	(7,700)	(7,700)	(7,700)
- Short Term Staffing Efficiencies	0	(452,900)	0	0
Investment Priorities				
- 22-161 (Jun 22) - Housing Services Additional Staffing	540,000	710,000	710,000	710,000
Budget Transfers	(27,000)	0	0	0
NET EXPENDITURE	14,369,100	16,598,400	17,006,800	17,006,800

HOUSING COMMITTEE

PRIVATE SECTOR HOUSING

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Home Improvement Agency	0	0	0	0
Private Sector Housing	492,400	521,800	521,800	521,800
	492,400	521,800	521,800	521,800

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	483,000	483,000	483,000	483,000
Inflation to Current Prices	8,900	34,400	34,400	34,400
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(800)	(800)	(800)	(800)
Budget Transfers	1,300	5,200	5,200	5,200
NET EXPENDITURE	492,400	521,800	521,800	521,800

TRANSPORT COMMITTEE

SUBJECTIVE ANALYSIS

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Expenditure</u>				
Employees	4,321,500	4,342,000	4,342,000	4,313,100
Premises	1,449,500	1,757,500	1,757,500	1,757,500
Transport	18,500	18,500	18,500	18,500
Supplies & Services	4,308,900	4,072,300	3,982,300	3,982,300
Third Party Payments	7,779,800	7,959,000	7,959,000	7,959,000
Transfer Payments	8,549,700	9,846,200	13,833,800	17,187,100
Support Service Recharges	2,996,600	3,054,100	3,054,100	3,054,100
Depreciation & Impairment	7,830,800	7,830,800	7,830,800	7,830,800
TOTAL EXPENDITURE	37,255,300	38,880,400	42,778,000	46,102,400
<u>Income</u>				
Other Grants & Contributions	(595,600)	(645,600)	(595,600)	(595,600)
Customer & Client Receipts	(43,602,500)	(46,071,500)	(46,506,500)	(46,506,500)
Recharge Income	(71,600)	(71,600)	(71,600)	(71,600)
Internal Charges	(253,400)	(253,400)	(253,400)	(253,400)
TOTAL INCOME	(44,523,100)	(47,042,100)	(47,427,100)	(47,427,100)
TOTAL NET EXPENDITURE	<u>(7,267,800)</u>	<u>(8,161,700)</u>	<u>(4,649,100)</u>	<u>(1,324,700)</u>

TRANSPORT COMMITTEE

PRECEPTS AND LEVIES

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Precepts and Levies	325,200	333,500	333,500	333,500
	325,200	333,500	333,500	333,500

	<u>2022/23</u> <u>Revised</u> £	<u>2023/24</u> <u>Budget</u> £	<u>2024/25</u> <u>Budget</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis				
2022/23 ORIGINAL BUDGET	325,200	325,200	325,200	325,200
Other Government or Outside Body Changes				
- Environment Agency Levy	0	8,300	8,300	8,300
NET EXPENDITURE	325,200	333,500	333,500	333,500

TRANSPORT COMMITTEE

PLANNING AND TRANSPORT

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Building Control	391,200	381,500	381,500	381,500
Development Management	(565,900)	(251,700)	(551,700)	(551,700)
Information & Business Support	80,300	79,500	79,500	79,500
Policy & Design	1,217,700	1,179,000	1,139,000	1,139,000
Transport Strategy	244,700	273,800	273,800	244,900
	1,368,000	1,662,100	1,322,100	1,293,200

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	1,149,400	1,149,400	1,149,400	1,149,400
Inflation to Current Prices	287,000	287,500	287,500	287,500
Other Government or Outside Body Changes				
- National Insurance Uplift Reversal	(8,900)	(21,300)	(21,300)	(21,300)
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(44,400)	(44,400)	(44,400)	(44,400)
Other Growth and Savings				
- 23-35 (Feb 23) Review of Fees And Charges	0	(7,000)	(7,000)	(7,000)
- Development Control - Slow Recovery from COVID-19	0	300,000	0	0
Budget Transfers	(15,100)	(2,100)	(42,100)	(71,000)
NET EXPENDITURE	1,368,000	1,662,100	1,322,100	1,293,200

TRANSPORT COMMITTEE

TRAFFIC AND ENGINEERING

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
CCTV	244,600	250,100	250,100	250,100
Concessionary Fares	8,715,600	10,011,600	13,999,200	17,352,500
Engineering - Parking & Traffic	701,600	696,800	696,800	696,800
Engineering - Highways	2,816,600	3,179,800	3,179,800	3,179,800
Engineering - Road Safety	9,055,500	8,939,900	8,939,900	8,939,900
Parking Administration	2,703,100	2,658,700	2,658,700	2,658,700
Parking including Contract Management	(33,198,000)	(35,894,200)	(36,029,200)	(36,029,200)
	(8,961,000)	(10,157,300)	(6,304,700)	(2,951,400)
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	£	£	£	£
Variation Analysis				
2022/23 ORIGINAL BUDGET	(11,754,500)	(11,754,500)	(11,754,500)	(11,754,500)
Inflation to Current Prices	1,127,100	1,654,800	1,654,800	1,654,800
Other Government or Outside Body Changes				
- Concessionary Fares	0	1,296,500	5,284,100	8,637,400
- National Insurance Uplift Reversal	(5,200)	(12,500)	(12,500)	(12,500)
- Traffic Technology Levy	38,600	33,700	33,700	33,700
Efficiency Savings				
- Income, Contract and Departmental Efficiencies	(167,700)	(167,700)	(167,700)	(167,700)
Investment Priorities				
- 22-216 (July 22) Public Realm High St & Parade Uplift	192,000	0	0	0
- 22-216 (July 22) Parking Software Project	43,000	0	0	0
Other Growth and Savings				
- Parking Income - Slow Recovery from COVID-19	1,439,000	0	0	0
- 23-35 (Feb 23) Review of Fees and Charges	0	(913,000)	(1,048,000)	(1,048,000)
- Traffic Enforcement - Moving Contraventions	0	(400,000)	(400,000)	(400,000)
Budget Transfers	126,700	105,400	105,400	105,400
NET EXPENDITURE	(8,961,000)	(10,157,300)	(6,304,700)	(2,951,400)

Section 3
Capital Programme

WANDSWORTH BOROUGH COUNCIL

FINANCE COMMITTEE – 1ST MARCH 2023

EXECUTIVE – 7TH MARCH 2023

COUNCIL – 8TH MARCH 2023

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

SUMMARY

This is the annual General Fund capital bids report. It is the first under the new Administration and highlights a proposed change in approach.

At this stage it is proposed to add capital schemes costing £71.825 million to the capital programme in 2022/23 and future years, including £57.64 million being met by CIL and Section 106 receipts £4.8 million from grants and contributions, and £9.4 million from capital receipts.

These additions include the construction costs for a new primary school in the Nine Elms opportunity area, replacement waste fleet, extra investment in the borough's highways and footways, further improvements to Wandsworth Bridge, a contribution to the Battersea Power Station underground station western entrance underpass, and improvements to children's library provision as well as refurbishments to open spaces.

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

GLOSSARY

CIL	Community Infrastructure Levy
DfE	Department for Education
DIFS	Development Infrastructure Funding Study
GLA	Greater London Authority

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

RECOMMENDATIONS

1. The Finance Committee are recommended to support the recommendations in paragraph 2. If they approve any views, comments or recommendations on the report, these will be submitted to the Executive or the appropriate regulatory and other committees for their consideration.
2. The Executive is recommended to:
 - (a) approve the additions to the General Fund Capital Programme and revenue effects as set out in Appendix A to this report;
 - (b) recommend the Council to adopt the capital programme summarised in paragraph 40, and shown in full in Appendix B, and the capital resources statement shown in paragraph 41;
 - (c) to approve the Council's Capital Strategy for 2023/24 as set out in Appendix C;
 - (d) delegate authority to the Director of Children's Services in consultation with the Director of Resources to enter into a design and build construction contract with Morgan Sindall for the delivery of the Nine Elms primary school and community facilities as detailed in paragraph 35; and
 - (e) Note the ongoing review of the approach taken to capital investment to ensure it best reflects this Council's future strategic investment priorities as detailed in paragraph 37.

INTRODUCTION

3. On 19th October 2022, on the recommendation of the Executive (Paper No. 22-311), the Council adopted the General Fund Capital Programme and its financing for the years 2022/23 to 2026/27. The Executive requested Directors to put forward any proposed additions for consideration in this cycle of meetings. This paper

updates the previous review in the light of latest information on potential finance and of the additional spending now proposed.

CURRENT APPROVED PROGRAMME

4. The table below shows the current approved capital programme (Paper No. 22-311), totalling £257.3 million and its financing before the additions and other changes subject to approval in this report:

Current capital programme

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	TOTAL £000
Committee					
Health	1,339	0	0	0	1,339
Environment	12,724	3,523	0	0	16,247
Children's	8,007	32,686	9,150	150	49,993
Finance	33,909	21,332	3,156	0	58,397
Housing (non-HRA)	1,871	3,493	2,740	800	8,904
Transport	60,996	51,938	5,845	3,600	12,2379
	118,846	112,972	20,891	4,550	257,259

Financed By

Grants, Reimbursements, Other Contributions					45,259
Section 106 and CIL Receipts	15,649	19,810	9,400	400	
Earmarked Reserves	79,450	76,579	4,575	400	161,004
Revenue Contribution	776	85	0	0	861
Capital Receipts	131	0	0	0	131
	22,840	16,498	6,916	3,750	50,004
	118,846	112,972	20,891	4,550	257,259

FINANCING THE GENERAL FUND CAPITAL PROGRAMME

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

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

Grants and Reimbursements

9. The revised capital programme shows grants and reimbursements use totalling £268.9 million. The most significant of these are Section 106 and CIL contributions totalling £219.2 million, of which £129.3 million relates to Nine Elms. The table in [Appendix B](#) identifies significant grants and reimbursements associated with programmed capital schemes and summarises the proposed financing of the revised capital programme.

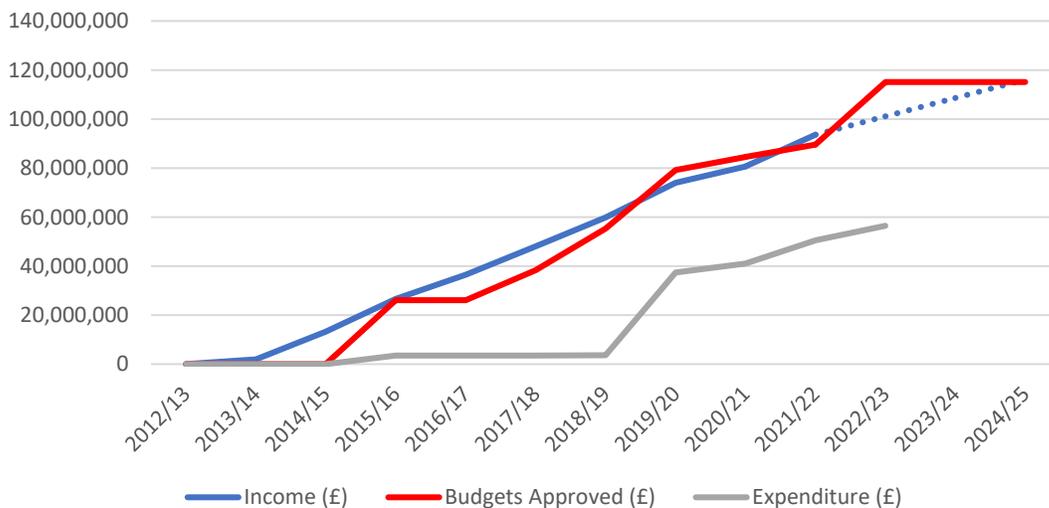
Community Infrastructure Levy

10. CIL is a levy which local authorities can charge on new developments and use to fund infrastructure in the local area. This levy came into force in Wandsworth in November 2012. The CIL is a standard charge based on development size and location, and is index linked from the date that the scheme was introduced to the date of planning approval. Under the requirements of the legislation governing the CIL, at least 15% of all receipts must be earmarked for use in the local area (Neighbourhood CIL or NCIL) from where they are received. The arrangements for this in Wandsworth are implemented through the Wandsworth Local Fund. After a

further deduction of an amount set aside for administration, capped at a maximum of 5%, outstanding CIL income, referred to as Strategic CIL (SCIL), is treated as general resources to fund general infrastructure works throughout the Borough, not ringfenced to the area of development. CIL income arising within the Vauxhall Nine Elms Opportunity (VNEB) Area will be subject to separate arrangements as set out in Paper No. 13-135 where the payments will be used to pay for relevant infrastructure within the Opportunity Area.

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

Wandsworth Strategic CIL Income, Budgets Approved and Expenditure Incurred as at 31st December 2022



13. The figures reflected above include the proposed use of an estimated £1 million per annum of SCIL receipts for the years 2019/20 to 2023/24 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 2021/22 was calculated to be £933,450. Future SCIL receipts will be applied towards the costs of infrastructure maintenance from 2024/25, subject to further SCIL being received.

14. By the end of quarter three 2022/23, the gross amount of SCIL received was £106.6 million. Expenditure to date funded by SCIL is £59.2 million and future commitments already made to schemes approved to be funded by SCIL is a further £54.7 million. To date, therefore, an over commitment of £7.3 million of SCIL has been made to fund projects compared to SCIL receipts. In cash terms, however, there are £47.4 million of unspent receipts currently available, with the progress of some projects being dependent on factors outside of the Council's control.
15. The forecast for receipts in future years of £9.5 million is based on payment demand notices that have been issued to developers and where estimated due dates for payments are known, with a broader assumption of receipts made in later years. Whilst this forecast is prudent, receipts are not guaranteed as actual levels are affected by many varying factors which are outside the Council's control such as general market conditions, the timing and phasing of developments and any subsequent revisions to planning applications. SCIL receipts for future years beyond 2024/25, whilst expected, have not been forecast in these figures. Estimates suggest that these could continue at around £7.5 million per year up to 2026/27. There is a risk that future receipts could be lower than estimated, which would directly impact on the funding resources available to deliver any further new schemes and impact on the resources available to fund eligible revenue spend. In addition, the Government plans to review how developer contributions (through s106 and CIL) currently work. Given the uncertainty over the level and timing of future SCIL receipts, careful consideration needs to be given to approving SCIL funded schemes to ensure funds are only spent once sufficient resources have actually been received.
16. There is therefore an estimated £2.222 million of SCIL available up to the end of 2024/25, and potentially £17.222 million up to the end of 2026/27 that could be allocated to fund infrastructure schemes, including to meet the Council's climate change priorities. These figures are before any approvals included within this paper. As cashflows for both SCIL receipts and SCIL-funded schemes develop and more accurate spend profiles are available, future capital update reports will continue to provide updates on the forecast SCIL balance available for allocating to specific schemes.
17. The Levelling Up and Regeneration Bill which had its first reading in Parliament on 11th May 2022 sets out proposals for a new Infrastructure Levy (IL), amongst other planning reform measures. It is intended that the new mandatory IL will largely replace the current system of developer contributions (CIL and S106 including

provision of affordable housing), with levy rates set and revenues collected by local planning authorities. The IL will need to be administered alongside existing CIL liabilities and S106 planning obligations which carry with the land, in some instances (e.g. larger phased sites) for many years. Currently S106 payments become due according to the payment trigger points defined in the legal agreement (e.g. prior to commencement, on completion). CIL is due on commencement and then in accordance with the instalment plan. IL will crystallise at the point of completion of development and it is therefore expected that in transitioning between regimes a funding 'lull' may arise. Local authorities will be able to borrow money against future IL receipts to deliver infrastructure.

18. In broad terms, changes to planning procedures will begin to take place from 2024, once the Bill has Royal Assent and associated regulations and changes to national policy are in place. It is then intended that IL will be introduced over time, to allow a 'test and learn' approach to IL regulations. Charging schedule preparation and examination could take two years for each local planning authority and planning inspectorate capacity for examinations is a consideration.

Realisation of Investments

19. 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 for 2023/24 shows expected total investments in excess of £700 million at 31st March 2023. The Council's total cash invested at the end of December 2022 was £783 million. These balances relate almost entirely to current liabilities and to General Fund and Housing Revenue Account (HRA) reserves for contingencies and specific purposes. The only investments available specifically for financing the general capital programme are those arising from General Fund capital receipts and an element of the Renewals Fund.
20. As the use of HRA receipts for capital spending in the General Fund is in most cases restricted by Regulation, the forecast capital receipts shown in the table in paragraph 24 include mainly estimates relating to sales of General Fund sites already identified as surplus, amounting to £30.4 million over the next five years. These figures include estimates of further receipts due largely from Northcote Library and the Atheldene redevelopment. In general, future receipts are estimated to be at much lower levels than have been received in recent years. Limited HRA receipts are anticipated to become available for General Fund use, with £1.5 million per year included in the receipt forecast.
21. In addition to funding capital expenditure, capital receipts could also be used for revenue spend under the Government's "flexible use of capital receipts" initiative reported to this committee in Paper No. 21-281. This could contribute to alleviating the pressure on revenue resources but would however reduce the availability of

resources for capital spending. So far the Director of Resources has not used this option, nevertheless this remains a potentially useful flexibility and could contribute to alleviating some of the pressure on revenue resources.

22. The Council's General Fund capital framework was revised in January 2015 (Paper No. 15-25) to require an available resources limit, whereby a minimum level of capital receipts to be retained was set annually. The Council's General Fund capital framework was amended in February 2021 (Paper No. 21-64) to remove this to enable the Council to expend capital receipts in full and minimise the potential need to borrow.
23. The table below compares the estimated capital resources with the capital expenditure to be financed before the inclusion of the new bids proposed in this report:

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Usable Capital Resources at start of year	31,391	11,861	14,171	13,965	9,946
Add: Grants and reimbursements	48,578	121,653	33,233	3,563	-
Add: Revenue contributions	476	385	-	-	-
Add: New capital receipts	2,250	17,150	7,650	1,650	1,650
Less: Capital expenditure (adjusted for slippage)	(70,834)	(136,878)	(41,089)	(9,232)	-
Usable Capital Resources at end of year	11,861	14,171	13,965	9,946	11,596

24. Based on the latest forecast of the level of resources available, additions to the capital programme funded by capital receipts over the next four years totalling £11.6 million can theoretically be afforded.

Borrowing

25. Over many years the Council has benefited from a steady flow of capital receipts as asset use has been reviewed/rationalised. As a result the Council is in the very unusual position of having so far avoided the need to borrow to fund General Fund capital investment.
26. Any use of borrowing will add to future years' revenue costs at a time when future revenue support from central Government is uncertain and there are constraints on the level to which borrowing can be supported by council tax increases.
27. However, as flagged over the past few years, unless other sources and/or external funding are identified, the Council will need to consider borrowing to fund future

General Fund capital expenditure that it wishes to pursue. It is standard practice for local authorities to borrow to fund capital investment for the benefit of their 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 new Administration has committed to delivering a fair, compassionate and more sustainable Council and the levels of future capital investment must be able to support these ambitions.

28. When borrowing is taken, the Council will need to pay interest (charged to revenue) and create a General Fund revenue "minimum revenue provision" (MRP) budget to contribute to paying down this debt. This is similar in concept to paying off the capital on a mortgage. In total, for every £1 million of capital expenditure funded by external borrowing, over 25 years using the forecast PWLB borrowing rates, there will be an ongoing revenue cost in the region of £76,000 per annum.
29. 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 requires 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 Policy for 2023/24 also presented to this Committee. These will be reviewed, and an acceptable level of borrowing set, as part of the ongoing capital investment strategy review.

Contributions from Revenue

30. Contributions directly from Council revenue accounts are rarely available for funding the capital programme because of the impact on council tax.
31. The Renewals Fund is a General Fund revenue reserve with a current balance of £26.5 million. Its balance has built up over time in order to fund (largely irregular) spend such as building refurbishment, computer hardware and vehicle and plant equipment. This reserve can therefore be considered as a source of funding for future capital expenditure in order to maintain capital receipts and avoid borrowing and the additional revenue cost that incurs.

ADDITIONS TO THE CAPITAL PROGRAMME

Phase 1

32. The additions to be included as this year's approvals will be considered in two separate phases and this report includes proposals in the first phase. This first phase puts forward for approval the most urgent and continuing need to invest in the borough.
33. The general assumptions in relation to the funding of new capital schemes in this first phase are as follows:
- (a) schools expenditure for repairs and new places (both primary and secondary) is currently fully funded from either Government grant or from directly linked site sales. A list of prioritised repairs and maintenance schemes has been presented to the Children's Committee with a reserve list of schemes identified if additional funding becomes available;
 - (b) routine bids for Empty Properties Grants and Disabled Facilities Grants totalling £1.1 million are included in Appendix A and are funded from grant or other contributions and so have no impact on available General Fund capital receipts;
 - (c) highways and other related schemes bids include £8.5 million capital investment in carriageways and footways 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.
34. Following consultation with Cabinet Members, additions to the General Fund capital programme have been included for recommendation, taking account of the resulting revenue costs. Gross additions of £71.825 million, are included, with £57.64 million met by CIL and Section 106 receipts, £4.8 million from grants and contributions, and £9.4 million from capital receipts with no requirement to borrow. These additions currently overcommit the level of CIL available in cash terms but are within the estimated level of future receipts. The additions of £62.8 million recommended are shown in Appendix A to this report and are summarised as follows:

Capital Bids Summary**Capital Costs**

	2022/23	2023/24	2024/25	2025/26	Future Years	TOTAL	Full Year Revenue Effect
	£'000	£000	£000	£000	£000	£000	£000
<u>Committee</u>							
Health	-	1,249	541	541	541	2,872	-
Environment	-	921	51	544	3	1,519	31
Children's	-	16,390	17,601	7,390	770	42,151	832
Finance	2,500	162	-	-	-	2,662	55
Housing (non-HRA)	-	-	-	-	400	400	-
Transport	281	14,590	1,250	1,250	4,850	22,221	454
TOTAL	2,781	33,312	19,443	9,725	6,564	71,825	1,373
<u>Financed By</u>							
Grants & Contributions	-	3,199	541	541	541	4,822	
S106 / SCIL	2,781	20,951	18,701	9,184	6,023	57,640	
Capital Receipts	-	9,162	201	-	-	9,363	
TOTAL	2,781	33,312	19,443	9,725	6,564	71,825	

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

- A £15 million capital budget was approved in 2019/20 for the purchase of land in Nine Elms for the provision of a new primary school, funded from developer contributions generated from the area. As the build programme is now ready to progress the capital additions in this report include a further £40 million for the design and construction costs of a two form entry primary school with Special Education Needs provision for 16 pupils, a nursery and ancillary community facility on the purchased site. Members should note that Paper No. 22- 72 approved the Council triggering the option to acquire the site from RMG and calls for the lease of the school site. The Council will be acquiring the site pursuant to its powers under s.120 of the Local Government Act 1972 in a timely manner to ensure works can commence on site prior to 12th August 2023.
- £9 million has been added for a replacement waste fleet, including open backed heavy and electric light commercial vehicles and the associated electric charging infrastructure as detailed in Paper No. 23-52 to Environment Committee. A cost benefit analysis is currently underway – if it concludes that leasing the fleet is preferable to purchase then this capital budget will be removed and a revenue lease budget created instead.
- Carriageways and footways are receiving an additional £1 million per year on top of the £3.5 million rolling budget for repairs and maintenance.

- A £2.5 million contribution towards Battersea Power Station underground station western entrance underpass, to be funded from developer contributions generated within the Nine Elms area.
 - £3.8 million for Wandsworth Bridge bearing replacement works to complement the recently completed repair and refurbishment works.
 - Almost £3 million of improvements across a number of service areas to benefit children in the borough.
36. The £5m Town Centre Investment Fund was added into the approved capital programme in February 2022, funded by capital receipts and CIL, to take forward improvement schemes to town centres in the south of the borough. Based on relative assessed need across the whole of the boroughs, £0.75 million is proposed to be drawn down from this fund for transport schemes in Falconbrook and Tooting Bec wards, leaving £4.25 million available for future projects. The drawdown summary of these funds can be seen in [Appendix B](#).

Phase 2

37. Work is currently being undertaken to fundamentally review the Council's approach to the capital programme to ensure future investment proposals are appropriately aligned with Council priorities. This will include a strategic review of the relative needs across the borough to ensure investment priorities are targeted appropriately. The review will link with other work being done to realise the Council's ambition of ensuring that developer contributions are maximised and their use targeted appropriately. The review will also consider the potential to borrow in order to invest in capital infrastructure.
38. The outcome of this full review will come back to this Committee in the summer and, where appropriate, recommend further capital investment in the borough. This will include further consideration of the use of the Town Centre Investment Fund (highlighted at the end of [Appendix B](#)) which has yet to be fully allocated.

REVISED CAPITAL PROGRAMME

39. The programme approved in Paper No. 22-311 has been amended to reflect virements and budget variations subsequently, and budget variations for expenditure requested in this committee cycle. Virements include £0.78 million of new bids which are proposed to be financed from the existing Wandsworth Environment and Sustainability Strategy (WESS) fund, and £0.75 million of new bids proposed to be financed from the Town Centre Investment Fund, the drawdown summary of these funds can be seen in [Appendix B](#). Cashflows have been revised to latest estimates, where appropriate.

40. The amended capital programme, together with the additions, is shown in full in Appendix B (including future years). Total capital expenditure and revenue effects are shown in the following table:

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£000	£000	£000	£000	£000
Programme as per Paper No. 22-311:	118,846	112,972	20,891	4,550	-
Approved additions to the programme:	1,163	1,261	101	-	-
New bids to be approved in this report:	2,781	33,312	19,443	9,725	6,564
Approved programme:	122,790	147,545	40,435	14,275	6,564
Revision of cashflows:	(48,024)	22,845	20,297	4,882	-
Reductions:	(1,151)	(200)	(200)	(200)	-
Revised programme following review of schemes:	73,615	170,190	60,532	18,957	6,564

<u>Financed By</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>Revenue Full</u>
	£000	£000	£000	£000	£000	<u>Year Effect</u>
						£000
Grants & Contributions	14,508	24,548	9,711	610	410	
S106 / NCIL	6,028	23,021	28,486	9,965	1,170	1,421
Strategic CIL	23,479	38,976	2,271	2,582	4,853	1,494
Nine Elms Funding	7,344	59,127	11,876	-	-	1,622
Capital Receipts	21,649	24,002	8,057	5,669	-	1,229
Renewals Fund	476	385	-	-	-	18
Revenue funding	131	131	131	131	131	
	73,615	170,190	60,532	18,957	6,564	5,784

41. The table below compares the estimated capital resources with the capital expenditure to be financed, based on the revised programme including the new capital bids summarised in paragraph 34:

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£'000	£'000	£'000	£'000	£'000
Usable Capital Resources at start of year	31,391	11,992	5,140	4,733	714
Add: Grants and reimbursements	51,359	145,672	52,344	13,157	6,433
Add: Revenue contributions	607	516	131	131	131
Add: New capital receipts	2,250	17,150	7,650	1,650	1,650
Less: Capital expenditure	(73,615)	(170,190)	(60,532)	(18,957)	(6,564)
Usable Capital Resources at end of year	11,992	5,140	4,733	714	2,364

42. Based on the revised programme, the £31.4 million usable resources at the start of 2022/23 are expected almost fully expended with £2.4 million available by the end of the framework period. Internal borrowing will be considered if a funding shortfall

materialises. Officers will continue to refine spend and slippage assumptions, continuing to maximise the use of other funding sources (CIL, s106, grants, Renewals Fund etc) where appropriate. An approach to borrowing will form part of the capital investment strategy currently being worked up.

REVENUE EFFECTS

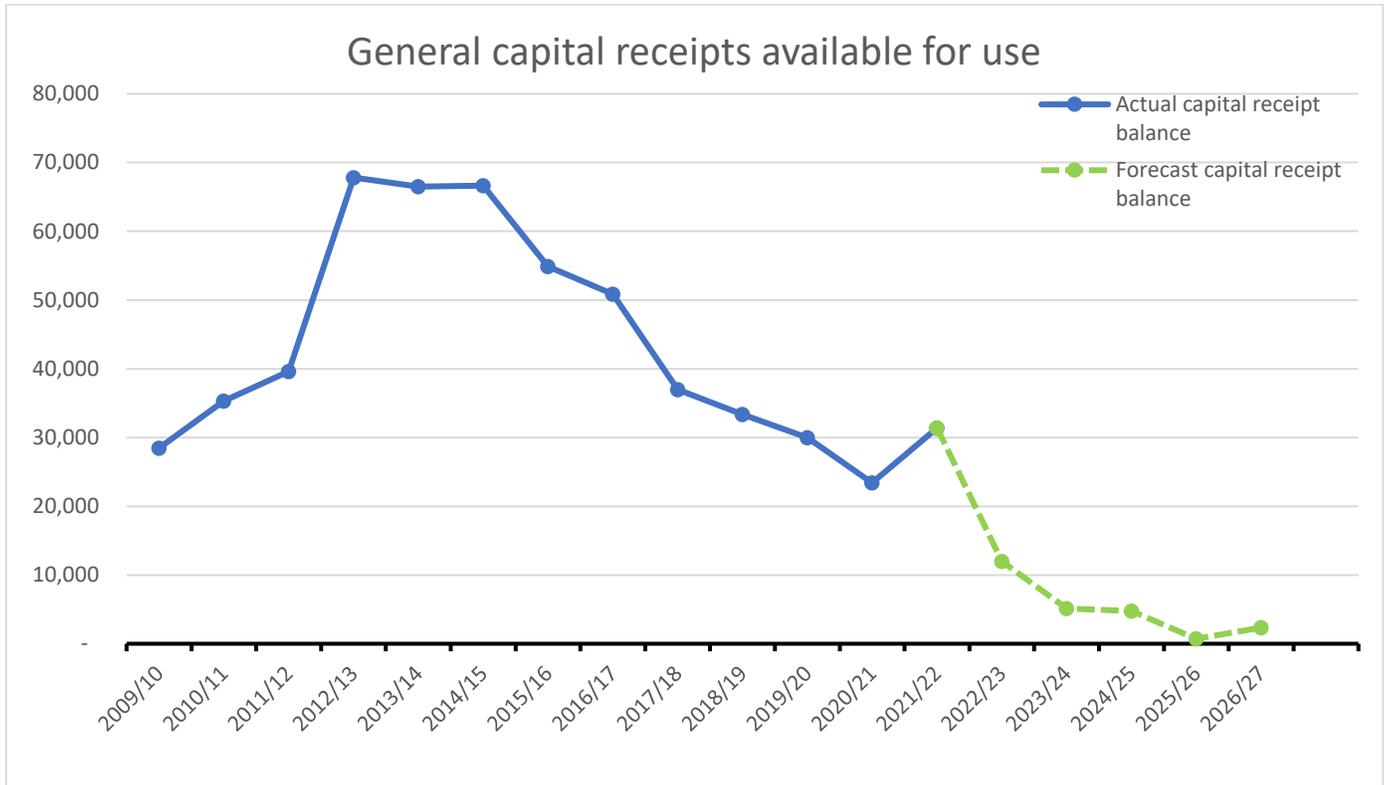
43. Capital payments financed by grant have no revenue effect provided that the timing of the grant receipt is matched to the spend. Payments financed by the realisation of investments entail loss of interest on those investments. There is also a revenue impact of using CIL and S106 receipts as their use inevitably reduces cash balances available for investment.
44. The revenue costs of the programme will be less than originally budgeted for in the current year because of the revision of cashflows shown in paragraph 37. The revenue effects, based on the loss of investment interest using the average treasury return rate at December 2022, has been forecast to be £5.8 million for the period 2022/23 to 2026/27. This includes the revenue effects of the additions now proposed and shown in paragraph 34, amounting to £1.4 million in a full year.

FUTURE BIDS AND THE CAPITAL PIPELINE

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

GENERAL CAPITAL PROGRAMME FRAMEWORK

48. The table in paragraph 41 updates the general capital budget framework to take account of the latest forecast of spending, grants and receipts. It also includes reference to the financial years 2024/25, 2025/26, and 2026/27. To serve as the new framework, it needs to be adopted as such at a meeting of the full Council.
49. The current capital framework timescale was approved by the Finance and Corporate Resources OSC in Paper No. 15-25 and approved by the Executive on 28th January 2015, the capital framework was amended from three to five years. Paper No. 21-64 reported to the Finance, Resources and Climate Sustainability OSC in February 2021 recommended that the Council be able to expend capital receipts in full and minimise the potential need to borrow.
50. The Council must balance the flexibility given by retaining capital resources against the cost of borrowing, whether internally from cash surpluses or externally in a formal debt instrument. The cost of borrowing will continue to be considered when approving additional spend which does not have external financing (such as earmarked grant or contributions) identified from the outset.
51. The graph below shows how capital receipts have steadily reduced since 2010 as the scale of Council investment has outstripped the reducing number of capital receipt opportunities that have become available. Looking forward, receipt balances are forecast to continue in the downward trend, culminating in a balance of £2.4 million at the end of 2026/27.
52. In order to continue the capital investment in the borough, the Council will maximise all external funding avenues but this graph shows that, beyond that, there may be a need to undertake borrowing.



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 Director of Resources under delegated authority in the following limited circumstances:
- a. Where schemes are fully funded by ringfenced specific funding, unless the proposed scheme is subject to public consultation (in which case consultation under SO83(A) is required); and
 - b. For schemes up to £100,000 subject to a maximum total spend and within defined parameters around the types of schemes being approved as decided by the Council each year.
54. It is proposed that a maximum total spend of £0.5 million for non-ringfenced schemes be set for 2023/24. It is worth noting that only one scheme not funded by grant or other ringfenced funding totalling £34,000 was added to the approved capital programme via this route during 2017/18, and £45,000 in 2018/19.

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Director of Resources

20th February 2023

Appendices

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

Appendix B – Summary of revised five year capital programme

Appendix C – Capital Strategy 2023/24

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

Background papers

There are no background papers to this report.

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

Appendix A**Proposed Additions to General Fund Capital Programme****Capital bids summary**

	Capital costs						Revenue Effects
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Future Years £'000	Total £'000	Full Year £'000
Committee							
Health	-	1,249	541	541	541	2,872	-
Environment	-	921	51	544	3	1,519	31
Children's	-	16,390	17,601	7,390	770	42,151	832
Finance	2,500	162	-	-	-	2,662	55
Housing (non-HRA)	-	-	-	-	400	400	-
Transport	281	14,590	1,250	1,250	4,850	22,221	454
TOTAL	2,781	33,312	19,443	9,725	6,564	71,825	1,373

Financed By

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Future Years £'000	Total £'000
Grants & Contributions		3,199	541	541	541	4,822
S106 / SCIL	2,781	20,951	18,701	9,184	6,023	57,640
Capital Receipts	-	9,162	201			9,363
	2,781	33,312	19,443	9,725	6,564	71,825

Appendix A

Proposed Additions to General Fund Capital Programme

	Funded by	Capital costs					Revenue Effects
		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Future Years £'000	Full Year £'000
<u>Health</u>							
Better at Home Improvement Scheme	Grant	-	90	-	-	-	-
Occupational Therapist DFG	Grant	-	288	-	-	-	-
Joint Integrated Community Equipment	Grant & Revenue	-	871	541	541	541	-
Total Health		-	1,249	541	541	541	-
<u>Environment</u>							
Battersea District Library Roof & Glass Dome repair and replacement	SCIL	-	150	-	-	-	3
Balham children's library refurbishment	SCIL	-	120	-	-	-	2
Battersea River Wall – urgent stabilisation works	SCIL	-	489	-	-	-	10
Furzedown Recreation Ground Improvements	SCIL	-	87	51	544	3	14
Resurfacing of courts 1-10 at Battersea Park Millennium Arena	SCIL	-	75	-	-	-	2
Total Environment		-	921	51	544	3	31
<u>Children's</u>							
Oakdene Children's Home improvements	Receipts	-	-	201	-	-	4
Primary School (Nine Elms)	S106	-	14,440	17,400	7,390	770	828
Unallocated Schools planned maintenance	Grant	-	1,950	-	-	-	-
Total Children's		-	16,390	17,601	7,390	770	832

	Funded by	Capital costs					Revenue Effects
		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Future Years £'000	Full Year £'000
<u>Finance</u>							
Battersea Power Station Western Entrance	Receipts	2,500	-	-	-	-	52
Coroner's Court refurbishment	Receipts	-	162	-	-	-	3
Total Finance		2,500	162	-	-	-	55
<u>Housing</u>							
Empty Properties Grant	S106	-	-	-	-	400	8
Total Housing		-	-	-	-	400	8
<u>Transport</u>							
Vauxhall, Nine Elms & Battersea Opportunity Area (VNEBOA)	Nine Elms CIL	281	-	-	-	-	6
Blocked Gullies & ongoing renewal to improve condition	SCIL	-	-	-	-	100	2
Capitalised Repairs: - Footways	SCIL	-	-	-	-	1,000	21
Capitalised Repairs: -Carriageways	SCIL	-	-	-	-	2,500	52
Wandsworth Town Station - Access for all	SCIL	-	500	-	-	-	10
Additional budget for Capitalised Repairs Carriageways & Footways	SCIL	-	1,000	1,000	1,000	1,000	83
Bus stop and bus routes carriageway strengthening work	SCIL	-	250	250	250	250	21
Wandsworth Bridge Bearing Replacement	SCIL	-	3,840	-	-	-	79
Waste Fleet & associated electric charging infrastructure	Receipts	-	9,000	-	-	-	186
Transport		281	14,590	1,250	1,250	4,850	454
TOTAL PROPOSED ADDITIONS		2,781	33,312	19,443	9,725	6,564	

Appendix A

Proposed Additions to Funded from Existing Budgets

	Capital costs				
	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000
<u>Wandsworth Environment and Sustainability Strategy (WESS) fund</u>					
WESS School Streets		180	180		360
WESS Bike hangars		172	250		422
Total Proposed WESS allocation	-	352	430	-	782
<u>Town Centre Investment Fund (TCIF)</u>					
Totterdown Street pedestrianisation		150	200		350
Falcon Road Corridor Study (Battersea Link)		40	200	160	400
Total Proposed TCIF allocation	-	190	400	160	750

Appendix B

Scheme

Ward

Funded by

HEALTH

Scheme	Ward	Funded by	2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
			£'000	£'000	£'000	£'000	£'000
Better at Home Improvement Scheme	Boroughwide	Grant	90	90	0	0	180
Gwynneth Morgan Day Centre Refurbishment	Wandsworth Town	Receipts	90	0	0	0	90
Joint Integrated Community Equipment	Boroughwide	Grant & Revenue funding	871	871	541	1,082	3,365
Occupational Therapist DFG	Boroughwide	Grant	288	288	0	0	576
TOTAL HEALTH COMMITTEE			1,339	1,249	541	1,082	4,211

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
90	90	0	0	180
90	0	0	0	90
871	871	541	1,082	3,365
288	288	0	0	576
1,339	1,249	541	1,082	4,211

ENVIRONMENT

LEISURE CENTRES AND SPORTS SERVICES

Scheme	Ward	Funded by	2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
			£'000	£'000	£'000	£'000	£'000
Balham & Wandle Leisure Centres - Replacement/refurbishment of Air Handling systems	South Balham & Wandsworth Town	SCIL	75	81	0	0	156
Battersea Sports Centre - New 7 a-side 3G area	Falconbrook	SCIL	87	0	0	0	87
Falcon Park Community Sports Centre - Additional safeguarding, security and facility management items installations	Falconbrook	SCIL	40	0	0	0	40
Resurfacing of courts 1-10 at Battersea Park Millennium Arena	Battersea Park	SCIL	0	75	0	0	75
Wandle Recreation Centre - Replacement of Netting and Fences for the Artificial Pitches and Patch Repairs	Wandsworth Town	SCIL	0	87	0	0	87
LATCHMERE LEISURE CENTRE:							
Latchmere Leisure Centre - Replacement of significantly leaning overflow car park boundary wall	Battersea Park	Receipts	3	65	0	0	68
Latchmere Leisure Centre - Roof Structure Repairs	Battersea Park	SCIL	100	76	0	0	176
Latchmere Leisure Centre Boundary Wall Repairs	Battersea Park	Receipts	0	53	0	0	53
WESS Latchmere Leisure Centre - LED Lighting installation	Battersea Park	SCIL	81	0	0	0	81
LEISURE CENTRES:							
Leisure Centres - Swimming pool improvements	Boroughwide	SCIL	250	146	0	0	396
Leisure Centres - Replacement/refurbishment of Pool Filtration vessels at various leisure centres	Boroughwide	SCIL	100	79	0	0	179
Leisure Centres - Replacement/refurbishment of dampers & works to associated fixtures/fittings within ventilation systems	Boroughwide	SCIL	64	34	0	0	98
All Leisure Centres - Latchmere, Balham, Tooting Leisure, Wandle, Putney, Roehampton. Renewal of Sports and Studio Hall flooring	Boroughwide	SCIL	75	19	0	0	94
Roehampton Leisure Centre - Renewal of roof coverings	Roehampton	SCIL	83	0	0	0	83
Renewal of Tooting Bec athletics track	Furzedown	SCIL	496	0	0	0	496
Tooting Leisure Centre - Replacement of Failed Pool Basin Tiling	Tooting Broadway	Receipts	75	0	0	0	75

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
75	81	0	0	156
87	0	0	0	87
40	0	0	0	40
0	75	0	0	75
0	87	0	0	87
3	65	0	0	68
100	76	0	0	176
0	53	0	0	53
81	0	0	0	81
250	146	0	0	396
100	79	0	0	179
64	34	0	0	98
75	19	0	0	94
83	0	0	0	83
496	0	0	0	496
75	0	0	0	75

ENVIRONMENT

TOOTING BEC LIDO:

Tooting Bec Lido filtration project
 Tooting Lido - Poolside Surface Refurbishment
 Tooting Bec Lido Pavilion

<u>Ward</u>	<u>Funded by</u>
South Balham	SCIL
South Balham	Receipts
South Balham	Grant

TOTAL LEISURE CENTRES AND SPORTS SERVICES

PUBLIC HALLS & COMMUNITY CENTRES

Civic Suite - Renewal of Roof Covering

Wandsworth Town	Receipts
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TOTAL PUBLIC HALLS & COMMUNITY CENTRES

PARKS & OPEN SPACES

BATTERSEA PARK:

Battersea Park - LED lighting
 Battersea Park : - Improvements funded from Formula E
 Battersea Park - River Wall
 Battersea River Wall – urgent stabilisation works
 Battersea Park - Expand Fountain toilets
 Battersea Park : - Restoration of pedestrian gate access
 Battersea Park : - Playground Improvements
 Battersea Park Trim Trail

Battersea Park	SCIL
Battersea Park	Receipts
Battersea Park	Receipts
Battersea Park	SCIL
Battersea Park	SCIL
Battersea Park	S106
Battersea Park	NCIL
Battersea Park	NCIL

Boroughwide - Essential repairs to roads & paths across parks, open spaces and cemeteries in the borough

Boroughwide	SCIL
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Furzedown Recreation Ground Improvements

Furzedown	SCIL
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Garratt Park S106 Court & Gym Improvement works

Wandsworth Common	S106
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Grass Playing Pitch Drainage

Boroughwide	SCIL
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Harroway Gardens redesign and landscape

St Mary's	S106
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Huguenot Burial Ground -39-41 East Hill

Wandsworth Town	S106
-----------------	------

King George's Park

Southfields	S106
-------------	------

Refurbishment and Replacement of Boundary Railings

Boroughwide	Receipts
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Replacement of Parks Police Service vehicles

Boroughwide	Receipts
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Resurfacing of Footpaths

Boroughwide	Receipts
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St Mary's Church Boundary Wall - Essential Repairs

St Mary's	S106
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Tooting Common Lakeside playground refurbishment

South Balham	SCIL
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Wandle Valley Park - Improved Gateways

Wandsworth Town	NCIL
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TOTAL PARKS & OPEN SPACES

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
3,757	0	0	0	3,757
49	0	0	0	49
103	0	0	0	103
5,438	715	0	0	6,153
0	47	0	0	47
0	47	0	0	47
105	5	0	0	110
95	132	0	0	227
127	0	0	0	127
0	489	0	0	489
69	0	0	0	69
44	0	0	0	44
72	0	0	0	72
24	0	0	0	24
100	104	0	0	204
0	87	51	547	685
250	0	0	0	250
40	1,360	0	0	1,400
410	0	0	0	410
65	48	0	0	113
18	0	0	0	18
0	20	0	0	20
100	0	0	0	100
70	229	0	0	299
0	15	0	0	15
0	384	0	0	384
0	123	0	0	123
1,589	2,996	51	547	5,183

ENVIRONMENT

	<u>Ward</u>	<u>Funded by</u>	REVISED PROGRAMME				
			2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
			£'000	£'000	£'000	£'000	£'000
<u>CEMETERIES & CREMATORIA</u>							
Putney Vale Cemetery Burial Space Extension	Roehampton	SCIL	15	253	0	0	268
Putney Vale Crematorium - replacement of cremators	Roehampton	Receipts	0	55	0	0	55
WESS Putney Vale Crematorium DENOX & Heat Exchanger Connection	Roehampton	SCIL	70	0	0	0	70
Wandsworth Cemetery Burial Space Extension	Wandsworth Common	SCIL	285	16	0	0	301
TOTAL CEMETERIES & CREMATORIA			370	324	0	0	694
<u>LIBRARIES & HERITAGE</u>							
Battersea District Library Roof & Glass Dome repair and replacement	Lavender	SCIL	0	150	0	0	150
Balham children's library refurbishment	Balham	SCIL	0	120	0	0	120
Balham Library - Boiler Replacement	Balham	Receipts	0	53	0	0	53
Balham Library - Roofing Works	Balham	SCIL	110	20	0	0	130
Battersea Library - Boiler Replacement	Lavender	Receipts	0	18	0	0	18
Beacon Libraries Scheme - Putney Library	Thamesfield	Grant & SCIL	958	450	0	0	1,408
Battersea Library - Public Toilets	Lavender	Receipts	0	40	0	0	40
WESS Earlsfield Library - Replacement of Heating Plant, Pipework & Radiators	Wandsworth Common	SCIL	149	0	0	0	149
WESS Southfields Library - Replacement of Heating Plant	West Hill	SCIL	232	0	0	0	232
Wandsworth Town Library Fit-Out (Fairfield)	Wandsworth Town	Receipts	3,168	77	0	0	3,245
TOTAL LIBRARIES & HERITAGE			4,617	928	0	0	5,545
<u>NEIGHBOURHOOD CIL SCHEMES</u>							
Fred Wells Garden refurbishment	St Mary's	NCIL	38	0	0	0	38
Garratt Park playground refurbishments and replacement of equipment	Wandsworth Common	NCIL	16	0	0	0	16
NCIL Pleasance Play area	West Putney	NCIL	166	0	0	0	166
NCIL capital grants - Wandsworth Local Fund Linden Lodge Playground	West Hill	NCIL	20	0	0	0	20
Putney Vale Allotment Path Improvements	Roehampton	NCIL	172	13	0	0	185
Putney Park Lane improvements	West Putney	NCIL	133	0	0	0	133
Riverwalk Improvements and Riverside Lighting - Vicarage Gardens	St Mary's	Receipts	75	0	0	0	75
Shillington Park Playground & Outdoor Gym Improvements	Falconbrook	NCIL	151	31	0	0	182
St Mary's Cemetery & St Mark's Wandsworth Common	Lavender	NCIL	108	0	0	0	108
Wandsworth Common ballpen - upgrade	Wandsworth Common	NCIL	25	0	0	0	25
Wandsworth Local Fund Coronation Gardens	Southfields	NCIL	142	0	0	0	142
Wandsworth Park Playground & Grassland Improvements	Thamesfield	NCIL	219	0	0	0	219
Windmill Gardens - playspace	Wandle	NCIL	151	42	0	0	193
TOTAL NEIGHBOURHOOD CIL SCHEMES			1,416	86	0	0	1,502
TOTAL ENVIRONMENT COMMITTEE			13,430	5,096	51	547	19,124

TRANSPORT

PLANNING SERVICES

Hosted Web Based Planning and Related Services IT System

TOTAL PLANNING SERVICES

CCTV SCHEMES

Mobile CCTV to combat flytipping

Speed Indicator Devices (20mph)

TOTAL CCTV SCHEMES

HIGHWAY SERVICES

Additional budget for Capitalised Repairs Carriageways & Footways

Blocked Gullies & ongoing renewal to improve condition

Boroughwide - Tree Works

Bus stop and bus routes carriageway strengthening work

Capitalised Repairs: - Footways

Capitalised Repairs: -Carriageways

Cycle Parking at Railway Stations

Falcon Road Corridor Study (Battersea Link)

Flood Alleviation Works - SUDS

Garratt Lane Cycleways Network

Implementation of Walking and Cycling Strategy

Lower Richmond Road Safety Corridor Review

Mitcham Lane Safety & Corridor Improvements

Old York Road improvements

Old York Road redesign

One way streets conversion to two way cycling

Pedestrian Crossings - at 10 locations borough wide

Putney High Street Public Realm & Environment Improvements

Refurbishment of East Putney railway bridges

Remote monitoring of gullies

Road Safety - Enforcement Measures

Road Safety - Pedestrian Crossings

Signal controlled pedestrian crossings

Signs & Poster Boards - Boroughwide

St Johns Hill Bridge Refurbishment

TfL Cycle Parking

Totterdown Street pedestrianisation

Upper Richmond Road and Putney Stations

Ward

Funded by

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
200	10	0	0	210
200	10	0	0	210
45	0	0	0	45
100	0	0	0	100
145	0	0	0	145
804	1,000	1,000	2,000	4,804
100	100	100	200	500
316	0	0	0	316
0	250	250	500	1,000
1,000	1,000	1,000	2,000	5,000
2,500	2,500	2,500	5,000	12,500
250	250	0	0	500
0	40	200	160	400
50	617	0	0	667
150	0	0	0	150
50	0	0	0	50
50	250	0	0	300
80	420	0	0	500
1,510	420	0	0	1,930
70	0	0	0	70
120	120	180	0	420
200	200	0	0	400
680	989	101	0	1,770
0	400	0	0	400
130	0	0	0	130
333	0	0	0	333
312	0	0	0	312
200	0	0	0	200
64	0	0	0	64
30	9	0	0	39
65	0	0	0	65
0	150	200	0	350
350	1,650	0	0	2,000

TRANSPORT

	<u>Ward</u>	<u>Funded by</u>	REVISED PROGRAMME				
			2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
			£'000	£'000	£'000	£'000	£'000
Wandsworth Bridge / Bridge end road	St Mary's	SCIL	550	0	0	0	550
Wandsworth Bridge Corrosion Protection	St Mary's	SCIL	3,133	0	0	0	3,133
WESS Air quality monitoring stations	Boroughwide	SCIL	150	0	0	0	150
WESS Bike hangars	Boroughwide	SCIL	437	172	250	0	859
WESS Cycle Parking On Street	Boroughwide	SCIL	70	0	0	0	70
WESS E-cargo bike sustainable freight grants	Boroughwide	SCIL	16	0	0	0	16
WESS Putney High St area Cycle improvements	Thamesfield	SCIL	100	50	0	0	150
WESS School cycle parking	Boroughwide	SCIL	0	36	0	0	36
WESS School Streets	Boroughwide	SCIL	65	297	180	0	542
WESS Wandsworth Bridge (cycle resurfacing)	St Mary's	SCIL	50	0	0	0	50
TOTAL HIGHWAY SERVICES			13,985	10,920	5,961	9,860	40,726
SECTION 278 SCHEMES							
Osiers Road S278	Thamesfield	S278 receipts	18	0	0	0	18
TOTAL SECTION 278 FUNDED SCHEMES			18	0	0	0	18
SCHEMES FUNDED BY SECTION 106 OR CIL IN THE VAUXHALL AND NINE ELMS OPPORTUNITY AREA							
Improvement to Battersea Park Station	Battersea Park	Nine Elms CIL & S106	250	1,250	13,002	0	14,502
Increased Bus Capacity and Pump Priming New Services	Nine Elms	Nine Elms CIL	0	5,010	0	0	5,010
Key Gateways	Nine Elms	Nine Elms CIL	300	2,099	0	0	2,399
Nine Elms Highways, Pedestrian and Public Realm	Nine Elms	Nine Elms CIL & S106	1,400	12,170	6,270	2,175	22,015
Nine Elms Park	Nine Elms	Nine Elms CIL	0	10,374	0	0	10,374
Queenstown Road Corridor Scheme (Nine Elms Element)	Nine Elms	Nine Elms CIL	785	1,000	0	0	1,785
Riverwalk	Battersea Park / Nine Elms	Nine Elms CIL	250	1,467	0	0	1,717
Thessaly Road	Thessaly Road	Nine Elms CIL	1,000	0	0	0	1,000
TOTAL SCHEMES FUNDED BY SECTION 106 OR CIL IN THE VAUXHALL NINE ELMS AND BATTERSEA OPPORTUNITY AREA			3,985	33,370	19,272	2,175	58,802
SECTION 106 AGREEMENTS UNDER THE TOWN & COUNTRY PLANNING ACT 1990 OTHER SCHEMES							
ASDA Clapham Junction	Shaftesbury & Queenstown	S106	81	0	0	0	81
Upper Richmond Road 77-83	East Putney	S106	0	464	0	0	464
Upper Richmond Road 84-88	East Putney	S106	0	772	0	0	772
Wandsworth One Way System	Wandsworth Town	S106 & CIL	300	25,778	0	0	26,078
Wandsworth Town Station - Access for all	Wandsworth Town	SCIL & S106	1,106	500	0	0	1,606
TOTAL SECTION 106 AGREEMENTS UNDER THE TOWN & COUNTRY PLANNING ACT 1990 OTHER SCHEMES			1,487	27,514	0	0	29,001

TRANSPORT

OTHER HIGHWAYS SCHEMES

Changing Places Toilet facilities at Clapham Junction Station
 Electric Charging points - grant funded
 Low emission Highways Maintenance fleet vehicles
 Waste Fleet & associated electric charging infrastructure
 WESS Electric Vehicle Charge Points

TOTAL OTHER HIGHWAYS SCHEMES

TOTAL HIGHWAYS SCHEMES

TRAFFIC AND ENGINEERING

Bedford Hill Public Realm and Road Safety
 Battersea High Street Public Realm - phase 2
 Battersea High Street - Improvements for Businesses & Market Traders
 Bellevue Road traffic improvements
 Bridge Lighting Projects
 B305 Corridor study – Lombard Rd, Vicarage Crescent and Westbridge Rd
 Culvert Road Rail Bridge underpass
 Culvert Road Traffic Signal Junction Improvements
 Elmbourne Road Improvements
 Feasibility and implementation for controlled crossing – Southcroft Road and Mitcham Lane
 Heaver Estate & Traffic Reduction Measures
 Heathbrook Youth Centre / Elays Network Scheme
 Lavender Gardens Access Path
 Lower Richmond Road crossing upgrade
 Northcote Road & Abyssinia Close improvements
 Ornamental Heritage & Riverside Ltg - Battersea
 Ornamental Heritage & Riverside Ltg - Wandsworth
 Putney Bridge Floodlighting
 Putney High Street Improvements
 Refresh of Road Signage
 River Promenade Works
 Southfields Public Realm Upgrade
 Specialised Street Lighting Columns
 St John's Road enhancement and improvement to public realm
 Wandsworth Bridge floodlighting
 Wandsworth Bridge Bearing Replacement

TOTAL TRAFFIC AND ENGINEERING

TOTAL TRANSPORT COMMITTEE

Ward

Funded by

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
0	100	0	0	100
461	0	0	0	461
133	0	0	0	133
0	9,000	0	0	9,000
353	0	0	0	353
947	9,100	0	0	10,047
20,767	80,914	25,233	12,035	138,949
604	0	0	0	604
195	0	0	0	195
60	0	0	0	60
20	0	0	0	20
25	0	0	0	25
10	90	0	0	100
0	150	0	0	150
20	130	0	0	150
54	0	0	0	54
20	130	0	0	150
150	0	0	0	150
49	0	0	0	49
3	0	0	0	3
30	0	0	0	30
150	150	0	0	300
97	0	0	0	97
38	0	0	0	38
6	0	0	0	6
98	0	0	0	98
35	65	0	0	100
100	296	0	0	396
1,100	385	0	0	1,485
20	20	10	0	50
175	0	0	0	175
194	0	0	0	194
0	3,840	0	0	3,840
3,253	5,256	10	0	8,519
24,020	86,170	25,243	12,035	147,468

CHILDREN'S

PRIMARY EDUCATION

PRIMARY EXPANSION

Floreat/Atheldene - Primary School (New Build)
Oasis Academy Putney School (New Build)
Primary School (Nine Elms)
St George's Primary School Expansion

Ward

Funded by

Wandle	Grant
Thamesfield	Grant
Nine Elms	Nine Elms CIL
Shaftesbury & Queenstown	S106

PRIMARY PLANNED MAINTENANCE

Broadwater Primary School - Phase 1 Windows Replacement
Broadwater Primary Ceiling works
Conditions Survey
Design Development
Earlsfield Primary School - Boiler Plant Renewal
Falconbrook Primary School - Asbestos removal works
Fircroft Primary School - Toilets
Granard Primary School - Lighting and Fire Alarm Phase 1 works
Heathmere Primary School Replace Mesh Fence
Heathmere Primary - Replacement Electrics/Alarm/CCTV
Hillbrook Primary School - Windows and Doors replacement Phase 1
Honeywell Schools - Reception relocation
Honeywell Infant/Junior School - Damp Remedial Work
John Burns Primary School - Replacement Light Fittings
Paddock Primary School - Boiler Replacement phase 2
Sellincourt Primary - Pupil & Staff Toilets
Sellincourt Primary School - External Window Works Phase 1
Shaftesbury Primary - Window replace/repair & Rewiring
Shaftesbury Park Primary School - Boiler Replacement phase 1
Sheringdale Primary School - Phase 2 Window Replacement
Sheringdale Primary ventilation
Smallwood Primary School - Repair floor of intake cupboard
Programme Contingency
Unallocated Schools planned maintenance

Tooting Broadway	Grant & Contribution
Tooting Broadway	Grant
Boroughwide	Grant
Boroughwide	Grant
Wandsworth Common	Grant & Contribution
Falconbrook	Grant & Contribution
Trinity	Grant
West Putney	Grant & Contribution
Roehampton	Grant
Roehampton	Grant & Contribution
Tooting Bec	Grant & Contribution
Northcote	Grant & Contribution
Northcote	Grant & Contribution
Shaftesbury & Queenstown	Grant & Contribution
West Putney	Grant & Contribution
Tooting Broadway	Grant & Contribution
Tooting Broadway	Grant & Contribution
Shaftesbury & Queenstown	Grant & Contribution
Shaftesbury & Queenstown	Grant & Contribution
Southfields	Grant & Contribution
Southfields	Grant
Tooting Broadway	Grant & Contribution
Boroughwide	Grant
Boroughwide	Grant

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
40	43	0	0	83
35	30	0	0	65
602	28,049	17,400	8,160	54,211
0	0	1,350	0	1,350
677	28,122	18,750	8,160	55,709
80	12	0	0	92
302	0	0	0	302
20	0	0	0	20
30	0	0	0	30
130	0	0	0	130
41	0	0	0	41
3	0	0	0	3
10	387	0	0	397
4	0	0	0	4
70	546	0	0	616
50	98	0	0	148
120	21	0	0	141
80	12	0	0	92
3	0	0	0	3
200	86	0	0	286
10	0	0	0	10
50	104	0	0	154
10	0	0	0	10
273	83	0	0	356
9	0	0	0	9
5	0	0	0	5
1	0	0	0	1
64	0	0	0	64
89	2,822	0	0	2,911
1,654	4,171	0	0	5,825
2,331	32,293	18,750	8,160	61,534

TOTAL PRIMARY EDUCATION

CHILDREN'S

	<u>Ward</u>	<u>Funded by</u>	REVISED PROGRAMME				
			2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
			£'000	£'000	£'000	£'000	£'000
<u>SECONDARY EDUCATION</u>							
<u>SECONDARY EXPANSION</u>							
Chestnut Grove Academy (Additional 1FE)	Balham	Grant	10	0	0	0	10
St. Cecilia's Church of England School (Additional 1FE)	West Hill	Grant	10	0	0	0	10
			20	0	0	0	20
<u>SECONDARY PLANNED MAINTENANCE</u>							
Ernest Bevin College - Roof Covering & Boiler works	Trinity	Grant	33	0	0	0	33
Ernest Bevin College - Main building cladding	Trinity	Grant & Contribution	15	249	0	0	264
Ernest Bevin College - Cold Water Tanks & Science Block Ventilation	Trinity	Grant	110	50	0	0	160
			158	299	0	0	457
TOTAL SECONDARY EDUCATION							
			178	299	0	0	477
<u>SPECIAL SCHOOLS</u>							
<u>SPECIAL EXPANSION</u>							
Little Hillbrook Specialist Nursery Resource Base	Tooting Bec	Grant	20	0	0	0	20
Paddock Special School expansion at Broadwater Primary	Tooting Broadway	Grant	150	10,850	9,000	0	20,000
			170	10,850	9,000	0	20,020
<u>SPECIAL PLANNED MAINTENANCE / OTHER</u>							
Oakdene - Internal Refurbishment and Remodelling	Furzedown	Grant	6	0	0	0	6
Paddock Primary School Roofing	West Putney	Grant & Contribution	7	0	0	0	7
Paddock Secondary School - Safeguarding, Perimeter secured playspace	Roehampton	Grant & Contribution	70	67	0	0	137
Paddock Primary -Reception & Roof	Roehampton	Grant & Contribution	10	261	0	0	271
			93	328	0	0	421
TOTAL SPECIAL SCHOOLS/OTHER							
			263	11,178	9,000	0	20,441
<u>HIGH NEEDS CAPITAL PROVISION</u>							
Unallocated High Needs Provision	Boroughwide	Grant	97	2,071	0	0	2,168
Ark Putney Academy lift installation	West Putney	Grant	30	170	0	0	200
Burntwood Secondary Academy new resource base	Wandsworth Common	Grant	175	0	0	0	175
Franciscan School shower room / toilet	Tooting Bec	Grant	5	0	0	0	5
Granard Primary new resource base	West Putney	Grant	900	1,600	0	0	2,500
Oak Lodge Special adaptations (SLCN needs)	Balham	Grant	500	0	0	0	500
Paddock Special School expansion	Roehampton	Grant	65	635	0	0	700
Southmead Primary extend resource base	West Hill	Grant	80	120	0	0	200
St John Bosco College – extend Savio & Devereux base	St Mary's	Grant	220	280	0	0	500
Swaffield Primary new resource base	Wandle	Grant	450	29	0	0	479
TOTAL HIGH NEEDS CAPITAL PROVISION							
			2,522	4,905	0	0	7,427

CHILDREN'S

	<u>Ward</u>	<u>Funded by</u>
<u>OTHER EDUCATION FUNDED SCHEMES</u>		
Schools Devolved Capital	Boroughwide	Grant
School Admissions System	Boroughwide	Receipts
TOTAL OTHER EDUCATION FUNDED SCHEMES		
TOTAL EDUCATION		
<u>OTHER CHILDREN'S SERVICES</u>		
Conversion/Extension Foster Carers' Properties	Boroughwide	Receipts
Lady Allen Playground: fencing, renovation and security	Northcote	SCIL
Oakdene Children's Home improvements		Receipts
Various Retention Payments	Boroughwide	Receipts
TOTAL OTHER CHILDREN'S SERVICES		
TOTAL CHILDREN'S COMMITTEE		

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
300	747	0	0	1,047
69	0	0	0	69
369	747	0	0	1,116
5,663	49,422	27,750	8,160	90,995
60	348	150	150	708
13	0	0	0	13
0	0	201	0	201
30	273	0	0	303
103	621	351	150	1,225
5,766	50,043	28,101	8,310	92,220

FINANCE

ENVIRONMENT STRATEGY FUND

£5m Emerging environmental strategy fund	Boroughwide	SCIL
Green Homes Grant	Boroughwide	Grant
Green Wall - Shaftesbury Park Primary School	Shaftesbury & Queenstown	NCIL
Green Walls – Fircroft Primary School	Trinity	NCIL
Green Walls – Fircroft Primary School and Ernest Bevin College	Trinity	NCIL
TOTAL ENVIRONMENT STRATEGY FUND		

GENERAL FINANCE & CORPORATE SERVICES

Battersea Power Station Western Entrance	Nine Elms	Nine Elms CIL
Coroner's Court refurbishment	Out of borough	SCIL/receipts
General Fund Inflation budget	Boroughwide	Receipts & SCIL
WESS Library of things	Boroughwide	SCIL
Living Pillars (Wandsworth Local Fund & Positively Putney)	Boroughwide	NCIL
Loans to Other Bodies	Boroughwide	Receipts
Wandsworth Local Fund Bikehangars	Boroughwide	NCIL
TOTAL GENERAL FINANCE & CORPORATE SERVICES		

TOTAL FINANCE COMMITTEE

Ward **Funded by**

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
67	482	0	0	549
292	0	0	0	292
22	0	0	0	22
24	0	0	0	24
24	0	0	0	24
429	482	0	0	911
2,500	0	0	0	2,500
903	581	0	0	1,484
8,882	0	0	0	8,882
0	40	0	0	40
25	0	0	0	25
100	0	0	0	100
150	0	0	0	150
12,560	621	0	0	13,181
27,589	24,039	4,056	2,547	58,231

HOUSING

Disabled Facilities Grants
 Empty Properties Grant
 Loans to Leaseholders

Other Housing Schemes

Wandsworth Affordable Housing Programme
 Wandsworth CCTV Network Digital Upgrade

TOTAL HOUSING COMMITTEE

TOTAL GENERAL FUND CAPITAL PROGRAMME

Ward

Funded by

REVISED PROGRAMME				
2022/23	2023/24	2024/25	Future Years	Total Cost of Scheme
£'000	£'000	£'000	£'000	£'000
800	1,106	0	0	1,906
170	687	400	800	2,057
100	200	200	200	700
0	1,600	1,940	0	3,540
401	0	0	0	401
1,471	3,593	2,540	1,000	8,604

73,615 170,190 60,532 25,521 329,858

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SUMMARY OF GENERAL FUND CAPITAL PROGRAMME 2022/23 - 2026/27

		REVISED PROGRAMME			
		2022/23	2023/24	2024/5	Future Years
		£000	£000	£000	£000
HEALTH					
	Adult Care & Health	1,339	1,249	541	1,082
		1,339	1,249	541	1,082
ENVIRONMENT					
	Leisure and Sports Services	5,438	715	0	0
	Libraries and Heritage	4,617	928	0	0
	Public Halls/Community Centres	0	47	0	0
	Parks and Open Spaces	1,589	2,996	51	547
	Neighbourhood CIL Schemes	1,416	86	0	0
	Cemeteries and Crematoria	370	324	0	0
		13,430	5,096	51	547
CHILDREN'S					
	Other Children's Services	103	621	351	150
	Other Primary Schemes	1,654	4,171	0	0
	Secondary Education	178	299	0	0
	Special Schools	263	11,178	9,000	0
	Additional Places	677	28,122	18,750	8,160
	High Needs Capital Provision	2,522	4,905	0	0
	Other Education Funded Schemes	369	747	0	0
		5,766	50,043	28,101	8,310
FINANCE					
	Economic Development	1,443	1,019	1,000	2,088
	Environment Strategy Fund	429	482	0	0
	General Finance & Corporate Services	12,560	621	0	0
	IT Services	225	416	0	0
	Operational Buildings	6,332	1,705	0	0
	Property Services	5,250	7,580	3,056	459
	Schemes in the Nine Elms Regeneration Area	1,350	12,216	0	0
		27,589	24,039	4,056	2,547
HOUSING					
	Disabled Facilities Grants	800	1,106	0	0
	Empty Properties Grant	170	687	400	800
	Loans to Leaseholders	100	200	200	200
	Other Housing Schemes	401	1,600	1,940	0
		1,471	3,593	2,540	1,000
TRANSPORT					
	CCTV Schemes	145	0	0	0
	Planning services	200	10	0	0
	Highways Schemes	14,932	20,020	5,961	9,860
	Vauxhall and Nine Elms opportunity area	3,985	33,370	19,272	2,175
	S106 schemes	1,487	27,514	0	0
	Traffic and Engineering	3,253	5,256	10	0
	S278 Schemes	18	0	0	0
		24,020	86,170	25,243	12,035
TOTAL GENERAL FUND CAPITAL PROGRAMME		73,615	170,190	60,532	25,521

Appendix B

Revised five year capital programme

	REVISED PROGRAMME					Revenue Effects
	2022/23	2023/24	2023/4	Future Years	Total	Full Year
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Committee</u>						
Health	1,339	1,249	541	1,082	4,211	2
Environment	13,430	5,096	51	547	19,124	381
Children's	5,766	50,043	28,101	8,310	92,220	1,177
Finance	27,589	24,039	4,056	2,547	58,231	1,102
Housing (non-HRA)	1,471	3,593	2,540	1,000	8,604	124
Transport	24,020	86,170	25,243	12,035	147,468	2,997
TOTAL GENERAL FUND CAPITAL PROGRAMME	73,615	170,190	60,532	25,521	329,858	5,784

Use of Capital Resources

Grants & Contributions	14,508	24,548	9,711	1,020	49,787
S106 & NCIL	6,028	23,021	28,486	11,135	68,670
SCIL	23,479	38,976	2,271	7,435	72,161
Nine Elms CIL	7,344	59,127	11,876	-	78,347
Earmarked reserves	476	385	-	-	861
Revenue funding	131	131	131	262	655
Capital receipts	21,649	24,002	8,057	5,669	59,377
TOTAL USE OF CAPITAL RESOURCES	73,615	170,190	60,532	25,521	329,858

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Use of Capital Resources

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/5</u>	<u>Future Years</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000
<u>Health</u>					
Revenue Financing	131	131	131	262	655
Disabled Facilities Grant	708	708	-	-	1,416
Contributions	410	410	410	820	2,050
Capital Receipts	90	-	-	-	90
	1,339	1,249	541	1,082	4,211
<u>Environment</u>					
NCIL	1,437	209	-	-	1,646
SCIL	6,717	4,035	51	547	11,350
S106	817	63	-	-	880
Other Grants and Reimbursements	697	-	-	-	697
Capital Receipts	3,762	789	-	-	4,551
	13,430	5,096	51	547	19,124
<u>Children's</u>					
NCIL	-	-	-	-	-
SCIL	13	-	-	-	13
Nine Elms CIL	602	13,609	-	-	14,211
S106	-	14,440	18,750	8,160	41,350
Basic Need/LA Maintenance	1,910	4,737	-	-	6,647
High Needs Provision	972	14,755	9,000	-	24,727
Schools Devolved Formula Capital grant	300	747	-	-	1,047
Special Provision Fund grant	1,720	1,000	-	-	2,720
School Contributions	90	134	-	-	224
Capital Receipts	159	621	351	150	1,281
	5,766	50,043	28,101	8,310	92,220

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/5</u>	<u>Future Years</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000
<u>Finance</u>					
NCIL	245	-	-	-	245
SCIL	5,852	1,514	360	788	8,514
Nine Elms CIL	3,042	12,148	-	-	15,190
S106	858	68	-	-	926
GLA Strategic Investment Pot (SIP)	1,273	27	-	-	1,300
Green Homes Grant	292	-	-	-	292
DLUHC Levelling Up Fund	800	-	-	-	800
Public Sector Decarbonisation Grant	2,599	-	-	-	2,599
Renewals Fund	476	385	-	-	861
Capital Receipts	12,152	9,897	3,696	1,759	27,504
	27,589	24,039	4,056	2,547	58,231
<u>Housing</u>					
Disabled Facilities Grant	800	1,106	-	-	1,906
SCIL	401	-	-	-	401
S106	170	2,287	2,340	800	5,597
Other Grants and Reimbursements	100	200	200	200	700
	1,471	3,593	2,540	1,000	8,604
<u>Transport</u>					
NCIL	1,414	370	-	-	1,784
SCIL	10,496	33,427	1,860	6,100	51,883
Nine Elms CIL	3,700	33,370	11,876	-	48,946
S106	1,087	5,584	7,396	2,175	16,242
Transport for London	1,161	-	-	-	1,161
Future High Street Fund	22	624	101	-	747
GULCS Grant	149	-	-	-	149
OLEV Grant	312	-	-	-	312
Other Grants and Reimbursements	193	100	-	-	293
Capital Receipts	5,486	12,695	4,010	3,760	25,951
	24,020	86,170	25,243	12,035	147,468
TOTAL USE OF CAPITAL RESOURCES	73,615	170,190	60,532	25,521	329,858

Appendix B

Wandsworth Environment and Sustainability Strategy (WESS) fund

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Future Years £'000	Total £'000
<u>Existing WESS schemes</u>					
WESS Bike hangars	437	-	-	-	437
WESS Cycle Parking On Street	70	-	-	-	70
WESS Earlsfield Library - Replacement of Heating Plant, Pipework & Radiators	149	-	-	-	149
WESS E-cargo bike sustainable freight grants	16	-	-	-	16
WESS Electric Vehicle Charge Points	353	-	-	-	353
WESS Latchmere Leisure Centre - LED Lighting installation	81	-	-	-	81
WESS Putney High St area Cycle improvements	100	50	-	-	150
WESS Putney Vale Crematorium DENOX & Heat Exchanger Connection	70	-	-	-	70
WESS School cycle parking	-	36	-	-	36
WESS School Streets	65	117	-	-	182
WESS Southfields Library - Replacement of Heating Plant	232	-	-	-	232
WESS Wandsworth Bridge (cycle resurfacing)	50	-	-	-	50
WESS Library of things	-	40	-	-	40
WESS Air quality monitoring stations	150	-	-	-	150
WESS Decarbonisation Projects	1,008	-	-	-	1,008
Public Sector Decarbonisation Scheme of operational buildings and schools (Part WESS)	575	-	-	-	575
Unallocated budget	67	482	-	-	549
	3,423	725	-	-	4,148
<u>Proposed drawdown of WESS</u>					
WESS Bike hangars	-	172	250	-	422
WESS School Streets	-	180	180	-	360
Total WESS budget	3,423	1,077	430	-	4,930
2020/21 WESS expenditure	70				70
Total Wandsworth Environment and Sustainability Strategy fund	3,493	1,077	430	-	5,000

Town Centre Investment Fund (TCIF)

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Future Years £'000	Total £'000
<u>Proposed drawdown of £5m TCIF</u>					
Falcon Road Corridor Study (Battersea Link)	-	40	200	160	400
Totterdown Street pedestrianisation	-	150	200	-	350
Unallocated budget	170	992	1,000	2,088	4,250
Total Town Centre Investment Fund (TCIF)	170	1,182	1,400	2,248	5,000

WANDSWORTH BOROUGH COUNCIL

THE COUNCIL'S CAPITAL STRATEGY 2023/24

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. The Prudential Code issued by CIPFA in 2017 was revised and published on 20th December 2021. Full implementation of both these codes is required from 2023/24. The amendments to both Codes largely still relate to commercial investments such as purchase of investment properties, investments in subsidiaries or investments for service objectives including regeneration. The wording changes within the Prudential Code 2021 were incorporated into the 2022/23 capital strategy (Paper No. 22-70). The 2021 update to the Code also introduced the need for Prudential Indicators for all boroughs to further strengthen the testing of limits and boundaries. Estimated Prudential Indicators for 2023/24 are included as Appendix E to the Treasury Management Policy elsewhere on this agenda as item 23-086. These estimated Prudential Indicators will be monitored and updated as required through 2023/24 and if any material change is needed will be reported to this Committee in June/July 2023 with the Treasury Management Outturn report of 2022/23.

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.

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) expenditure for repairs and new pupil places will normally be limited to that funded from either Government grant or from directly linked site sales.
- b) For non-housing and non-school related Council operational property, schemes are restricted to those that will either provide future revenue savings, are essential to deliver the Council's priorities (including in relation to climate change mitigation), are critical to keeping a property in use, or will facilitate the Council's regeneration schemes. Schemes that are critical to keeping a property in use are selected based upon the current condition information and maintenance forecast.
- c) Schemes to be funded from Section 106 or Community Infrastructure Levy (CIL) are assessed on their merits and the actual resources available and any restrictions within specific development agreements on the funding's use.
- d) Highways type schemes and other areas where there is a regular annual budget are considered in the light of available resources including possible grant contributions.

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 Director of Resources on a monthly basis.

Long-term view of capital spending plans

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

- a) *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.
- b) *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.
- c) *Revenue and Renewals Fund* – other than specific schemes from the Renewals Fund this is rarely used because of the impact upon council tax.
- d) *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.
- e) *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.

3.9 The table below compares the current estimated capital resources with the capital payments to be financed and shows a reduction in the available usable capital receipts over the five year period, being exhausted temporarily before recovering, with £2.4 million expected to be available at the end of the five years

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	£'000	£'000	£'000	£'000	£'000
Usable Capital Resources at start of year	31,391	12,992	2,281	(3,026)	714
Add: Grants and reimbursements	51,489	146,690	51,984	12,369	6,433
Add: Revenue contributions	607	516	131	131	131
Add: New capital receipts	2,250	17,150	1,650	7,650	1,650
Less: Capital expenditure	(72,745)	(175,067)	(59,072)	(16,410)	(6,564)
Usable Capital Resources at end of year	12,992	2,281	(3,026)	714	2,364

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

Overview of Governance Process

- 4.1 The HRA Budget Framework is another of the Council's four financial frameworks as detailed in the Council's Medium Term Financial Strategy. It is based upon the 30-year HRA business plan that models the cycles of work necessary to maintain the housing stock to decent homes standard.
- 4.2 The framework plots both projected capital and revenue resources. It is generally reset annually in January by the Executive, monitored throughout the year by the Director of Resources and Committee, and reviewed again in September by the Executive. When considering decisions on rents for the Council's housing stock, regard is given to the overriding objective of keeping the HRA business plan in balance. It is also the subject of specific risk management reports by the Assistant Director of Resources (Revenues).
- 4.3 The HRA business plan is also the basis for the four-year budget framework that sets parameters within which the Executive may commit HRA resources (both capital and revenue) under the Council's Constitution.
- 4.4 The HRA capital programme element of the business plan follows a similar approach to the General Fund capital programme in that the cash flows for existing approved schemes are reviewed in September by the Executive and capital additions are generally approved in January. Schemes can be approved and added to the programme during other committee cycles subject to approval of budget variations.

Long-term view of capital spending plans

- 4.5 In addition to the four-year budget framework of spend and resources the HRA capital programme considers estimated spend and affordable resources over the 30-years of the Business Plan.

4.6 The potential sources of finance for the HRA capital programme are in some cases similar to those for the General Fund programme but with other notable differences. These include: -

- a) *Capital receipts* – receipts arising from disposals of HRA sites or from vacant property sales not subject to Right to Buy pooling arrangements. However the ability to raise capital income at the scale achieved previously through sale has diminished through the revision to the Sales Policy approved in September 2022.
- b) *Right to Buy 1-4-1 receipts* – the residual receipts from Right to Buy sales that are retained by the Council, as per the agreement with the Government, to be used for one-for-one replacement build.
- c) *Grants and reimbursements* – Section 106 funds (specifically for Affordable Housing), other capital grants and reimbursements, in particular from leaseholders.
- d) *Borrowing* – it is currently assumed that borrowing will begin to be required from 2023/24 to support the Council's ambitions for estate regeneration and new housing development. HRA borrowing, whether internal or external, increases HRA debt. HRA debt in Wandsworth is currently £169 million largely as a result of the HRA subsidy buy-out in 2012. It is anticipated that there will need to be a significant increase in HRA borrowing over the next 5-10 years with the current estimate that over £700 million of additional borrowing will be required.
- e) *Major Repairs Reserve* – this is used where resources from the above four categories are not available. Any amount used must be affordable within the 30-year business plan.

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

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

Programme Area	2022/23	2023/24	2024/25	2025/26	Total
	£000s	£000s	£000s	£000s	£000s
Total Expenditure	130,968	210,875	168,316	149,238	659,397
Financed By:					
Capital Receipts	10,000	1,000	1,000	1,000	13,000
Right to Buy 1-4-1 Receipts	932	583	2,564	3,767	7,846
S106 Receipts	488	-	-	-	488
Capital Grant	16,973	3,523	8,747	7,358	36,601
Leaseholder Major Works Charges	4,383	4,250	4,628	4,770	18,031
Borrowing	1,398	135,242	123,371	103,317	363,328
Contribution to (-) / from (+) Major Repairs Reserve	+96,794	+66,277	+28,006	+29,026	+220,103
Total Financing	130,968	210,875	168,316	149,238	659,397

5. **Investments**

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

Treasury Management Investments

- 5.2 These are investments that arise from the Council's cash flows and ultimately represent balances which need to be invested until the cash is required for use in the course of business.
- 5.3 The Council's policy on Treasury Management Investments is submitted to the Finance Committee, the Executive and approved by the full Council. The overall arrangements and strategy for the ensuing financial year are reviewed and approved in the Treasury Policy Statement at this Committee (as Appendix A), an Annual Report after the end of the financial year and a mid-year review report in November or December. From time to time the Director of Resources 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 recently in late December 2021. As prescribed in the new Code, the Director of Resources 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 Director of Resources 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 Resources Directorate, attended by the Director of Resources and day to day Treasury Management activities are handled by the Accountancy Team within the Financial Management Division of the Resources Directorate. Treasury Management staff attend training courses and seminars to ensure they maintain sufficient knowledge as prescribed by the Code in order to keep up to date with current developments.
- 5.5 Treasury Management advisers are appointed at least once within the lifetime of each Council to carry out an independent review of the Council's Treasury Management activities. The next lifetime review is due in January 2025.
- 5.6 The Council's detailed investment policy is contained within the Treasury Policy Statement as Appendix A. Its overriding purpose is the control of risk. It 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 £783 million at the end of December 2022 and the average rate of return for 2022/23 as at end of December is 2.07% (excluding investment property). The Council is budgeting to begin 2023/24 with investments in excess of £700 million and the estimated movements for the following two years based upon current cash flows show that investments are likely to reduce as the HRA Regeneration schemes progress and other balances fall.

Investments that are not part of Treasury Management Activity

- 5.8 The Council may invest in other financial assets and property primarily for financial return that are not part of Treasury Management activity. These activities are subject to similar assessments of risk as for Treasury Management investments. They are approved as part of the capital programme as described in Sections 2 or 3 of this Capital Strategy.

- 5.9 Investment Property. The Council's Corporate Asset Strategy was approved by the Executive in November 2015. One of its aims was to identify opportunities to generate General Fund revenue income by acquiring commercial property in strategic locations and in some cases transferring surplus operational properties to the investment portfolio. Legal advice confirmed that it is legal for the Council to invest in property in or out of the Borough; in particular Section 12 of the Local Government Act 2003 enables the Council to invest "for the purposes of the prudent management of its financial affairs".
- 5.10 All asset strategy schemes are part of the Council's 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. No borrowing has been taken up to facilitate such investments.
- 5.11 Suitable properties for purchase by the Council are selected after going through robust procedures to assess the security of the investment in the short, medium and longer term, that the risk of not achieving satisfactory rental returns is minimised and that there are the best prospects of future rental and capital growth. The Council's budget for property purchases limits acquisitions to small retail, office or industrial units that are easy to let and does not allow for investment in large industrial parks or shopping centres.
- 5.12 The Council's valuers are supported through the acquisition process by specialist property investment surveyors and legal advisers. The Council may contact agents in the market to help identify potential investment properties for sale as these are not frequently widely marketed, or commission its specialist property advisers to undertake a search for specific suitable properties. The adviser undertakes negotiations with the vendor for the acquisition subject to approval by officers. A set of assessment criteria are used in evaluating the suitability of properties. These criteria are assessed against weighting factors ranging from Excellent to Unacceptable, and are as follows: -
- a) Location
 - b) Tenancy strength/strength of covenant
 - c) Length of tenure
 - d) Occupier's lease length
 - e) Repairing terms/obligations
 - f) Lot size (value of the investment)
- 5.13 If a property is considered to meet the Council's investment criteria, the Council commissions a Property Investment Surveyor (not the same one used to identify the property) to provide a market report on the property. This report

will include commentary on the credit worthiness of the tenant, an opinion of value and a recommendation in respect of the provisionally agreed acquisition price. This is undertaken in accordance with the Royal Institute of Chartered Surveyors Red Book.

- 5.14 Prior to acquiring any properties, officers also undertake a further due diligence exercise including reviewing the leases, commissioning a building survey and report, a mechanical and electrical survey, a valuation report, and ensuring that there is an Energy Performance Certificate in place with a rating of at least D, but this has been revised to B due to changing regulations. Solicitors also undertake legal due diligence with a further review of the leases, the planning position and a report on title, highlighting any potential title defects.
- 5.15 All investment properties are revalued annually at fair value as part of the Council's preparation of final accounts and audit process. Consideration is given at the end of each financial year as to whether impairment of any properties is required.
- 5.16 In 2015/16 the Council approved a policy to acquire commercial investment properties to augment its revenue budgets. Between 2014/15 and 2017/18, when funding of the scheme ended, the Council spent a net £27.6 million on the purchase of 10 properties. There was an additional acquisition in 2019 of Sergeant Industrial Estate, which was acquired for strategic purposes.
- 5.17 The properties were carefully selected using a range of weighted criteria that considered location, strength of covenant, lot size, let ability, 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.
- 5.18 The pandemic has had an adverse impact on most forms of investments, including property letting. Online retailing has also weakened the rents on high street properties. Despite this, because of the varied nature of the acquired portfolio and the location of the properties the portfolio as a whole has managed to weather the downturn in this investment class. The portfolio currently generates rents of £2.194 million, up from £1.924 million from the initial rents, which represents a return of 3.94% on the Council's original investment. There have been a small number of properties in the portfolio where rents have decreased but this has been balanced by increases realised from the majority of the portfolio.
- 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 Director of Resources, subject to an overall maximum limit of £5 million per loan with the exception of BIDS which is £1 million. If the loan is for cash flow or revenue purposes it is reported as part of the Council's

treasury investments. A hypothetical £5 million loan amount would equate to 0.7% of average investments in 2022/23 therefore poses little risk for the Council and as result independent advice is not sought in addition to Director of Resources approval as set out in the Treasury Management Policy Statement presented to this committee (Appendix A, paragraph 3.2.5). Loans can also be made for capital purposes, and such loans are approved as part of the capital programme.

6 **Borrowing**

- 6.1 **External Borrowing.** The Council's only external long-term borrowing is the Public Works Loan Board (PWLB) debt taken up for the HRA Subsidy Buy-Out in 2012. This is repayable in equal instalments of principal and is due to be fully repaid in 2025. The original loan was for £223 million and £35 million will be outstanding at the end of the financial year. The interest due is fully charged to the Council's HRA. The Council also offers deposit facilities to other bodies such as the North East Surrey Crematorium Board and the Western Riverside Waste Authority. At 31st December £11.9m was held for WRWA and £0.5m for NESCB. The Council's General Fund has no external debt other than any amounts relating to these deposit facilities.
- 6.2 **Internal Borrowing.** This arises where capital expenditure is neither financed by those sources of finance other than borrowing described in paragraphs 2.7 and 3.5, nor matched by a corresponding increase in external borrowing. In recent years the Council has had substantial cash balances, and these have been used to support internal borrowing where required as it is cheaper than external borrowing. The HRA borrowed £210 million internally for the HRA subsidy buy-out in 2012 to supplement the £223 million external borrowing. This has been partially repaid and it is anticipated that £85 million of internal borrowing will remain outstanding at the end of 2022/23. The HRA has also borrowed internally to support 70% of the spend for one-for-one replacement as detailed in 3.5 d). This borrowing is repaid in the year following its advance. The General Fund has not internally borrowed for many years other than for a school spend to save scheme as mentioned in 2.7 c). Cash balances for internal borrowing are only available to the extent that the Council has reserves that have not yet been required for their original purpose and the availability may well reduce over the next few years.
- 6.3 The following table shows current estimates of the Council's External and Internal Borrowing outstanding balances based upon the currently approved capital programme.

	<u>31 March</u> <u>2023</u> £000	<u>31 March</u> <u>2024</u> £000	<u>31 March</u> <u>2025</u> £000	<u>31 March</u> <u>2026</u> £000
Current External Borrowing	34,404	17,202	0	0
Estimated Internal Borrowing	89,320	76,018	66,516	
	<u>123,724</u>	<u>93,220</u>	<u>66,516</u>	

- 6.4 **Minimum Revenue Provision.** Regulations issued under the Local Government Act 2003 require local authorities to calculate an annual amount of minimum revenue provision (MRP) to be set aside from revenue for the repayment of debt that is “prudent”. The MRP should not take account of capital expenditure on HRA assets. The Council has an MRP to repay the internal borrowing by the Dedicated Schools Budget (DSB) for a spend- to-save scheme as referred to in 2.7c). This was originally to be repaid over nine years but has been extended for a further twelve years, will be fully charged to the DSB and will more than cover any minimum required under guidance. The annual statement on the Council’s MRP policy is contained within the Treasury Policy Statement and approved by full Council in February or March.
- 6.5 **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.
- 6.6 **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 £150 million in February 2022 for 2022/23 and a limit of £200 million is proposed for 2023/24.

Appendix D

Strategic CIL Receipts, Projects Committed to and Expenditure Incurred as at 31st December 2022			
SCIL Receipts	£		
Total SCIL Receipts to 31st December 2022	-106,584,606		
	SCIL Budget Committed	Expenditure Incurred to date	Net Remaining Budget
	£	£	£
Projects to be funded by SCIL			
£5m Town Centre Investment Fund	2,500,000	0	2,500,000
Abyssinia Close Improvements	119,000	20,750	98,250
All Leisure Centres - Renewal of Sports and Studio Hall flooring	139,000	112,020	26,980
Balham Library - Roofing Works	130,000	0	130,000
Battersea Park - Fountain Toilets Expansion	90,000	33,168	56,832
Battersea Park - LED Lighting Improvements	384,000	379,179	4,821
Battersea Sports Centre - New 7 a-side 3G area	87,000	5,400	81,600
Beacon Libraries Programme - Putney Library	914,100	52,369	861,732
Bedford Hill Public Realm and Road Safety - Phase 2	781,000	817,181	-36,181
Boroughwide - Essential Repairs to Roads & Paths Across Parks	204,000	0	204,000
Boroughwide - Tree Works	500,000	214,569	285,431
CCTV Network Digital Upgrade	1,000,000	736,494	263,506
Completed SCIL projects as at 31/12/22 - see appendix 1 for detail	39,442,480	39,442,480	0
Culvert Road Traffic Signal Junction Improvements	150,000	1,300	148,700
Cycle Parking at Railway Stations	500,000	31,110	468,890
Decarbonisation Projects	0	0	0
Decarbonisation Schemes in Operational Buildings and Schools	575,000	339	574,661
East Putney Railway Bridges Refurbishment	400,000	0	400,000
Electric Vehicle Charging Points	500,000	491,078	8,922
Falcon Park Community Sports Centre Installations	40,000	31,727	8,273
Flood Alleviation Works - SUDS	1,000,000	295,188	704,812
Grass Playing Pitch Drainage	1,400,000	5,150	1,394,850
Heaver Estate & Traffic Reduction Measures	150,000	0	150,000
Inflation Provision for Capital Projects	5,224,000	0	5,224,000
Lady Allen Playground: Fencing, Renovation and Security	153,000	147,459	5,541
Latchmere Leisure Centre - Roof Structure Repairs	176,000	0	176,000
Leisure Centres - Balham & Wandle Air Handling Systems	156,000	0	156,000
Leisure Centres - Pool Filtration Vessels	179,000	0	179,000
Leisure Centres - Swimming Pool Improvements	396,000	1,882	394,118
Leisure Centres - Ventilation Systems	98,000	0	98,000
Low Emission Highways Maintenance Fleet	1,175,000	1,042,172	132,828
Lower Richmond Road Safety Corridor Review	300,000	9,330	290,670
Mitcham Lane Safety & Corridor Improvements	500,000	0	500,000
Old York Road Public Realm Improvements	2,000,000	28,028	1,971,972
One Way Streets - Conversion to Two Way for Cycling	471,000	101,816	369,184
Pedestrian Crossings - at locations borough wide	400,000	0	400,000
Pedestrian Crossings - Signal Controlled	200,000	0	200,000
PRIF Bridge Lighting Projects	550,000	537,539	12,461
PRIF River Promenade Works	500,000	230,777	269,223
PRIF Road Safety – Pedestrian Crossings	375,000	373,011	1,989
Putney High Street - Public Realm & Environment Improvements	2,325,250	2,230,397	94,853
Putney Vale Cemetery Burial Space Extension	268,000	4,933	263,067
Roehampton Leisure Centre - Renewal of Roof Coverings	170,000	87,256	82,744
SCIL Infrastructure Maintenance (revenue)	5,000,000	2,736,127	2,263,873
Southfields Public Realm Upgrade	825,000	491,739	333,261
St Johns Hill Refurbishment	450,000	450,000	0
Tooting Bec Athletics Track	527,000	400,531	126,469
Tooting Bec Lido	3,729,000	356,453	3,372,547
Tooting Common Lakeside playground refurbishment	384,000	0	384,000
Upper Richmond Road & Putney Stations	2,000,000	0	2,000,000
Wandle Recreation Centre - Artificial Pitch Repairs	90,000	2,909	87,091
Wandsworth Bridge / Bridge end road	550,000	0	550,000
Wandsworth Bridge Corrosion Protection	7,804,200	6,862,214	941,986
Wandsworth Cemetery Burial Space Extension	301,000	13,380	287,620
Wandsworth Environmental and Sustainability Strategy (WESS)	3,568,500	396,453	3,172,047
Wandsworth One Way System	21,611,000	4,916	21,606,084
Wandsworth Town Station - Access for all	400,000	0	400,000
Total Approved SCIL Funded projects	113,861,530	59,178,824	54,682,706
Value of SCIL Receipts Over Committed to date	7,276,924		
Forecast of further CIL receipts by 31.3.2025	-9,498,716		
Forecast Value of SCIL Receipts Uncommitted by 31.3.2025	-2,221,792		

Section 4
Treasury Management

WANDSWORTH BOROUGH COUNCIL

FINANCE COMMITTEE – 1ST MARCH 2022

EXECUTIVE – 7TH MARCH 2023

COUNCIL – 8TH MARCH 2023

Report by the Director of Resources on the Council's Treasury Policy for 2023/24

SUMMARY

This report reviews the Treasury Management activities so far during 2022/23 and makes proposals for 2023/24 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 2023/24, including the determination of the Council's borrowing limit and operational boundary, and the minimum revenue provision policy for the financial year 2023/24. Prudential Indicators are also included where the affordability limit is assessed and calculate the impact of capital investment decisions on the budget requirement and therefore the Council Tax.

Investments have increased during 2022/23 from £736 million to £783 million at the end of December 2022 and are expected to remain above £700 million at the end of March 2022. The average return on investments in 2021/22 was 0.62% and for 2021/22 this is expected to be around 2.2% (2.07% as at 31st December 2022). Long term investments in pooled funds which recovered in capital value in 2020/21 and 2021/22 after the Covid-19 pandemic, have cumulatively dropped in capital value in 2022/23 however still have an overall return of 4.52% as at 31st December 2022.

External debt has reduced to £43 million at the end of December 2022 and will be £34 million at 31st March 2023 as the planned repayment of the HRA subsidy buy out debt continues.

GLOSSARY

BIDS	Business Improvement Districts
CCLA	Charities, Church of England, Local Authorities
CIPFA	Chartered Institute of Public Finance and Accountancy
DMADF	Debt Management Account Deposit Facility
DSB	Dedicated Schools Budget
HRA	Housing Revenue Account
DLUHC	Department for Levelling Up, Housing and Communities
MMFs	Money Market Funds
MRP	Minimum Revenue Provision
PWLB	Public Works Loan Board
GLA	Greater London Authority
IFRS	International Financial Reporting Standard

RECOMMENDATIONS

1. The Finance Committee are recommended to support the recommendations to the Executive in paragraph 2. If they approve any views, comments or recommendations on the report, these will be submitted to the Executive for consideration.

2. The Executive to recommend the Council -
 - (a) to authorise the Director of Resources to determine the Council's Treasury Policy Statement for 2023/24 based on the Statement in Appendix A;

 - (b) to approve, as required under Section 3 of Part 1 of the Local Government Act 2003, for the financial year 2023/24 an authorised borrowing limit and operational boundary of £200 million as shown in paragraph 46; and

 - (c) to approve, as recommended under Guidance issued under the Local Government Act 2003, a minimum revenue provision (MRP) for 2023/24 to repay internal borrowing by the Dedicated Schools Budget (DSB) over a period of twelve years, as shown in paragraphs 47 to 49.

 - (d) to approve the Prudential Indicators in Appendix E.

INTRODUCTION

3. The Council's Treasury Policy Statement defines both the overall arrangements for treasury management and the expectations for the ensuing financial year. These arrangements are in accordance with the Treasury Management Code issued by CIPFA in 2002, which was revised in 2011, 2017, and December 2021. They also have regard to the Prudential Code issued by CIPFA in 2017 and are considered by the Council based on Paper No. 04-129 in January 2004. A revised Prudential Code was published on 20th December 2021 and was considered at this committee in February 2022 as part of the Capital Strategy 2022/23 (Paper No. 22-70). Both Codes had a soft implementation in 2022/23 due to late publication by CIPFA but full implementation is required in

2023/24. The amendments to the Treasury Management Code and Prudential Code largely still relate to investments that are not part of treasury management activity and do not arise from cash flows and debt management. These are commercial investments such as purchase of investment properties, investments in subsidiaries or investments for service objectives including regeneration. The Council's investment arrangements take due notice also to Investment Guidance issued under Section 15 of the Local Government Act 2003 by the Department for Levelling Up, Housing and Communities (DLUHC). The revised Treasury Management Code also introduces strengthened requirements for skills and training for those responsible for management, delivery, governance, and decision making in treasury management.

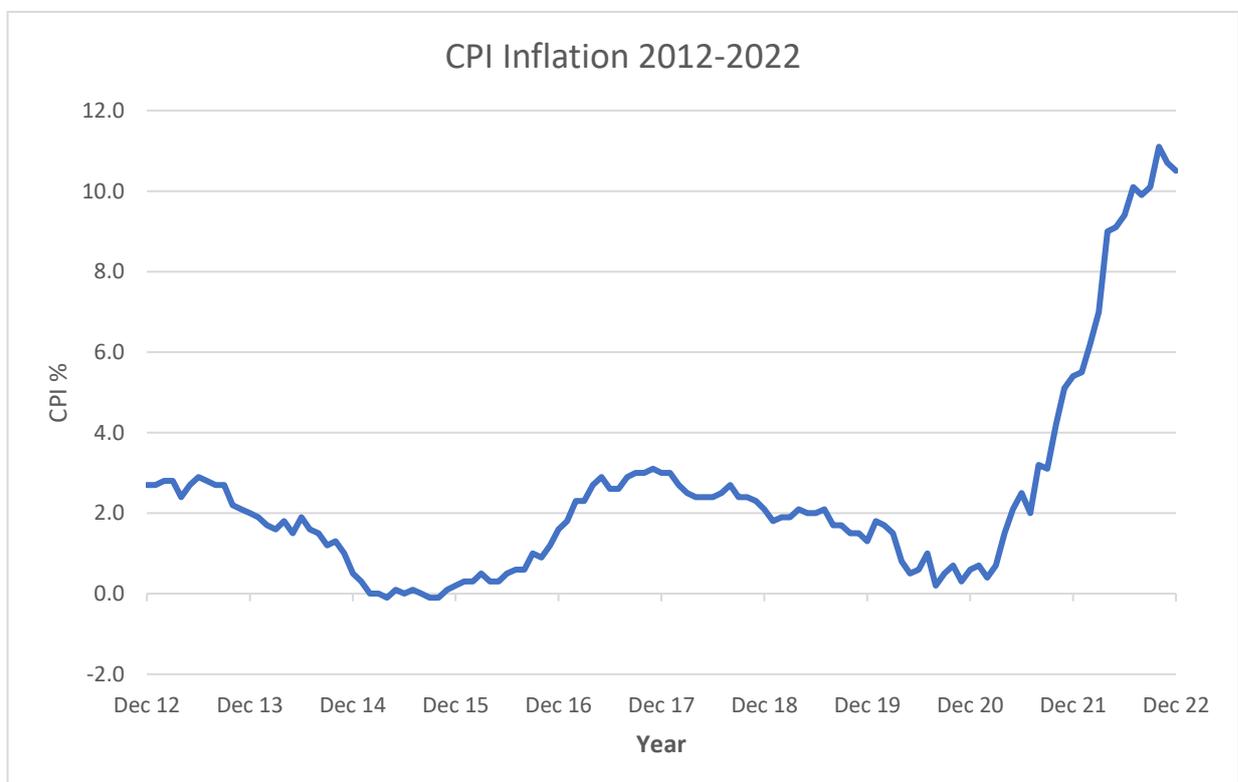
4. The overall arrangements for Treasury Management include provision for review and updating of the Statement at about this time of year. The last annual review of the Statement was in February 2022 (Paper No. 22-69) and a mid-year review was more recently produced in Paper No. 22-395 in December 2022. The updated Statement for 2023/24 is attached as Appendix A to this report. Subsequent paragraphs comment on experience to date in 2022/23, and policy for 2023/24 and later 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. The Council has a medium level approach to risk and has over the last two 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 2023/24 this will continue, whilst appreciating interest rates are expected to remain high in the short term before beginning to decrease in the second half of 2023.

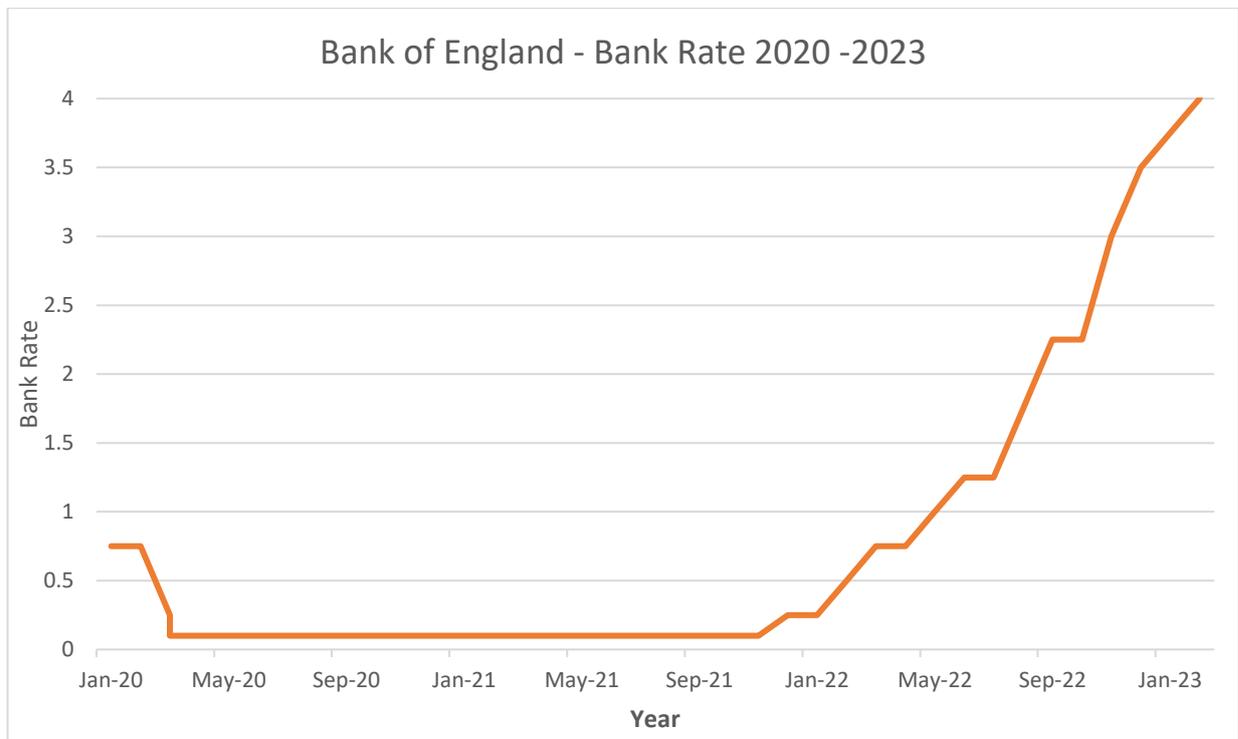
TREASURY MANAGEMENT EXPERIENCE IN 2022/23

ECONOMIC BACKGROUND

6. At the start of the financial year, the country continued to be economically impacted by the war in Ukraine. Inflation had hit 9% in April 2022 and the sectors seeing the biggest increases were fuel, food and electricity. The Bank of England Bank Rate started the year at 0.75% following an increase from 0.5% on 17 March 2022.
7. In May 2022 the Monetary Policy Committee (MPC) raised the Bank Rate to 1%. In addition, to help combat the prevalent cost of living crisis, the Government announced a £15 billion bailout package to help millions of people struggling with the worst cost of living crisis in decades.
8. In June 2022 as inflation had increased to 9.4%, the MPC increased the Bank Rate to 1.25% with further increases to 1.75% in August and 2.25% in September. GDP increased in quarter 2 of 2022 by 0.2%, however the threat of recession was still predicted to occur in 2022. Inflationary pressures continued to intensify through the summer reflecting near doubling of wholesale gas prices since May owing to Russia's restriction of gas supplies to Europe.

9. During September 2022 there was continuing economic uncertainty which resulted in the Pound hitting a forty-year low against the Dollar. Inflation continued to rise throughout the first half of the financial year and as at 30 September 2022 was 10.1% and the UK was officially in recession.
10. Moving into the autumn, GDP fell by 0.3% in the three months to October 2022 compared with the three months to July 2022. Inflation fell from 11.1% in October to 10.5% in December and is expected to continue to fall mid 2023 having now peaked in Q4 2022. Inflation is expected to slow to 4% in Q4 2023 and finally drop below the Bank of England's target of 2% to 1.5% in Q4 2024. There is however a risk of rising inflation again if the Government reduces energy support after April 2023.
11. At the MPC meeting on the 15th December the Bank Rate was increased to 3.5%. On the 2nd February the Bank Rate was raised again to 4%. Both increases were broadly in line with predictions. The Bank Rate is expected to increase further to 4.25% in 2023 before decreasing back down again at some point in the second half of the year.
12. The following two graphs show changes in Inflation over the previous 10 years, and Interest Rates since January 2020.





INVESTMENTS

13. The Council's investments have increased at 31st December 2022 to £783 million compared to £735 million at the start of the year. This figure is compared to £623 million at 31st December 2021 and the budgeted average for the year of £599 million. The level of investment during the year has remained above the 1st April 2022 position of £743 million and peaked at £824m in August 2022. The increase is largely due to reprofiling of the capital programme. Investment balances are expected to finish the year in excess of £700 million. The size and composition of the Council's investments at 31st March 2022 and 31st December 2022 is shown in Appendix C.

14. The Council's overall average rate of interest on investments is 2.07% as at 31st December 2022. This is higher than the budgeted rate of 0.82% and compares to 0.69% as at 31st December 2021 and 0.62% in 2021/22. This significant improvement is directly linked to the consecutive Bank Rate increases of 2022 and 2023. As the Bank Rate is expected to increase further in 2023, the Council's rate of return for 2022/23 is expected to finish nearer 2.2%. Whilst this rate is considerably lower than the current Bank Rate of 4%, this is due to historic investments made when the Bank Rate was lower but that still encompass the 2022/23 financial year. The effect of the rapid rise in interest rates in 2022 will therefore favourably impact the 2023/24 to 2025/26 financial years and budgets will be set accordingly.

15. The table below shows investments as at 31st December 2022.

	31st December 2022				
	% of investment portfolio	Total Investments £m	Average return %	Weighted Average return 2022/23 (investments pre 1st April 2022)	Weighted Average return 2022/23 (investments post 1st April 2022)
Bank Fixed Term Deposits – 1 year	29.4%	230.0	2.1%	0.6%	3.0%
Local Authority Fixed Term Deposits – 1 year	27.6%	216.0	1.5%	0.4%	2.4%
MMFs (same day)	19.8%	154.9	1.9%	0.6%	1.9%
Mixed Asset Pooled Funds	9.2%	72.3	4.7%	4.1%	4.7%
DMADF	7.7%	60.5	1.5%	0.2%	1.9%
CCLA	3.8%	29.4	4.1%	3.5%	4.1%
MMF (+1 day)	2.5%	19.5	1.5%	0.5%	1.5%
NatWest Reserve Account	0.1%	0.4	0.1%	0.1%	0.1%
Royal London Cash Plus Fund	0.0%	0.0	0.9%	0.2%	0.9%
NatWest Notice Fund	0.0%	0.0	0.5%	0.4%	0.5%
Subtotal	100.0%	783.0	2.1%	1.0%	2.6%
Less amount invested on behalf of:					
- Western Riverside Waste Authority		-11.9			
- North East Surrey Crematorium Board		-0.5			
Total		770.6			

*The Royal London Cash Plus Fund and the NatWest Notice Fund investment balances are nil as these were redeemed on the 28th September and 20th December respectively. However, they are included above as they have generated a return in the 2022/23.

Short Term Liquid Investments

16. As a general pattern liquidity rises during the financial year before decreasing back down as expenditure generally increases in the final quarter. At present liquidity is slightly higher than normal due to the redemption from the NatWest Notice Fund therefore a higher amount (£155 million) is held in Money Market Funds (MMFs). It is proposed to bring this down gradually before year end with new periodic investments of different types. MMF rates averaged 3.21% at 31st December 2022 compared to 0.4% at 30 March 2022 and 0.03% as at 31st December 2021. MMFs were budgeted at a rate of 0.1% for 2022/23 as experience suggested that they didn't react directly to the Bank Rate changes having made the slowest reaction to the increase in December 2021 and had offered 0.01% or lower through the pandemic. This pattern has changed in

2022/23 with MMFs unexpectedly directly following the Bank Rate and offering only approximately 0.3% lower.

17. The one day access MMF has continued to rapidly grow in capital value throughout 2022. 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. After publication of the mid year review it was noticed that the fund's assets had fallen, therefore because of Council's share significantly growing, the Council's investment was breaching the 7.5% investment limit prescribed in the Treasury Management Policy. As a consequence, part of the Council's investment was immediately redeemed to comply with this limit. The Council's investment as at 31st December is £19.5 million, (7.15% of the funds assets). Of this £19.5 million investment, £0.573m is capital growth since 1st April 2022. As reduction in asset value of the fund may cause further 'breaches', it is proposed to increase the limit from 7.5% to 10% as detailed in paragraph 43 and Appendix A of this report. This 10% is in line with other maximum counterparty limits and poses lower risk, as if market volatility did occur the fund is monitored daily as part of daily treasury dealing and can be withdrawn with 1 days' notice. The capital growth of this fund is not proposed to be withdrawn (to revenue) as it is expected to continue to grow.
18. The Council's Bank (NatWest) 35 Day Notice Fund has achieved an average interest income of 0.52% to 20th December 2022 and was fully redeemed (£45 million) and returned on this date. The Notice Fund was the lowest interest earning investment within the Council's portfolio and therefore it was decided to move this income to other investment opportunities including back with NatWest as periodic fixed term investments. As such, £10 million has been invested back with NatWest per month since December 2022 at rates over 4.4%. The remaining funds are temporarily invested in MMFs with the aim of investing the remaining £15 million before year end. The continued use of NatWest as a counterparty creates security within the portfolio as a fund held in a bank partially owned by Government.
19. The Royal London Cash Plus Fund (Ultra Short Dated Bond Fund) was fully redeemed on 28th September 2022 and no overall loss was made on this fund in 2022/23.

Short Term Fixed Term Deposits

20. Opportunities for fixed term deposits at much higher rates is now widespread in 2022/23 as all counterparties are following the Bank Rate increases. The Council, whilst mindful of risk, is maximising investments at this time as a result. New fixed term deposits (compromising banks and local authority investments) were budgeted to achieve 0.45% in 2022/23 and as at 31st December 2022 are achieving 1.87% collectively. Whilst rates across these two types of lenders are now much higher (and higher than the Bank Rate), the Council's overall rate remains lower as it includes fixed term deposits committed whilst interest rates were low as discussed in paragraph 14. As the Council will continue to make fixed term deposits before year end it is expected that the overall achieved rate on fixed term deposits will be around 2%. This

increase would be generated by £30 million of maturing bank deals to be rolled over, £20 million of proposed new bank deposits, and at least £15 million of local authority investments. These investments are expected to be made at rates of between 4% and 4.5% however as these will be made in the final quarter of 2022/23 they will have the greater financial impact in the 2023/24 financial year. The different investment rates offered and achieved by the Council on fixed term deposits between December 2020 and December 2022 are shown in the below table.

Fixed Term Deposit Rates achieved	31st December 2020	31st December 2021	31st December 2022
One year	0.20%	0.57%	4.12%
Six months	0.10%	0.26%	3.72%
Three months	0.05%	0.22%	3.58%

21. Officers have actively tried to maximise new deposit opportunities by rolling over bank investments in 2022/23 (subject to liquidity and counterparty checks) and analysing opportunities with new banks. Between October and December 2022, the Council has arranged £135 million of fixed term deposits with banks at an average rate of 4.32% which has earned the Council £4.6 million (£2 million attributable to 2022/23 and £2.6 million to 2023/24). At 31st December 2022 the Council has achieved a 2.08% weighted average return on its bank investments that cover all or part of 2022/23.

22. The Council continues to lend to other local authorities to diversify the portfolio. Whilst these rates tend to be slightly lower than fixed term deposits with banks they are still competitive and still higher than the Bank Rate for a 1 year investment. At present the market is widespread with bids as other local authorities seek short term loans that may be beneficial compared to short term Public Works Loan Board (PWLB) borrowing. As this type of lending is low risk the Council has offered a higher level of loans to other local authorities as a result and will continue to do so into 2023 (subject to cashflow needs and counterparty checks). Between October and December 2022, the Council has arranged £110 million of fixed term deposits with local authorities at an average rate of 3.44% which has earned the Council £3.4 million (£1.4 million attributable to 2022/23 and £2.04 million to 2023/24). As at 31st December 2022 the Council has achieved a 1.55% weighted average return on local authority investments that cover 2022/23. This lower rate is again due to previous year lower return investments still being in place in 2022/23 and the greater effect will be seen in future years. No local authority lending is taken which is lower than the DMADF on any given day.

23. The Council has used the DMADF where appropriate in 2022/23 as the rates have generally been just below local authority investments with the average rate achieved to 31st December 2022 being 1.46%. Towards the end of 2022 the Council has reduced the use of the DMADF due to maturing deals with banks being rolled over. All DMADF investments return before the year end.

Additional detail on investment rates and the DMADF are outlined in the tables below.

	31 st December 2021 £m	31st March 2022 £m	31 st December 2022 £m
Amount held in DMADF	45.0	114.8	60.5

DMADF Rates	Prior to Bank Rate Increases	2022/23 Budgeted Rate	31st March 2022	31 st December 2022
Overnight	≤ 0.01%	0.10%	0.50%	3.28%
6 months	≤ 0.01%	0.10%	0.82%	3.63%

Long Term Investments

24. As reported in the 2022/23 Mid Year Review (Paper No. 22-395), pooled investment funds have seen a large fall in their capital value since the summer of 2022 due to turbulence in the economic environment. Since this time all the funds in this overall category have been experiencing fluctuations. Multi Asset Funds are now showing signs of slow recovery however Property Funds are still volatile due to the effect of rising interest rates and the subsequent effect on the property market. As at 31st December 2022 pooled investment funds (including property funds) have achieved an average interest rate of 4.52% with an investment balance of £102 million. This rate of return is slightly higher than normal as return is against a lower fund value. These funds are generally expected to return around 4% and budgets are set based on this assumption.
25. The table below is a summary of the current value of investments held at 31st December 2022 and the change to 30th September 2022, showing a significant loss in value.

	Principal £m	September 2022 Valuation £m	December 2022 Valuation £m	Loss/ gain from Principal as at 31st December 2022
Multi Asset Funds	80.0	70.1	72.3	-7.7
Property Funds	30.0	34.3	29.4	-0.6
Total Value	110.0	104.4	101.7	-8.3

26. The Council has seen a reduction of this size before when markets crashed as a result of the pandemic in March 2020. At this time there are no plans to withdraw from these funds but to continue to hold them long term as is their purpose. Additionally some funds are increasing their yield or amending their terms and conditions to support investors. For example, Fidelity are paying the Council a monthly rebate on the management fee, Aegon are paying out 100% of the income received each month to investors and CCLA have restricted redemptions to six months notice (rather than three months) to help stabilise the fund.

27. 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.
28. The properties were carefully selected using a range of weighted criteria that considered location, strength of covenant, lot size, let ability, 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.
29. The pandemic has had an adverse impact on most forms of investments, including property letting. Online retailing has also weakened the rents on high street properties. Despite this, because of the varied nature of the acquired portfolio and the location of the properties the portfolio as a whole has managed to weather the downturn in this investment class. The portfolio currently generates rents of £2.194 million, up from £1.924 million from the initial rents, which represents a return of 3.94% on the Council's original investment. There have been a small number of properties in the portfolio where rents have decreased but this has been balanced by increases realised from the majority of the portfolio.
30. A full report on the 2022/23 treasury management performance will be made to committee in July 2023, in accordance with the arrangements prescribed in the Policy Statement.

REVIEW OF LONGER TERM INVESTMENTS

31. As communicated to this Committee in July (Paper No. 22-220), the Council added to its Multi Asset Fund investments in 2022/23 after a fund selection process with Link Treasury Services. It was planned that the investments would be staggered in early 2022/23 in line with cash flow needs, further risk assessments, and to allow for set up time of new funds. As subsequently communicated in the Mid Year Review (Paper No. 22-395) the final investment into the Royal London Sustainable Growth Trust Fund (£20 million out of a total of £50 million overall) was paused due to the volatility in the market and at that time no decision being made on the override of International Financial Reporting Standard 9 (IFRS 9).
32. Since its introduction IFRS 9 has been "overridden" (i.e. does not apply) in relation to local authorities but that override was due to expire at the end of 2022/23. Government consulted on the override in Autumn 2022 and announced on the 5th January 2023 that the override would be extended for another two years to the end of 2024/25. This means that annual gains or losses arising from changes in fair value (i.e. capital) of pooled investments such as Multi Asset Funds would not need to be charged to revenue in the General Fund in the year that they occur (and therefore impact Council Tax

payers) until 2025/26. During the extension of this override, any loss or gain will continue to sit solely on the Balance Sheet.

33. At present Government has not committed to what will happen to the override after the extension and a consultation response is expected 'early' 2023. In preparation for the override potentially ending the Council budgeted in 2022/23 for £1.5 million to be set aside from interest receivable budgets which then could be moved to an earmarked reserve. It is proposed for this to be set aside again in 2023/24 budgets as it provides the Council with a buffer if the now seven year override did end at a time (i.e 2025) which some commentators are noting could be an equally pressurised time for local authorities (or a buffer for a sudden unexpected downturn in interest rates). The risk and potential impact of IFRS 9 would always be 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 not reflective of the whole year).
34. As aforementioned it can be seen that Multi Asset Funds are slowly starting to recover with £2.2m recovered in fund value since 30th September 2022. It is proposed that if Multi Asset Funds continue to recover in the final quarter of 2022/23 that the final investment of £20 million is made to Royal London Sustainable Growth Trust Fund in the first half of 2023. The fund is set up ready for use.
35. It is anticipated over the next year or so that interest rates will fall and Multi Asset Fund usage will come to the forefront again as an attractive investment both in terms of yield and capital value. As a consequence the Council's Treasury Policy Statement for 2023/24 is proposed to be updated for extended use of such funds up to an aggregate limit of £150 million in 2023/24 and beyond. The change is further detailed in paragraphs 36-38 and 43 and in Appendix A.
36. In order to ensure security and liquidity of the portfolio as a whole is considered in advance of yield, the Treasury Policy Statement is designed to invest in Multi Asset Funds proportionately in line with the original investments made in August 2018 which, at that time, were under 10% of total investments and under 20% of lowest cash flow projection over three years (inclusive of the year of investment). Taking into account overall cash balances which are currently significantly higher than they were in 2018, it is proposed that the total investment percentage for Multi Asset Funds (i.e. including the existing investments) are increased to no more than 20% of total investments and under 25% of the lowest cash flow projection over three years. The total amount invested with any one manager shall remain at a £35 million limit unless capital appreciation takes an initial investment over that value.
37. If a third tranche of Multi Asset Fund selection is commenced after the Treasury Policy Statement has been amended, the Director of Resources will finalise the final selection of funds and make the relevant investments under existing delegated authority and will update Members at the next available meeting of this Committee.

38. In addition to the Multi Asset Fund investments, further use of the CCLA property fund was proposed in 2022/23 after internal analysis of the fund was undertaken. Further investments were proposed to be made in tranches in line with previous investment percentage boundaries (£5 million investment tranches per £75 million increase in overall investment balances). The first additional investment of £5 million was made in May 2022. Whilst balances and the Treasury Management Policy Statement allow further investment, and investment losses are protected temporarily by the IFRS 9 override extension, CCLA has become more volatile in the final quarter of 2022 and is expected to remain so until 2023/24 (essentially until the Bank Rate stabilises or reduces). Further CCLA investment will not be considered until the Council can see three consecutive months of recovery.
39. Ultimately the aim of these proposed amendments to the Treasury Policy Statement is to continue to protect the security and liquidity of the Council's investments whilst increasing the Council's overall return by recognising that average cash balances have continued to rise over the past few years and, whilst projected to reduce from their current historically high level, are predicted to continue at a sustained level in the short to medium term at least. Treasury budgets will be adjusted in 2023/24 to reflect this change in policy, once implemented.

DEBT

40. The size and composition of the Council's debt at 31st March 2022 and 31st December 2022 is shown in Appendix D. Gross debt has reduced from £52 million to £43 million reflecting repayments of PWLB debt. A further repayment will be made before the end of 2023/24. No new long-term borrowing has been undertaken in 2022/23 and, and none is expected for the remainder of the year.

REGULATIONS

41. 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.
42. The impact of International Financial Reporting Standards IFRS 9 on (measurement of) Financial Instruments is outlined above in paragraphs 31-33. All capital bearing funds will continue be analysed alongside regulation updates from Government and if necessary, the Council will continue to make provision by setting aside a sum within a reserve.

PROPOSED UPDATED TREASURY POLICY STATEMENT

43. The Council continues to have high levels of balances and whilst this is expected to continue into the coming year, balances should reduce over the next two to three years whilst remaining above £545 million. It is proposed that two changes are made to the Treasury Policy Statement for 2023/24 to increase flexibility and spread the risk on the investments held. This is:

- (a) The Council can currently place £35 million per fund up to an aggregate of £100 million in individual Corporate Bonds (grade BBB and above), Fixed Income Funds, Equity Funds, and Mixed Asset Funds (including Multi Asset Credit). It is proposed this is increased to an aggregate of £150 million so the Council may invest further income in 2023/24 if it decides to do so and after undertaking specialist advice on any new fund selection and within percentage boundaries outlined. This change and boundaries are described in Appendix A at paragraph 3.2.4 (b) (vi).
- (b) The Council can currently place a maximum investment in a AAA rated MMF or Short Dated Bond Fund up to 7.5% of the total assets under management in the Fund. It is proposed this is increased to 10% in line with other Counterparty limits. This change is described in Appendix A at paragraph 3.2.4 (i).
44. The Strategy for 2023/24 considers the outlook for investment and debt levels for the period 2023/24 to 2025/26, taking into account estimates of major cash flow movements. These estimates are shown in the table in paragraph 4.1 in Appendix A.
45. The Council is projecting to begin the year with investments of £700 million or above. Repayments of £17.2 million of PWLB loans taken up for the Housing Revenue Account (HRA) on 28th March 2012 will fall due during the year. The estimated movements for the following two years based upon current cash flows show that investments are likely to reduce as the HRA regeneration and development schemes progress and other balances fall.
46. Authorised Borrowing Limit and Operational Boundary for 2023/24 The Council has to set a borrowing limit and operational boundary for 2023/24 under Section 3 of Part 1 of the Local Government Act 2003. This limit refers only to gross borrowing, ignoring investments, and it is intended that it reflects the maximum amount that a local authority decides that it can borrow without further reference back to Council. This limit was set at £150 million in February 2022, reflecting the existing long-term borrowing of £51 million at 1 April 2022, and allowing for the possibility of borrowing for a “spend-to-save” scheme, and short-term fluctuations in cash flows, including deposit facilities offered to other bodies and external funds, such as the North East Surrey Crematorium Board and Western Riverside Waste Authority. Long-term borrowing is expected to be £34 million at 1st April 2023 and £134 million of long-term borrowing is currently planned for 2023/24 (in relation to the Housing Revenue Account). A limit of £200 million is therefore proposed for the borrowing limit and operational boundary for 2023/24, reflecting the existing borrowing, and allowing for other possible requirements.
47. MRP Statement for 2023/24 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.

48. For Wandsworth a “prudent” MRP was, until 2017/18, nil, reflecting the fact that the Council’s debt related to the Housing Revenue Account. However, in 2016/17 internal borrowing of £7 million took place to partially fund the scheme to develop Greenmead/Ronald Ross schools to be charged to the Dedicated Schools Budget (DSB).
49. 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 more than cover any minimum required under guidance for a “prudent” MRP.

CAPITAL STRATEGY

50. The requirement to produce an annual Capital Strategy was introduced in 2018 by amendments to CIPFA’s Prudential Code and remains within the 2021 update. The Prudential Code allows local authorities to set their own limits on borrowing as part of the freedoms and flexibilities introduced in the 2003 Local Government Act. This is achieved by setting limits to ensure that spending is affordable, prudent and sustainable. The addition of a Capital Strategy to this framework gives further context and direction to these decisions. The 2021 update to the Code also introduces the need for Prudential Indicators for all boroughs to further strengthen the testing of limits and boundaries. A revised Prudential Code was published on 20th December 2021 and was considered at this committee in February 2022 as part of the Capital Strategy 2022/23 (Paper No. 22-70). Due to late publication of the Prudential Code, CIPFA communicated full implementation was only mandatory from 2023/24. Investment property is still addressed via the CIPFA Prudential Property Investment guidance which specifically addresses the decision making process for investing in property. Prudential Indicators are included as Appendix E to this report. The proposed Capital Strategy for 2023/24 will be reported to this Committee elsewhere on this agenda.

The Town Hall
Wandsworth
SW18 2PU

FENELLA MERRY
Director of Resources

21 February 2023

Background Papers

No background papers were used in the preparation of this report: -

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

WANDSWORTH BOROUGH COUNCIL

TREASURY POLICY STATEMENT – MARCH 2023

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 Director of Resources’ responsibilities for Treasury Management are prescribed in the Council’s Financial Regulations. Corporate Treasury Management is part of the statutory responsibility of the Director of Resources 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 Director of Resources has delegated authority in relation to Treasury Management as follows:

- (a) To invest any surplus balances of the Council’s funds other than the Pension Fund and to sell investments for the purpose of re-investment or to meet the needs of a particular fund;

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

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

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

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

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

2.4. The Director of Resources 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 Director of Resources 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 Resources Department chaired by the Director and attended by the Assistant Director. This meeting discusses strategic decisions relating to items such as structure of investments and timing of long-term borrowing. The Director of Resources or, in her absence, the Assistant Director of Resources (Financial Management) may authorise changes in strategy previously defined at a monthly meeting if circumstances require.

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

3. GENERAL STRATEGY

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

3.2. Investment:

3.2.1. Cash Balances. The Council shall not borrow in order to make financial investments. Investment of the Council's surplus cash balances (other than the exceptions listed under longer term investments) shall be for up to 364 days through brokers in the sterling money market, through an investment firm in Certificates of Deposit (CDs), directly through the Government's DMADF, directly with sterling AAA rated Money Market Funds (MMFs), or directly with sterling A rated Notice Funds at banks owned 20% or more by the UK Government (e.g. NatWest Group). Investments may also be placed directly with institutions where more attractive interest rates can be obtained than by investing through brokers. Where MMFs are used, the choice of fund shall be determined at the monthly Treasury Management meeting within the Resources 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 shall, subject to the exceptions listed under long term investments in paragraph 3.2.5, be placed with institutions in accordance with the following criteria shown in the table and sub-paragraphs below. Any non-UK financial institution must have a country of origin with a sovereign credit rating of at least AA.

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

(a) up to £50 million with UK or non-UK institutions with a Fitch credit rating of at

least F1+ short-term, AA- long-term, and a short-term watch that is not negative, (or equivalent under Moody's or Standard and Poor's), and where generally no more than £30 million is placed for periods longer than 6 months;

- (b) up to £100 million with other UK local authorities or precepting authorities;
- (c) up to £20 million for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, AA- long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- (d) up to £20 million with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);
- (e) up to £10 million for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- (f) up to £10 million with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);
- (g) up to £5 million for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A+ long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- (h) up to £10 million with UK or non-UK institutions for a maximum of 3 months where 2 out of 3 credit rating agencies have a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's); and
- (i) up to £50 million with banks owned 20% or more by the UK Government (e.g. NatWest Group). Included in this limit is any balance held in notice funds held with these institutions.

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

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

- (j) No more than 40% of total investments shall be held in banks as fixed term deposits (this excludes those banks owned 20% or more by the UK Government (e.g. NatWest Group).
- (k) No more than 30% of total investments shall be held in overseas banks as fixed term deposits.
- (l) No more than 10% of total investments shall be held in one overseas sovereign country in relation to fixed term deposits.

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

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

- (a) These Funds may be either short dated funds with daily liquidity or slightly longer dated funds with a short notice period. Where MMFs are used this is to be determined at the monthly Treasury Management meeting within the Resources Department, as described in paragraph 2.5 above. Daily operation of the funds will be managed by the Treasury Management Team within the Financial Management Division.
- (b) The maximum overall limit for the use of MMFs and Short Dated Income Funds shall be 50% of total investments.
- (c) The maximum limit for each counterparty with AAA rating shall be £50 million.
- (d) The Federated +1 day MMF may exceed £50 million to allow for capital appreciation which may take an initial investment over that value. This capital value will be formally reviewed at the monthly Treasury Management Meeting with the Director of Resources at each £100,000 additional excess achieved.
- (e) Each MMF shall have as a minimum AAA credit rating from one of the three main credit rating agencies and, if the Fund has more than one rating, each rating shall be AAA.
- (f) Each Short Dated Income Fund shall have as a minimum AA credit rating from one of the three main credit rating agencies.
- (g) The maximum investment placed in any Fund shall not exceed **10%** ~~7.5%~~ of the total assets under management in the Fund.
- (h) For an AA rated Short Dated Income Fund, the maximum investment in any Fund shall not exceed £5 million, or 7.5% of assets under management, whichever is the lower.
- (i) Short Dated Income Funds held at a bank which is 20% or more owned by the UK Government (e.g. NatWest Group) are exempt from the criteria in paragraphs 3.2.4 (f-h) but subject to the restriction in paragraph 3.2.2 (i).

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

- (a) Investments shall be for no longer than two years, unless specifically identified

as one of the exceptions under b) below. The amount that can prudently be invested for longer than 364 days, but for no longer than two years must relate to forecasts of investments taking into account foreseeable net spending needs and allowing for adequate reserves and contingencies. As investment levels are expected to remain above £545 million for the next two years, a prudent limit for the maximum amount to be invested for longer than 364 days but for no longer than two years is £100 million. Investments over 364 days shall not exceed £50 million with any individual counterparty.

- (b) Investments may be placed for periods longer than two years as follows. Any such investments will not count against the £100 million limit in a) above.
- (i) Up to £50 million may be placed in a Property Fund that is set up under a scheme approved by HM Treasury so that it does not count as capital expenditure. Total investments in a Property Fund should not be greater than 5% of total investments, or greater than 10% of the lowest cash flow projection over 3 years (inclusive of the year of investment), when placed.
 - (ii) Up to £50 million may be placed in a Covered Bond. The bond will have a maturity period of no longer than three years and will have a credit rating of AAA from at least one of the three credit rating agencies. If the bond issuer is one of the institutions on the Council's investment list this investment will not count against the limit for that counterparty under paragraph 3.2.2.
 - (iii) Loans may be made to Staff Mutuals, other Service Providers or Voluntary Organisations at market rates of interest. The detailed terms of each loan will be determined on an individual basis by the Director of Resources, subject to an overall maximum limit of £5 million per loan.
 - (iv) Loans may be made by any Joint Venture arrangement, development partner or vehicle set up for the purpose of regenerating the Council's housing estates. This may be in either cash or backed by property assets. Any such investment shall not exceed £50 million per investment/ loan type and £125 million in total.
 - (v) Loans may be made to Wandsworth based Business Improvement Districts (BIDS) for start-up loans at up to market rates of interest to an overall maximum limit of £1 million.
 - (vi) Investments may be made from the Pensions Resilience Reserve and other cash balances up to an aggregate limit of **£150** ~~£100~~ million for around five years, subject to meeting the criteria that investments do not count as capital expenditure. The following classes of assets may be utilised – Individual Corporate Bonds (grade BBB and above), Fixed Income Funds, Equity Funds and Mixed Asset Funds (including Multi Asset Credit). In addition investments may be made in products akin to those currently used by the Pension Fund. Where practicable, suitable hedging arrangements will be made on all such investments; however it is recognised that hedging (outside a fund) against downside risk will often be cost prohibitive therefore risk management will focus on diversification. The total amount invested with any one manager shall not exceed £35 million unless capital appreciation takes an initial investment over that value. Any new investment should not make the cumulative

investments higher than **20%** ~~45%~~ of total investments or **25%** ~~20%~~ of the lowest cash flow projection over 3 years (inclusive of the year of investment) when placed.

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

3.3. No credit arrangements shall be undertaken except:

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

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

4. STRATEGY FOR 2023/24

4.1. The following table considers the outlook for investment and debt levels for the period 2023/24 to 2025/26 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>2023/24</u> £'m	<u>2024/25</u> £'m	<u>2025/26</u> £'m
Estimated investments 1st April	700.0*	632.3	575.8
Estimated debt 1st April	-34.4	-17.2	0.0
Estimated new general borrowing	0	0	0
Estimated new HRA borrowing	-134.4	-275.8	-468.9
Deposit facilities for other bodies & funds	-16.4	-16.4	-16.4
Net investments/debt 1st April	514.8	323.0	90.5
Estimated investments 1st April	700.0	632.3	575.8
<u>Deduct</u>			
Capital payments - General	-175.1	-59.1	-16.4
Capital payments - HRA	-210.9	-211.9	-250.2
Net Movement in funds, reserves & provisions - General	-4.3	-24.1	-41.0
Net Movement in funds, reserves & provisions - HRA	3.5	-6.2	28.8
<u>Add</u>			
New general borrowing receipts	0	0	0
New HRA borrowing receipts	134.4	144.1	198.7
Capital receipts	17.2	1.7	7.7
HRA capital receipts	9.4	35.9	17.0
Capital grants	146.3	51.6	12.0
Revenue provision for capital & credit liabilities	29.1	31.3	19.9
<u>In-year net cash movement before loans</u>	<u>-50.5</u>	<u>-36.7</u>	<u>-23.6</u>
Net investments/debt 31st March	464.4	286.3	66.9
<u>Estimated investments 31st March</u>	<u>632.3</u>	<u>575.8</u>	<u>546.6</u>
Estimated (existing) long-term debt 31st March	-17.2	0	0
Deposit facilities for other bodies	-16.4	-16.4	-16.4
Repayment of existing debt	17.2	17.2	0.0
Repayment of new general borrowing	0.0	0.0	0.0
Repayment of new HRA borrowing	0.0	2.7	5.6
Change in use of deposit facilities	0.0	0.0	0.0

4.2. The Council has begun 2023 with investments of £783 million and is expecting to finish 2023/24 in excess of £700 million*. Repayments of £17.2 million of new PWLB loans taken up for the HRA on 28th March 2012 fall due during the year. The estimated movements for the following two years based upon current cash flows show that investments are likely to fall as the HRA regeneration schemes progress and the level of other balances reduces but remain strong.

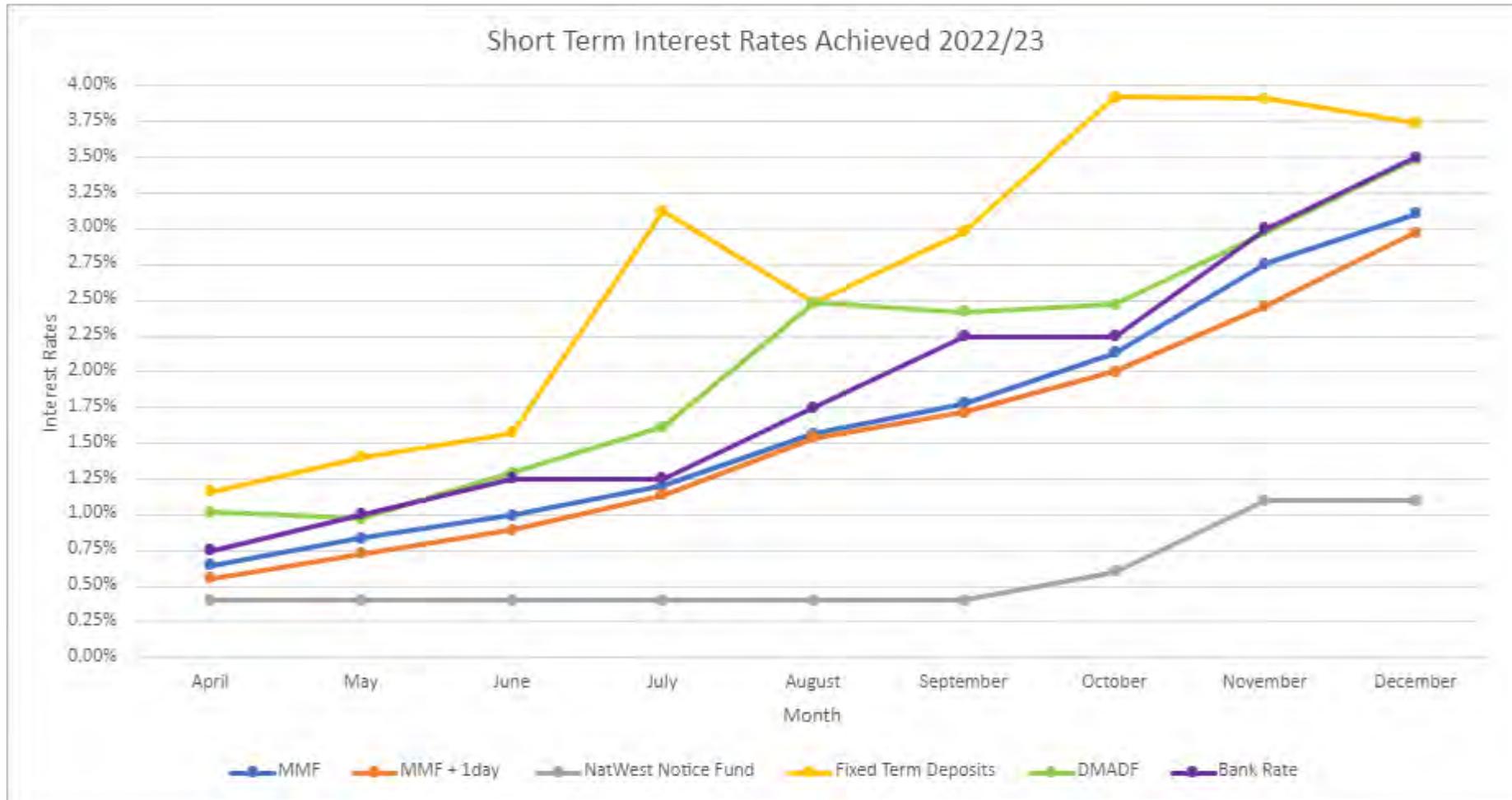
4.3. Authorised Borrowing Limit and Operational Boundary for 2023/24 The Council has

to set a borrowing limit and operational boundary for 2023/24 under Section 3 of Part 1 of the Local Government Act 2003. This limit refers only to gross borrowing, ignoring investments, and it is intended that it reflects the maximum amount that a local authority decides that it can borrow without further reference back to Council. This limit was set at £150 million in February 2022, reflecting the existing long-term borrowing of £52 million at 1st April 2022, and allowing for the possibility of borrowing for a “spend-to-save” scheme, and short-term fluctuations in cash flows, including deposit facilities offered to other bodies and external funds, such as the North East Surrey Crematorium Board or Western Riverside Waste Authority. Existing long-term borrowing is £34 million at 1st April 2023 and no new external borrowing is expected to be taken before the year end. A limit of £200 million is therefore proposed for the borrowing limit and operational boundary for 2023/24, reflecting the existing borrowing, and allowing for other possible requirements.

The Town Hall
Wandsworth
SW18 2PU

21 February 2023

Appendix B
Paper No. 23-086



	Value £m	Interest Rate	Fitch Ratings		
			Long Term	Short Term	Short Term
<u>Bank</u>					
Natwest Reserve Account	0.4	0.85%	A	F1	Not Negative
<u>Money Market Funds</u>					
Deutsche Sterling Platinum (CNAV)	50.0	3.51%	AAA		
Aberdeen Liquidity Sterling Fund (CNAV)	50.0	3.28%	AAA		
J P Morgan Sterling Liquidity Fund (CNAV)	50.0	3.25%	AAA		
State Street Sterling Liquidity Fund (CNAV)	4.9	3.20%	AAA		
Federated Global Cash Plus (VNAV)	19.5	3.25%	AAA		
<u>Fixed - Under 3 Months Remaining</u>					
Aberdeenshire Council	5.0	0.87%	N/a		
Australia and New Zealand Banking Group Ltd.	10.0	0.82%	A+	F1	Not Negative
Blackpool Council	5.0	0.85%	N/a		
Central Bedfordshire Council	2.0	3.30%	N/a		
Colchester Borough council	5.0	0.40%	N/a		
Conwy County Borough Council	5.0	2.00%	N/a		
DMADF	10.0	3.49%	N/a		
DMADF	33.0	2.51%	N/a		
DMADF	12.0	2.43%	N/a		
DMADF	5.5	1.85%	N/a		
Folkestone & Hythe DC	10.0	0.60%	N/a		
Hertfordshire County Council	8.0	3.60%	N/a		
Landesbank Hessen-Thuringen	10.0	3.56%	A+	F1+	Not Negative
Suffolk County Council	10.0	0.25%	N/a		
Telford & Wrekin Council	5.0	1.20%	N/a		
Toronto Dominion Bank	10.0	3.31%	AA-	F1+	Not Negative
Toronto Dominion Bank	10.0	3.29%	AA-	F1+	Not Negative
West Dunbartonshire Council	8.0	0.25%	N/a		
<u>Fixed - 3 to 6 Months Remaining</u>					
Bank of Montreal	5.0	3.90%	AA-	F1+	Negative
Conwy County Borough Council	5.0	2.25%	N/a		
Conwy County Borough Council	5.0	2.05%	N/a		
DBS Bank Ltd.	20.0	4.00%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	4.35%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	4.08%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	2.26%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	2.00%	AA-	F1+	Not Negative
First Abu Dhabi Bank	10.0	1.56%	AA-	F1+	Not Negative
Moray Council	5.0	1.05%	N/a		
Suffolk County Council	5.0	3.72%	N/a		
Suffolk County Council	15.0	0.45%	N/a		

Fixed - 6 Months to 1 Year Remaining

Canadian Imperial Bank of Commerce	10.0	4.30%	A	F1	Not Negative
City of Kingston upon hull	5.0	4.00%	N/a		
City of Kingston upon Hull	10.0	2.35%	N/a		
Cornwall County Council	10.0	3.80%	N/a		
DBS Bank Ltd.	10.0	4.68%	AA-	F1+	Not Negative
DBS Bank Ltd.	20.0	4.50%	AA-	F1+	Not Negative
East Dunbartonshire Council	8.0	2.80%	N/a		
Goldman Sachs International Bank	5.0	3.01%	A+	F1	Not Negative
London Borough of Brent	20.0	4.10%	N/a		
Monmouthshire County Council	5.0	2.65%	N/a		
National Australia Bank	10.0	5.02%	A+	F1	Not Negative
National Bank of Canada	10.0	4.80%	A+	F1	Not Negative
National Westminster Bank	10.0	4.40%	A	F1	Not Negative
North Lanarkshire Council	5.0	4.05%	N/a		
North Lanarkshire Council	5.0	3.95%	N/a		
North Lanarkshire Council	10.0	2.80%	N/a		
Powys County Council	5.0	4.25%	N/a		
Santander UK Plc	5.0	4.63%	A+	F1	Not Negative
Santander UK Plc	5.0	4.25%	A+	F1	Not Negative
Suffolk County Council	5.0	3.25%	N/a		
Suffolk County Council	5.0	2.90%	N/a		
Surrey County Council	5.0	2.65%	N/a		
Toronto Dominion Bank	20.0	3.12%	AA-	F1+	Not Negative
Toronto Dominion Bank	10.0	2.85%	AA-	F1+	Not Negative
West Dunbartonshire Council	5.0	4.00%	N/a		
West Dunbartonshire Council	10.0	2.85%	N/a		
Wrexham County Council	5.0	3.25%	N/a		

Longer Term Investments**Property Funds**

CCLA	29.4	4.12%			
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Multi Asset Income Funds

Artemis Monthly Distribution Fund	14.0	5.18%			
Fidelity Multi Asset Income Fund	25.5	5.10%			
JPM Multi-Asset Income Fund	13.6	3.93%			
Aegon Diversified Monthly Income Fund	19.1	4.19%			

TOTAL INVESTMENTS 31 DECEMBER 2021**783.0**

SUMMARY OF TREASURY POLICY MARKERS

Treasury Management Policy

Actual

At least 20% of the portfolio invested for 3 months or less	43.2%	
No more than 40% of total investments held in banks as fixed term deposits (excluding banks owned 20% or more by the UK Government)	28.1%	
No more than 30% of total investments held in overseas banks as fixed term deposits	26.2%	
No more than 10% of total investments held in one overseas sovereign country in relation to fixed term deposits	9.6%	Canada
The maximum overall limit for the use of MMFs and Short Dated Income Funds is 50% of total investments.	22.3%	

INVESTMENTS AT 31 March 2022

	Value £m	Interest Rate	Fitch Ratings	
			Long Term	Short Term
<u>Bank</u>				
Natwest Reserve Account	0.4	0.01%		
Natwest 35 Day Notice Fund	45.0	0.20%		
<u>Money Market Funds</u>				
Insight Liquidity (CNAV)	33.1	0.57%	AAA	
State Street Liquidity Fund (CNAV)	32.2	0.56%	AAA	
Federated Global Cash Plus (VNAV)	49.9	0.51%	AAA	
<u>Ultra-Short Dated Bond Funds</u>				
Royal London Cash Plus Fund	10.0	0.17%	AAA	

Fixed - Under 3 Months Remaining

Bank of Montreal	5.0	0.10%	AA-	F1+
Cherwell District Council	5.0	0.45%	N/a	
Cheshire East Council	5.0	0.57%	N/a	
Cornwall County Council	20.0	0.60%	N/a	
Cornwall County Council	10.0	0.40%	N/a	
DBS Bank Ltd.	10.0	0.26%	AA-	F1+
DBS Bank Ltd.	10.0	0.25%	AA-	F1+
DMADF	20.0	0.21%	N/a	
DMADF	9.0	0.10%	N/a	
First Abu Dhabi Bank	10.0	0.44%	AA-	F1+
First Abu Dhabi Bank	10.0	0.31%	AA-	F1+
First Abu Dhabi Bank	20.0	0.24%	AA-	F1+
First Abu Dhabi Bank	10.0	0.22%	AA-	F1+
Goldman Sachs International Bank	5.0	0.35%	A+	F1
Landesbank Hessen-Thuringen	10.0	0.91%	A+	F1+
London Borough of Southwark	10.0	0.15%	N/a	
SMBC Bank international Plc.	10.0	1.10%	A	F1

Fixed - 3 to 6 Months Remaining

Conwy County Borough Council	10.0	0.20%	N/a	
DMADF	10.0	0.82%	N/a	
DMADF	25.0	0.81%	N/a	
DMADF	8.3	0.76%	N/a	
DMADF	12.0	0.25%	N/a	
DMADF	20.0	0.22%	N/a	
Goldman Sachs International Bank	5.0	0.39%	A+	F1
London Borough of Southwark	15.0	0.10%	N/a	
South Ayrshire council	3.0	0.16%	N/a	
Telford & Wrekin Council	5.0	0.71%	N/a	
Toronto Dominion Bank	20.0	1.43%	AA-	F1+
Toronto Dominion Bank	30.0	0.19%	AA-	F1+

Fixed - 6 Months to 1 Year Remaining

Australia and New Zealand Banking Group Ltd.	10.0	0.82%	A+	F1
Canadian Imperial Bank of Commerce	10.0	0.60%	AA-	F1+
Colchester Borough Council	5.0	0.40%	N/a	
DBS Bank Ltd.	10.0	0.60%	AA-	F1+
DBS Bank Ltd.	10.0	0.49%	AA-	F1+
DBS Bank Ltd.	10.0	0.46%	AA-	F1+
DMADF	10.5	0.80%	N/a	
Folkestone & Hythe District Council	10.0	0.60%	N/a	
London Borough of Hillingdon	5.0	0.60%	N/a	
National Bank of Australia	10.0	0.31%	A+	F1
National Bank of Canada	10.0	0.60%	A+	F1
Santander UK Plc	5.0	0.57%	A+	F1
Santander UK Plc	5.0	0.27%	A+	F1
Suffolk County Council	10.0	0.25%	N/a	
Telford & Wrekin Council	5.0	1.20%	N/a	
West Dunbartonshire Council	8.0	0.25%	N/a	
Wokingham Borough Council	10.0	0.55%	N/a	

Longer Term Investments**Property Funds**

CCLA	29.6	3.30%		
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Multi Asset Income Funds

Artemis Monthly Distribution Fund	15.3	3.45%		
JPM Multi-Asset Income Fund	15.4	3.19%		
Fidelity Multi Asset Income Fund	18.8	4.42%		

TOTAL INVESTMENTS 31 MARCH 2022**735.5****SUMMARY OF TREASURY POLICY MARKERS****Treasury Management Policy****Actual**

At least 20% of the portfolio shall be invested for 3 months or less	47.5%
The maximum overall limit for the use of MMFs and Short Dated Income Funds shall be 50% of total investments.	23.1%

APPENDIX D
Paper No. 23-086

TOTAL DEBT

	Maturity Date	Rate of Interest	Balance 31/03/2022	Balance 31/12/2022
			%	£'000
				£'000
<u>Long-Term Debt</u>				
Public Works Loan Board - Equal Instalments of Principal Loans	28/03/2025	1.69%	51,605	43,004
Total Long-Term Debt			<u>51,605</u>	<u>43,004</u>
<u>Deposit Facilities for other Bodies</u>				
North East Surrey Crematorium Board			825	525
Western Riverside Waste Authority			4,871	11,871
<u>TOTAL DEBT</u>			<u>57,301</u>	<u>55,400</u>

The Prudential Indicators (PIs) required by statutory guidance are classified as controls on the affordability, sustainability and prudence of the planned borrowing.

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

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

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

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

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

The Council takes new loans on an annuity basis. These are very similar to a mortgage, with set annual payments split between interest and principal repayment. This means that the element of principal repayment is being taken as making prudent provision for repayment, and included in MRP.

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 proposed Capital Programme for 2022/23 to 2025/26

	<u>Estimate</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>
Capital Expenditure	204,583	380,065	228,848	169,195
<i>Of Which:</i>				
Financed from Grants & Contributions	73,203	153,445	65,719	25,285
Financed by WBC	129,982	91,378	39,758	40,593
New Borrowing Required by Programme	1,398	135,242	123,371	103,317

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

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

The General Fund capital programme is detailed fully in the 'Proposed Additions to the General Fund Capital Programme' report elsewhere on this agenda. The HRA capital programme was approved via the 'Housing Revenue Account Budget (including Rents for Council Dwellings)' report in February 2023.

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.

	<u>Estimate</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>
Capital Financing Requirement (CFR)	160,593	261,423	344,627	420,157
Year on Year Increase/Decrease in CFR	-26,747	+100,830	+83,204	+75,529
Change represented by:				
Schemes financed by Borrowing (incl. leases)	1,398	135,242	123,371	103,317
MRP contributions to fund the Requirement	-28,145	-34,412	-40,167	-27,788
	-26,747	100,830	83,204	75,529

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.

The CFR decreases where there is either no new debt taken or contributions to repay debt are higher than the new debt. This can be seen in the 2022/23 estimate where the increase in borrowing in year temporarily falls below the amount to be repaid. As significant HRA borrowing is budgeted from 2023/24 the CFR is expected to increase.

After the year-end, the actual capital financing requirement will be calculated directly from the Council's Balance Sheet. This prudential indicator will be referred to as the actual capital financing requirement.

C. Ratio of Financing Costs to Net Revenue Stream

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.

This indicator compares the net financing costs budget (interest due, interest receivable, set aside and actual repayment of principal) to the Council's Budget Requirement (before Formula Grant, GLA Precept and Collection Fund surplus).

	<u>Estimate</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>
Net Financing Costs	13,347	23,112	30,462	26,161
Net Revenue Stream	170,217	189,450	211,644	232,124
As a Ratio	7.84%	12.20%	14.39%	11.27%

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

These costs are taken as a percentage of the Council's Net Revenue Stream, which is the amount the Council has budgeted to spend for the year net of specific grants but excluding Council Tax, NNDR and Formula Grant income.

This figure is a latest estimate and will not be final until the Council approve the budget and Council Tax in March. Future year figures are estimates per the Medium Term Financial Strategy.

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

The interest payable costs are budgeted to increase every year as new borrowing is taken to fund the Capital Programme.

The impact of Capital Investment decisions on the Council Tax

D.

This indicator shows the change in the level of Council Tax each year that will result from the authority's total capital plans. This can be viewed in 2 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.

Impact of Change in Financing Costs	<u>Estimate</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>
<u>Interest Payable</u>				
- Direct borrowing	1,148	6,363	10,828	14,578
<u>Interest Receivable</u>	-15,946	-17,663	-20,533	-16,205
<u>Principal Repayment</u>				
- Represented by MRP	28,145	34,412	40,167	27,788
Financing Costs	13,347	23,112	30,462	26,161
Year on Year Change		+9,765	+7,350	-4,302
Impact on the Council Tax Requirement		14.21%	6.48%	-3.44%
Impact on a Band D Property		£69.25	£51.83	-£30.16

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

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

Interest payable is expected to increase over time as the anticipated level of debt increases.

There is an increase in Principal Repayments represented by MRP during 2023/24 and 2024/25 as substantial HRA borrowing is expected. MRP is expected to reduce in 2025/26 as the existing PWLB loan matures in March 2025.

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

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

E. **Authorised Limit for External Debt**

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

	<u>Estimate</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>
Authorised Limit Set	150,000	200,000	305,000	390,000
Projected Gross External Debt	50,800	167,085	271,530	372,378
Amount above/(below) limit	-99,200	-32,915	-33,470	-17,622

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

At the time 2022/23 limit was set, significant external borrowing had been assumed in the capital programme (£69m HRA) plus headroom allowance. Due to slippage of expenditure, the level of borrowing forecast has been revised resulting in the Council being substantially below limit.

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

F. Operational Boundary

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

	<u>Estimate</u> <u>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>
Operational Boundary Set	150,000	200,000	305,000	390,000
Projected External Debt	50,800	167,085	271,530	372,378
Amount below Limit	-99,200	-32,915	-33,470	-17,622

The Council is projected to stay well within this limit.

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

G. Gross Debt and the Capital Financing Requirement

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.

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>2022/23</u> <u>£000</u>	<u>Estimate</u> <u>2023/24</u> <u>£000</u>	<u>Estimate</u> <u>2024/25</u> <u>£000</u>	<u>Estimate</u> <u>2025/26</u> <u>£000</u>
Gross External Debt Limit Set	344,627	420,157	520,987	503,360
Projected Gross External Debt	50,800	167,085	271,530	372,378
Amount above/(below) limit	-293,828	-253,072	-249,456	-130,982

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

Indicators for Treasury Management

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

H. Maturity Structure of Borrowing

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

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

I. Total Principal Sum Invested Beyond the Period End

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

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

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

Interest rates are usually higher for longer term investments than short term.

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

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

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Section 5
Housing Budgets

WANDSWORTH BOROUGH COUNCIL

HOUSING COMMITTEE – 24TH JANUARY 2023

EXECUTIVE – 30TH JANUARY 2023

COUNCIL – 8TH FEBRUARY 2023

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

SUMMARY

In January or February each year the Council has a duty under the Local Government and Housing Act 1989 to formulate proposals for expenditure and income for its housing stock for the following financial year which will ensure that no debit balance occurs for that year on the Housing Revenue Account. Consequently, 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 2022/23 to 2025/26.

The report first recommends additions to the existing Housing Revenue Account capital programme (as set out in summary in [Appendix A](#)) totalling £108.237 million as detailed in [Appendix B](#) to this report culminating in an overall capital programme amounting to £659.397 million over the framework period as shown in [Appendix C](#) before turning to proposals for revenue expenditure and income.

Insofar as proposals for income are concerned, the Council has a duty to review Council housing rents. Taking account of all relevant factors the Cabinet Member for Housing recommends that Council housing rents are increased by a maximum of 7% with effect from the first Monday in April 2023.

The Cabinet Member for Housing also proposes general increases in non-residential charges of 7% as set out in [Appendix D](#), again to take effect from the first Monday in April 2023.

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

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

GLOSSARY

BRF	Borough Residents' Forum
BRMA	Broad Rental Market Area
CPI	Consumer Price Index
CPO	Compulsory Purchase Order
DHP	Discretionary Housing Payment
DLUHC	Department for Levelling Up, Housing and Communities
GLA	Greater London Authority
HRA	Housing Revenue Account
JV	Joint Venture (Winstanley and York Road)
LHA	Local Housing Allowance
MHCLG	Ministry of Housing, Communities and Local Government
PWLB	Public Works Loans Board

RECOMMENDATIONS

1. The Housing Committee are recommended to support the recommendations in paragraph 2. If the Committee approve any views, comments or recommendations on this report, these will be submitted to the Executive for their consideration.
2. The Cabinet Member for Housing recommends the Executive to recommend to the Council as follows: -
 - (a) that the Housing Revenue Account capital programme additions totalling £108.237 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 £659.397 million as set out in Appendix C to the report be adopted as the Housing Revenue Account approved capital programme;
 - (b) that the existing procurement governance arrangements in relation to the Housing Revenue Account capital programme continue to be approved;
 - (c) to approve that rent charges for all existing tenants in Council owned properties (both Social Rent and Affordable Rent) be increased by a maximum of 7% from the first Monday in April 2023;
 - (d) to approve that rent charges for all existing tenants in Council owned temporary accommodation hostel stock at Nightingale Square be increased by a maximum of 7% from the first Monday in April 2023;
 - (e) to approve that for other properties (including those previously sold under Right to Part Buy, Equity Share and Social Homebuy options) dwelling rents be increased by a maximum of 7% from the first Monday in April 2023;
 - (f) to note that tenants' service charges will continue to be set by the Director of Resources on a cost recovery basis, albeit with a general individual cap applied of 7% in line with national guidance, except in exceptional cases where costs have increased significantly due to exceptional inflationary increases for the specific charge or a change in service specification;

- (g) to note that an over-riding restriction is maintained that all tenants with combined basic rent and service charges (the “rent envelope”) in excess of an amount equivalent to 45% of the uplifted total welfare benefit cap (£219 per week) have their rent envelope capped at its current level (by reducing basic rent where necessary to compensate for any increase in assessed service charges);
- (h) that the Director of Housing and Regeneration be authorised to serve notices upon tenants of Housing Revenue Account dwellings, advising of the rents and service charges to be applied from the first Monday in April 2023;
- (i) that the non-residential charges be increased by an average of 7% as set out in Appendix D to the report be approved with effect from the first Monday in April 2023;
- (j) approve a new A+ banding for storsheds at an initial rate of £5 per week to be assigned to new sites within the new build programme at the discretion of the Director of Housing and Regeneration;
- (k) that the estimates shown in Appendix E to the report for the Housing Revenue Account for the financial years 2022/23 to 2025/26 be adopted as the Housing Revenue Account budget framework, subject to any budget variations subsequently approved by the Executive within the overriding restriction that the Housing Revenue Account reserves shown for 31 March 2026 should not be forecast by the Director of Resources to reduce by more than £40 million; and,
- (l) that the Director of Resources be authorised to prepare the statutory Housing Revenue Account statement for 2023/24 showing the estimates made on the basis of the foregoing proposals.

HOUSING REVENUE ACCOUNT AND BUSINESS PLAN REVIEW

3. Under Part VI of the Local Government and Housing Act 1989, each local authority is required to keep a Housing Revenue Account (HRA) in accordance with proper practices and detailed directions by the Secretary of State. The Act also requires that: -
 - (a) during January or February each year, the Council must formulate proposals for expenditure and income for its housing for the following year, which will ensure, on the best assumptions that can be made at that time, that the HRA for that year does not show a debit balance;
 - (b) these proposals must be implemented and monitored to ensure that the HRA will not show a debit balance; and,
 - (c) within a month of formulating its proposals, a statement must be prepared, showing these proposals and the estimated HRA income and expenditure. This statement must be made available for public inspection until the end of the year following the year to which the statement relates.

4. This report has been prepared to enable the Council to meet the statutory requirement outlined in (a) above for 2023/24, 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 Director of Housing and Regeneration.
6. The requirement to make available the statement referred to in (c) above is met by including the HRA budget framework within the Council's budget publication, which is then made available for reference in public libraries in the borough and on the Council's website. The HRA budget framework is also made published online as part of this report.

HRA CAPITAL

HRA Estimates and Business Plan – proposals for 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 September 2022 (Paper No. 22-259) and any budget virements and budget variations approved since as summarised in Appendix A to this report.
8. The Director of Resources and the Director of Housing and Regeneration propose additions totalling £108.237 million as summarised below and as set out in detail in Appendix B for consideration.

Programme Area	2022/23	2023/24	2024/25	2025/26	Total
	£000s	£000s	£000s	£000s	£000s
Repairs & Improvements	500	4,434	13,584	14,982	33,500
Estate Improvements	-	-	500	500	1,000
Site Developments	-	-	3,148	10,814	13,962
Regeneration	169	2,162	4,364	44,080	50,775
Vehicle Fleet Renewal	-	100	400	-	500
Purchase of Properties	-	5,000	500	-	5,500
House Purchase Grants	-	-	3,000	-	3,000
TOTAL	669	11,696	25,496	70,376	108,237

Repairs and 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 (at 2012 prices, equivalent to approximately £30-£35 million at current prices) would need to be invested in the stock to maintain Council owned housing stock to the basic decency standard. At the time this equated to an average expenditure of £1,465 per property per annum for the tenanted stock or £44,000 per property over the life of the 30-year HRA business plan. Despite the changes to the financial outlook and the impact on the HRA business plan since 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.

10. The current approved programme includes provision to update the stock condition survey baseline information and data with the results expected by the end of the current financial year. As part of this process it will allow the Council to consider any additional works that may need to be undertaken to meet any new decent homes requirements identified as a result of the government's Social Housing White Paper, any new health and safety requirements and to identify and cost energy efficiency works that might be undertaken to improve the energy efficiency of the Council's existing council stock and to contribute towards carbon reduction initiatives and targets. A factor in relation to energy efficiency works will be any grants that the Council will be able to seek aimed at reducing carbon emissions from its residential stock. The housing management IT system is being developed so to build a specific module that will hold stock condition and asset management data and track decent homes works more effectively. All of this dovetails into the wider Asset Management Strategy which is currently being developed and will be reported to the Housing Committee later in 2023.
11. Of the bids submitted by the Director of Housing and Regeneration £33.5 million relate to repairs and improvements in Council owned housing stock and include all foreseeable works derived from the current stock condition survey, both in terms of meeting and maintaining the Decent Homes standard, and delivering a programme of "Decent Homes Plus" works. The level of bids submitted is broadly in line with the expenditure requirements assumed in the HRA business plan when considering the resources made available in the previous years.
12. In total £16.708 million of the bids submitted relates to window and roof renewal schemes and the replacement of individual and communal boiler and heating systems. All of these bids will deliver, to some degree, improvements in energy efficiency and assist in meeting carbon reduction targets. A key factor in identifying works to improve energy efficiency will be identifying, through the stock condition survey, works with the maximum positive impact, and where grant can be sought to minimise costs to the HRA and the potential impact on leaseholders who would otherwise be required to meet the costs of works to their properties.

Regeneration Schemes

13. Capital bids on the Winstanley/York Road and Alton regeneration schemes totalling £50.775 million are included for approval. These bids are primarily for the residential development costs on the Winstanley/York Road scheme where under the joint venture (JV) arrangements the Council's contribution towards replacement affordable housing is capped at £150 million.
14. Further bids relating to Acquisitions / Compulsory Purchase Order (CPO) costs totalling £5 million are also recommended for approval based on a high level estimate of the acquisition profile. These bids continue to establish a phased working fund available to complete the acquisition of mainly residential properties required for the schemes in advance of any required CPO. Under CPO guidance, the Council is under an obligation to try and acquire properties by negotiation to ensure CPO is only used as a last resort and, for residential properties, to meet its offer to resident and non-resident owners.
15. Additionally, bids totalling £8.357 million are proposed as 'top-ups' for the existing approved re-provision schemes at the satellite sites where existing approvals have proven insufficient due to cost inflation and scope changes (including maximising

unit numbers where possible through the design and planning process) and an additional £1 million is included for the future use of consultants and other specialist services, primarily for looking at future options for the Alton scheme.

16. As previously reported to Housing Committee there is a fair degree of uncertainty on the likely cashflows for both schemes at present. The previously proposed Alton masterplan has paused pending a review of options. On the Winstanley/York Road scheme cashflows within the HRA business plan have been revised in line with the proposed 2023 JV business plan as set out elsewhere on this agenda (Paper No. 23-07).

New Build and Site Developments

17. Bids totalling £13.962 million are proposed in relation to the Homes for Wandsworth development programme which are adjustments to existing approved budget levels where costs have increased due to inflation and scope changes. No new schemes are being brought forward for approval at this time as a significant number of schemes are already in the early stages of development.

Other HRA Capital Bids

18. In addition to these bids the Director of Housing and Regeneration has included an Environmental Improvement bid totalling £1 million for a scheme at Wimbledon Park Estate, a new bid for Vehicle Fleet Renewal totalling £500,000, Purchase of Property bids totalling £5.5 million and a further £3 million for the continuation of the House Purchase Grant scheme for a further year.

Capital Summary

19. 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 budget period 2022/23 – 2025/26 totals £659.397 million.

Programme Area	2022/23	2023/24	2024/25	2025/26	Total
	£000s	£000s	£000s	£000s	£000s
Repairs & Improvements	37,528	84,266	65,931	19,540	207,265
Estate Improvements	841	1,159	949	573	3,522
Site Developments	33,598	66,782	41,669	30,638	172,687
Regeneration	36,501	43,068	54,586	98,487	232,642
Vehicle Fleet Renewal	-	100	400	-	500
Purchase of Properties	18,500	11,500	500	-	30,500
House Purchase Grants	4,000	4,000	4,281	-	12,281
TOTAL	130,968	210,875	168,316	149,238	659,397

20. 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.
21. With regards to the procurement of works and services in relation to the HRA capital bids and more generally across the HRA capital programme, details of the proposed

procurement approach will continue to be considered by the officer-led Procurement Board on a scheme by scheme basis, so no further Committee or Executive approvals will be necessary unless the Procurement Board agrees otherwise. Final contract awards will be made under the Council's SO83(a) procedure unless positive budget variations are necessary which will then require Executive approval in the normal way if not containable within existing approved resources.

HRA Estimates and Business Plan – proposals for capital income

22. 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 £10 million will be generated in 2022/23 which includes income from the sale of vacant properties disposed of prior to the change in the disposals policy in December 2022 (Paper No. 22-399). This income is to be set aside, ringfenced and continued to be reinvested into future purchases for low cost rent housing. As disposals are assumed to be kept to a minimum in future the HRA business plan generally assumes an ongoing level of capital receipts from the disposal of minor sites at a minimal level of around £1 million per year;
 - (b) Capital receipts from Right to Buy sales are covered by a voluntary agreement between the Council and the then Ministry for Housing, Communities and Local Government (MHCLG) (now the Department of Levelling Up, Housing and Communities (DLUHC)) whereby retained receipts from Right to Buy sales over an assumed level must be utilised to fund no more than now 40% (previously 30%) of the replacement and development cost of reprovision of low cost social housing within now five years (previously three years) of receiving those receipts. The HRA business plan assumes £0.932 million of capital receipts (known as Right to Buy one-for-one replacement receipts) are applied in 2022/23 and £0.583 million in 2023/24 to support the delivery of non-grant supported development schemes. The revised Retained Right to Buy receipts and the use for replacement supply guidance has also set a cap on the number of properties that can now be directly acquired rather than developed. A revised strategy on the best use of these receipts is being considered by officers with the continuing assumption being that future receipts will generally support the Homes for Wandsworth development programme where it is more advantageous to do so rather than seek other forms of external grant funding;
 - (c) As approved in the September 2015 HRA Business Plan Update (Paper No. 15-315) the Council has the option of funding the social and affordable housing elements of the two regeneration schemes from section 106 affordable housing contributions, grant funding or additional Right to Buy one-for-one replacement receipts insofar as they are available. The current HRA business plan therefore assumes that £0.488 million of the future regeneration reprovision cost of the development of Shuttleworth Road is met from section 106 affordable housing contributions. As part of the review of the use of Right to Buy receipts (and external grant) referred to above, officers will consider the optimum future application and use of held and forecast section 106 affordable housing receipts to maximise affordable housing delivery;

- (d) Available grant funding. The HRA business plan includes future grant of £44.211 million from the Greater London Authority (GLA) in support of the various affordable housing delivery programmes. The total grant funding becoming available is estimated at £16.953 million in 2022/23 and £3.023 million in 2023/24 with the remainder becoming due in future years. The majority of this funding is in support of the Homes for Wandsworth development programme with an additional £5 million recently secured from the GLA from the Right to Buy Buyback Fund grant programme. The Council will seek additional grant from the GLA (where available) for those homes being delivered under the Homes for Wandsworth development programme which were previously considered as being developed for market sale and as such have therefore not been included in any grant bid to date. Any further grant allocation will reduce the net cost of the Homes for Wandsworth development programme to the HRA. A further £20,000 of Green Homes Grant is assumed in 2022/23 and £0.5 million in 2023/24 in support of energy efficiency works in a small number of tenanted council houses;
- (e) Where capital expenditure is incurred in relation to properties previously sold on long leases the costs are chargeable to the leaseholder as part of the annual service charge billing process. The estimated level of leaseholder major works contributions is £4.383 million in 2022/23 based on the September 2022 billing and £4.250 million in 2023/24. The introduction of the extended repayment periods for qualifying leaseholders' major works bills (Standing Order 83(a) No. HO 23 refers) will not have an impact on the level of resources available for application as part of financing capital expenditure;
- (f) Internal and External Borrowing. Short-term internal borrowing is utilised to fund the balance of expenditure on Right to Buy re-provision schemes with longer term external borrowing likely to be taken on to fund the regeneration schemes and the Homes for Wandsworth development programme delivery. The assumption within the HRA business plan is that £1.398 million of new internal borrowing will be required in 2022/23 and £0.875 million in 2023/24 to support current ongoing re-provision commitments. Over the 30-year HRA business plan it is currently assumed that around £700 million of new debt will be required over the next ten years. This first £135 million of this borrowing is now forecast for 2023/24 based on current expenditure profiles. It will need to be determined whether this will actually be external borrowing from the Public Works Loans Board (PWLB) or further internal borrowing from the General Fund closer to the time that it is actually necessary to borrow to finance expenditure; and
- (g) Contributions to or from the Major Repairs Reserve consisting of a revenue charge for depreciation, as defined by accounting regulations, that continues to be put into the HRA's major repairs capital reserve and is used to fund capital works. This charge, which takes into account actual inflation levels, stock movements and depreciation on non-dwellings such as garages, is estimated to contribute £25.882 million in 2022/23 and £27.155 million in 2023/24 towards funding future capital works; and finally the HRA's capital and revenue reserves, which totalled £282.832 million at the beginning of 2022/23, will be used as the balancing item, insofar as these continue to remain available.

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

Programme Area	2022/23	2023/24	2024/25	2025/26	Total
	£000s	£000s	£000s	£000s	£000s
Total Expenditure	130,968	210,875	168,316	149,238	659,397
Financed By:					
(a) Capital Receipts	10,000	1,000	1,000	1,000	13,000
(b) Right to Buy 1-4-1 Receipts	932	583	2,564	3,767	7,846
(c) S106 Receipts	488	-	-	-	488
(d) Capital Grant	16,973	3,523	8,747	7,358	36,601
(e) Leaseholder Major Works Charges	4,383	4,250	4,628	4,770	18,031
(f) Borrowing	1,398	135,242	123,371	103,317	363,328
(g) Contribution to (-) / from (+) Major Repairs Reserve	+96,794	+66,277	+28,006	+29,026	+220,103
Total Financing	130,968	210,875	168,316	149,238	659,397

24. 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 £135 million (opening balance 2022/23) to being fully exhausted (except for the minimum £25 million balance considered prudent to retain at all times which provides a contingency against risks and unforeseen events) by the end of 2023/24 when the first tranche of borrowing is expected to be required.
25. The position regarding the actual financing of capital expenditure will continue to be kept under review by the Director of Resources 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

HRA Estimates and Business Plan – proposals for revenue expenditure

Supervision, Management & Maintenance Expenditure

26. Inflation levels have increased rapidly over the last 12 months (September Consumer Price Index (CPI) was 10.1% - key as the September CPI is specifically linked to rent calculations) with specific pressures in construction and building materials having a significant impact on a number of the key contractors used for building repairs and maintenance contracts within the HRA. In some instances (such as the Area Repairs Contracts), above contractually entitled inflationary increases have been agreed to ease concerns of contractors being able to provide viable ongoing services.
27. A significant proportion of the HRA's costs are staffing related costs. At the time of compiling the budget for the 2022/23 review salary inflation was considered at 2.75% for 2022/23. The recently agreed local government pay award averaged 5.8% adding considerable additional costs to the HRA.

28. Energy costs have also increased considerably. Under the Council's procurement arrangements with LASER gas prices have increased by c.270% and electricity by c.80% from October 2022. Whilst the gas price increase is not likely to have a noticeable impact on the HRA electricity increases are significant as the HRA incurs a sizeable cost in block and estate lighting. It should be noted that utility costs are historically very volatile and it is plausible that the dramatic increases being experienced at present might not be sustained into the longer term.
29. The updated HRA business plan allows for general assumptions on inflation in 2023/24 of 4% on salaries and 3% on general running costs and inflationary increases in line with CPI or other relevant index where those costs are linked to specific contracts. Where contract inflation is linked specifically to CPI this may cause short term budget pressures noting that the current level of inflation is 10.7% (November 2022 CPI) but this is expected to begin to reduce over the course of the next year. The impact of the higher inflation rates on the HRA business plan will need to be kept under review.
30. Given the impact of the above, the budgeted level of spend on the management and revenue maintenance of properties in 2023/24 is £4,137 per dwelling after adjusting for leasehold and tenants' service charges income (2022/23 estimated at £3,644 for comparison). This average management and maintenance cost for 2023/24 includes all budget variations approved by the Executive in this year to date and other concurrent budget variations proposed in this cycle and budget adjustments within the development budget process. This includes the costs of the additional Area Team staffing proposals referenced elsewhere on this agenda (Paper No. 23-06).
31. This level of increase in underlying operational costs broadly equates to an additional revenue cost of £8.8 million in 2023/24 compared to the revised 2022/23 budget net of any additional costs anticipated to be covered through leasehold and tenants' service charges.
32. Going forward, expenditure at broadly these levels has been anticipated in the HRA business plan, although this element of spend must be kept under constant review to ensure the long-run viability of the HRA business plan especially if inflation remains at current high levels for any prolonged period.

Capital Financing Costs

33. 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").
34. As approved in Paper No. 15-315, and in response to the amended financial outlook for the HRA business plan at that time, the borrowing term of the internal borrowing element of the outstanding debt was extended and is currently estimated to be repaid by 2031/32.

35. Based on the interest rates borrowed at for this self-financing debt, together with the ongoing servicing of the existing debt in the HRA and the financing of new borrowing for the Right to Buy re-provision and other capital schemes where needed, borrowing is estimated to cost the HRA £2.839 million in interest and require principal loan repayments totalling £30.509 million during 2022/23 and £5.467 million in interest and £29.102 million for repayments in 2023/24. This has been incorporated within the HRA business plan and budget framework. The interest rate assumed on the new borrowing within the HRA business plan projections has been set at 4%. Whilst this is below the currently available rates from the PWLB the 4% rate has been set as the average cost of borrowing for the purpose of the financial modelling.
36. As previously highlighted, significant levels of external borrowing are anticipated over the next ten years to support the Council's regeneration schemes and Homes for Wandsworth development programme and are included in the current HRA business plan projections. The first tranche of new external borrowing is currently forecast to be required in 2023/24. 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.

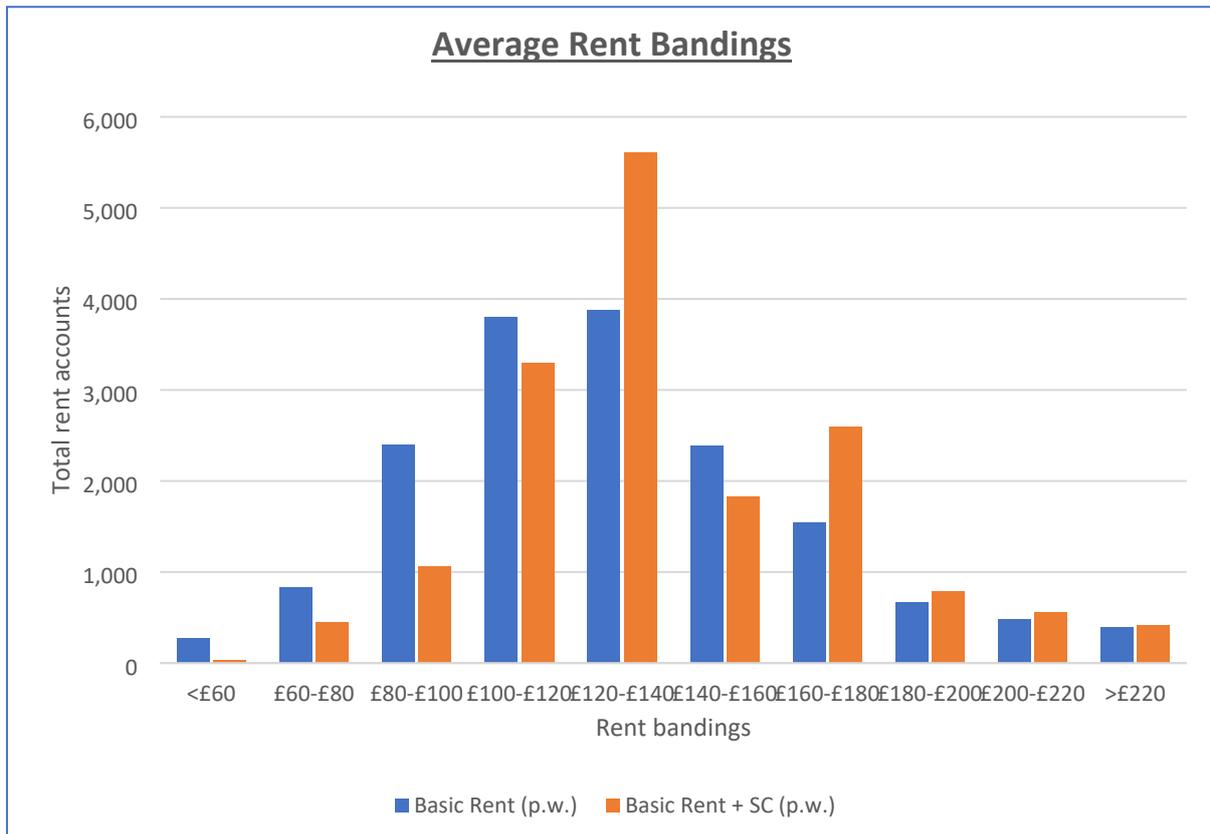
Other Expenses

37. Other expenses include provision for bad debts and other miscellaneous costs incurred in the HRA. The budget for 2022/23 has been set at £3.808 million in line with current estimates increasing to £4.968 million in 2023/24.
38. Predominantly this increase is in response to the increasing levels of rent and tenants' service charge arrears within the HRA for which a prudent provision for bad debts will need to be determined at year end. Current tenant rent arrears in the HRA have been increasing throughout the year having grown from an opening position of £7.3 million by £1.2 million so far in the year to date, to £8.5 million.

HRA Estimates and Business Plan – proposals for revenue income

Tenants' Rents and Service Charges

39. The Council currently owns and manages around 17,160 residential tenanted properties in the HRA. The average dwelling rent paid by Council tenants in Wandsworth is currently £130.00 per week. In addition average service charges of £8.61 per week are raised, giving a total average rent payable (the 'rent envelope') of £138.61 per week. There are significant variations around this average ranging at the extremes from £48.31 to £366.51 per week as a consequence of past rent policies.
40. The current distribution of actual rents both excluding and including service charges is shown in the chart below:



41. For information and comparative purposes the Rent Officer currently sets, for HB purposes, Local Housing Allowance (LHA) rates to set the level of Housing Benefit payments made to tenants in the private rented sector. In Wandsworth these currently range from £241.64 for a one bedroom property to £593.75 for 4 bedrooms or more depending on the Broad Rental Market Area (BRMA) in which the property is situated. These rates have remained frozen at these levels since pre-pandemic and continue to do so. As demonstrated above Council rents remain significantly lower than these private sector benefit rates.
42. Forecast rent income (excluding service charges) for 2022/23 is £113.3 million. Of this c.£43 million is a direct transfer from the Council's Housing Benefit system to individual rent accounts.

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

43. All of these rent and service charges are potentially 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).
44. This change, along with the government’s total welfare benefit cap (currently £23,000 a year or £442 per week), means there has been a greater need to consider affordability for tenants when reviewing rents in previous years as it could not be automatically assumed that any increases for the poorest tenants would be directly

covered by adjustments to benefits received which was the position pre the implementation of Universal Credit.

45. However, as announced as part of the Autumn Statement, all benefits are to be raised in line with the September CPI figure of 10.1%. Crucially, for tenants affected by it, this includes the overall benefit cap which is to be increased also in line with CPI from April 2023 to £25,323 or £487 per week. It can therefore be assumed that for those tenants reliant on welfare benefits (estimated at approximately 2/3rds of tenants) that any increase in rents up to a level equivalent to CPI is likely to be largely or fully covered by the increase in welfare benefits. For those with no Housing Benefit or Universal Credit claim in place (estimated at approximately 1/3rd of tenants) any increase will need to be met directly by the tenant.
46. The Council has for a number of years applied its local own affordability test in relation to rents which is that housing costs should make up no more than around 45% of total income, linking this to the current welfare benefit cap level to focus this test on those tenants in receipt of state assistance and therefore least likely to be able to afford increases in Council rents. Tenants with existing rents in excess of this level (currently equivalent to £199 per week based on the £442 per week benefit cap) and with related difficulty in meeting rental costs are encouraged and supported to find a long term solution to their housing/rent situation but may in the short term apply for additional Council assistance through the Discretionary Housing Payment (DHP) scheme (elements of which are chargeable to the HRA).
47. It should be noted that as a consequence of the increased total welfare benefit cap the Council's own affordability level will be increased to £219 per week (45% of the £487 per week revised benefit cap). This means that tenants with combined rents and service charges currently above this level (approximately 413 tenants) will have their rents frozen from April 2023.

The Council's Policy for HRA Tenants

48. Despite the originally promised "new freedoms" offered to Councils by the ending of the HRA Subsidy system in 2012, in return for the taking on of a significant level of new debt replacing the annual subsidy payments to the government that preceded it, the Council's ability to set rents has been significantly restricted since 2016 when the then government mandated by statute 1% year on year decreases for the period 2016/17 to 2019/20.
49. Since 2020/21, all local authorities have formally fallen within the remit of the Regulator for Social Housing and are required by statute to abide by the provisions of the national Rent Standard, which sets the statutory basis for the setting of rents in the period 2020-2025 with rent increases capped at CPI + 1% for the majority of properties, but with a significant minority limited to CPI (or even frozen) for tenants whose current rent charge was in excess of centrally driven "formula rent" linked to house prices and labour market conditions in January 1999.
50. The Rent Standard tightly controls the ability of councils to adapt their own local rent policies to local circumstances and in essence matches a long-standing national policy objective for social housing to be linked to national formulas – known as "formula rents".

51. The Rent Standard also puts in place caps limiting both the rents that can be charged on properties at the start of new lets as well as annual rent increases for existing tenants. The current caps for 2022/23 and uplifted caps for 2023/24 are shown in the table below:

No. of bedrooms	2022/23 £ per week	2023/24 £ per week
0	£155.73	£173.79
1	£155.73	£173.79
2	£164.87	£184.00
3	£174.03	£194.22
4	£183.18	£204.42
5	£192.35	£214.66
6+	£201.50	£224.88

52. The Council's historic approach to rent setting means the spread of current rents shown in paragraph 40 is unique to the Council – other boroughs will have less of a range of rents and more set at the formula rent level. The Council's rents are moving towards formula rents and will become more compressed over time but still have some way to go.
53. In response to the Rent Standard, the Council therefore agreed a revised rent policy in March 2021 which aligns with the national policy whilst allowing some local discretion. The policy in general seeks to give the Council scope to maximise rents and rent increases, by taking advantage of a clause within the national policy allowing rents to be set at a blanket "flexibility level" of 5% above the formula rent. In addition, there is a local "affordability" policy which sets a Council cap to ensure affordability which freezes rents for those paying the highest levels of rents (as referenced previously).
54. At present the existence of the local cap only has a practical impact on those tenancies in properties designated as "Affordable Rent" properties (see below). In contrast, "Social Rent" properties are limited by the national caps – although this is likely to change in future as the national rent caps increase at a faster rate than formula rents at CPI + 1.5% for national rent caps as opposed to CPI + 1% for formula rents. In addition to the c.413 tenancies which would have their rents frozen under the local cap (paragraph 47) a further c. 900 would also have rents frozen or limited at lower than "headline" levels as a result of this.

Affordable Rent Properties

55. Affordable Rent properties are generally properties developed by the Council under grant agreements which stipulate/allow greater flexibility on rents as a recovery mechanism for the investment put in as well as properties purchased that are part funded by other agreements (for example the use of Right to Buy one for one replacement retained receipts) that allow this approach. 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 around 610 properties classified as Affordable Rents (c. 3.6% of stock) and 16,550 Social Rent properties.
56. The Council's rent policy specifically references the approach to Affordable Rent properties because the national Rent Standard is not as restrictive in relation to

annual rent increases on Affordable Rent properties. However at present the Council does not distinguish between the profile of tenants placed in such properties and the nature of Affordable Rent properties (new builds, for instance) often mean they are used for tenants granted lower rents to reflect other Council policies (for example under-occupation transfers and regeneration decants). Therefore the Council's rent policy proposes rent changes for these properties which mirror those for Social Rent properties. However, as referenced above, a significant proportion of tenants currently benefit from the Council's local cap where current rents charged are in excess of this level and therefore will not be subject to a rent increase in April 2023.

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

Rent Proposals for April 2023

58. The recommendations for the April 2023 rent increase, proposed in consultation with the Cabinet Member for Housing, are outlined in the following paragraphs.
59. In developing the following proposals consideration has been given to the impact of both the high level of inflation manifesting as cost pressures in the HRA and also the impact that the current cost of living crisis is continuing to have on household finances whilst striking an appropriate balance between affordability for tenants and the responsibility and requirement for maintaining a financially viable HRA business plan.
60. 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.
61. The national rent policy (under the Rent Standard) 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. The September 2022 CPI is 10.1%, which would therefore equate to a maximum allowable increase of 11.1% from April 2023 under normal circumstances.
62. However, in response to the significant inflationary pressures in the economy, the government consulted on adding a new cap on rents for the 2023/24 year only (compared to the 11.1% increase implied by the Rent Standard). The Chancellor's Autumn Statement set this cap at 7%. The Autumn Statement also increased benefit rates by inflation and these will go up by more than this 7% cap.
63. The rent modelling suggests that implementation of the maximum 7% increase applied to the Council's current rent policy would generate additional income of £7 million or 6.2% (based on budget levels) each year. It should be noted that this is lower than the estimated £8.8 million additional revenue cost pressure in 2023/24 as stated in paragraph 31.
64. In view of this, and to protect the long term viability of the HRA business plan, it is therefore recommended that the Council adopt the maximum permitted rent increase

for tenants in both Social and Affordable Rent properties of 7% noting the average rent increase is therefore projected to be 6.5%.

65. A headline average increase of 7% would result in an actual average rent increase of 6.5% or £8.03 per week (excluding service charges). The table below shows how this rent increase would be distributed in relation to amounts that tenants currently pay per week, as well as size of properties occupied:

7% INCREASE				
No. of beds	Total tenancies	Average Current Rent £ per week	Average Rent increase £ per week	Average Rent increase %
0	857	£75.45	£5.28	7.00%
1	4,376	£99.96	£7.00	7.00%
2	6,205	£125.63	£8.57	6.89%
3	4,097	£163.24	£9.05	5.85%
4	1,002	£188.67	£7.82	4.55%
5+	99	£234.47	£3.47	1.88%
Total	16,636	£130.00	£8.03	6.50%

66. As can be seen in the table above the largest rent increases would fall on cheaper, smaller properties due to the way the Rent Standard calculations and national rent caps work. Higher value properties are in general more likely to be either in excess of the national and/or local rent cap. The long term effect of the national rent policy is to compress rents around a narrower range both by restricting increases on higher value properties and resetting the rents on properties on relet to the formula rent. In Wandsworth this generally results in smaller properties incurring an increase in rent and larger properties experiencing smaller increases due to the historic local policies as clearly demonstrated above.
67. In line with the proposals for both Social and Affordable Rent properties the 7% rent increase would also be applied to the Council's temporary accommodation hostel stock at Nightingale Square from the first Monday in April 2023. Residents at Nightingale Square are also required to pay for other services they receive, such as communal heating & hot water, electricity, water and insurance cover, which will continue to be set on a cost recovery basis and/or in line with any other approvals such as in the case of the wider decisions on heating and hot water charges elsewhere on this agenda (Paper No. 23-05).

Impact on low income households

68. Although the Council doesn't have access to precise figures to establish which tenants can be considered low income households, the existence of a welfare benefit claim (approximately 2/3rds of tenants) is a good indication of the household's income position. The following paragraphs summarise the various support mechanisms in place which can provide financial protection to those tenants now likely to be subject to a rent increase.
69. As reported previously it is anticipated that due to the uprating of all benefits in line with the September CPI figure of 10.1% (which includes the increasing of the benefit cap to £25,323 or £487 per week from April 2023) it can be assumed that for those tenants reliant on welfare benefits (approximately 2/3rds of tenants) that any

increase in rents up to a level equivalent to CPI is likely to be largely or fully covered by the increase in welfare benefits.

70. Furthermore, the Council has for a number of years applied its local own affordability test in relation to rents which is that housing costs should make up no more than around 45% of total income. Tenants with combined rents and service charges currently above this revised level of £219 per week will have their rents frozen from April 2023.
71. Additionally, tenants with existing rents in excess of this level and with related difficulty in meeting rental costs may apply for additional Council assistance through the DHP scheme.
72. Finally, it should be noted, that the Council's rents are still considerably lower than the equivalent open market private rent levels within the borough. Council rents were generally around 40% of the private rent levels when last assessed pre-pandemic and the gap could be assumed to have widened given the decision to freeze Council rents in 2022/23 and the upward pressure on private rents post pandemic.
73. A number of factors have come together over the past few years which have resulted in a significant increase in rent arrears and in the volume of work being handled by the Rent Collection team. These include: the introduction of Universal Credit, the implementation of a new housing management system, the pandemic with associated restrictions imposed under the Coronavirus Act 2020, the current cost of living crisis and the requirement to mitigate future increased workloads due to impending Universal Credit migration.
74. Proposals have been developed to increase the number of staff within the Rent Collection and Property Accounts teams in the Resources Directorate which it is anticipated will be self funded through improved rent collection and reduced arrears and therefore at no additional net cost to the HRA.
75. The proposals will also serve to strengthen the support offered to tenants in financial difficulty through an expansion of the Financial Inclusion team. Reduced patch sizes will enable Rent Collection Officers to more effectively manage their workloads providing timely actions and assistance to tenants, reducing the volume of arrears and identifying necessary referrals for financial assistance earlier. If the current resourcing issues are not addressed, then the level of rent arrears will be difficult to contain and the provision of the service to the tenant will suffer.

Other property dwelling rents

76. In addition to Council tenancies, there is a need to review the rents for a small number of other properties where rent is charged under shared ownership arrangements. These are properties sold under the Right to Part Buy, Equity Share and Social Homebuy options. There are no specific rules within the national policy guidance regarding the rents charged in relation to these properties but usual practice has been for the Council to apply an increase (or decrease) consistent with that adopted for the wider stock. It is recommended that this is repeated in 2023/24 and that rents in these properties are increased by a maximum of 7% from the first Monday in April 2023.

Overall Financial Summary (All Properties)

77. As stated above, implementing a maximum 7% rent increase would, as a consequence of capping limitations, result in an average rent increase of 6.5% or £8.03 per week (excluding service charges). This equates to approximately £7 million in additional rent income per annum or a 6.2% increase based on current budgeted income levels.

Tenants' Service Charges

78. In addition to the basic rent charge, many tenants (mainly those housed in flats) are charged a tenant service charge for various communal services relating to the blocks or estates on which their property is located. Since April 2015 these have been calculated annually on the basis of actual costs incurred on a broad cost recovery basis, in line with statutory rules, which specifically limit amounts charged to covering costs reasonably incurred. Where relevant all service charges are eligible for Housing Benefit.
79. The current average weekly charges are shown in the table below: -

Service Charge	No. of Properties Charged	Average Charge (£ per week)	Maximum Weekly Charge (£ per week)
Aerials	11,180	£0.10	£1.39
Block Cleaning	12,671	£2.83	£19.32
Block Electricity	13,267	£1.53	£12.18
Entrycall	11,136	£0.39	£8.69
Estate Cleaning	13,446	£2.85	£14.72
Garden Maintenance	14,295	£0.71	£4.30
Paladins	12,536	£0.37	£1.82
Average	14,890	£7.72	£26.09
Sheltered Wardens	1,043	£27.09	£27.87
Overall Average	14,890	£9.62	£46.97

80. Although without authority of statute, the government generally seeks to encourage providers to aim to limit any overall increases in tenant service charges to sustain general affordability in line with overall rent increases, noting that it may be necessary to deviate from this only for 'exceptional' increases in cost or specification changes in service provision after consultation, and this is the approach that the Council has taken previously in calculating charges.
81. At present the main area that the Council treats as an exception is block electricity costs due to the exceptionally high volatility that can be involved in this element. It should be noted that whilst this may potentially involve quite large individual percentage increases for this specific element, the overall relative impact for individual tenants is generally quite minor. Where tenants receive a charge for electricity the average charge is currently £1.53 per week.
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. Where there is a new or extended service being introduced, authorities are expected to consult appropriately with tenants before introducing new or extended services and associated charges. There are currently no proposals to introduce any new service charges for 2023/24.
84. Tenants will continue to receive charges only for the particular services they receive, to be fully covered by Housing Benefit where tenants are eligible. Where tenants have been moved onto Universal Credit, protection is still provided as the service charges are included within the capped limit above which Council policy allows a tenant to be eligible for DHP if other criteria are met.
85. The estimate for tenants' service charge income falls under the Other Income heading within the HRA framework. The estimated level of income is £7.480 million in 2022/23 and £8.004 million in 2023/24.

Leaseholder Service Charge Income

86. As set out within the respective leases, leaseholders are required to contribute their relative share of repairs and maintenance as part of the annual service charge billing process. The estimated level of leaseholder revenue service charge contributions is £19.073 million in 2022/23 which is based on the bills raised to date in 2022/23 as part of the September 2022 billing run and an estimate of those still to be billed, and £18.801 million in 2023/24. The reduction in income in 2023/24 reflects the large prior year adjustment included in the 2022/23 billing run which is not expected to repeat.

Other Income

87. Other Income covers a range of other income sources to the HRA, including tenants' service charge income (referred to previously) and interest earned on HRA balances as well as other miscellaneous income streams.
88. 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. The current rate of interest is estimated at 2.02% for 2022/23 and 2.72% in 2023/24. The estimated level of investment income is £8.993 million in 2022/23 but increases to £9.799 million in 2023/24 (compared to just over £4 million received in 2021/22) despite forecast HRA reserve balances generally reducing. The increase from 2021/22 not only reflects the increase in interest rates but also the anticipated additional interest generated as a result of the Joint Venture investment/financing proposals as previously approved (Paper No. 22-10) and as set out elsewhere on this agenda (Paper No. 23-07).

HRA NON-RESIDENTIAL CHARGES

89. The current policy on the setting of non-residential charges for garages, parking lots and storerooms was approved by the Executive in July 2002 (Paper No. 02-594), with charging criteria established with the aim of ensuring charges reflect relative quality and desirability of sites and are sensitive and responsive to market demand, with properties placed in bandings determining the rental charge with the ability to

transfer between bandings at the discretion of the Director of Housing and Regeneration. Following that decision, revised charges were implemented from October 2002 and have been further reviewed each year since, generally as part of the January Committee cycle, with the most recent review in 2022 (Paper No. 22-02).

90. It should be noted that the use of storehouses and garages, and therefore liability for charges, is completely voluntary on the part of tenants, and whilst often sited on housing estates is not linked to individual tenancies or leasehold properties, and, particularly in the case of garages, is open to non-HRA residents. Demand, particularly for garages remains high, noting also that some reduction in the stock has occurred in recent years where underutilised sites have been repurposed for redevelopment as part of the Homes for Wandsworth development programme.
91. The management and maintenance of the non-residential portfolio largely mirrors the cost structure of the wider HRA but does importantly provide a significant income stream to the HRA. Historically any increase to charges in these areas have been specifically linked to the September CPI so to be consistent with the underlying levels of base cost inflationary increase, however, in line with the Council's general policy on discretionary charges, it is proposed to increase all charges by an average of 7%. There will be minor variations around this where charges are rounded.
92. Given that there is no evidence of declining demand for garage sites and as non-residential charges are essentially optional and are therefore largely at the discretion of the resident it is proposed to increase the garage charges by an average of 7% from April 2023, as set out in Appendix D, Table 1.
93. A number of sites identified for new development under the Homes for Wandsworth development programme have incorporated new storehouse sites which are generally of a higher quality than the rest of the portfolio. To reflect this it is proposed that a new A+ banding is created allowing a higher charge to be levied on these sites, initially set at £5.00 per week, at the Director of Housing and Regeneration's discretion as appropriate.
94. Charges for storehouses were originally banded in January 2005 (Paper No. 05-94), again to ensure charges reflect relative desirability. As with garages it is proposed that charges for all categories be increased by an average 7%. It is proposed also that prices for motorcycle garages, parking lots and cycle lockers be increased on the same basis. These charges, as set out in Appendix D, Table 2, are recommended to take effect from the first Monday in April 2023.
95. There are a number of other charges made for replacement permits, keys and door entry fobs, as well as a charge the Council levies for pre-assignment enquiries in respect of leaseholders selling their property. It is proposed that with effect from the first Monday in April 2023, these prices also be increased by an average 7% as set out in Appendix D, Table 3.
96. The total estimated increase in budgeted income arising from the proposed non-residential charges is £110,000 in 2023/24 and subsequent years and has been incorporated within the HRA budget framework presented as part of this report for approval.

CONSULTATION

97. 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 17 January 2023. Any feedback from the BRF will be considered at the Housing Committee meeting.
98. 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 Director of Housing and Regeneration be authorised to serve notices upon tenants of HRA dwellings, advising that any changes in rents and service charges will be applied from the first Monday in April 2023.

HRA BUDGET FRAMEWORK

99. 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).
100. The HRA business plan and budget framework reported to this Committee and the Executive in September 2022 (Paper No. 22-259) has been adjusted to take account of the recommendations in this report, including the additions to the capital programme, the recommendations on rents and service charges, the increase in non-residential charges together with any other concurrent budget variations being recommended for approval this cycle. Appendix E to this report sets out the HRA budget framework that reflects the proposals in this report covering the period to 31 March 2026, before which time predicted HRA reserves must not be reduced by more than £40 million from the presently predicted £195.153 million.
101. 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.
102. 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 takes into account 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 2031/32.
103. In previous years the reserve position also used to be demonstrated over a longer 30-year HRA business planning period but in view of the sensitive nature of the long term assumptions underpinning the HRA business plan, the assumptions on which it is based and the external factors that can and do influence the position significantly, projected surpluses needed be viewed with caution and could therefore not be relied on. The total reserves position projected over a shorter term (over 10 years) should therefore be a more accurate representation, and generally more reliable.
104. Total reserves start at £283 million and generally reduce throughout the extended repayment term of the self-financing borrowing and the regeneration and

development programme to a combined low of approximately £154 million and increase again to an estimated £182 million by the end of the 10 year period. 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.

105. The future forecast surpluses involve a raft of assumptions on future spend and income levels which if varied can have a significant effect on available resources. In addition, the Localism Act 2011 includes provision for the Secretary of State to re-open the self-financing settlement "if there has been a change in any matter that was taken into account" in the settlement; quite what circumstances this could cover is not certain. There is therefore a risk of over-reliance on future projected surpluses which could throw the HRA business plan out of balance and necessitate additional borrowing, higher rents (if permissible) or reduced service provision in future years.
106. The Director of Resources and the Director of Housing and Regeneration consider that this HRA business plan and framework similarly updated would demonstrate that the Council is in a strong position to finance future expenditure plans and to continue to maintain the decent homes standard.

CABINET MEMBER FOR HOUSING

107. The UK's current high inflation rate has caused a significant challenge for local authority budgets. To take into account this historically high inflation rate in the context of social housing, the government's usual CPI + 1% formula for rent increases has been replaced with a 7% cap. On projected rates, this currently means 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 cut comes alongside expanded requirements from central government that are expected from local Council's in regards to fire safety, decent homes, and the green agenda, which all come at significant cost.
108. In order to ensure the long-term financial viability of the HRA, a rent increase at the level of the government cap is therefore considered to be necessary. This will mean we can continue to maintain our existing stock at decent levels, improve and expand a high quality and responsive service for our tenants and support the investment in the delivery of much needed new affordable housing for our borough.
109. This Council is acutely aware of the impact the current cost of living crisis is having on our tenants and residents and will continue to provide support (financial or otherwise) to those in most financial need in any way we can. It's worth noting that for those tenants who receive Housing Benefit or Universal Credit, which has been increased in line with inflation, these rises should have no direct impact on their household budgets. For those not in receipt of benefit, a range of support mechanisms are already in place and officers have been asked to consider and develop further support schemes as a matter of urgency and priority for those who may need it.

110. As well as a below inflation rent rise, we will maintain a consistent below inflation 7% charge increase in non-residential charges as set out in [Appendix D](#). We will continue to ensure that service charges applied to estates, blocks and dwellings are fully transparent and reflect the cost of services provided.

CONCLUSION

111. Taking into account the previously approved HRA Business Plan Update it is now recommended that tenants have their rent increased by a maximum of 7% with effect from the first Monday in April 2023. It is also recommended that non-residential charges are increased generally by an average of 7%, also with effect from the first Monday in April 2023.

112. The report proposes £108.237 million of new HRA capital bids which, when added to the existing approved programme, creates an overall capital commitment of £659.397 million over the framework period, demonstrating the Council's ongoing commitment to keeping existing stock at decent levels and to invest in the delivery of new affordable housing through both the estate regeneration schemes and the expanded development programme.

113. Significant levels of future surpluses are still forecast by the end of the HRA business plan however these need to continue to be viewed with caution as they are in no way guaranteed and there are likely to be additional funding pressures in future years not yet included in the HRA business plan projections.

114. The HRA business plan continues to be based on a raft of assumptions on future spend and income levels which if varied could have a significant effect on available resources. In addition, the self-financing settlement could be re-opened at some point in the future. There is therefore a risk of over-reliance on future projected surpluses which could throw the HRA business plan out of balance in the short-term.

115. 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.

FENELLA MERRY
Director of Resources

BRIAN REILLY
Director of Housing and Regeneration

The Town Hall
Wandsworth
SW18 2PU

16th January 2023

Background Papers

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

1. The Council's budget book publication - 2022/23
2. ODPM - A Guide to Social Rent Reforms in the Local Authority Sector - Feb 2003
3. DCLG - The Government's Guidance on Rents for Social Housing – May 2014
4. Secretary of State - The Direction on the Rent Standard – Feb 2019
5. MHCLG - Policy statement on rents for social housing – Feb 2019
6. DLUHC - Limit on annual rent increases 2022-23 – Dec 2022
7. The Council's Revised Rent Policy – Paper No. 21-42 (Appendix D) – Feb 2021

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

Housing Revenue Account - Approved Capital Programme & Virements

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
MAJOR REFURBISHMENT OF ESTATES	19,295	56,759	41,732	3,227
RE-LIFTING	4,151	6,979	3,481	10
RE-WIRING	644	2,558	3,705	1,196
HEATING IMPROVEMENTS	1,315	492	-	-
HEATING REPAIRS	4,139	5,348	2,800	-
SPECIAL REPAIRS	3,510	2,865	-	-
SHELTERED HOUSING	1,748	2,710	35	-
ADAPTATIONS FOR DISABLED	1,550	1,550	-	-
ENTRYCALL & CCTV	676	571	594	125
TOTAL REPAIRS AND IMPROVEMENTS	37,028	79,832	52,347	4,558
ENVIRONMENTAL & ESTATE IMPROVEMENTS	841	1,159	449	73
SITE DEVELOPMENTS & EXPANDED PROGRAMME	33,598	66,782	38,521	19,824
REGENERATION PROJECTS	36,332	40,906	50,222	54,407
TOTAL ENVIRONMENTAL, NEW BUILD & REGENERATION	70,771	108,847	89,192	74,304
PURCHASE OF PROPERTIES	18,500	6,500	-	-
HOUSE PURCHASE GRANTS	4,000	4,000	1,281	-
TOTAL HOUSING REVENUE ACCOUNT	130,299	199,179	142,820	78,862

Housing Revenue Account - Proposed Additions to the Capital Programme

	<u>2022/23</u> <u>£ '000</u>	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>
<u>MAJOR REFURBISHMENT OF ESTATES</u>				
Arndale Estate (Wandsworth Town) Edwyn House & Knowles House Roof Renewal	-	-	250	250
Auckland Road 25 FA-FB (Lavender) Roof & window renewal	-	-	30	70
Carey Gardens Estate (Shaftesbury & Queenstown) * Estate wide roof renewal	-	997	-	-
Crockerton Court (Trinity) Window renewal	-	-	50	119
Doddington Estate (Battersea Park) Arthur Court, Bolton Court, Kennard House, Russell Court , St George House, Voltaire Court Phase 2 roof renewal	-	-	200	1,031
Faylands/Boothby Adams Estate (Furzedown) Boswell House, Chesterfield House, Adams House, Boothby House Phase 2 roof renewal	-	-	100	175
Fitzhugh Estate (Wandsworth Common) All Blocks Roof renewal	-	-	250	5
Henry Prince Estate (Wandle) Wandle Way 1-16, 33-48, 57-72,81-96, 105-120 Phase 2A roof renewal	-	-	1,001	2,335
Lane Court (Northcote) Roof & window renewal	-	-	200	450
Longstaff Estate (East Putney) Woodhams House Replacement of walkway safety guards	-	-	20	33
Louvaine Road 17 (Wandsworth Town) Roof & window renewal	-	-	30	69
Lurline Gardens Estate (Battersea Park) All Saints Court, Lurline Gardens (2-24) Queenstown Road (363-369) Roof renewal	-	-	100	202
Southdean Gardens 11 (West Hill) Roof & window renewal	-	-	20	66
Vardens Road 23 (Wandsworth Town) Roof & window repairs	-	-	50	187
Wandsworth Common North Side 30A-C (Wandsworth Town) Roof & window renewal	-	-	50	147
Wendelsworth Estate (Wandsworth Town) * Bembridge House, Binstead House, Bowyer House, Culver Court, Domelton House, Linstone Court, Vectis Court Window renewal	-	853	852	-
William Willison Estate (West Hill) Keevil Drive 1-63,65-127,2-88,90-112, 114-128 130-144, 146-256 Phase 4 window renewal	-	-	792	2,000

	<u>2022/23</u> <u>£ '000</u>	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>
Kitchens and Bathrooms				
Phase 14 - Doddington East *	-	253	-	-
Phase 16A - Doddington West	-	-	851	2,200
Phase 18 - Arndale Eliot & Wentworth Court	-	-	1,267	2,000
External decorations conversion to window renewal	-	-	1,000	-
Contingencies	-	500	500	-
TOTAL MAJOR REFURBISHMENT OF ESTATES	-	2,603	7,613	11,339
<u>RELIFTING</u>				
Alton Estate (Roehampton)				
F Blocks Binley House, Charcot House, Denmead House, Dunbridge House, Winchfield House	-	-	130	265
Arndale Estate (Wandsworth Town)				
Eliot Court & Wentworth Court Phase 3	-	-	212	423
Battersea Park Estate (Battersea Park)				
Atkinson House, Macdonald House, Walden House Phase 1	-	-	221	450
Newlands Estate (Tooting Bec)				
Barringer Square 71-109, Treherne Court	-	-	50	108
Rollo Estate (Battersea Park)				
Rawson Court Phase 2	-	-	208	423
Winstanley Estate (Falconbrook)				
Clarke Lawrence Court, Sendall Court, Shaw Court, Sporle Court Phase 2	-	-	454	921
TOTAL RELIFTING	-	-	1,275	2,590
<u>REWIRING</u>				
Boroughwide				
Individual Rewires	-	-	500	-
TOTAL REWIRING	-	-	500	-
<u>HEATING IMPROVEMENTS</u>				
Boroughwide				
Individual Installations	-	-	280	-
TOTAL HEATING IMPROVEMENTS	-	-	280	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>HEATING REPAIRS</u>				
Lennox Estate (Roehampton)				
Burke Close 1-27				
Replacement of communal heating system	-	-	100	157
Kambala Estate (Falconbrook)				
Edwin Trayfoot Lodge 1-36				
Replacement of communal heating system	-	-	100	200
Boroughwide				
Water tank renewals phase 4 *	-	331	-	-
Water tank renewals phase 7	-	-	175	285
TOTAL HEATING REPAIRS	<u>-</u>	<u>331</u>	<u>375</u>	<u>642</u>
<u>SPECIAL REPAIRS</u>				
Acquired Properties				
Roofs, decoration, damp proofing	-	-	300	-
Extensions/conversions future schemes				
	-	1,000	-	-
Provision for urgent schemes				
	-	-	700	-
Social Housing Decarbonisation				
	500	500	-	-
TOTAL SPECIAL REPAIRS	<u>500</u>	<u>1,500</u>	<u>1,000</u>	<u>-</u>
<u>SHELTERED HOUSING</u>				
Auckland Estate (Lavender)				
Abyssinia Close 14 (F1-26)				
Electrical upgrade	-	-	200	80
Hill Lodge 1-34 (Wandsworth Town)				
Electrical upgrade	-	-	200	159
Maysoule Road Estate (Falconbrook) *				
Holmleigh Court				
Full Refurbishment	-	-	505	-
TOTAL SHELTERED HOUSING	<u>-</u>	<u>-</u>	<u>905</u>	<u>239</u>
<u>ADAPTATIONS FOR THE DISABLED</u>				
Conversion of vacant properties	-	-	850	-
Future years provision	-	-	700	-
TOTAL ADAPTATIONS FOR THE DISABLED	<u>-</u>	<u>-</u>	<u>1,550</u>	<u>-</u>

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>ENTRYCALL & CCTV</u>				
Aldington South Estate (Furzedown)				
Grierson House 1-21, 22-55, Shenstone House 1-21, 22-55				
Tyers House 1-6				
Replacement of door entry system	-	-	50	103
Streatham Park Estate (Furzedown)				
Boyce House 1-26, 27-47, Busby House 1-28, 29-49				
Replacement of door entry system	-	-	36	69
TOTAL ENTRYCALL & CCTV	-	-	86	172
<u>ENVIRONMENTAL & ESTATE IMPROVEMENTS</u>				
Wimbledon Park Estate (West Hill)				
Environmental Improvements	-	-	500	500
TOTAL ENVIRONMENTAL & ESTATE IMPROVEMENTS	-	-	500	500
<u>SITE DEVELOPMENTS & EXPANDED PROGRAMME</u>				
Beaumont Road/Whitlock Drive (West Hill) *	-	-	367	-
Battersea Church Road (St Mary's) *	-	-	-	7,396
Patmore Street (Shaftsbury & Queenstown) *	-	-	-	325
Putney Vale (Roehampton) *	-	-	-	436
Randall Close (Battersea Park) *	-	-	-	559
The Alders (Furzedown) *	-	-	-	2,098
Winstanley / York Road - Block 5A (Falconbrook) *	-	-	1,961	-
Other Schemes / Feasibilities & Contingencies	-	-	820	-
TOTAL SITE DEVELOPMENTS & EXPANDED PROGRAMME	-	-	3,148	10,814

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>REGENERATION PROJECTS</u>				
ROEHAMPTON SCHEME				
Procurement of Specialist Services	-	-	500	500
Fontley Way (Roehampton) *				
Satellite Site Development	-	136	234	-
WINSTANLEY & YORK ROAD ESTATE SCHEME				
Out of Phase Acquisitions	-	2,000	3,000	-
Residential Development Block 6	-	-	-	18,209
Residential Development Block 7	-	-	-	18,209
Gideon Road (Shaftesbury & Queenstown) *				
Satellite Site Development	169	26	-	-
Lavender Hill (Shaftesbury & Queenstown) *				
Satellite Site Development	-	-	-	1,811
Tyneham Close (Shaftesbury & Queenstown) *				
Satellite Site Development	-	-	630	5,351
TOTAL REGENERATION PROJECTS	169	2,162	4,364	44,080
VEHICLE FLEET RENEWAL	-	100	400	-
PURCHASE OF PROPERTIES	-	5,000	500	-
HOUSE PURCHASE GRANTS	-	-	3,000	-
TOTAL ADDITIONS	669	11,696	25,496	70,376

Bids with a * indicates a top-up to an existing specific scheme

Housing Revenue Account - Revised Capital Programme

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
MAJOR REFURBISHMENT OF ESTATES	19,295	59,362	49,345	14,566
RE-LIFTING	4,151	6,979	4,756	2,600
RE-WIRING	644	2,558	4,205	1,196
HEATING IMPROVEMENTS	1,315	492	280	-
HEATING REPAIRS	4,139	5,679	3,175	642
SPECIAL REPAIRS	4,010	4,365	1,000	-
SHELTERED HOUSING	1,748	2,710	940	239
ADAPTATIONS FOR DISABLED	1,550	1,550	1,550	-
ENTRYCALL & CCTV	676	571	680	297
TOTAL REPAIRS AND IMPROVEMENTS	37,528	84,266	65,931	19,540
ENVIRONMENTAL & ESTATE IMPROVEMENTS	841	1,159	949	573
SITE DEVELOPMENTS & EXPANDED PROGRAMME	33,598	66,782	41,669	30,638
REGENERATION PROJECTS	36,501	43,068	54,586	98,487
TOTAL ENVIRONMENTAL, NEW BUILD & REGENERATION	70,940	111,009	97,204	129,698
VEHICLE FLEET RENEWAL	-	100	400	-
PURCHASE OF PROPERTIES	18,500	11,500	500	-
HOUSE PURCHASE GRANTS	4,000	4,000	4,281	-
TOTAL HOUSING REVENUE ACCOUNT	130,968	210,875	168,316	149,238

	<u>2022/23</u> £ '000	<u>2023/24</u> £ '000	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000
<u>MAJOR REFURBISHMENT OF ESTATES</u>				
Alton Estate (Roehampton)				
E Blocks Farnborough House, Kimpton House, Rushmere House, Somborne House Garage refurbishment	170	19	-	-
F Blocks Binley House, Charcot House, Denmead House, Dunbridge House, Winchfield House Window renewal	20	4,000	2,628	400
Antrim House (Lavender)				
Roof renewal	5	74	-	-
Argyle (Esher) Estate (West Hill)				
Bisley House Roof renewal	-	-	21	186
Arndale Estate (Wandsworth Town)				
Front Entrance Hall Improvements	-	-	330	-
Edwyn House & Knowles House Roof Renewal	-	-	250	250
Eliot & Wentworth Court Remedial Works to Cladding Panels	-	2,250	12,000	750
Ashburton Chartfield Estate (West Putney)				
Westleigh Avenue 34 flats A-H Roof renewal	-	250	25	-
Ashburton South Estate (West Putney)				
Tildesley Road 323-387 Podium deck car park renewal	-	280	155	-
Ashcombe Court & Elmstead Court (East Putney)				
External decorations conversion to window renewal	9	-	-	-
Auckland Estate (Lavender)				
External decorations conversion to window renewal	-	550	66	-
Auckland Road 25 FA-FB (Lavender)				
Roof & window renewal	-	-	30	70
Balham Hill Estate (East & West) (Balham)				
Roof and window renewal	5	1,000	1,516	-
Battersea High Street Estate (St Mary's)				
Coles Court, Meecham Court, Morgan Court, Pritchard Court Roof renewal	-	92	551	30
Bedgebury Gardens (West Hill)				
Bedgebury Gardens 8-9 Roof and window renewal	99	5	-	-
Bevill Allen Close (Furzedown)				
All blocks Roof renewal	-	250	440	-
Carey Gardens Estate (Shaftesbury & Queenstown)				
Estate wide roof renewals	500	2,201	-	-
Chatham Road East (Northcote)				
Chatham Road 121-131,133 flats A-H External decorations conversion to window renewal	2	284	-	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Crockerton Court (Trinity) Window renewal	-	-	50	119
Doddington Estate (Battersea Park) Connor Court, Park Court, Turpin House Phase 1 roof renewal	-	50	1,249	200
Doddington Estate (Battersea Park) Arthur Court, Bolton Court, Kennard House, Russell Court , St George House, Voltaire Court Phase 2 roof renewal	-	-	200	1,031
Ethelburga Estate (Battersea Park) Ethelburga Tower Phase 3 roof renewals	-	20	154	-
Ethelburga Street, Ethelburga Tower, Henty Close, Watford Close Eden House, Ridley House, Temple House - Falcon Rd (Falconbrook) Removal of Spandrel panels	23	395	672	-
Fairfield Court (Wandsworth Town) External decorations conversion to window renewal	100	548	-	-
Fairfield Drive (Wandsworth Town) Window renewal	100	982	35	-
Faylands Estate (Furzedown) Garrick House, Levett House, Marchmont House, Ryland House, Shelburne House Phase 1 roof renewal	-	200	349	-
Faylands/Boothby Adams Estate (Furzedown) Boswell House, Chesterfield House, Adams House, Boothby House Phase 2 roof renewal	-	-	100	175
Felsham Road (Thamesfield) Greville House, Felsham Road, Henry Jackson House, John Keall House Roof renewal	100	944	-	-
Fitzhugh Estate (Wandsworth Common) All Blocks Roof renewal	-	-	250	5
George Wyver Close (West Hill) Beaumont Road 34-62e, 64-92e External decorations conversion to window renewal	-	458	11	-
Gravenel Gardens (Tooting Broadway) Gravenel Gardens 1-6, 7-12, 13-48, Jordan Lodge 1-6 Roof renewal	-	400	57	-
Gwendolen Avenue 16 Flats A-E (West Putney) Roof renewal	60	98	-	-
Henry Prince Estate (Wandle) St John's Drive 1a, 9-24, 33-40, 41-56, 64-72, 73-88 Phase 1 Roof renewal	5	2,534	135	-
St John's Drive 1-8, 25-32, 57-64, 89-96 Phase 2 Roof renewal	-	960	2,240	-
Wandle Way 1-16, 33-48, 57-72,81-96, 105-120 Phase 2A roof renewal	-	-	1,001	2,335
Herlwyn Gardens 19-22, 17, 23 & 24 (Tooting Bec) Roof renewal	-	-	150	4
Hollies Way Estate (Balham) Cladding Replacement	607	-	-	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Lane Court (Northcote) Roof & window renewal	-	-	200	450
Larpen Avenue 33 (West Putney) Roof and window renewal	-	130	35	-
Latchmere Estate (Battersea Park) Burns Road, Matthews Street, Joubert Street, Odger Street, Sheepcote Lane Freedom Street, Reform Street Window renewal	3,435	1,387	-	-
Lennox Estate (Roehampton) Arabella Drive 2-76, 80-102, 106-128, 188-244 Phase 1 Roof Renewals	936	20	-	-
Ludovick Walk 2-10, 11-35, 36-66 Phase 2 Roof renewal	10	445	11	-
Longstaff Estate (East Putney) Woodhams House Replacement of walkway safety guards	-	-	20	33
Louvaine Road 17 (Wandsworth Town) Roof & window renewal	-	-	30	69
Lurline Gardens Estate (Battersea Park) All Saints Court, Lurline Gardens (2-24) Queenstown Road (363-369) Roof renewal	-	-	100	202
Manville Road 30-38C (South Balham) Window renewal		50	38	-
McCarthy Court Estate (St Mary's) McCarthy Court 1-42, 43-78 Roof renewal	716	18	-	-
Melrose Court (East Putney) Roof and window renewal	244	7	-	-
Newlands Estate (Tooting Bec) Barringer Square 22-164e, 7-109o, Tooting Bec Road 174-212e Treherne Court 1-35 Cons, 40-55 Cons Roof renewal	40	2,627	105	-
Putney Hill 39 F1-20 (East Putney) External decorations conversion to window renewal	61	170	-	-
Putney Vale Estate (Roehampton) Stroud Crescent 34-80,82-128,130-176 Roof renewal	54	361	-	-
Ranelagh Estate (Thamesfield) Hewett House, Lancaster House, Pearson House Roof renewal	62	642	-	-
Rollo Estate (Battersea Park) Alfreda Court, Newtown Court, Ravenet Court, Rawson Court, Rollo Court Roof renewals	-	71	1,250	61
Salcott Rd 1-15 (Northcote) External decorations conversion to window renewal	55	-	-	-
Seymour Road 32-34 (East Putney) Roof renewal	2	242	-	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Southlands Estate (St Mary's) Gaitskell Court, McKiernan Court, Winders Rd 51-101o Roof renewals	-	-	305	523
Southdean Gardens 11 (West Hill) Roof & window renewal	-	-	20	66
Southmead Estate (West Hill) Westhouse Close 1-16, 17-28, 29-36 Southmead Road 2-12 Roof renewal	333	128	-	-
Beaumont Road 1-47, Southmead Road 14-60, 62-108, Urmston Drive 2-48, 50-96 Phase 2 Roof renewal	6	1,460	40	-
Streatham Park Estate (Furzedown) Boyce House 1-28cons, 1A, 29-49cons Busby House 1-26cons, 27-47cons Roof renewal	-	343	555	-
Upper Richmond Road 328 F1-2 (Thamesfield) Roof renewal	76	-	-	-
Upper Richmond Road 125 F1-43 (East Putney) External decorations conversion to window renewal Inc flooring	20	454	-	-
Vardens Road 23 (Wandsworth Town) Roof & window repairs	-	-	50	187
Vardens Road 53 A-C (Wandsworth Town) Window renewal & external decorations	55	100	-	-
Wandsworth Common North Side 30A-C (Wandsworth Town) Roof & window renewal	-	-	50	147
Wilditch Estate (Battersea Park) Culvert Rd 50-56e, 58 1-22cons, 60-66e Culvert Rd 68-78e, 80 f1-11, 82-90e, Culvert Rd 92-126e, 92a-92b Sheepcote Lane 54-88e 54a-54b Window renewals	-	400	596	-
Weybridge Point Remedial Works to Cladding Panels	-	6,000	2,550	448
Wendelsworth Estate (Wandsworth Town) Bembridge House, Binstead House, Bowyer House, Culver Court, Domelton House, Linstone Court, Vectis Court Window renewal	12	2,066	2,052	-
William Willison Estate (West Hill) Stoford CI 1-76, Beaumont Rd 49-111, Southmead Rd Phase 1 Window renewal/external decorations	1,000	239	-	-
Beaumont Road 177, Castlecombe Drive 1,5,11,23 & 31, 33-81, 2-234, Littlecote Close 2,9,18,20 & 22 Stourhead Close 6 Phase 2 Window renewal	27	1,987	167	-
Mere Close, Potterne Close Phase 3 window renewal	-	400	719	-
Keevil Drive 1-63,65-127,2-88,90-112, 114-128 130-144, 146-256 Phase 4 window renewal	-	-	792	2,000
Wimbledon Park Estate (West Hill) Replacement of tenant front entrance doors	167	4	-	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
York Road Estate (Falconbrook)				
Chesterton Houses, Inkster House, Penge House Window refurbishment	10	-	-	-
Kitchens and Bathrooms				
Phase 9 - Kersfield Road, Orchard Estate, Southmead Estate, Totterdown Fields	3,585	1,648	-	-
Phase 10 - Totterdown Fields 2nd phase, Totteridge House	2,621	-	-	-
Phase 11 - Arndale Estates 1st phase, Albon House, Edwyn House and Knowles House	200	1,980	600	-
Phase 11A - Arndale Estates 2nd phase, Southlands East	16	1,455	1,300	-
Phase 12 - Balham Hill East & West, Aldrington North & South, Edgecombe Hall	32	4,323	110	-
Phase 13 - Alton E Blocks 1-6,17-23 Allenford House, Bramley House, Chilcombe House, Crondall House, Farnborough House, Kimpton House, Penwood House, Rushmere House, Somborne House, Shalden House, Swaythling House, Tatchbury House, Warnford House	100	3,061	2,150	-
Phase 14 - Doddington East	10	1,954	1,049	-
Phase 15 - Hazelhurst and Holborn Estates	10	1,000	1,973	-
Phase 16 - Doddington West	10	1,080	2,293	536
Phase 16A - Doddington West	-	-	851	2,200
Phase 17 - Badric Court	-	147	942	89
Phase 18 - Arndale Eliot & Wentworth Court	-	-	1,267	2,000
Boroughwide				
Fire safety systems to sheltered & short term lets Phase 1	545	-	-	-
Fire safety systems to sheltered & short term lets Phase 2	3,000	424	-	-
Fire safety systems to sheltered & short term lets Phase 3	40	3,000	960	-
External decorations conversion to window renewal	-	195	1,000	-
Inflation Contingency	-	500	500	-
TOTAL MAJOR REFURBISHMENT	19,295	59,362	49,345	14,566

	<u>2022/23</u> <u>£ '000</u>	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>
<u>RE-LIFTING</u>				
Aboyne Estate (Wandsworth Common) Deeside Road, Strathdon Drive	604	330	25	-
Alton Estate (Roehampton) Blendworth Point	1	239	-	-
F Blocks Binley House, Charcot House, Denmead House, Dunbridge House, Winchfield House	-	-	130	265
Anne Kerr Court (East Putney)	42	38	-	-
Argyle (Glen Albyn) Estate (West Hill) Chobham Gardens 1-36, 37-65, 66-95	-	63	796	-
Argyle (Limpsfield) Estate (West Hill) Greenfield House, Oakman House	651	320	-	-
Arndale Estate (Wandsworth Town) Albon House, Edwyn House, Knowles House Phase 1	898	30	-	-
Sudbury House Phase 2	8	490	180	-
Eliot Court & Wentworth Court Phase 3	-	-	212	423
Ashburton South Estate (West Putney) Tildesley Road Phase 1	-	49	286	-
Hayward Gardens Phase 2	-	388	773	-
Badric Court (St Mary's)	-	115	396	-
Battersea Park Estate (Battersea Park) Atkinson House, Macdonald House, Walden House Phase 1	-	-	221	450
East Hill Estate (Falconbrook) Dungeness House, Filey House, Lerwick House	20	268	-	-
Edgecome Hall Estate (West Hill) Edgecombe House	117	-	-	-
William Harvey House	2	271	-	-
Fitzhugh Estate (Wandsworth Common) Gernigan House, Morville House, St Quentin House, Skipsea House, Woodhall House	30	729	300	-
Goulden House (St Mary's)	-	450	-	-
Harwood Court (West Putney)	-	181	-	-
Hibbert St (Falconbrook) Sheridan House	-	54	74	-
Kersfield Road Estate (East Putney) Classinghall House, Lusher House	-	66	138	-
Lochinvar Estate (Balham) Caistor House, Ivanhoe House, Rokeby House	149	300	-	-
Lurline Gardens Estate (Battersea Park) All Saints Court 1-38 cons	100	155	-	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Melody Road 128-162 (Wandsworth Town)	-	51	89	-
Newlands Estate (Tooting Bec) Barringer Square 71-109, Treherne Court	-	-	50	108
Orchard Estate (West Hill) Andrew Reed House	220	105	-	-
Rollo Estate (Battersea Park) Newtown Court, Rollo Court Phase 1	50	205	-	-
Rawson Court Phase 2	-	-	208	423
St John's Avenue 2 (East Putney)	145	5	-	-
Sutherland Grove Estate (East Putney) Strathan Close 40-71	-	66	133	5
The Platt Estate (Thamesfield) Phelps House	-	57	151	5
Wendelsworth Estate (Wandsworth Town) Domelton House, Bowyer House Phase 1	487	365	-	-
Bembridge House, Binstead House Phase 2	2	859	140	-
Winstanley Estate (Falconbrook) Weekley Square, Carmichael Close, Fenner Square, Holliday Square, John Parker Square, Thomas Baines Road Phase 1	-	530	-	-
Clarke Lawrence Court, Sendall Court, Shaw Court, Sporle Court Phase 2	-	-	454	921
Boroughwide Installation of lift monitoring equipment	625	200	-	-
TOTAL RE-LIFTING	<u>4,151</u>	<u>6,979</u>	<u>4,756</u>	<u>2,600</u>

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
RE-WIRING				
Copeland House (Tooting Broadway)				
Individual rewires & distribution boards, landlord lighting	188	65	-	-
Doddington Estate (Battersea Park)				
Park Court				
Communal rewire and lighting replacement	-	78	-	-
Ethelburga Estate (Battersea Park)				
Phase 1 Laterals and communals	-	284	25	-
Gowrie Road 11-33 (Lavender)				
Individual rewires and lateral mains	33	-	-	-
Hazelhurst Estate (Tooting Broadway)				
Individual rewires and distribution boards	73	-	-	-
Totterdown Fields Estate (Tooting Bec)				
Derinton Road/Blakenham Road Clubroom, Fire alarm system upgrade	60	7	-	-
Wimbledon Park Estate (West Hill)				
All blocks				
Full rewire excluding lateral mains	-	284	23	-
Boroughwide				
Block Electrical Upgrades Phase 1	15	1,206	1,050	-
Block Electrical Upgrades Phase 2	-	134	1,200	-
Block Electrical Upgrades Phase 3	-	-	1,013	605
Block Electrical Upgrades Phase 4	-	-	394	591
Individual rewires	275	500	500	-
TOTAL REWIRING	644	2,558	4,205	1,196

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>HEATING IMPROVEMENTS</u>				
Alton Estate (Roehampton)				
Replacement of obsolete boilers	568	-	-	-
Totteridge House (St Mary's)				
Radiator replacement	-	120	-	-
Boroughwide				
Heating system upgrades	387	12	-	-
Individual Installations	360	360	280	-
TOTAL HEATING IMPROVEMENTS	<u>1,315</u>	<u>492</u>	<u>280</u>	<u>-</u>

	<u>2022/23</u> <u>£ '000</u>	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>
<u>HEATING REPAIRS</u>				
Convent Estate (East Putney)				
Francis Snary Lodge 1-31 Replacement of communal heating system	307	8	-	-
Fitzhugh Estate (Wandsworth Common)				
Replacement of communal underground heating pipes	117	-	-	-
Fitzhugh Estate (Wandsworth Common)				
Replacement of communal heating system	-	1,411	643	-
George Wyver Close (West Hill)				
Beaumont Road 34-62e, 64-92e Replacement of communal heating system	18	500	35	-
Lennox Estate (Roehampton)				
Burke Close 1-27 Replacement of communal heating system	-	-	100	157
Burke Close 28-54 Replacement of communal heating system	307	8	-	-
Kambala Estate (Falconbrook)				
Edwin Trayfoot Lodge 1-36 Replacement of communal heating system	-	-	100	200
Nursery Close Estate (West Putney)				
Nursery Close 31-49 Replacement of communal heating system	307	7	-	-
Riplington Court/Yew Tree Lodge				
Replacement of communal heating system	264	7	-	-
Smallwood Road South Estate (Tooting Broadway)				
Smallwood Road 53 - 59o Replacement of communal heating system	367	6	-	-
St James Grove Estate (Battersea Park)				
Castlemaine Replacement of communal heating system	1,174	125	-	-
Upper Richmond Road 125 F1-F43 (East Putney)				
Replacement of communal heating system	-	177	37	-
Ackroydon Estate East & West (West Hill)				
Cold water booster replacement	217	-	-	-
Barringer Square, Bisley House, Edgecombe House Meecham Court, William Harvey House				
Cold water booster replacement	316	-	-	-
Colson Way Estate (Furzedown)				
Replacement of communal extract fans	-	82	310	-
Goulden House (St Mary's)				
Replacement of communal extract fans	-	50	478	-
Battersea Park Estate (Battersea Park)				
Atkinson House, Berry House, Dresden House MacDonald House, Walden House Installation of dry risers	-	363	71	-
Wimbledon Park Estate (West Hill)				
Allenswood, Ambleside, Briardale, Fernwood, Lindale, Vereban, Wimbledon Prk Cr1 1-12, 14-19, 20-51 Cold water tank replacement	60	100	-	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Boroughwide				
Cold water boosters phase 2	2	600	26	-
Communal ventilation upgrade	-	1,144	1,047	-
Water tank renewals phase 2	471	35	-	-
Water tank renewals phase 3	207	-	-	-
Water tank renewals phase 4	5	496	8	-
Water tank renewals phase 5	-	400	15	-
Water tank renewals phase 6	-	160	130	-
Water tank renewals phase 7	-	-	175	285
TOTAL HEATING REPAIRS	<u>4,139</u>	<u>5,679</u>	<u>3,175</u>	<u>642</u>

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>SPECIAL REPAIRS</u>				
Alton Estate (Roehampton)				
Chilcombe House / Fontley Way Demolition of garages	55	-	-	-
Kimpton House Door entry installation	60	-	-	-
Argyle (Glen Albyn) Estate (West Hill)				
Thursley Gardens 7 Underpinning	55	-	-	-
Bolingbroke Grove 39 A-E (Northcote)				
Tanking /damp eradication/structural repairs	60	-	-	-
Bolingbroke Grove 73 (Northcote)				
Roof and window renewal	-	110	-	-
Brocklebank Estate (Wandle)				
CCTV cameras	10	-	-	-
Byrne Road 29 (South Balham)				
Roof renewal	-	50	-	-
Cambalt Road 13-121 (West Putney)				
Drainage works	32	-	-	-
Dawes House (Falconbrook)				
External electrics	6	-	-	-
Fitzhugh Estate (Wandsworth Common)				
Electric vehicle charging points pilot	34	-	-	-
Replacement of a communal boiler	50	-	-	-
Merton Road 67-109 (East Putney)				
Repaint railings	8	-	-	-
Lochinvar (Balham)				
Oldridge Road 26 Fire damage	68	-	-	-
Westover Road 54 (Wandle)				
Window renewal and roof repairs	-	66	-	-
Wynter Street (Falconbrook)				
Fox House Replacement of door entry system	10	-	-	-
Energy Efficiency Works				
Commercial Property - Battersea Park Road 307 - Nursery	52	-	-	-
Commercial Property - Walden House Battersea Fields - RO Office	41	-	-	-
Commercial Property - 76 Falcon Road - Law Centre	39	-	-	-
Green Energy Works to tenanted houses	120	299	-	-
Social Housing Decarbonisation	500	500	-	-
Sheltered Properties				
Cowick Road - Resurface rear gardens & walkways	40	-	-	-
Doris Emerton - Resurfacing	36	-	-	-
Doris Emerton, Nursery Close & Chelverton Court - Flooring	86	-	-	-

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Francis Snary Lodge - Kitchen refurbishment	17	-	-	-
Glenthorpe - Fire alarm system upgrade & emergency lighting	50	-	-	-
Haven Lodge - Communal lighting Upgrade	72	-	-	-
Nursery Close - Communal lighting upgrade	56	-	-	-
Washington Court - Communal lighting upgrade	54	-	-	-
Scooter Storage	-	80	-	-
Boroughwide				
Acquired Properties				
Roofs, decoration, damp proofing	940	300	300	-
Extensions/conversions	694	2,186	-	-
LED street & pathway lighting	168	-	-	-
Provision for urgent schemes	437	774	700	-
Stock Condition Survey	160	-	-	-
TOTAL SPECIAL REPAIRS	4,010	4,365	1,000	-

	<u>2022/23</u> £ '000	<u>2023/24</u> £ '000	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000
<u>SHELTERED HOUSING</u>				
Althorpe Grove Estate (St Mary's)				
Althorpe Mews, Battersea Church Road, Sunbury Lane, Kitchen renewal	40	217	-	-
Alton Estate (Roehampton)				
Fontley Way 21-35, Greatham Walk 2-16 Hyacinth Road 1-8, Foxcombe Road 1-33 Alton Club Room Electrical Upgrades	153	228	-	-
Auckland Estate (Lavender)				
Abyssinia Close 14 (F1-26) Electrical upgrade	-	-	200	80
Carey Gardens Estate (Shaftesbury & Queenstown)				
All communal sheltered areas Electrical upgrade	312	15	-	-
Convent Estate (East Putney)				
Francis Snary Lodge Dwellings and communal areas Electrical upgrade	359	24	-	-
Hepplestone Close, Sclater Close (West Putney)				
Grosse Way 1-34 and Hepplestone 1-14, 20-32 Close Electrical Upgrades	309	462	-	-
Hill Lodge 1-34 (Wandsworth Town)				
Electrical upgrade	-	-	200	159
Maysoule Road Estate (Falconbrook)				
Holmleigh Court Full Refurbishment	50	640	540	-
Rambler Close Estate (Furzedown)				
Rambler Close 1-16, 17-32 Dwellings and communal areas Electrical Upgrade	155	99	-	-
St Margaret's Court (West Putney)				
Roof renewal	-	75	-	-
Boroughwide				
Boyd Court, Cortis Road 285-311 and 317-365 Cortis Terrace 1-16, James Searles Lodge Westleigh Avenue 63-125 and 135-165 Phase 7 Installation of overhead showers	50	950	-	-
Electrical Upgrades Fire Alarm Systems Phase 3				
Cluster 3 Boyd Court, Cortis Road, Cortis Terrace, Westleigh Avenue	110	-	-	-
Electrical Upgrades Fire Alarm Systems Phase 4				
Cluster 6 Arabella Drive, Burke Close, Dowdeswell Close 6-16 Ludovick Walk (3,4,6,7, 10-14, 36-41) Cluster 7 Carey Gardens	210	-	-	-
TOTAL SHELTERED HOUSING	<u>1,748</u>	<u>2,710</u>	<u>940</u>	<u>239</u>

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>ADAPTATIONS FOR THE DISABLED</u>				
Boroughwide				
Conversion of vacant properties	850	850	850	-
Future years provision	700	700	700	-
TOTAL ADAPTATIONS FOR THE DISABLED	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>

	<u>2022/23</u> £ '000	<u>2023/24</u> £ '000	<u>2024/25</u> £ '000	<u>2025/26</u> £ '000
<u>ENTRYCALL & CCTV</u>				
Aldrington South Estate (Furzedown)				
Grierson House 1-21, 22-55, Shenstone House 1-21, 22-55 Tyers House 1-6 Replacement of door entry system	-	-	50	103
Alton Estate (Roehampton)				
Chilcombe House, Crondall House, Farnborough House, Rushmere House, Sombourne House Replacement of door entry system	124	-	-	-
Brockbridge House, Finchdean House, Egbury House, Hurstbourne House, Redenham House Penwood House, Tatchbury House E blocks Replacement of door entry system	33	174	-	-
Binley House, Charcot House, Dunbridge House, Winchfield House, Replacement of door entry system	25	102	-	-
Bevill Allen Close Estate (Furzedown)				
Bevill Allen Close 1-24, 25-36, 37-48 Installation of door entry system	-	100	3	-
Carey Gardens (Shaftesbury & Queenstown)				
Carey Gardens 2-44, 264-296e, 46-66e, 68-86e, 88-120e, 122-174, 176-226, 228-262, 123-185, 187-255, 59-89 Condell Road 1-89, 91-121, 123-137 Replacement of door entry system	-	65	260	-
Chatham Road West Estate (Northcote)				
Staplehurst Court, Teyham Court Replacement of door entry system	-	12	23	-
Colson Way Estate (Furzedown)				
Fordyce House Replacement of door entry system	-	4	8	-
Cunliffe Estate (Furzedown)				
Cunliffe Street 2-32e Replacement of door entry system	13	-	-	-
Doddington Estate (Battersea Park)				
Connor Court, Turpin House Replacement of door entry system	-	30	45	-
Ethelburga Estate (Battersea Park)				
Ethelburga Tower Replacement of door entry system	50	2	-	-
Galleons Estate (West Hill)				
Beaumont Road 20-32 Replacement of door entry system	19	-	-	-
Goulden House (St Mary's)				
Replacement of door entry system	-	-	200	125
Robertson Street Estate (Shaftesbury & Queenstown)				
Scott Court 1-24 Installation of door entry system	-	42	2	-
Somerset Estate (St Mary's)				
Sparkford House, Selworthy House Replacement of door entry system	-	40	53	-
Streatham Park Estate (Furzedown)				
Boyce House 1-26, 27-47, Busby House 1-28, 29-49 Replacement of door entry system	-	-	36	69

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
William Willison Estate (West Hill)				
Castlecombe Drive 33-61, 146-174, 176-204, 206-334				
Stapleford Close 1-34, 35-66				
Replacement of door entry system	111	-	-	-
Boroughwide				
CCTV Upgrade	301	-	-	-
TOTAL ENTRYCALL & CCTV	<u>676</u>	<u>571</u>	<u>680</u>	<u>297</u>

	<u>2022/23</u> <u>£ '000</u>	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>
<u>ENVIRONMENTAL & ESTATE IMPROVEMENTS</u>				
Alton Estate (Roehampton)				
Minstead Gardens (Sheltered Accommodation)				
Environmental Improvements	96	117	-	-
Bellamy House Estate (Tooting Broadway)				
Environmental Improvements	-	332	-	-
Chelverton Court (Thamesfield)				
Environmental Improvements	42	28	-	-
Doddington Estate (Battersea Park)				
Doddington Square	129	55	-	-
Fitzhugh Estate (Wandsworth Common)				
Environmental Improvements	-	-	411	73
Gideon Road/Tyneham Close (Shaftesbury & Queenstown)				
Environmental Improvements	188	-	-	-
Henry Prince Estate (Wandle)				
Environmental Improvements	93	400	-	-
Ryde Vale Estate (South Balham)				
Renew Road Surfaces	-	89	38	-
Totterdown Fields - Cowick Road (Tooting Bec)				
Environmental Improvements	45	38	-	-
Wimbledon Park Estate (West Hill)				
Environmental Improvements	-	-	500	500
Boroughwide				
Playground Refurbishment	248	100	-	-
TOTAL ENVIRONMENTAL & ESTATE IMPROVEMENTS	<u>841</u>	<u>1,159</u>	<u>949</u>	<u>573</u>

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>SITE DEVELOPMENTS</u>				
Arnal Crescent 1-8 (West Hill)	70	-	-	-
Arnal Crescent 37-53 (West Hill)	45	515	903	465
Beaumont Road/Whitlock Drive (West Hill)	1,230	3,586	441	-
Deeley Road/Tidbury Road/Thessaly Road (Shaftesbury & Queenstown)	60	-	-	-
Fordyce House (Furzedown)	1,705	769	34	-
Salter House (Furzedown)	43	469	1,193	744
Stag House (Roehampton)	153	-	-	-
Whitlock Drive 145-147 (West Hill) - Self & Custom Build Housing	-	15	468	162
<u>EXPANDED PROGRAMME</u>				
Badric Court (St Mary's)	48	1,419	1,156	39
Battersea Church Road (St Mary's)	116	1,067	1,327	21,296
Kersfield Estate (East Putney)	7,043	3,750	262	-
Patmore Street (Shaftesbury & Queenstown)	4,684	11,437	4,540	402
Platt Estate (Thamesfield)	162	864	2,800	2,805
Putney Vale (Roehampton)	74	3,200	3,397	569
Randall Close (Battersea Park)	5,466	22,740	15,075	760
The Alders (Furzedown)	289	6,972	6,993	3,396
Winstanley / York Road - Block 5A (Falconbrook)	10,444	9,298	2,260	-
Other Schemes / Feasibilities & Contingencies	1,966	681	820	-
TOTAL SITE DEVELOPMENTS & EXPANDED PROGRAMME	33,598	66,782	41,669	30,638

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
<u>REGENERATION PROJECTS</u>				
Project Team Costs	2,000	2,000	2,000	2,000
ROEHAMPTON SCHEME				
Phase 1 - Acquisitions	1,550	2,600	-	-
Procurement of Specialist Services	500	500	500	250
Reprovision of Community Facilities	36	72	-	-
Residential Development Costs	500	500	1,500	3,000
Bessborough Road (Roehampton)				
Satellite Site Development	248	-	-	-
Fontley Way (Roehampton)				
Satellite Site Development	3,429	2,844	348	-
WINSTANLEY & YORK ROAD ESTATE SCHEME				
Additional Equity Loan to Joint Venture	-	1,000	15,000	17,000
In Phase Acquisitions	11,600	7,900	10,600	5,257
Out of Phase Acquisitions	1,375	4,625	6,000	3,000
Penge House & Inkster House Acquisitions	300	4,350	2,175	2,611
Procurement of Specialist Services	100	100	100	100
Residential Development Costs - Block 5	10,194	12,204	449	-
Residential Development Costs - Block 6	300	1,000	3,500	18,599
Residential Development Costs - Block 7	200	100	700	19,987
Residential Development Costs - Block 10	-	100	700	16,342
Residential Development Costs - Infrastructure	1,500	2,700	6,700	2,133
Gideon Road (Shaftesbury & Queenstown)				
Satellite Site Development	2,142	210	-	-
Lavender Hill (Shaftesbury & Queenstown)				
Satellite Site Development	39	137	717	2,591
Shuttleworth Road (St Mary's)				
Satellite Site Development	488	-	-	-
Tyneham Close (Shaftesbury & Queenstown)				
Satellite Site Development	-	126	3,597	5,617
TOTAL REGENERATION PROJECTS	36,501	43,068	54,586	98,487

	<u>2022/23</u> <u>£ '000</u>	<u>2023/24</u> <u>£ '000</u>	<u>2024/25</u> <u>£ '000</u>	<u>2025/26</u> <u>£ '000</u>
<u>OTHER CAPITAL SCHEMES</u>				
<u>VEHICLE FLEET RENEWAL</u>				
Vehicle Acquisitions	-	100	400	-
TOTAL VEHICLE FLEET RENEWAL	<u>-</u>	<u>100</u>	<u>400</u>	<u>-</u>
<u>PURCHASE OF PROPERTIES</u>				
Acquisitions	18,500	11,500	500	-
TOTAL PURCHASE OF PROPERTIES	<u>18,500</u>	<u>11,500</u>	<u>500</u>	<u>-</u>
<u>HOUSE PURCHASE GRANTS</u>				
House Purchase Grants	4,000	4,000	4,281	-
TOTAL HOUSE PURCHASE GRANTS	<u>4,000</u>	<u>4,000</u>	<u>4,281</u>	<u>-</u>

HOUSING REVENUE ACCOUNT NON-RESIDENTIAL CHARGES

Table 1 – Garages (£ per week)

	<u>Current Charge</u>	<u>Proposed Charge</u>
	<u>£</u>	<u>£</u>
Band A+	33.35	35.70
Band A	30.15	32.25
Band B	18.00	19.25
Band C	12.95	13.85
Band D	9.60	10.25

Table 2 – Other Property (£ per week)

	<u>Current Charge</u>	<u>Proposed Charge</u>
	<u>£</u>	<u>£</u>
Store shed - Band A+	New	5.00
Store shed - Band A	3.60	3.85
Store shed - Band B	2.85	3.05
Store shed - Band C	1.80	1.95
Motorcycle sheds	7.40	7.90
Parking Lots/Other non-domestic sites	9.80	10.50
Parking lots at Lockyer House	18.00	19.25
Cycle lockers	1.80	1.95

Table 3 – Other Charges

	<u>Current Charge</u>	<u>Proposed Charge</u>
	<u>£</u>	<u>£</u>
Replacement door entry fob	20.75	22.20
Replacement resident's parking permit	21.80	23.35
Replacement or additional sets of keys	Cost plus 21.80	Cost plus 23.35
Pre-assignment enquiries	190.00	205.00

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

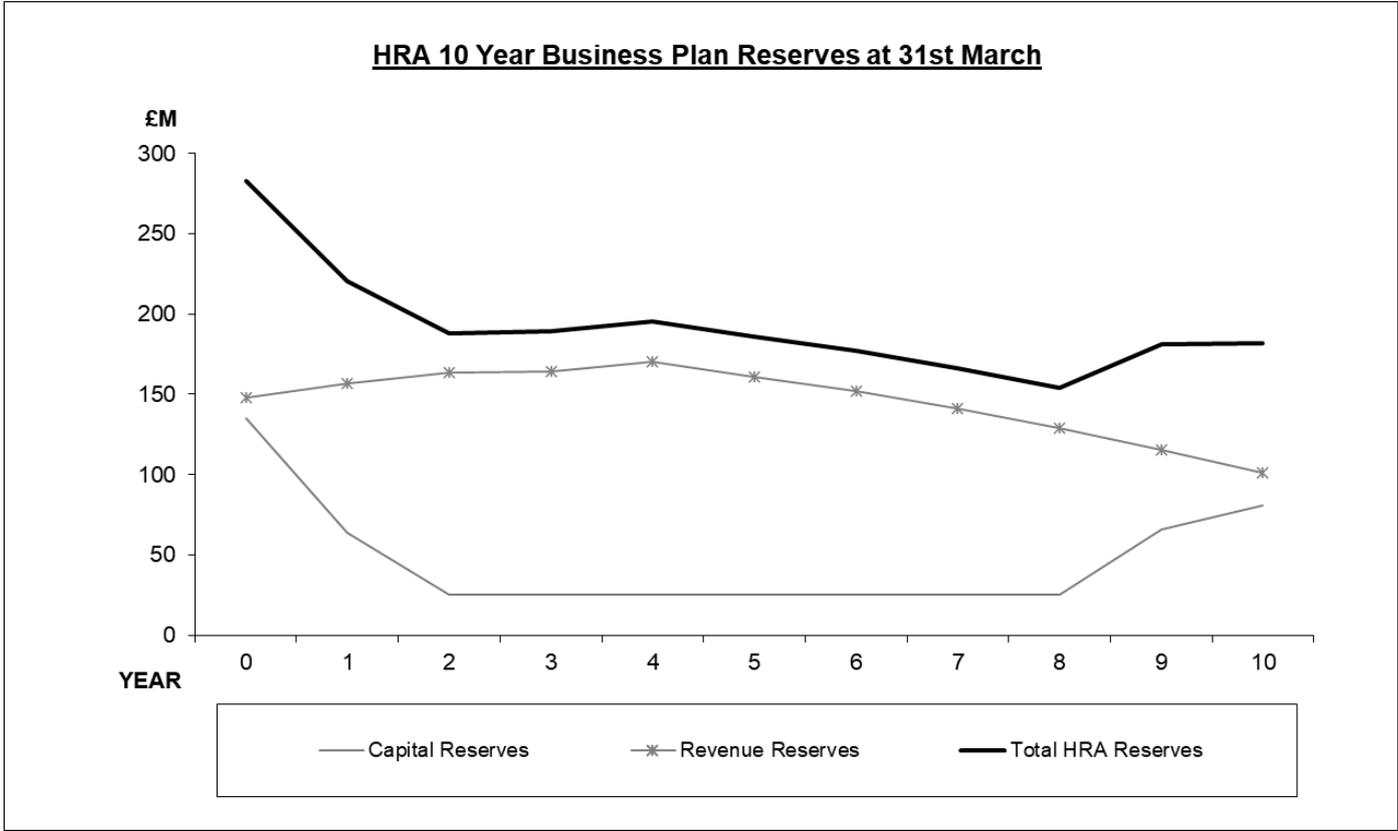
APPENDIX E

COUNCIL HOUSING BUDGET FRAMEWORK

	Original Budget 2022/23 £'000	Revised Budget 2022/23 £'000	Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>EXPENDITURE</u>					
REVENUE					
Supervision, Management & Maintenance					
Repairs & Maintenance	30,484	32,378	34,515	35,468	36,366
General Management	35,566	37,628	40,017	42,009	43,577
Special Services	17,004	19,881	24,388	25,224	26,089
Capital Financing Costs	32,552	33,348	34,569	42,016	36,757
Other Expenses	2,783	3,808	4,968	5,527	6,082
Depreciation (Contribution to Capital)	24,484	25,882	27,155	28,006	29,026
TOTAL REVENUE EXPENDITURE	(142,873)	(152,925)	(165,612)	(178,250)	(177,897)
CAPITAL					
Repairs and Improvements	65,655	37,528	84,266	65,931	19,540
Environmental, New Build & Regeneration	111,023	70,940	111,009	97,204	129,698
Vehicle Fleet Renewal	0	0	100	400	0
Purchase of Properties	7,491	18,500	11,500	500	0
House Purchase Grants	4,000	4,000	4,000	4,281	0
TOTAL CAPITAL EXPENDITURE	(188,169)	(130,968)	(210,875)	(168,316)	(149,238)
	331,042	283,893	376,487	346,566	327,135
<u>INCOME</u>					
REVENUE					
Gross Rents – Dwellings	114,191	113,328	120,905	125,333	129,389
Gross Rents – Non-Dwellings	5,151	5,298	5,557	5,696	5,838
Leaseholder Service Charges	15,297	19,073	18,801	19,255	19,733
Other Income	16,385	23,998	27,049	28,991	28,795
TOTAL REVENUE INCOME	(151,024)	(161,697)	(172,312)	(179,275)	(183,755)
CAPITAL					
Contribution from Revenue (Depreciation)	24,484	25,882	27,155	28,006	29,026
Capital Receipts	11,311	10,932	1,583	3,564	4,767
Capital Grants & Reimbursements	3,450	17,461	3,523	8,747	7,358
Leaseholder Major Works Charges	4,311	4,383	4,250	4,628	4,770
Borrowing	68,059	1,398	135,242	123,371	103,317
TOTAL CAPITAL INCOME	(111,615)	(60,056)	(171,753)	(168,316)	(149,238)
	262,639	221,753	344,065	347,591	332,993
Total reserves at beginning of year	250,212	282,832	220,692	188,270	189,295
Surplus / (Deficit) in year	(68,403)	(62,140)	(32,422)	1,025	5,858
Total reserves at end of year	181,809	220,692	188,270	189,295	195,153

APPENDIX F

HRA 10 Year Business Plan Reserves Position



Section 6
Pension Fund

WANDSWORTH BOROUGH COUNCIL

JOINT PENSIONS COMMITTEE – 16TH MARCH 2023

Report by the Director of Finance on Wandsworth Pension Fund Budget 2022-2026

SUMMARY

This report summarises Pension Fund operating income and expenditure in 2022/23 compared to the approved budget, and uses this data, triennial valuation outcomes and latest market information to set a budget for 2023/24.

The report proposes noting the estimated outturn for 2022/23, approving the Fund budget for 2023/24 and noting the projected year budget position for 2024/25 and 2025/26.

GLOSSARY

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

RECOMMENDATIONS

1. The Joint Pensions Committee is recommended to:
 - note the estimated outturn on the Pension Fund Revenue Budget for 2022/23;
 - approve the Pension Fund Budget for 2023/24; and
 - note the projected budget for 2024/25 and 2025/26 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. These high level projections are further supported by detailed daily cash flow

monitoring to maintain sufficient cash in the Fund's bank, and monitoring of cash held by the custodian and fund managers to ensure sufficient liquidity is maintained.

3. The budget shown in Appendix A is based on the following information:
 - 2022 valuation employer contribution rates applied to pensionable payroll.
 - Assumptions on pay awards (which impact contributions). The current employer offer for April 2023 is at least 3.88% (a combination of fixed sum for some and percentage for others) so a 5% average increase is included.
 - Consumer Price Index (CPI) inflation was 10.1% at September. This applies to pension benefits from April.
 - Average of the last 4 years' values for "one off" costs such as transfers into and out of the Fund and strain costs. 2020/21 is not a typical year due to the impact on the pandemic on the behaviour of both employees and employers and is therefore excluded from this calculation.
 - Returns and growth on pension fund investments being in line with the valuation target of 4.5%. This impacts investment income and manager fees where fees are based on the value of AUM.
 - Non-market changes in AUM, such as draw down on committed investments in private assets, which will impact fees. Some of the earlier investments in private assets are now moving to the repayment stage, but until we have enough information to base estimates on, these repayments are excluded for prudence.
 - The transfer of Richmond upon Thames College (RuTC) to Hillingdon pension fund. This involves the transfer of approx. £42m (early estimate from the actuary) of assets. Officers are currently investigating the transfer of assets between funds so there is no allowance for cash settlement in the budget. However, the associated reduction investment income, fees, contributions and benefit payments are all allowed for in the estimates.
4. The budget shows that the net cash flow from dealing with members is consistently negative. This means that an element of the Fund's investment return needs to be used to support these payments, as well as the costs of administration, governance and investment management. This information will be used by Investment Consultants in setting asset allocations which provide sufficient cash returns to cover this shortfall, either from contractual cash flows or redemptions.
5. The budget includes estimates of regular payments, or payments with an ongoing trend or pattern. It does not include general estimates of significant one off payments, such as bulk transfers between funds, unless there is some knowledge on the amount and date of the transfer (e.g. RuTC).
6. Investment revenue returns are included here, although the Fund has a mix of accumulation and redemption instructions to managers for dealing with returns. This means that returns are not all currently available as cash, although it is possible to change instructions to managers if additional cash is needed. Any unrealised return (change in the value of investments held) is excluded.
7. The budget does not include any estimated additional officer costs for climate reporting as these will depend on the information required to monitor the Fund's

targets. Officers are awaiting the outcome of the consultation shared with the Committee in December in Paper 22-251. The budget does allow for increased professional advice which has been needed in recent years in calculating the Fund's carbon footprint, setting carbon reduction targets and appointing energy transition managers, as climate reporting will require external expertise and data.

PROJECTIONS FOR 2022/23

8. The projections are based on income and expenditure to date, adjusted for any known significant payments or receipts due. The significant projected variances are as follows :
 - The pay award agreed in the autumn and backdated to April awarded a cash increase to all officers which was in many cases significantly higher than the 2% assumed for the budget. This increased employer and employee contributions significantly.
 - Transfers in and out are both higher than budgeted with a net £1m improved cash position.
 - Lump sum payments have been higher than budgeted. This is due to higher value individual payments, as payment numbers are similar.
 - Investment income and fees have both been higher than budgeted with a net £3m improved cash position. The Fund is now investing in more private assets, with higher fees and higher returns. Fees linked to investment values will increase as managers draw down against the commitment, and the Fund has paid \$58m and £26m in draw downs so far this year (close to £75m depending on exchange rate at the time) with calls from the new infrastructure managers anticipated next year.
 - Costs of Administration and Investment team support have increased, partly due to the pay award and partly due to the review of the Council's recharging processes last year as noted in the Annual Report and Accounts.

MEDIUM TERM CASH PROJECTIONS

9. The Pension Fund is continuing to mature with the net cash outflow from dealings with members expected to increase. The impact of September 2022 CPI and the increased take up of lump sum options in recent years have both negatively impacted this position.
10. The Fund's increased allocation to alternative asset classes is still building up to the target level although the earlier investments in infrastructure and private debt are now generating returns and capital distributions. These, taken with traditional investment returns, will cover the cash requirement for dealings with members and allow for some reinvestment.

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 estimate, this smooths the year on year volatility that is likely to cause variances against projected cashflow.

The Town Hall
Wandsworth
SW18 2PU

Fenella Merry
Director of Finance

8th March 2023

Background Papers:

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

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

APPENDIX A

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

	Outturn 2021/22 £000	Original Estimate 2022/23 £000	Projected Outturn 2022/23 £000	Projected Variance 2022/23 %	Budget Estimates		
					2023/24 £000	2024/25 £000	2025/26 £000
Regular Cashflows							
- Contributions From							
Employees	17,095	17,120	18,296	7%	19,020	19,970	20,750
Employers Normal	49,962	50,460	53,169	5%	53,580	55,880	58,020
- Benefits Payable							
Pensions	-69,651	-71,650	-72,514	1%	-80,950	-85,000	-87,460
Subtotal Regular Cash	-2,594	-4,070	-1,049		-8,350	-9,150	-8,690
Irregular Cashflows							
- Contributions From							
Employers Strain Costs	1,315	1,000	947	-5%	1,000	1,000	1,000
Transfer In	10,037	7,810	11,861	52%	10,730	11,270	11,710
- Benefits Payable							
Lump Sum Retirement Benefits	-9,604	-11,310	-12,437	10%	-11,790	-12,380	-12,860
Lump Sum Death Benefits	-1,150	-1,350	-1,528	13%	-1,560	-1,640	-1,700
Transfers Out	-9,960	-9,810	-13,049	33%	-15,970	-16,770	-17,420
Subtotal Irregular Cash	-9,362	-13,660	-14,206		-17,590	-18,520	-19,270
Net Additions/Withdrawals from Dealing with Members	-11,956	-17,730	-15,255	-14%	-25,940	-27,670	-27,960
Returns on Investments							
Investment Income	45,640	44,310	49,602	12%	51,000	53,300	55,700
Investment Management Expenses	-11,129	-9,200	-11,445	24%	-12,690	-13,260	-13,860
Establishment	-1,324	-890	-1,425	60%	-1,500	-1,570	-1,630
Custody	-56	-60	-55	-8%	-60	-60	-60
Professional Advice	-346	-150	-250	67%	-280	-290	-300
Total	20,829	16,280	21,172	30%	10,530	10,450	11,890

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