

WANDSWORTH BOROUGH COUNCIL

Consultation with the Local Business Community

Report by the Director of Resources on the Council's Budget Plans for 2019/20 and future years

SUMMARY

The Council wishes to continue its regular consultation with the local business community about its budget plans for future years. This report provides an overview of these plans and invites views to be taken into account when decisions are made on the council tax for 2019/20 and budgets for future years. Comments on the Council's budget plans can be received up until 15th February 2019.

RECOMMENDATION

1. Local businesses are invited to make comments on the Council's budget plans, for consideration by the Finance and Corporate Resources Overview and Scrutiny Committee on 13th February 2019 and the Executive on 25th February 2019 before deciding upon recommendations to the full Council for setting the council tax for 2019/20 and budget frameworks for future years.

BACKGROUND MATERIAL

2. Statutory guidelines determine much of the content of the papers that are available for consultation. Wandsworth Business Partnership members may wish to refer to the following background material:
 - [the Statement of Accounts for 2017/18](#)
 - [September 2018 reviews of the capital programme](#)
 - [September 2018 reviews of the capital programme\(appendices A-C\)](#)
 - [September 2018 reviews of the capital programme\(appendix D\)](#)
 - [the Housing Revenue Account Rents and Service Charges for Council Dwellings and Non-Residential Charges;](#)
 - [the Housing Revenue Account Rents and Service Charges for Council Dwellings and Non-Residential Charges.\(appendices A-C\);](#)
 - [the Housing Revenue Account Rents and Service Charges for Council Dwellings and Non-Residential Charges \(appendices D-F\).](#)
 - [the Council's General Revenue budget 2018-2022.](#)
 - [the Council's General Revenue budget 2018-2022 \(appendix A\)](#)
 - [General Fund Capital Bids 2018-21](#)
 - [General Fund Capital Bids 2018-21 \(appendix A\)](#)
 - [General Fund Capital Bids 2018-21 \(appendix B - Summary\)](#)

MAIN FEATURES OF BUDGET PLANS FOR 2018/19 AND FUTURE YEARS

Capital and Major Works Programmes

3. For [council housing](#), the repairs and improvements works continue with a programme of £65.0 million in 2019/20 and £47.4 million in 2020/21. In

addition another £99 million is being invested into new build, regeneration projects and environmental improvements in 2019/20 and £93 million in 2020/21 all of which contribute to the combined Housing Revenue Account capital programme totalling £167.2 million in 2019/20 and £143.8 million in 2020/21. This is to be financed by capital receipts, borrowing, capital reimbursements including service charges and grants which include the utilisation of the retained Right to Buy receipts, grant where available and the application of Section 106 receipts held for affordable housing or capital reserves built up over previous years.

4. Capital expenditure for other services is financed by grants and by realising the invested proceeds of the sale of council assets. Total expenditure in the current year is £81.6 million; this includes £7.8 million of spending on schools and youth facility refurbishment and buildings. The programme for 2019/20 is £81.3 million, which includes a further £13.9 million spending on schools and youth facilities, and for 2020/21 £67.3 million which includes £20.4 million on schools and youth facilities. These figures include new schemes for 2019/20 and future years.

Revenue Budget and Council Tax

5. The Mayor of London (Mr Sadiq Khan) has issued a consultation document on the Greater London Assembly (GLA) budget requirement and precepts for 2019/20. This shows the total GLA precept increasing by £26.28 (8.9%) from £294.23 to £320.51 for 2019/20, of which £24 will be applied for policing and the balance to fund the London Fire Brigade. For the purposes of the budget framework this increases to £326.92 in 2020/21 and £333.45 in 2021/22 in line with the Mayor's own consultation document.
6. The Council's Share of Council Tax. The Government's Settlement Funding Assessment (SFA) for 2019/20 totals £95.8 million which is in line with expectations. This is £5.5 million less than the 2018/19 settlement. No further reduction in funding has been assumed in 2020/21 and future years at this stage. Overall, Government support has dropped over the four-year settlement period by £18.9 million, i.e. 16%, and there is a risk that it could drop further following the outcome of the Government's "Fairer Funding Review" which will determine new baseline funding allocations for the local authorities from 2020/21. It is currently unclear how the Council's funding will be impacted although there has been considerable speculation around the risk of a shift of resources away from London authorities.
7. The Localism Act 2011 gives the Government the power to impose a limit on Council Tax increases above which level proposed increases will be subject to a local referendum, and this limit has again been set at 2.99% for 2019/20. However, in addition, as last year, local authorities responsible for adult social care will be given additional Council Tax flexibility on top of this general threshold, on the understanding that this additional revenue will be used for adult social care services. The Council applied an adult social care precept of 2% in both 2017/18 and 2018/19 and could apply another 2% in 2019/20.

8. The Council's General Revenue budget 2018-2022 report includes net service expenditure proposals for 2019/20 totalling £182 million. It highlights that, in order to set a council tax level for 2019/20 which does not breach the 4.99% referendum level, consideration will need to be given to known additional spending pressures and a review of earmarked reserves, in combination with the possibility of generating savings proposals.
9. The draft revenue budget framework. The power of the Council to significantly vary its expenditure upwards is limited in each of its financial frameworks due to factors such as the provision for local referenda introduced within the Government's Localism Act, the need to legally balance the Housing Revenue Account and the level of capital receipts available. Therefore, any decision to reorder spending priorities is in reality based on the competing needs of services for current budgeted expenditure.

Council housing rents

10. Rents for the Council's social rented stock will decrease from April 2019 by a minimum of 1% in line with current Government legislation which gives an estimated average rent in Wandsworth of £125 per week from April 2019. In addition to this some services have been previously unpooled from rent and are itemised separately. Where tenants benefit from these services the individual charges are calculated based on actual costs with increases from year to year capped where applicable. The current average charge for services is £7.24 per week. Despite this level of rent decrease the Council continues to maintain a financially viable Housing Revenue Account business plan based upon current assumptions.

TIMETABLE

11. Written comments, received by 15th February 2019, will be considered by the Finance and Corporate Resources Overview and Scrutiny Committee on 13th February 2019 and the Executive on 25th February 2019. Responses can be emailed to financeconsultation@wandsworth.gov.uk. The Executive will then present recommendations to the full Council (at a special meeting on 6th March) for setting the Council's council tax for 2019/20 and revenue budget framework for future years

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23 January 2019