

# How Lambeth Council's money will be spent

The challenging financial climate has meant that the Council has had to deliver services with significantly less Central Government funding, whilst also managing uncontrollable costs. Each year the Council assesses the amount of Central Government funding available and our Council Tax requirement, whilst considering the additional pressures, which have predominately been due to demand for our already stretched services. Taking this approach allows us to then determine how we will allocate resources and the saving requirement for the next year and in the medium term.

Our Medium Term Financial Strategy supports our Borough Plan 2016-2026. The Borough Plan is a ten year vision and strategy for the borough, and after the review in July 2019 sets out our top 20 goals under four overarching priorities.

Developing and establishing these four broad priorities has been in partnership with public, private and third sector organisations in the borough, and we will continue to work with residents and businesses to develop new ways to deliver services and identify necessary savings.

The Council's Budget Requirement (in other terms 'net cash limit') is defined as Central Government funding through the Settlement Funding Assessment (which includes: Business Rates and the Revenue Support Grant), and other grants (e.g. New Homes Bonus) and Council Tax income from residents.

## **General Fund**

The 'General Fund' is an account which summarises the revenue cost (see Revenue Expenditure below) of providing services (excluding Social Housing) which are funded by Central Government through the Settlement Funding Assessment, and other grants, and by our own locally generated income, for example, Council Tax from residents. The key point here is that the General Fund excludes costs and income from the provision of Social Housing which is legally accounted for separately in the 'Housing Revenue Account' and is funded by rents payable.

## **Revenue Expenditure**

Revenue Expenditure is defined as the regular day-to-day running costs that an organisation incurs in the provision of services. For example, this could include, the cost of employing staff, paying for supplies and utilities, maintaining buildings etc.

## 2020/21 Revenue Budgets (Compared with 2019/20)

Directorates	2019/20 Net Budget £'000	2020/21		
		Council Spending £'000	Money Raised from Grants, Fees & Charges £'000	2020/21 Net Budget £'000
Adults & Health	80,305			86,580
Children's Services	62,821			68,100
No Recourse to Public Funds	2,923			2,720
Resident Services	74,951			70,627
Sustainable Growth & Opportunity	2,340			2,631
Finance & Investment	6,806			9,848
Strategy and Communications	1,646			2,222
Legal and Governance	3,134			4,492
Corporate Items	52,821			60,454
<b>Budget Requirement</b>	<b>287,747</b>	920,129	(612,365)	<b>307,674</b>
Less: Settlement Funding Assessment and other Income	(164,866)			(177,244)
<b>Lambeth Council Tax Requirement</b>	<b>122,881</b>			<b>130,430</b>
Add: Greater London Authority (GLA)				
Council Tax requirement	35,018			37,032
<b>Total Council Tax Requirement</b>	<b>157,899</b>			<b>167,462</b>

## Calculating the Council Tax Rate

	2019/20	2020/21
Council Tax Base (Number of Band D Equivalent Properties)	109,258	111,520
Lambeth Band D Council Tax	£1,124.69	£1,169.57
GLA Band D Council Tax	£320.51	£332.07
<b>Total Band D Amount</b>	<b>£1,445.20</b>	<b>£1,501.64</b>

The Total Council Tax Requirement is the sum required to run the services of Lambeth and the GLA share, after Government grants and other income. This total is divided by the Council Tax Base (the number of Band D equivalent properties) to work out the council tax for Band D.

## Change in Net Revenue Budget

	£'000
Lambeth Budget 2019/20	287,747
Inflation, transfers and adjustments	14,015
Growth pressures and service improvements	15,733
Agreed savings	(9,821)
<b>Lambeth Budget 2020/21</b>	<b>307,674</b>

## Capital Budgets

The Council's 2020/21 budget for capital expenditure is shown in the table below, summarised by our Borough Plan priorities. Capital budgets can be funded through capital grants, capital reserves, S106 income, and proceeds from selling assets as well as borrowing.

<b>2020/21 Capital Projects by Priority</b>	<b>£'000</b>
Enabling growth and development in the borough	1,209
Ensuring that the benefits of growth increase community resilience	12,356
Reform the way we commission and deliver services with our partners to provide and promote care and independence	6,513
Making Lambeth a place where people want to live, work and invest	49,410
<b>Grand Total</b>	<b>69,488</b>

## Capital Expenditure

Capital Expenditure is defined as expenditure that is incurred in the purchase, creation or enhancement of non-current assets. Examples include: improving roads, expanding facilities in a school building, or development of a new library or leisure centre.

## Outstanding Loans forecast as at 31 March 2020

<b>Type of Borrowing</b>	<b>£'000</b>
Opening Public Works Loans Board Debt	448,100
In Year Movement	93,600
<b>Closing Public Works Loans Board Debt</b>	<b>541,700</b>

The Council borrows money from the Public Works Loans Board, a Government agency, to assist in funding its capital expenditure.

## Levying Bodies for Lambeth

	2019/20 (£)	2020/21 (£)	Change (£)
London Pensions Fund Authority	1,592,194	1,595,134	2,940
Environment Agency	248,735	225,046	(23,689)
Lee Valley Regional Park Authority	259,632	261,019	1,387
Western Riverside Waste Authority	248,735	225,046	(73,893)
<b>Total</b>	<b>3,329,902</b>	<b>3,256,647</b>	<b>(93,255)</b>

### London Pensions Fund Authority

The London Pensions Fund Authority (LPFA) raises a levy each year to meet expenditure on premature retirement compensation and outstanding personnel matters for which LPFA is responsible and cannot charge to the pension fund. These payments relate to former employees of the Greater London Council (GLC), the Inner London Education Authority (ILEA) and the London Residuary Body (LRB).

For 2020/21, the income to be raised by levies is set out below. The Greater London levy is payable in all boroughs, the inner London levy only in Inner London Boroughs (including the City of London). The figures show the total to be raised and, in brackets, the percentage change on the previous years.

- Inner London £13,065,200
- Greater London £10,317,753
- Total £23,382,953 (0%)

### Environment Agency

#### The Council Tax (Demand Notices) (England) Regulations 2011

The Environment Agency is a levying body for its Flood and Coastal Erosion Risk Management Functions under the Flood and Water Management Act 2010 and the Environment Agency (Levies) (England and Wales) Regulations 2011.

The Environment Agency has powers in respect of flood and coastal erosion risk management for 5200 kilometres of main river and along tidal and sea defences in the area of the Thames Regional Flood and Coastal Committee. Money is spent on the construction of new flood defence schemes, the maintenance of the river system and existing flood defences together with the operation of a flood warning system and management of the risk of coastal erosion. The financial details are:

Thames Regional Flood and Coastal Committee	2019/20 '000s	2020/21 '000s
Gross Expenditure	£100,146	£101,860
Levies Raised	£11,577	£11,807
<b>Total Council Tax Base</b>	<b>5,085</b>	<b>5,163</b>

The majority of funding for flood defence comes directly from the Department for the Environment, Food and Rural Affairs (Defra). However, under the new Partnership Funding rule not all schemes will attract full central funding. To provide local funding for local priorities and contributions for partnership funding the Regional Flood and Coastal Committees recommend through the Environment Agency a local levy.

A change in the gross budgeted expenditure between years reflects the programme of works for both capital and revenue needed by the Regional Flood and Coastal Committee to which you contribute. The total Local Levy raised by this committee has increased by 1.99%.

The total Local Levy raised has increased from £11,576,942 in 2019/2020 to £11,807,323 for 2020/2021.

## Lee Valley Regional Park Authority

Lee Valley Regional Park is a unique leisure, sports and environmental destination for all residents of London, Essex and Hertfordshire. The 26 mile long, 10,000 acre Park, much of it formerly derelict land, is partly funded by a levy on the council tax. This year there has been a 0% increase in this levy. Find out more about hundreds of great days out, world class sports venues and award winning parklands at [visitleevalley.org.uk](http://visitleevalley.org.uk)

Budget/Levy Changes	2019/20	2020/21
Authority Operating Expenditure	10.9	15.1
Authority Operating Income	(3.0)	(7.9)
<b>Net Service Operating Costs</b>	<b>7.9</b>	<b>7.2</b>
Financing Costs / Debt servicing/repayments	0.5	0.9
Financing Costs / Capital investment	1.2	1.2
<b>Total Net Expenditure</b>	<b>9.6</b>	<b>9.3</b>
<b>Total Levy</b>	<b>(9.6)</b>	<b>(9.6)</b>

Further details on how this budget is spent and the amount each council contributes can be found at [leevalleypark.org.uk](http://leevalleypark.org.uk)

## Western Riverside Waste Authority

The Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003 (as amended) The Western Riverside Waste Authority, as a levying body under the above regulations, provides the following information.

Western Riverside Waste Authority is the statutory waste disposal authority for the London Boroughs of Hammersmith & Fulham, Lambeth and Wandsworth and for the Royal Borough of Kensington and Chelsea. The Authority's waste management policies are led by the waste hierarchy principles of waste reduction, reuse and recycling, with the balance of residual waste being transported from the Authority's two transfer stations via the River Thames to an Energy from Waste Facility on the Thames at Belvedere. The Authority has therefore already achieved the Mayor of London's 2025 target of zero municipal waste direct to landfill.

The Authority and its constituent councils agreed on a basis of cost apportionment from 2009/10. Under the agreement, which has been extended to run for a further eight years from 2017/18, the Authority recovers the costs of waste delivered by its constituent councils at a rate per tonne according to the nature of the waste recycled or disposed of. There is a residual annual levy, apportioned on the basis of council tax-base, for overheads and civic amenity waste.

The estimated costs to constituent councils for 2020/21 compared to the original budgeted cost in 2019/20 are shown in the table below.

Council	2020/21 Direct costs £'000	2020/21 Levy £'000	2020/21 Total costs £'000	2019/20 Total costs £'000	Increase/ (Decrease) £'000	Increase/ (Decrease) %
Hammersmith & Fulham	9,133	848	9,981	10,252	(271)	(2.71)
Kensington & Chelsea	9,673	1,028	10,701	10,935	(234)	(2.14)
Lambeth	14,301	1,176	15,477	15,744	(267)	(1.70)
Wandsworth	12,459	1,426	13,885	14,335	(450)	(3.14)
<b>Total</b>	<b>45,566</b>	<b>4,478</b>	<b>50,044</b>	<b>51,266</b>	<b>(1,222)</b>	<b>(2.38)</b>

Total net costs to constituent councils have reduced by 2.4% compared to the original budget for 2019/20. For more information on Western Riverside Waste Authority visit [wrwa.gov.uk](http://wrwa.gov.uk)