

How Lambeth Council's money will be spent

This year has been like no other in modern memory. The council entered the financial year whilst the country was in lockdown as a result of the coronavirus pandemic, and all the signs are that it will close the year in lockdown. The planning for the 2021/22 budget has been done in a state of uncertainty both in the progress and outcome of the pandemic and the future of local government finance.

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.

Due to the council's prudent financial management, and despite the significant spending to support residents through this crisis, we have been able to set a balanced Medium-Term Financial Strategy, through a mixture of income generation, savings and use of reserves.

We have expanded the welfare safety net for people in financial difficulty so that more people can receive the support they need, through funding additional support through the emergency support scheme, discretionary housing payments and additional funding for local advice surgeries. In addition to the enhancements to the Council Tax Support scheme, we've added a Foster Carer Council Tax allowance to support our foster carers for the incredibly important work that they do and to encourage more residents within the borough to become carers.

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.

2021/22 Revenue Budgets (Compared with 2020/21)

Directorates	2020/21 Net Budget £'000	2021/22		
		Council Spending £'000	Money Raised from Grants, Fees & Charges £'000	2021/22 Net Budget £'000
Adults & Health	86,580			94,009
Children's Services	68,100			75,291
No Recourse to Public Funds	2,720			2,734
Resident Services	70,627			69,322
Sustainable Growth & Opportunity	2,631			3,050
Finance & Investment	9,848			12,831
Strategy and Communications	2,222			2,265
Legal and Governance	4,492			5,481
Corporate Items	60,454			65,935
Budget Requirement	307,674	943,373	(612,455)	330,918
Less: Settlement Funding Assessment and Other Income	(177,244)			(194,775)
Lambeth Council Tax Requirement	130,430			136,143
Add: Greater London Authority (GLA) Council Tax requirement	37,032			40,920
Total Council Tax Requirement	167,462			177,063

Calculating the Council Tax Rate

	2020/21	2021/22
Council Tax Base (Number of Band D Equivalent Properties)	111,520	110,872
Lambeth Band D Council Tax	£1,169.57	£1,227.93
GLA Band D Council Tax	£332.07	£363.66
Total Band D Amount	£1,501.64	£1,591.59

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 2020/21	307,674
Growth pressures, inflation, and technical adjustments	37,323
Savings and increased income	(14,080)
Lambeth Budget 2021/22	330,918

Capital Budgets

The council's 2021/22 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.

2021/22 Capital Projects by Priority	£'000
Enabling growth and development in the borough	54,970
Ensuring that the benefits of growth increase community resilience	15,689
Reform the way we commission and deliver services with our partners to provide and promote care and independence	4,293
Making Lambeth a place where people want to live, work and invest	108,199
Grand Total	183,140

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 2022

Type of Borrowing	£'000
Opening Public Works Loans Board Debt	591,658
In Year Movement	83,483
Closing Public Works Loans Board Debt	675,141

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

Levying Bodies for Lambeth

	2020/21 (£)	2021/22 (£)	Change (£)
London Pensions Fund Authority	1,595,134	1,601,578	6,444
Environment Agency	255,046	260,426	5,380
Lee Valley Regional Park Authority	261,020	266,884	5,865
Western Riverside Waste Authority	1,175,448	1,149,516	(25,932)
Total	3,286,648	3,278,404	(8,244)

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 2021/22, 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 year.

- 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:

	2020/21 £'000	2021/22 £'000
Gross Expenditure	132,291	133,962
Levies Raised	11,807	12,042
Total Council Tax Base	5,163	5,127

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 £11,807,323 in 2020/2021 to £12,042,289 for 2021/2022.

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 2% increase in this levy. Find out more about hundreds of great days out, world class sports venues and award winning parklands at www.visitleevalley.org.uk

Budget/Levy Changes	2020/21 £m	2021/22 £m
Authority Operating Expenditure	15.1	20.9
Authority Operating Income	(7.9)	(12.7)
Net Service Operating Costs	7.2	8.2
Financing Costs / Debt servicing/repayments	0.9	0.5
Financing Costs / Capital investment	1.2	0.8
Total Net Expenditure	9.3	9.5
Total Levy	(9.6)	(9.8)

Further details on how this budget is spent and the amount each council contributes can be found at www.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 2021/22 compared to the original budgeted cost in 2020/21 are shown in the table below.

Council	2021/22 Direct costs £'000	2021/22 Levy £'000	2021/22 Total costs £'000	2020/21 Total costs £'000	Increase/ (Decrease) £'000	Increase/ (Decrease) %
Hammersmith & Fulham	9,430	839	10,269	9,981	288	2.89
Kensington and Chelsea	8,005	1,006	9,010	10,701	(1,691)	(15.80)
Lambeth	15,207	1,150	16,356	15,476	880	5.69
Wandsworth	14,064	1,411	15,475	13,885	1,590	11.45
Total	46,706	4,405	51,111	50,044	1,068	2.13

Total net costs to constituent councils have reduced by 2.1% compared to the original budget for 2020/21.

For more information on Western Riverside Waste Authority visit www.wrwa.gov.uk