

How Lambeth Council's money will be spent

The last year has seen further worrying announcements by local authorities proclaiming themselves to be in severe financial distress, adding to the warnings of a growing funding crisis in local government. According to the Institute for Government, central government grant to local authorities has dropped by 40% in real terms between 2010 and 2020, from £46.5bn to £28bn. Portrayed in such a stark light, the recent spate of section 114 notices by councils should not come as a surprise.

Despite the pressures resulting from over a decade of continued central government austerity and the spiralling costs associated with delivering statutory services for some of the most vulnerable residents, such as temporary accommodation and social care, Lambeth has set a balanced budget for 2024/25 and is doing all it can to protect front line services. Our approach has been to focus on finding savings through being more efficient as a council, increasing our income in a way that is fair to residents, protecting preventative services, using less reserves, and helping those most in need with the cost of living.

Our Council Tax Support Scheme, one of the most generous in London, will reduce the Council Tax bills of over 16,000 households to nil. Lambeth provides over £13m of support for working age claimants, rising to over £21m including those of pensionable age.

Lambeth will continue to provide assistance and support through its Cost of Living support programme where we can, providing financial support to our most financially vulnerable residents, with an expanded emergency support scheme for those in financial crisis, and expanded free school meals provision.

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.

2024/25 Revenue Budgets (Compared with 2023/24)

Directorates	2023/24 Net Budget £'000	2024/25		
		Council Spending £'000	Money Raised from Grants, Fees & Charges £'000	2024/25 Net Budget £'000
Adult Social Care	105,815			107,355
Integrated Health and Care	1,599			1,720
Children, Families and Education	89,139			110,515
No Recourse to Public Funds	2,762			2,862
Resident and Enabling Services	48,185			43,380
Housing Services	19,237			27,282
Climate and Inclusive Growth	3,345			3,482
Finance and Governance	24,986			24,007
Chief Executive	2,912			3,260
Corporate Items	93,046			92,112
Budget Requirement	391,026	1,295,882	(879,907)	415,975
Less: Settlement Funding Assessment and Other Income	(241,346)			(256,383)
Lambeth Council Tax Requirement	149,680			159,592
Add: Greater London Authority (GLA) Council Tax requirement	48,941			53,968
Total Council Tax Requirement	198,621			213,560

Calculating the Council Tax Rate

	2023/24	2024/25
Council Tax Base (Number of Band D Equivalent Properties)	112,731	114,484
Lambeth Band D Council Tax	£1,327.76	£1,394.01
GLA Band D Council Tax	£434.14	£471.40
Total Band D Amount	£1,761.90	£1,865.41

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 2023/24	391,026
Growth pressures, inflation, and technical adjustments	53,906
Savings and increased income	(28,957)
Lambeth Budget 2024/25	415,975

Capital Budgets

The council's 2024/25 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.

2024/25 Capital Projects by Lambeth 2030 Ambition	£'000
Making Lambeth neighbourhoods fit for the future	52,789
Making Lambeth one of the safest boroughs in London	12,786
Making Lambeth a place we can all call home	140,404
Grand Total	205,979

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 2024

Type of Borrowing	£'000
Opening Public Works Loans Board Debt	752,666
In Year Movement	114,722
Closing Public Works Loans Board Debt	867,388

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

Levying Bodies for Lambeth

	2023/24 (£)	2024/25 (£)	Change (£)
London Pensions Fund Authority	678,462	680,438	1,976
Environment Agency	266,592	272,631	6,039
Lee Valley Regional Park Authority	286,396	295,782	9,386
Western Riverside Waste Authority	1,078,436	1,108,553	30,117
Total	2,309,886	2,357,404	47,518

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 2024/25, 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.

- Inner London £7,000,000
- Greater London £1,000,000
- Total £8,000,000

From 2022 onwards, a portion of the amount previously raised as levies is being paid into the LPFA Pension Fund to address a funding deficit in respect of former GLC, ILEA, and LRB employees.

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:

	2023/24 £'000	2024/25 £'000
Gross Expenditure	140,213	157,319
Levies Raised	12,526	12,776
Total Council Tax Base	5,297	5,365

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 £ 12,526,341 in 2023/2024 to £ 12,775,615 for 2024/2025.

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 3% 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	2023/24 £m	2024/25 £m
Authority Operating Expenditure	15.5	15.3
Authority Operating Income	(7.3)	(7.8)
Net Service Operating Costs	8.2	7.5
Financing Costs - Debt servicing/repayments	2.0	2.2
Financing Costs - Capital investment	0.9	1.3
Total Net Expenditure	11.1	11.0
Net use of reserves	(0.5)	(0.0)
Total Levy	(10.6)	(11.0)

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 Household Waste and Recycling Centre waste.

The estimated costs to constituent councils for 2024/25 compared to the original budgeted cost in 2023/24 are shown in the table below.

Council	2024/25	2024/25	2024/25	2023/24	Increase/	Increase/
	Direct costs	Levy	Total costs	Total Costs	(Decrease)	(Decrease)
	£'000	£'000	£'000	£'000	£'000	%
Hammersmith & Fulham	9,566	834	10,400	9,923	477	4.8
Kensington and Chelsea	9,898	957	10,856	10,708	148	1.4
Lambeth	15,783	1,109	16,892	16,050	842	5.2
Wandsworth	14,116	1,390	15,506	14,556	950	6.5
Total	49,364	4,289	53,653	51,236	2,417	4.7

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