

# How Lambeth Council's money will be spent

Lambeth Council faces an extremely challenging budget following years of structural underfunding in addition to inflation and ever-increasing demand for services, particularly temporary accommodation in London. The Council welcomes the £2bn of funding confirmed by the newly elected government as part of the Local Government Finance Settlement as an essential first step on the road to rebuilding local government finances to provide vital, under-pressure front-line services.

This will mean very tough decisions about what the council will be able to do and need to look like in future so that we can balance prioritising the money required for the council to discharge its statutory duties, and target resources on our vulnerable residents who rely on our services the most, all whilst keeping the council financially sustainable.

Lambeth is maintaining vital services in the face of significant demand and costs. For example, direct and targeted support to help residents through the cost-of-living crisis, such as the expanded Free School Meals provision, and continuing to tackle the climate crisis with investment in planting trees and creating safer and cleaner neighbourhoods, which remain key priorities for the council.

We will continue to do all we can to protect the front-line services people rely on, but this will not be easy, and a relentless focus on delivering savings will be needed to ensure the future financial sustainability of the council.

## **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.

## 2025/26 Revenue Budgets (Compared with 2024/25)

Directorates	2024/25 Original Net Budget £'000	2024/25		
		Council Spending £'000	Money Raised from Grants, Fees & Charges £'000	2025/26 Original Net Budget £'000
Adult Social Care	107,355			112,595
Integrated Health and Care	1,720			1,124
Children, Families and Education	113,377			109,892
Resident and Enabling Services	44,025			28,543
Housing Services	27,282			39,950
Communities, Governance and Change	18,275			17,513
Finance	12,729			11,821
Chief Executive	481			473
Climate and Inclusive Growth	(1,381)			(2,848)
Corporate Items*	92,112			124,387*
<b>Budget Requirement</b>	<b>415,975</b>	930,609	(903,134)	<b>443,450</b>
Less: Settlement Funding Assessment and Other Income	(256,383)			(270,275)
<b>Lambeth Council Tax Requirement</b>	<b>159,592</b>			<b>173,175</b>
Add: Greater London Authority (GLA) Council Tax requirement	53,968			58,024
<b>Total Council Tax Requirement</b>	<b>213,560</b>			<b>231,199</b>

\*The directorate breakdown includes funding that is being held centrally and will be allocated during the year based on actual growth demands in those directorates. The Target Operating Model (TOM) savings are also held centrally until apportionment is agreed.

## Calculating the Council Tax Rate

	2024/25	2025/26
Council Tax Base (Number of Band D Equivalent Properties)	114,484	118,324
Lambeth Band D Council Tax	£1,394.01	£1,463.57
GLA Band D Council Tax	£471.40	£490.38
<b>Total Band D Amount</b>	<b>£1,865.41</b>	<b>£1,953.95</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 2024/25	415,975
Growth pressures, inflation, and technical adjustments	73,771
Savings and increased income	(46,296)
<b>Lambeth Budget 2024/25</b>	<b>443,450</b>

## Capital Budgets

The council's 2025/26 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>2025/26 Capital Projects by Lambeth 2030 Ambition</b>	<b>£'000</b>
Making Lambeth neighbourhoods fit for the future	48,844
Making Lambeth one of the safest boroughs in London	544
Making Lambeth a place we can all call home	54,133
<b>Grand Total</b>	<b>103,521</b>

The current Capital Investment Programme extends to 2027/28, for completeness the future years are shown below alongside 2025/26

	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>
Making Lambeth neighbourhoods Fit for the Future	48,844	22,233	23,749
Making Lambeth one of the safest boroughs in London	544	100	0
Making Lambeth a place we can all call home	54,133	7,725	6,287
<b>Grand Total</b>	<b>103,521</b>	<b>30,058</b>	<b>30,036</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 2025

<b>Type of Borrowing</b>	<b>£'000</b>
Opening Public Works Loans Board Debt	936,222
In Year Movement	(19,338)
<b>Closing Public Works Loans Board Debt</b>	<b>916,884</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

	2024/25 (£)	2025/26 (£)	Change (£)
London Pensions Fund Authority	680,438	687,062	6,624
Environment Agency	272,631	282,735	10,104
Lee Valley Regional Park Authority	295,782	308,475	12,693
Western Riverside Waste Authority	1,108,553	1,164,521	55,968
<b>Total</b>	<b>2,357,404</b>	<b>2,442,793</b>	<b>85,389</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 2025/26, 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.

As part of the 31 March 2025 triennial valuation, the Levy requirements will be reviewed and communicated to all the London Boroughs as part of the 2026/27 levy setting process.

## 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:

	2024/25 £'000	2025/26 £'000
Gross Expenditure	154,702	126,785
Levies Raised	12,776	13,030
<b>Total Council Tax Base</b>	<b>5,365</b>	<b>5,453</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 £ 12,775,615 in 2024/2025 to £ 13,029,850 for 2025/2026.

## 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 2.7% 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](http://www.visitleevalley.org.uk)

Budget/Levy Changes	2024/25 £m	2025/26 £m
Authority Operating Expenditure	15.3	15.6
Authority Operating Income	(7.8)	(8.0)
<b>Net Service Operating Costs</b>	<b>7.5</b>	<b>7.6</b>
Financing Costs - Debt servicing/repayments	2.2	2.1
Financing Costs - Capital investment	1.3	1.6
<b>Total Net Expenditure</b>	<b>11.0</b>	<b>11.3</b>
Net use of reserves	(0.0)	(0.0)
<b>Total Levy</b>	<b>(11.0)</b>	<b>(11.3)</b>

Further details on how this budget is spent and the amount each council contributes can be found at [www.leevalleypark.org.uk](http://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 2025/26 compared to the original budgeted cost in 2024/25 are shown in the table below.

Council	2025/26 Direct costs £'000	2025/26 Levy £'000	2025/26 Total costs £'000	2024/25 Total Costs £'000	Increase/ (Decrease) £'000	Increase/ (Decrease) %
Hammersmith & Fulham	9,498	869	10,367	10,400	(33)	(0.3)
Kensington and Chelsea	10,421	970	11,391	10,856	535	4.9
Lambeth	16,350	1,165	17,515	16,892	623	3.7
Wandsworth	14,287	1,443	15,730	15,506	224	1.4
<b>Total</b>	<b>50,556</b>	<b>4,447</b>	<b>55,003</b>	<b>53,654</b>	<b>1,349</b>	<b>2.5</b>

For more information on Western Riverside Waste Authority visit [www.wrwa.gov.uk](http://www.wrwa.gov.uk)