



Budget Report

2024/25 to 2027/28

People Committee	6 February 2024
Place Committee	8 February 2024
Corporate and Resources Committee	20 February 2024
Budget Council	29 February 2024

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Introduction

1. This report sets out the Budget for 2024/25 including the Capital Programme and Housing Revenue Account (HRA) and Schools Budget, and the Medium Term Financial Strategy (MTFS) to 2027/28. These combined support the vision and ambitious outcomes for Kingston's communities, residents and businesses.
2. The council publishes a plan every four years, which sets out what we aim to achieve for the borough and translates the administration's manifesto commitments into operational delivery. This, complemented by insight and feedback from the many conversations and engagement activities we have had with our residents, businesses and communities, has resulted in the Council Plan 2023 - 2027 (approved at Council on 2 March 2023) under the themes of **Fairer, Safer, Greener and Together**;
 - **Fairer:** Children and young people have a fairer start in life and all residents are supported when needed throughout their lifetime. Inequality has been reduced and every resident has increased opportunities for a happy and healthy life.
 - **Safer:** Our borough stays safe, well maintained and resilient so individuals and communities can thrive and prosper.
 - **Greener:** We are a greener and more sustainable borough and on track to meet our net zero carbon targets.
 - **Together:** We have strong relationships with partners and work together with our communities to achieve our shared ambitions.

And we will continue to transform our council to become more efficient and deliver in a smarter way together with our partners under a theme of **Future Council**;

3. In order to achieve this vision, the Council is proposing to set a budget and MTFS that will provide a foundation for the Council to achieve these key outcomes, and ensure that the Council is ready for the future, is managed effectively, efficiently and responsibly in the best interests of our residents, partners and businesses, and delivery is supported by high quality back office services.

Budget outcomes

4. This report provides the budget proposals and council tax setting for the 2024/25 financial year achieving the following key outcomes;
 - Growth and investment in services to meet our key priorities and demand pressures of **£16.024m**
 - The identification of **£7.989m** of revenue savings.
 - An average council tax at band D of **£1,903.95**, a 2.99% increase in general Council Tax and a 2.00% increase in the Adult Social Care precept set by Kingston Council

- Inflationary pressures of **£8.626m** funded
 - A general fund reserve of **£19.633m** for 2024/25 - held at the level of this year's figure to provide a buffer against unforeseen events.
 - A Capital Programme to provide infrastructure investment in Kingston. The general fund capital programme over four years from 2024/25 to 2027/28 will be **£237.7m**
5. This budget is designed to support the Council in meeting the significant challenges it faces in delivering services for residents, as well as supporting vulnerable communities and those most in need. This is set against a backdrop of an economic cost of living crisis, coupled with increasing demand in terms of both volume and complexity, along with the additional pressure of the ongoing financial post-pandemic challenges producing a tougher than ever operating environment for local authorities.
 6. The provisional Government Settlement, issued in December 2023 included a 6.5% increase in spending power, though the majority of this increase comes from the ability to raise council tax by up to 3%, plus an additional 2% for those authorities with adult social care responsibilities. Whilst this went some way to support the Council to meet rising cost and demand-led pressures in the budget for 2024/25, it does not meet the full growing cost pressures and demand felt by councils across the country.
 7. The settlement for 2024/25 was the sixth consecutive one year settlement. 2024/25 is the final year in the current Spending Review period, and there is currently no indication from the Government on the trajectory of local authority funding from 2025/26 onwards, though other spending commitments indicate there is unlikely to be more funding forthcoming. A General Election is due by January 2025, in the meantime the sector continues to operate with medium to long-term uncertainty on both future funding and future local government finance reform.
 8. The Council continues to operate in a high inflationary environment whilst residents deal with the impact of the cost of living crisis, with the Council also continuing to see legacy impacts from the pandemic impacting on demand for Council services.
 9. On 24th January 2024, the Government announced an additional £600m support package for local authorities following lobbying by a number of MPs and the wider local government sector since the provisional settlement in December 2023. The additional funding raises the 6.5% increase in spending power previously announced to 7.5%. £500m of this funding is an increase in the social care grant intended to support both Adults and Children's social care, with the remaining £100m comprising £85m to fund an increase in the Funding Guarantee and £15m in increases to the Rural Services Grant.
 10. The final settlement was published on the 5th February 2024 and confirmed the majority of funding streams in line with the provisional settlement. In addition the

following additional resources have been confirmed in the final settlement which are included within this report;

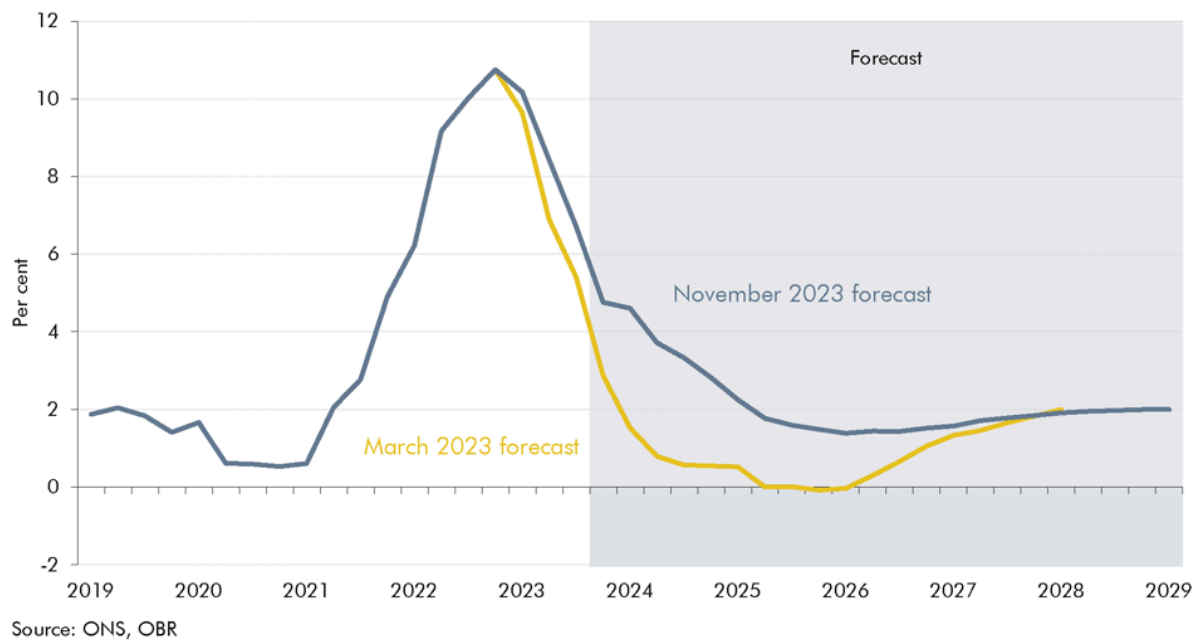
- Additional net grant funding of £191k predominantly relating to Social Care Support Grant for Adults & Childrens.
 - £185k of one-off new monies distributed from the Business Rates levy account surplus
11. The Funding Guarantee is being increased from 3% to 4%. This grant ensures that, before Council Tax decisions, all authorities receive at least a minimum percentage increase in core spending power year on year.

Financial Context

12. This section sets out the main national macro-economic and public spending position, the current position in respect of local government finance and the impact of the economic cost of living crisis on the Council. In short, this is one of the most challenging times for local government finance there has ever been. Demand for statutory services such as social care (for both adults and children and young people) and temporary accommodation is rapidly increasing, as is the cost of providing those services. Meanwhile, the level of funding for local government is not keeping pace with these increases in cost, meaning that savings have to be made.

National Economic Context

13. The economic outlook for the country remains challenging, primarily due to the continuing high levels of inflation, albeit the Consumer Price Index (CPI) rate slowing from the 40-year high of 11% back in October 2022 to a CPI of 4.0% as recorded for December 2023.
14. The economic impact of worldwide issues such as the longer term effects of the global Covid-19 pandemic, the Russian invasion of Ukraine and the impact of escalating conflict in the Middle East, all contribute to a more uncertain global economic outlook.
15. The country started the financial year 2023-24 with CPI inflation at 8.7% (April 2023 figure). The Bank of England has kept interest rates higher than in recent years as a tool to push inflation down. The headline rate of Inflation has come down to 4.0% in December 2023 and has remained at 4.0% as at January 2024, however the impact of higher interest rates has meant higher mortgages for homeowners. Living costs have remained far higher than pre-pandemic levels, with inflation in essentials such as food, fuel and energy bills in particular remaining much higher than in recent years. This maintains pressure on households and in addition, businesses. The chart below by the Office for Budgetary Responsibility (OBR) shows CPI inflation reducing at a slower rate than previously forecast in March 2023.



16. The Office for Budget Responsibility (OBR) forecasts that the UK will grow by 0.6% in 2023. This is considerably better than the forecast last autumn, when it predicted the economy would fall into recession and shrink. However, it has reduced its growth outlook to 0.7% in 2024 and 1.4% in 2025 - down from a previous forecast of 1.8% and 2.5%: "The economy has proved more resilient to the shocks of the pandemic and energy crisis than we anticipated. But inflation has also been more persistent and interest rates higher than [forecast] in March,"
17. UK living standards, as measured by households' real disposable income, are expected to be 3.5% lower in 2024-25 than their pre-pandemic level, before returning to normal several years later. This drop would be less sharp than previously expected, but still represent (according to the OBR) "the largest reduction in real living standards since Office for National Statistics records began in the 1950s".

Local Government and Kingston Context

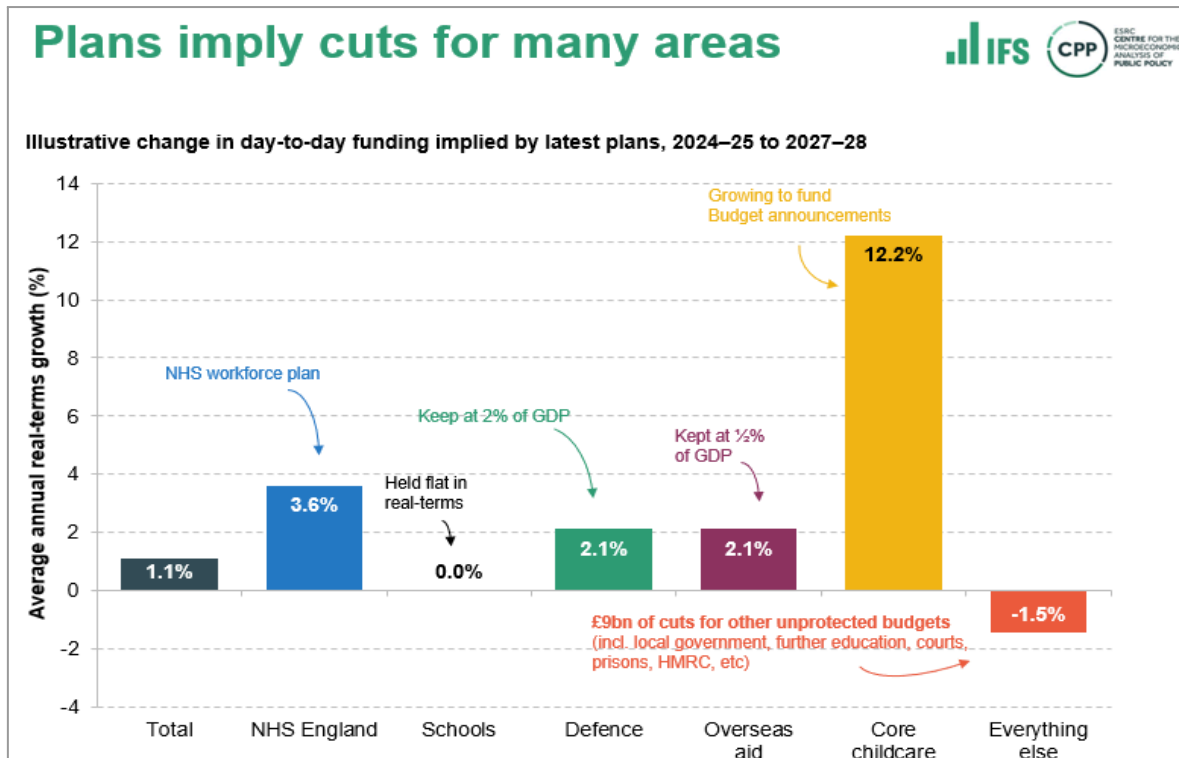
18. Local government finances have been under pressure for a number of years but over the past 12 months this has reached levels where it is regularly reported in the national media. The local government association (LGA) estimates that the sector as a whole faces a funding shortfall of £4 billion over two years, whilst London Councils estimates there is a shortfall of £500 million in London for 2024-25.
19. Kingston, along with all local authorities across the country, continues to operate in a highly inflationary environment (albeit with the rate of inflation now slowing down), which is having a significant impact on the cost of providing services to residents. Government funding is not keeping pace with the increased expenditure the Council is facing. The generally accepted measure of inflation, the Consumer Price Index (CPI) continues to track above the Bank of England target rate of 2%

and peaked at 11.1% in October 2022 before falling to 4.0% in the latest published data for January 2024.

20. The provisional finance settlement for 2024-25 resulted in an overall average 6.5% increase in local government core spending power which fails to match prevailing levels of inflation or demand impacting the budget. Demand levels for Social Care provision in both Childrens and Adults continue to rise in quantum and complexity. Furthermore, the increase in core spending power includes an assumption that a full Council Tax increase of 2.99% in general Council Tax and a further 2.00% increase in the Adult Social precept is taken by each Local Authority and Kingston still receives only a small sum of the unrestricted revenue support grant.
21. Whilst Kingston welcomes the funding announced in the settlement, following the sixth consecutive one year settlement, there is still no certainty on future funding from 2025/26 which is necessary to forward plan effectively in the longer term. A General Election is expected within the next 11 months and must happen by January 2025. The 'Fair Funding' review also known as the Review of Relative Needs and Resources will not be implemented in the current Parliament and therefore will be delayed again causing further uncertainty around funding for Kingston and other local authorities.
22. The Council's Medium Term Financial Strategy (MTFS) continues to ensure that financial resilience is prioritised. The Council is committed to maintaining sufficient reserves to ensure that the Council has sufficient resources in place to meet future policy investment commitments and to provide a strong financial basis to protect the Council from any future financial uncertainty. The proposed release of part of the collection fund risk reserve as part of this budget is in line with the reduced risk of collection fund deficits arising from recent strong performance.
23. It should be noted that the Government announced that councils can increase council tax by a maximum of 2.99% without the need to hold a public referendum. The threshold at which councils can levy a Social Care Precept (to help cover the cost of providing care services) also remains at 2%. So the total maximum increase without a referendum is currently 4.99%.
24. The structural overspend and shortfall of funding within the Dedicated Schools Grant (DSG) for children with special educational needs or disabilities still gives rise to a significant financial challenge. A statutory override issued by the Department for Levelling Up, Housing and Communities (DLUHC) enables Section 151 officers to not consider the cumulative DSG deficits in assessing the Local Authority financial sustainability, with the expectation being this provides short term respite whilst changes are made to bring spending in line with available funding.
25. Following engagement with the DfE over a number of years, the Local Authority signed a Safety Valve Funding Agreement in March 2021. This agreement provides that the Council can claim an additional £30m in revenue funding over five years to support the position. The successful claim of the additional grant is conditional on the successful implementation of the SEND Futures Plan. The

SEND Futures Plan is the borough's partnership plan to both improve high needs education services and move annual expenditure more in line with the annual DSG grant allocation.

26. The Local Authority will have successfully claimed £27.5m in safety valve funding as at the 31st March 2024 and it is important that the implementation of the plan remains one of the borough's greatest priorities. A phased approach to resolving this financial issue has been agreed with the DfE to ensure the Council can continue to meet its statutory duty whilst implementing measures to improve financial sustainability. The plan is overseen strategically by the SEND Partnership Board which is chaired by the Chief Executive and Kingston is submitting quarterly progress updates to the People Committee, Schools Forum and the DfE.
27. The cumulative deficit on Kingston's DSG reserve is estimated to be £5.537m by 31 March 2024. Positively this deficit has reduced from a peak of £19m at 31st March 2020, indicating the good progress that has been made to date.
28. Elsewhere within the Council, consistent with the national picture, there has continued to be a high level of demand for Adult's and Children's Social Care. It is important to note that social care budgets are demand led so driven often by individual assessed needs which combined with the current inflationary pressures within the care market and beyond is reflected in the MTFS. Analysis and review is underway to support ongoing budget setting and the financial sustainability of Adult and Children's social care to meet statutory requirements.
29. The impact of the adverse economic environment is particularly evident in the Council's homelessness prevention service. There has been a sustained period of high demand in 2023/24. Alongside this, providers have been increasing their prices, and landlords have been leaving the rental market causing the Council to rely on more expensive accommodation provisions. This has led to an increase in the average cost of providing temporary accommodation. These factors have resulted in pressures in-year during 2023/24 and subsequently requiring an increase in the level of budgetary provision in this area for 2024/25. A programme of works is in progress to reduce financial pressures in this area.
30. The Autumn statement presented in Parliament in November 2023 announced that Resource Departmental Expenditure Limits (DEL) budgets will increase by 1.0% in real terms over the medium term to 2028-29, implying real-terms cuts for unprotected areas, such as Local Government funding. The Institute for Fiscal Studies estimate a real-terms cut of £9bn or 1.5% over the coming years for unprotected departments such as Local Government (see chart below)



31. Taking all these risks and pressures into account, Kingston Council needs to make savings of £7.989m next year. The ongoing impact of increased demand and complexity of demand, inflation and other national and global economic factors will need to be continuously closely monitored.

Comments of the Council's S151 Officer (S25 statement)

Introduction and context

32. When making decisions on the Council's budget and Council Tax, the Council is required by Section 25 of the Local Government Act 2003 to have regard to comments made under that Act, by the Council's Chief Financial Officer (as defined by section 151 of the Local Government Act 1972). The Section 25 statement requires the S151 Officer to comment on the robustness of estimates and the adequacy of reserves. In Kingston, the statutory S151 position is held by the Interim Director of Finance / Section 151 officer and this section of the budget report is written from her professional viewpoint as a statutory officer. The Council is legally required to have regard to the S151 Officer's comments when making the final decision on its budget and Council Tax for the year.
33. The purpose of the S151 Officer's comments is to give assurance that risk is appropriately managed and that there is a legitimate expectation that likely eventualities are provided for within the budget, in other words that the financial

plan being presented is sound. These comments are not intended to give a guarantee that the budget is sufficient to cover all possible scenarios, nor that income and expenditure will occur exactly as budgeted.

34. The budget report sets out the wider economic and financial context that the Council is operating under in more detail in the preceding section. These economic circumstances and growing demand for services make management of the Council's financial position more challenging. The fact that local government finance is now regularly making national news in a way that was almost unthinkable just a few years ago is reflective of the financial pressures that the sector as a whole is experiencing. This is exacerbated by the uncertainty of short term funding settlements (2024/25 being the 6th consecutive one year settlement) and the potential for more fundamental reform of the local government funding system having been on the cards for years but never implemented. With the next general election expected to be in the second half of 2024, the settlement for 2025-26, due in autumn 2024, is unlikely to be for more than one year either.
35. Kingston is not immune to the financial pressures in the sector and will be required to make difficult decisions on the provision of services in the next 1 - 2 years to maintain financial sustainability in the medium term. The Council has a strong track record of good financial management and despite the challenging financial environment has delivered a balanced (or underspent) budget outturn position in each of the previous four financial years. Budget management reports are considered monthly by the Council's strategic leadership team and quarterly by the Council's Corporate and Resources Committee in order to be able to take the necessary actions to manage the financial position.

Robustness of estimates

36. The budget and medium term financial strategy are forward looking pieces that therefore rely on the inclusion of estimates of what may happen over that period. The strategic leadership team have worked collaboratively to develop estimates of demand and cost based on the data available and have provided challenge to assumptions made about the future, particularly on demand-led growth.
37. During 2023-24 the Council has seen demand for services increase significantly, to levels beyond those that could have been reasonably expected when the budget was set. Estimates have been made in respect of the future level of demand, particularly for adults and children's social care and temporary accommodation, but no guarantee can be given that demand for services won't continue to rise above expectations. Work to deliver transformation in how we support those most in need is ongoing and will be vital in order to mitigate further increases in the future.
38. The past two years have seen inflation rise to 40-year highs before starting to fall back over the course of 2023 (aside from an unexpected small increase in December). Whilst assumptions have been made that the level of inflation will continue to fall over the medium term, the budget recognises that there is often a

lag in timing between the current headline inflation rate and when that is applied to contracts. It also remains the case that where growth in demand for services outstrips growth in supply then this is also likely to lead to further cost increases. Both these points are particularly pertinent to expenditure on social care and some of the Council's other high cost services. The assessed level of risk around inflation is included in Annex 1.

39. The savings plans included within the budget are ambitious but have been rigorously reviewed to give assurance that they are deliverable. However, £1.926m of the proposals are subject to consultation and would need to be substituted with funding from reserves or alternative plans brought forward in-year, should they not proceed.
40. Within the capital programme, assumptions are also subject to inflationary risks with the construction industry seeing levels of inflation even higher than those seen at the peak of general inflation. Capital budgets generally include contingencies within them to partly cover this risk as well as other risks of increasing costs arising from site conditions or other unknowns.
41. The capital programme aims to maximise external funding and utilise capital receipts where possible in order to minimise revenue costs of borrowing. There remains a risk that capital receipts will not be achieved at the assumed level but this risk is considered to be low. In relation to the costs of borrowing these are reflected in the revenue budget at estimated levels based on expert advice on interest rates and modelling of the capital expenditure profile. The impact of potential variations in the cost of borrowing and returns on cash investments is included in Annex 1.

Adequacy of Reserves

42. Reserves are held to help ensure the Council has an appropriate level of financial resilience to potential future financial shocks and uncertainties and is more able to meet the costs of items where the pattern of expenditure is uneven or timing is unknown. The general fund balance addresses the wider spectrum of unknown risks (as the HRA balance does for the ringfenced HRA account) whilst earmarked reserves are set aside for specific risks or future priorities.
43. Despite any rhetoric from the government or media about the level of Council reserves, this varies hugely between different authorities (even relative to their size). Any use of reserves needs to be under the recommendation of the S151 officer and take into account not just the short term pressures to balance the budget, but the longer term risks to the Council's financial sustainability.
44. The Council's external auditors will raise concerns through their Annual Auditor's Report if they consider an authority's levels of reserves are too low. In Kingston's most recent Annual Auditor's report (reported to the Audit Governance and Standards Committee on 23 March 2023) the external auditors reported that Kingston's level of reserves (as a % of net cost of services) were below the average amongst London Boroughs, but that the position was stable. An updated

Auditor's Annual Report is expected to be published for the February meeting of the Audit, Governance and Standards Committee. The draft of that report, seen by the S151 officer, continues to report that the level of reserves in Kingston does not present any significant weaknesses - i.e. that they are not too low. Comparisons to other London Boroughs show Kingston's level of reserves being about average amongst those for whom data was available. There is no suggestion made by the auditors that reserve levels in Kingston are too high, nor is that the opinion of the S151 officer.

45. The Council has made good progress in recent years to increase general fund balances from historic lows to a more appropriate level for an authority of this size with the general fund balance expected to be maintained at £19.633m.
46. Underspends in recent years enabled the creation of an economic risk reserve, debt collection risk reserve and collection fund risk reserve in response to expected risks arising from the uncertain economic conditions and the impact that the cost of living crisis has been expected to have on residents and businesses ability to pay debts owing to the Council.
47. As at 31 December 2023 the Council is forecasting an overspend against its general fund revenue budget of £3.017m. The details of this latest forecast was set out in the report to the Corporate and Resources Committee in February but the S151 officer considers that release of some earmarked reserves to meet this unforeseen pressure in 2023/24 is appropriate. The table below shows the expected levels of reserves at 31 March 2024, based on the forecast outturn position and utilisation of reserves set out above.

Reserve	Forecast balance 31 March 2024 £000s
General Fund Balance	19,633
Earmarked Reserves	40,518

48. In addition to the reserves highlighted above, there remains a deficit on the unallocated dedicated schools grant reserve. It is estimated that this deficit will be £5.5m on 31 March 2024. The government issued a statutory override covering periods up to 31 March 2026 which allows S151 officers to disregard this deficit in considering financial sustainability by classing this reserve as an unusable reserve in the Council's accounts. The impact of the deficit is therefore scored lower in the risk identified in Annex 1. However it remains a risk that needs to be carefully managed and monitored as we get closer to the end of the period to which the statutory override applies.
49. Whilst it has not been necessary to use reserves to meet the budget gap in order to propose a balanced budget there remains a greater element of one off funding that is being utilised to fund ongoing expenditure than has been seen recently through the use of a significant collection fund surplus. This contributes to the

higher estimated budget gap for 2025/26 than in later years of the MTFS. At over £9m, the level of savings needed to balance the budget for 2025/26 will present a significant challenge to the Council. Whilst the Council's transformation programme will need to deliver additional savings and cost mitigation for future years to meet this gap, reductions in services may well be needed as well in order to ensure there is a sustainable way to deliver balanced budgets over the medium term without reliance on one off sources of funding.

Conclusion

50. The level of scrutiny and challenge exercised by Officers and Portfolio Holders through the budget setting process and the strong track record of financial management in the Council enables the S151 officer to offer assurance on the robustness of estimates in accordance with Section 25 of the Local Government Act 2003.
51. Based on the inclusion of growth to address known budget pressures, flexible use of the Strategic Investment Reserve and leadership and organisational experience demonstrated in previous years in containing significant budget pressures, managing significant budget reductions and delivering transformational change, the General Fund balance is considered to be sufficient. The S151 Officer therefore advises that the level of reserves is adequate in line with Section 25 of the 2003 Act. The delivery of the Council's programme of transformation will be necessary to maintain this position in future years and balance the budget over the medium term. Any amendments to the budget proposals which reduces the overall level of reserves available may cause this advice to change.
52. Whilst the level of financial risk the Council faces has clearly increased over the past year, Kingston is currently well placed to address those challenges. There will be some Councils who's S151 officers may be unable to reach the same conclusions that are set out here and may have to issue S114 notices, effectively declaring that their Council is unable to balance their books. Kingston is not in that position but the Council must recognise that the next 1 - 2 years will be some of the most financially challenging times it has faced and difficult decisions will undoubtedly need to be made to ensure the Council remains financially sustainable for the future.

Council plan

53. The Council Plan 2023- 2027, was endorsed by the Corporate & Resources Committee on 21st February 2023 and approved by Council on the 2nd March 2023. It sets out the commitments to our communities under the themes of Fairer, Safer, Greener and Together and we will continue to transform our council to become more efficient and deliver in a smarter way together with our partners under a theme of Future Council;

Fairer

- Be an inclusive borough
- Support children and young people
- Promote health and wellbeing for all ages
- Deliver quality homes and housing services
- Support skills, training and good employment

Safer

- Provide person-centred adult's and children's social care
- Coordinate Kingston's response to emergencies and develop community resilience
- Work with partners to keep Kingston safe
- Ensure a well maintained and well regulated borough

Greener

- Promote sustainable transport and improve air quality,
- Reduce waste and support recycling and reuse
- Improve our natural environment and increase biodiversity
- Reduce energy use and carbon emissions

Together

- Celebrate, strengthen and empower our communities
- Support businesses and promote economic development
- Collaborate with strategic partners
- Work closely with the community to deliver shared aims
- Shape our borough through sustainable regeneration

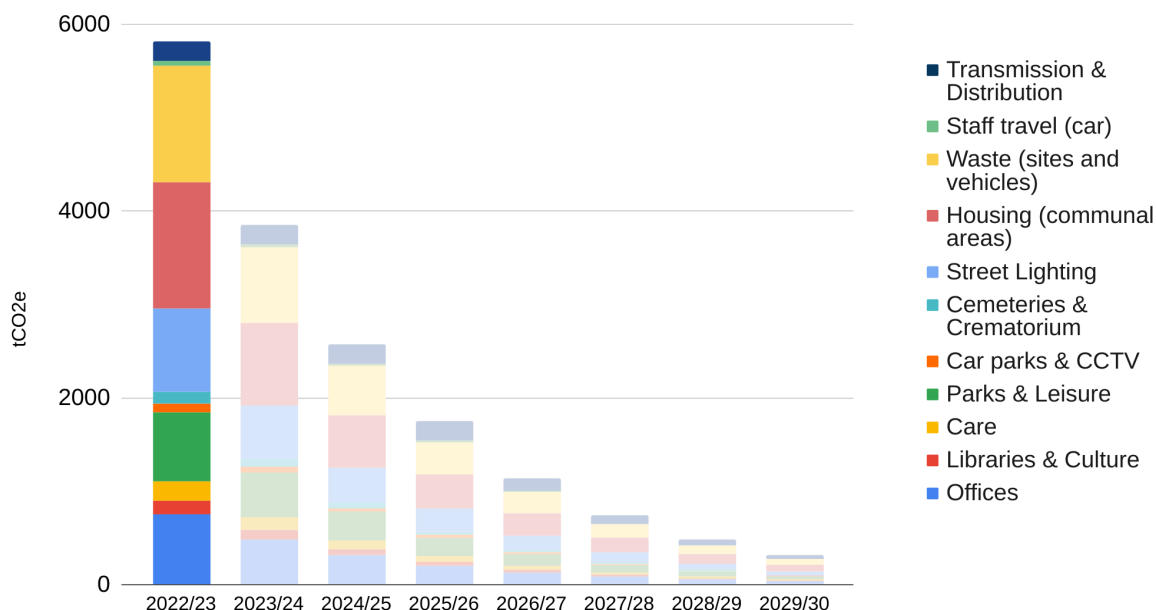
Future Council

- Deliver efficient services, communicating clearly with our communities
- Be responsible with our finances, commissioning good quality, good value services
- Be led by data and insight
- Invest in and transform our services
- Provide the right infrastructure for the council and Kingston
- Support and develop our staff

Climate action

54. Kingston Council remains committed to leading the way in reducing direct emissions from council activities and meeting the ambitious target for net zero emissions from corporate operations by 2030. Actions that will be needed to reach this goal will not only benefit and protect our local area and communities but also will ensure RBK contributes fairly to global efforts to address the current climate emergency. The 2030 target includes emissions from energy, water, and refrigerants paid for by the council across buildings and public street lighting, all vehicles owned or leased by the council and all staff business travel.
55. The review of council building assets to allow services to be provided in the most efficient way, has also meant that some buildings have been closed either temporarily (such as during COVID lockdowns or to allow upgrades to buildings) or permanently where building use is no longer required. The council has also seen a reduction in direct emissions due to more renewable energy in the national grid. These factors, combined with efforts to improve the energy efficiency of council buildings, lighting, fleet and travel have already led to a 27% reduction in emissions since the baseline year of 2017/18.
56. Significant progress has already been made with the installation of high efficiency LED street lighting across the Borough, which will reduce emissions by around 5050 tonnes over 25 years and save £220,000 per year in electricity costs. The Council's fleet is now 50% electric, including one of the first electric waste and recycling collection fleets in the country. These, combined with the Council's corporate building emissions, make up 95% of carbon emissions (2022/23), and retrofitting buildings with energy efficiency measures will play a significant part of the journey to net zero.
57. Work on the overall cost of retrofitting Council buildings (not including housing) is being conducted with support of the GLA's *Retrofit Accelerator: Workplaces* scheme. Provisional estimates put the cost of deep retrofit works on the Council's operational estate at £11 million, that would then lead to estimated operational cost savings of close to £250,000 per year once all projects were completed. Included in this budget is £3.19 million for retrofitting projects including the Guildhall, and heating system and energy efficiency works at the Hook Centre among other sites.
58. Investment in the retrofit of housing stock is outlined separately in this report (see Annex 10) and includes an HRA budget 2024/25 of £6 million over the next 4 years, providing greener, warmer, safer homes that are cheaper to run.
59. In order to meet the commitment to Net Zero 2030, more actions will need to be taken more quickly, aiming for an average 35% reduction in emissions year-on-year (see graph below for a breakdown by use category of ideal carbon emissions reductions to 2030). The faster reductions can be made the greater the contribution to mitigating the wider impacts of climate change will be as well as demonstrating what is possible and the benefits of taking these actions.

Annual carbon reduction of 35% by category



Projected required emissions reductions by use category to take the Council's carbon emissions to net zero by 2030. Annual reductions pictured are a 35% reduction each year to 2029/30.

60. An Energy Strategy outlining actions needed between now and 2030 will be presented to Place Committee in March 2024 and will lay out key decisions that will need to be made and when for the council to deliver the 2030 direct council emissions net zero target. Reducing carbon emissions and building operational costs are already informing major projects such as the new leisure centre and plans for the Guildhall (which was brought to Corporate & Resources Committee in February 2024) as well as contracts such as how the council purchases electricity. Reducing Council carbon emissions will not only reduce operational costs but will also avoid future carbon offsetting payments. The average cost for offsetting a tonne of carbon is currently around £70. Total direct carbon emissions from Council operations were 5,823 tonnes so therefore fully offsetting current emissions would cost in the region of £408,000. The price of offsetting carbon is expected to rise year on year creating an additional benefit to reducing emissions in avoiding these costs in the future.
61. Over the next year RBK plans to make use of the GLA's Climate Budgeting methodology, combined with cost/benefit project business cases, so that next year's budget is able to highlight:
 - all the measures RBK will be implementing in the medium term that will directly reduce carbon emissions both from Council operations and more widely in the borough, by how much, and how much is being spent on them

- all the further measures needed to reach net zero targets but for which budget is not currently allocated
- measures for supporting the Borough's adaptation to ensure resilience to expected future changes in climate

This will enable longer term financial planning as well as more detailed recognition of how RBK is already working to meet both the 2030 net zero commitment for direct operations and the 2038 net zero target for the wider Borough.

62. Key to meeting the net zero targets in a financially responsible way will be the sourcing of external funding. In the last year, the council has secured over half a million pounds for the retrofit of RBKs corporate estate, social housing estate and the development of the District Heat Network. The council will continue to bid for these funds where they are applicable.

Medium Term Financial Strategy

63. The MTFS sets out the Council's approach to the management of its financial resources to meet its corporate priorities. It sets out projections for costs of service delivery and the resources available to fund those services over the next four year period to 2027/28.
64. The cost of living crisis combined with post-pandemic demand coupled with increased complexity and demographic needs have resulted in the need to identify savings and transformational proposals to deliver a sustainable MTFS. The 2024-25 Budget includes a number of savings and growth proposals.
65. The table below sets out a summary of the MTFS over the four year period along with the position agreed for the current financial year, 2023-24.

Medium Term Financial Strategy	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Expenditure:					
Base Budget	148,048	161,296	178,378	190,363	204,380
Adjustments to Base Budget	(197)	420	50	100	0
Inflation	11,567	8,626	5,368	5,691	5,588
Growth	10,017	16,024	8,397	8,561	9,129
Savings	(8,139)	(7,989)	(1,830)	(335)	(558)
Gross Budget requirement	161,296	178,378	190,363	204,380	218,538
Resources:					
Parking and Traffic Reserves	(5,827)	(5,821)	(5,945)	(5,945)	(5,945)
Specific Grants	(13,157)	(17,373)	(15,385)	(15,385)	(15,385)
Sub-total	(18,984)	(23,194)	(21,330)	(21,330)	(21,330)
Financing Resources for tax setting purposes					
Revenue Support Grant	(180)	(197)	(200)	(201)	(201)
Business Rates	(24,969)	(26,944)	(27,352)	(27,900)	(28,458)
Council Tax	(117,093)	(124,710)	(132,242)	(140,229)	(148,699)
Collection Fund (Surplus)/Deficit	(71)	(3,334)	0	0	0
Sub-total	(142,312)	(155,184)	(159,794)	(168,330)	(177,358)
Total Resources	(161,296)	(178,378)	(181,124)	(189,660)	(198,688)
Annual Increase in Budget Gap	0	0	9,239	5,481	5,130
Cumulative Budget Gap	0	0	9,239	14,720	19,851

66. A reconciliation from the 2023/24 budget to the proposed 2024/25 budget is shown in Annex 2.
67. In the current context of Local Government funding, the analysis of resources and expenditure reveals a gap in future years between funding available and likely cost. In financial terms, this gap needs to be closed by budget reductions and/or increases in resources through local taxation or other income sources.

68. There has been no indication of funding levels beyond 2024/25 but the MTFS assumes specific grant funding from Social Care Support Grant, Improved Better Care Fund and Market Sustainability Grant all held at 2024/25 levels in 2025/26 and beyond. The Discharge Fund and Services Grant are assumed to stop from 2025/26 and this accounts for the lower level of specific grant funding overall in future years. Whilst no decisions on Council Tax increases in future years (2025/26 onwards) have been taken, the maximum that could be raised by increasing Council Tax to the current maximum permissible amount is factored into the future years of the MTFS.

Engagement and Consultation

69. The council have used feedback and insight from residents and communities gathered from engagement activity throughout the year, including via a recent cost of living survey, to inform the budget setting for 2024/25.
70. On 19 January 2024 the council published a Budget Planning Information Booklet online, which summarises the council's approach to budget setting, what the council does, Kingston's priorities, where Kingston's funding comes from and where it is spent. This was promoted across communication channels to alert residents to this available information. This full budget proposal document is being promoted across communication channels. This includes draft headline proposals on the areas that require increased spend due to increased demand and rising costs along with the savings proposed, with indicative values for each priority theme of the new Council Plan.
71. Subject to council approval of the budget, further details on specific projects and activity required to deliver the proposals will be shared with residents and communities as they progress. Engagement on particular projects will be undertaken before implementation of proposals in line with the commitments set out in council's Community Engagement Framework and to meet statutory requirements and the public sector equality duty.
72. In the meantime, residents can share views about Kingston's budget planning and priorities for the longer term or register their interest in being involved, by visiting kingstonletstalk.co.uk/finance/budget-planning-2025-2028 or by emailing engagement@kingston.gov.uk.
73. Business rate payers were sent a link to the 2024/2025 budget report and asked for their feedback, which they could submit via a number of different routes including the council's Kingston Let's Talk engagement website. This consultation opened on 29 January and closed 21 February 2024.
74. The council received a low level of response. Respondents expressed the difficulties they are facing with increased costs and the lack of clarity about what they are getting in return for their business rates.

Resources

75. This section of the report explains the resources the Council has available to fund its expenditure, how they are generated and any restrictions on their use. It also outlines the expected level of resources over the medium term.



76. A summary of resources is shown in the table below:

Resources Analysis	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s
Business Rates	26,944	27,352	27,900	28,458
Council Tax	124,710	132,242	140,229	148,699
Collection Fund Surplus (Council Tax)	3,101	0	0	0
Collection Fund Surplus (Business Rates)	233	0	0	0
Total Local Taxation	154,988	159,594	168,129	177,157
Revenue Support Grant	197	200	201	201
Specific Grants	17,373	15,385	15,385	15,385
Use of Statutory Parking & Traffic Reserves	5,821	5,945	5,945	5,945
Grand Total	178,378	181,124	189,660	198,688

Business Rates

77. Business rates are a tax on business premises. Business rates are set nationally, but collected locally. The Council therefore cannot directly influence the level of income generated through this source. It is however a very important source of income for the Council. The shares of business rates retained under the current arrangements are 30% for individual London boroughs, 37% for the GLA, with the remaining 33% being retained by central government.

Business Rates Base

78. The level of business rates income included in the budget reflects the latest forecast made of the Council's share of the Business Rates income to be collected. The overall amount of business rates income is estimated to increase by £1.975m compared to 2023/24, although this contains a number of factors, set out in the table below:

Business Rates Income - Kingston Share	2023/24	2024/25	Change
	£000s	£000s	£000s
Gross Business Rates before reliefs	24,441	25,204	763
Expected Business Rates relief	(3,525)	(3,115)	410
Retained Business Rates Share	20,916	22,089	1,173
Add: Section 31 grant compensation	8,983	9,180	197
Less: Tariff payment and adjustment to Central Government	(4,930)	(4,325)	605
Grand Total	24,969	26,944	1,975

79. The Retail, Hospitality and Leisure Reliefs Scheme introduced in 2023/24 is set to continue in 2024/25, awarding 75% of business rate relief to this sector, subject to a cap of £110,000 per business. This has the effect of reducing business rates income in the table above, but increases Section 31 grant compensation to ensure there is no overall cost to the Council.
80. There remains significant risk facing business rates income in 2024/25. The position reflected in the budget is based on the best information available at the time this report is written, but there will be a greater degree of risk in the estimates made due to the uncertainty over the ongoing impact of the cost of living crisis.

Council Tax

81. The Council Tax which residents in the borough pay comprises two elements, one is the tax levied by the Council to fund its services and the other is an amount collected on behalf of the Greater London Authority (GLA) and paid over to them.

The final decision on the level of Council Tax levied by Kingston will be taken by Members at the Budget Council meeting on 29 February 2024.

82. The level of income collected through Council Tax is determined by the level of Council Tax charged and the number of properties upon which that Council Tax is chargeable - this is known as the tax base. The tax base is determined by assessing the number of chargeable dwellings in the borough and their Council Tax band, allowing for discounts or exemptions and estimating the number of new properties that are likely to be added in the borough during the year. The taxbase directly affects the general fund income for the Council.
83. For 2024/25, the taxbase has been set, under delegated powers at 65,500.4 which is an increase of 1.44%. The key factors in this change are set out in the table below:

Changes to the taxbase between 2023/24 and 2024/25	Band D units
Taxbase for 2023/24	64,568.8
New properties during the year and anticipated for 2024/25	731.5
Changes in Council Tax Support Scheme payments	202.3
Changes in reliefs, discounts and premiums	(198.7)
Improvement in collection losses (1.8% to 1.5%)	196.5
Taxbase for 2024/25	65,500.4

84. There are gains due to an anticipated increase in Council Tax collection rates, as well as new house building. Whilst the Council Tax Support Scheme remains unchanged, the number of payments from this scheme has reduced and this has been reflected in this estimated position, as have observed changes in the reliefs and discounts awarded, which both offset some of the gain in the 2024/25 council tax base.

Kingston Council Tax and Social Care Precept

85. The social care precept allows the relevant authorities to levy an additional precept to fund adult social care. This can be up to 2% per year in 2024/25, and covers households both inside and outside of the Wimbledon and Putney Common Conservators Levy area.
86. The Kingston element of Council Tax proposed as part of this budget represents a general increase of 2.99% and a 2% social care precept. The formal council tax calculation is set out in Annex 3. The table below provides details of the council tax requirement for 2024/25. The proposed average Band D Council tax for 2024/25 will be £1,903.95, an increase of £90.49 a year (or 4.99%). This is the average Band D bill when taking into account those households both inside and outside of the Wimbledon and Putney Common Conservators (WPCC) Levy area. The majority of Band D properties will pay slightly less than the average and those in WPCC areas will pay slightly more. Exact amounts for properties inside and

outside of the WPCC area have now been confirmed by the WPPC and their final levy has now been used for this report.

Council Tax Setting Calculations	2024/25 £000s
Gross Budget Requirement	178,378
Less:	
Revenue Support Grant	(197)
Specific Grants	(17,373)
Use of Parking and Traffic Reserves	(5,821)
Net Budget Requirement	154,987
Less:	
Business Rates	(26,944)
Collection Fund Deficit (Council Tax)	(3,101)
Collection Fund Surplus (Business Rates)	(233)
Total	(30,278)
Council Tax Requirement	124,710

Greater London Authority Council Tax

87. The announcement of the Mayor of London's draft budget proposals was made on 19th December 2023. The consultation budget proposes a Band D Council Tax precept of £471.40 for 2024/25 compared to £434.14 in 2023/24, an increase of 8.6% or £37.26.
88. Confirmation of the GLA's budget and Council Tax follows the London Assembly meeting on 22 February 2024 and will be reported to Council on 29 February 2024. Full details of the GLA's draft budget can be found on their website at www.london.gov.uk/budget

Total Council Tax

89. The table below shows the total proposed Council Tax, inclusive of the provisional GLA amounts and detailed amounts for each band. The 2024/25 levy for the Wimbledon and Putney Commons Conservators (WPCC) is £67,651. This works out as an additional band D amount of £39.15 for that area, an increase of £3.19 compared to 2023/24. Confirmation of the WPCC levy was formally notified on 13 February 2024.

Council Tax Band	Council Tax RBK	Council tax GLA	Council Tax - most areas of the Borough	WPCC area precept	Council Tax - WPCC area
	£	£	£	£	£
A	1,268.61	314.27	1,582.88	26.10	1,608.98

B	1,480.05	366.64	1,846.69	30.45	1,877.14
C	1,691.48	419.02	2,110.50	34.80	2,145.30
D	1,902.92	471.40	2,374.32	39.15	2,413.47
E	2,325.79	576.16	2,901.95	47.85	2,949.80
F	2,748.66	680.91	3,429.57	56.55	3,486.12
G	3,171.53	785.67	3,957.20	65.25	4,022.45
H	3,805.84	942.80	4,748.64	78.30	4,826.94

Collection Fund

90. The Council maintains a Collection Fund as required in order to account for the difference between the actual amounts of Council Tax and Business Rates due and the budgeted amounts used in setting the tax for the year.
91. Where the estimate and actual differs, the Council is required to include the difference in the calculation for the following year's Council Tax and Business Rates income. Estimates at 15 January 2024 show that there is expected to be a Council Tax surplus of £5.111m at the end of 2023/24, with Kingston's share being £3.101m. Collection during 2023/24 is performing well.
92. The table below sets out the overall Council Tax estimated position that impacts on 2024/25, and the share that is attributable to Kingston, which is approximately 81% of Council tax collected. The table shows the allocation of the surplus.

Council Tax (surplus) / deficit chargeable to the General Fund	Charged to 2024/25 £'000s
Opening Collection Fund Surplus 2023/24	(1,332)
2023/24 In-Year estimated surplus	(3,165)
2022/23 estimated surplus to be recovered	(613)
Total Collection Fund (Surplus)/Deficit to be split between RBK & GLA	(5,110)
Kingston Share:	
Opening Collection Fund Surplus 2023/24	(1,033)
2023/24 In-Year estimated surplus	(1,554)
2022/23 estimated surplus to be recovered	(514)
Benefit to General Fund for Council Tax surplus	(3,101)

93. A similar process is undertaken for Business Rates with estimates made in respect of surpluses or deficits expected to arise at 31 March 2024. This is shared

between the Council, the GLA and Central Government in proportion to their shares of business rates income set by the Government.

94. The projected in-year surplus for Business Rates in 2023/24 is £0.776m, with Kingston's share being £0.233m. This is set out in the table below:

Business Rates (surplus) / deficit chargeable to the General Fund	Charged to 2024/25 £'000s
Opening Collection Fund Deficit 2023/24	9,063
2023/24 In-Year estimated surplus	(5,994)
2022/23 estimated surplus to be recovered	(3,845)
Total Collection Fund (Surplus)/Deficit	(776)
Kingston Share:	
Opening Collection Fund Deficit 2023/24	2,719
2023/24 In-Year estimated surplus	(1,798)
2022/23 estimated surplus to be recovered	(1,154)
General Fund Impact for Kingston	(233)

Grant Funding

95. For 2024/25, grants previously rolled into Revenue Support Grant remain as part of this going forward, therefore RSG for Kingston totals £0.197m for 2024/25.
96. There are a number of specific grants that exist and where there are limited technical restrictions on what they are spent on, these are held centrally. A breakdown of these amounts is shown in the following table.

Specific Grants	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s
New Homes Bonus	497	714	714	714
Improved Better Care Fund	1,840	1,840	1,840	1,840
Social Care Support Grant (Children's & Adults)	9,937	9,937	9,937	9,937
Housing Benefit Admin	386	386	386	386
Services Grant	154	0	0	0
Market Sustainability and Improvement Fund	2,508	2,508	2,508	2,508
Discharge Fund	430	0	0	0
Funding Guarantee	1,436	0	0	0
One-off NNDR levy	185			
Total Specific Grants	17,373	15,385	15,385	15,385

97. The table above demonstrates that the level of specific grants drops from 2025/26 onwards. Specific allocations have not been confirmed beyond 2024/25 and the uncertainty around 2025/26 funding and beyond is likely to remain until after the General Election (expected Autumn or Winter 2024/5). The main reduction in future years forecasts is due to the Funding Guarantee and Discharge Fund not being confirmed beyond 2024/25. There is also uncertainty whether New homes bonus grant will extend beyond 2024/25. The additional impact of the upcoming Social Care reform which has been delayed further is an additional unknown and work is in progress to assess the impact this will have on the Council.

Use of Statutory Parking and Traffic Reserves

98. The on street parking, moving traffic contraventions and bus lane enforcement accounts are ring fenced accounts for the collection of income from these activities and whose income can only be spent on transport related activity. One of the most significant costs funded from this source of income is funding of the freedom pass for Kingston residents, which combined with the taxi card had a budget for 2023/24 of £3.919m. The budget for this in 2024/25 has been increased by £1.075m, due to the increased levels of travel following the recovery from the pandemic.
99. The level of expenditure on relevant activities included in the budget exceeds the level of income available from the accounts and as such the draw down from the accounts is shown alongside other general resources. The amount to be drawn down is broadly the same (£6k less on a £5.8m drawdown) than that included in the 2023/24 budget. Income levels have reduced in recent years, initially due to travel restrictions during the Covid-19 pandemic, but they have not fully recovered since that time, so this has had an effect on the amount of income going into the fund.
100. No changes to the level of income being drawn down from the accounts is expected over the 3 year period (2025/26-2027/8), although this will be regularly reviewed to ensure the drawdown does not exceed the available income.
101. Annex 4 provides a summary of forecast income for these accounts.

Expenditure

102. This section of the report sets out how the resources outlined above are deployed in order to deliver services and how the demands on the available resources change over time.
103. Inflation, growing demand for services and unavoidable increases in cost, place additional pressure on the budget over the medium term and this is mitigated to a degree by budget reductions.

Adjustments to base budget

104. Adjustments are made to the current year (2023/24) budget in order to arrive at the base position for 2024/25. These are necessary to remove one off items or where the impact of a decision differs between financial years. The main adjustments are outlined below.

Adjustments to Base	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Removal of unachieved savings	996	50	100	0
Planned changes to previous years growth	(576)	0	0	0
Total	420	50	100	0

105. Adjustments have been required where the impact of previous year's savings and growth requirements changes year on year. The adjustments to growth tend to be where this was time limited and therefore it is no longer required so can be reversed. A proportion of adjustments are as a result £0.996m of savings that have been rated as undeliverable.

Inflation

106. A key element in the budget preparation process is building in an appropriate allowance for inflation. The draft budget presented continues to restrict inflationary increases to cost elements where there is an unavoidable contractual commitment only. As inflation is currently still running at high levels, we have built in a small contingency to mitigate against higher than expected increases in costs.

107. Pay inflation has been allowed for within the budget but no decision has yet been made in respect of pay awards to local government staff for 2024/25 and this is not expected before the start of the financial year. An increase of 4% has been allowed for in the budget but this has been held centrally to be allocated once the national pay negotiations have concluded. It is worth noting that the 2023/24 pay award was only formally agreed in November 2023, the final negotiated agreement exceeded the 4% uplift budgeted for at the start of 2023/24 by £0.984m. Therefore it was necessary to offset this £0.984m pressure to balance the budget for 2023/24, this has been achieved through a combination of savings and increased funding. Service budgets for 2023/24 have received the necessary increase in budget for 2023/24 to reflect the pay award. With uncertainty surrounding the 2024/25 pay award RBK is mindful that a similar situation could reoccur in-year for 2024/25 despite allocating a 4% uplift for pay in that year.

108. Non-pay inflation has been allowed in line with contractual obligations, however in most cases these costs have been increased by 4.5%. Both pay and non-pay inflation risk are addressed in Annex 1.

109. The table below shows the inflation allowed for in each category.

Inflation	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
2024-25 Pay Inflation held centrally	2,868	2,160	2,220	2,281
Non-Pay (Contracts & Social Care)	5,856	3,905	4,187	4,042
Central Contingency held to reduce risk around inflation increases	721	0	0	0
Utilities	78	316	348	383
NNDR (Business Rates)	131	61	62	63
Fees & Charges	(1,029)	(1,075)	(1,126)	(1,182)
Total	8,626	5,368	5,691	5,588

Growth

110. Growth is proposed to be added to the existing cost base to assist in delivering the Council's priorities, Transformation programme and the new Council Plan. The need for individual items of budget growth arise mainly from the need to fund the increasing demand for many of our statutory services (e.g. Adults and Children's social care, SEN transport and managing homelessness) due to changes in demographics and client numbers or for unavoidable pressures where current budgets would be insufficient to maintain existing service levels. This includes the creation of 12 full time equivalent (FTE) in new roles in 2024/25.

Growth by Council Plan	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Fairer	4,740	0	0	0
Safer	10,029	3,999	5,559	5,418
Greener	90	0	0	0
Together	295	0	(50)	(195)
Future Council	870	4,398	1,552	906
Unallocated	0	0	1,500	3,000
Total	16,024	8,397	8,561	9,129

111. Further details of the growth being applied is shown in Annex 5.

Savings and Income generation

112. The table below summarises the budget reductions being proposed in this medium term financial strategy against the Council plan themes. More detail on the individual proposals making up these totals is provided in Annex 6. This includes the indicative impact on staffing resources of 23.0 FTE in 2024/2025 which will be subject to consultation and will include a mitigation strategy to minimise any compulsory redundancies including prioritising the deletion of vacant posts and those covered by agency and interim staffing.

113. Further details of the budget reductions being applied is shown in Annex 6.

Savings by Council Plan	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Fairer	301	65	0	0
Safer	2,204	813	100	0
Greener	1,364	355	0	0
Together	812	77	(500)	0
Future Council	3,308	520	735	558
Total MTFS Savings	7,989	1,830	335	558
Enforcement Account Savings	288	124	0	0
Total	8,277	1,954	335	558

Equalities

114. Equality considerations have been undertaken regarding the budget reductions that will be enacted in the 2024/25 budget to fulfil the requirements of the public sector equality duty. Public bodies must have due regard to the need to:

‘eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between people who share a protected characteristic and those who do not’.

(Source: Public Sector Equality Duty, Equality and Human Rights Commission <https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty>) .

115. The public sector equality duty covers the nine protected characteristics. In addition, Kingston Council treats Care Experience as a protected characteristic. Care Experienced people include anyone who, at any stage in their life, for any length of time (no matter for how short a time period):

- Has been in care; or
- Is currently in care; or
- Is from a looked-after background, including adopted children who were previously looked-after. This could be looked after in the UK or Overseas. any resident and strives to ensure that other priority equality groups are also considered.

116. The Council also strives to ensure that other priority equality groups are considered. Further information on these groups can be found in the Inclusive Kingston Strategy at <https://www.kingston.gov.uk/policies-statements/equalities>.

117. This budget has been produced against a backdrop of previous financial reductions along with the ongoing financial challenges. Efforts have been made to identify savings that will have the least possible impact on residents and service users.

118. The budget reduction proposals have been assessed carefully to make sure that where there is potential impact on residents, service users or staff, an appropriate equality impact assessment will be carried out ahead of the implementation of any change. Where relevant, consultation and community engagement will also be undertaken as part of any equality impact analysis.
119. The process is designed to ensure the least possible impact on residents and service users and where disproportionate impact is identified, mitigations will be put in place to reduce this as much as possible. Positive impact can also be identified, and where there are opportunities to increase inclusion, this is documented and fulfilled through the delivery of an action plan.
120. Any impact on staff will be managed through the organisational change management process supported by the People & Organisational Development team.
121. The Council will continue to explore ways to efficiently operate whilst supporting residents and service users, particularly those in the greatest need of help and support. Further details of the Equality Considerations are included in the budget reductions information at Annex 6.

Summary by Directorate

122. The result of the changes in resources and spending outlined above leads to a net budget requirement for each directorate for 2024/25 as follows:

Summary By Directorate	2024/25 £000s
Adult Social Care & Health	61,243
Children's Services	44,701
Corporate and Communities	64,352
Place	6,772
Chief Executives	1,311
Total	178,378

123. A more detailed analysis by service is provided in Annex 7. Annex 8 shows the budget summarised by expenditure type. The budgets published in this annex and summarised in the table above show the best estimate available at the time this agenda is published as to how expenditure will be split across service areas.
124. During 2024/25, budgets will be realigned to the new directorate structure once the transition to the proposed new structure is completed.

Flexible use of Capital Receipts

125. To support local authorities to deliver more efficient and sustainable services, a time limited flexibility is currently available to use capital receipts from the disposal of property, plant and equipment assets to fund the revenue cost of service reform. The Council's refreshed strategy in respect of this is set out in Annex 9.

Housing Revenue Account Budget

126. The Housing Revenue Account (HRA) is a ring-fenced account for all income and expenditure relating to the Council's housing landlord function. Details of the proposed HRA budget and medium term plans are shown in Annex 10. In order to meet statutory deadlines for advising tenants of changes in their rent, decisions on the HRA budget and rent levels were taken at the Place Committee on 8 February 2024.

Capital Strategy

127. The Capital Strategy (Annex 11) is a requirement of the updated Prudential Code and Treasury Management Code of Practice (both issued in December 2021). The Capital Strategy sets out a capital programme for the period 2024-28 of £376.9m. General Fund schemes total £237.7m and the Housing Revenue Account (HRA) is £139.2m.
128. The General Fund capital programme is funded by a combination of capital receipts, external funding from grants and levies, and prudential borrowing. The HRA programme is funded by the Major Repairs Reserve, external grants, leaseholder receipts and prudential borrowing.

Capital Programme by Service

129. Some key highlights to this capital programme are captured in Annex 11 paragraph 28.
130. The capital programme reflects residents and Council priorities. There is major investment in housing, with the continued investment in the regeneration of the Cambridge Road Estate (CRE) and small sites programme within the HRA. The Council will also continue to invest in building a new community leisure centre in Kingston town centre. The post-16 campus will support young people with SEND to prepare for work and to learn in the local community.
131. The Council also continues the rolling programmes of investment in street lighting, road maintenance and works to operational properties, with a total of £5.1m.
132. The assumed level of prudential borrowing to finance the General Fund capital programme is £128.163m, as detailed in Annex 11. The majority of which will be

spent on the new community leisure centre and financing of Phase 1 of the CRE programme. The profile of the funding requirement is dependent on forecast income such as GLA funding and capital receipts.

133. There are a number of projects that are at a feasibility stage or in business case development. These form part of a capital programme pipeline, which may result in additions to the capital programme. These include the potential redevelopment of the former Murray House site at Acre Road, the District Heat Network and the future of the Guildhall complex (for which an initial design budget is included in the programme).
134. The Council's 30 year HRA Business Plan sets out plans for maintaining and investing in its housing stock of 4,429 rented and 1,507 leaseholder properties. Each year the HRA Business Plan is reviewed to take account of any changes to factors, including changes to housing policy, economic assumptions, such as building cost inflation and interest rates and changes to local conditions, such as stock condition and levels of RTB sales.
135. The HRA Programme of capital expenditure over the next four years 2024-25 to 2027-28 is £139.2m. Overall the HRA capital programme is set to improve existing HRA assets, increase supply with the support from the Building Homes for Londoners GLA grant funding and to address a programme of planned works to estates and other demand driven projects.
136. The HRA capital programme will be funded from a combination of prudential borrowing, grants from the GLA, leaseholder receipts and the Major Repairs reserve. New for 2024/25 is grant funding from the Department of Business, Energy and Industrial Strategy (BEIS). The grant from BEIS relates to decarbonisation funding.
137. The outline education capital programme is shown within the capital strategy. This includes capital provision for works to maintain school buildings funded by the capital maintenance grant and plans for school expansions. This includes the school's expansion works at Burlington School (£14.6m), which has been committed from the prior Basic Need grant allocation for the delivery. A further £2.25m will be used to fund the capital costs of the proposed, voluntary-aided Church of England secondary school. A prioritised programme of works for future years will be developed.
138. Project delays following the impact of the pandemic and other market factors have resulted in a significant in-year forecast underspend of the capital programme. The last forecast presented in the public domain was an underspend of £78.955m as at month 6 (September 2023), before the re-profiling of budgets for slippage. A further update on the in-year position was reported to the Corporate and Resources Committee on 20 February 2024.
139. In the initial stages of development, major capital projects will have significant uncertainties. For example these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the cost of refurbishing or demolishing existing buildings (e.g. the cost of asbestos removal).

As such all major projects contain a defined contingency provision. The level of this contingency is set with reference to the type of project, the complexity and risk items identified on the risk register.

Treasury Management

140. The proposed Treasury Management Strategy for 2024/25 is attached at Annex 12. This includes the annual investment strategy for surplus cash and borrowing including a policy statement on the minimum revenue provision required to be set aside to repay debt.
141. Under the prudential code for capital finance, the Council can take a local decision on the level of borrowing that it considers appropriate to support new capital investment. In taking such a decision the Council has to determine that any such borrowing is affordable (by reference to the impact on the revenue budget), prudent and sustainable.
142. In order to support any decision on prudential borrowing, local authorities are required to set a number of prudential indicators before the beginning of the financial year. These range from the setting of local limits on prudential borrowing to those that relate to treasury management activities. Monitoring against the indicators will be undertaken throughout the financial year and mid and end of year reports submitted to the Audit and Governance Committee. The indicators may be revised, following approval by Full Council, at any time during the year.

Pay Policy

143. The Council is required to set a pay policy for the remuneration of staff. This is included at Annex 13.

Schools Budget

144. The schools budget papers relating to the education services funded from the dedicated schools grant is set out in Annex 14.

CIPFA Financial Management Code

145. The CIPFA Financial Management Code ("The Code") is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. Although the Code does not have legislative backing, it is applicable to all Local Authorities. It is consistent with other codes and guidance including the CIPFA Prudential Code, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the UK.

146. A self-assessment of the existing financial management arrangements in place during 2023/24 have been reviewed against the standards set out across seven thematic sections in the Code from last year. The review of compliance with the Code was led by the Council's finance team, with input from other departments as required.

147. Overall the Council is confident it continues to demonstrate a strong level of compliance with the Code.

Annexes

Annex 1 - Budget Risk

Annex 2 - Reconciliation of 2023/24 Budget to proposed 2024/25 Budget

Annex 3 - Statutory Council Tax Calculation

Annex 4 - Statutory Parking and Traffic Accounts

Annex 5 - Budget Growth 2024/25 to 2027/28

Annex 6 - Budget Reductions (Savings & Income Generation) 2024/25 to 2027/28

Annex 7 - Summary of budget by Service / Function

Annex 8 - Summary of budget by expenditure type

Annex 9 - Flexible use of capital receipts strategy

Annex 10 - Housing Revenue Account Budget

Annex 11 - Capital Strategy

Annex 12 - Treasury Management Strategy

Annex 13 - Pay Policy

Annex 14 - Schools Budget

Background Papers: held by Greg Pike, Interim Corporate Head of Financial Planning and Business Partnering

Email: greg.pike@sutton.gov.uk

General Fund Revenue Budget 2024/25 - Risk Analysis								ANNEX 1
Ref	Risk	Risk Description	Response	Variation from budget in worst case scenario £000s	Likelihood (1 = low; 5 = high)	Impact (1 = low; 5 = high)	Total Score	RAG Rating
1	General Economic conditions	The financial year 2024/25 will be a General Election year both in the UK and in a number of other major countries across the world including the USA. The economy is expected to struggle to grow as households and businesses come under pressure from rising borrowing costs, higher taxes and elevated living expenses. The Bank of England has warned there is a 50:50 chance of a recession by the middle of 2024, with war in the Middle East and domestic inflationary pressures keeping borrowing costs high. The long term ongoing impact of Covid-19 remains with increasing pressures in social care and health.	Impact to be monitored through regular budget and performance management. Utilisation of contingency budgets if required.	1,000	4	4	16	Amber
2	Non-pay Inflation	Inflation has been provided within the budget for major service contracts, social care placements, NNDR and electricity. In most cases service contracts apply an inflation index at a specific point in time and so the risk of higher than expected inflation is minimised by this approach. The high rates of inflation recently seen are reducing from their peak since autumn 2022. However they are still high and above the Bank's target of 2%. For contracts that do not have a contractual uplift built in 4.5% has been allocated in response to inflationary pressures for 24/25. For each 1% above the 4.5% allocated would cause a pressure of circa £984k, 2% would cause a pressure of £1,968k	Inflation rates will be closely monitored frequently. A contingency is available should it be required.	1,968	3	3	9	Green
3	Pay inflation	The local government pay award for 24/25 has yet to be agreed. An allowance has been made for a 4% increase however should an increase greater than this be agreed then this would be unbudgeted. Each 1% over the the 4% allocation would result in a £700k pressure. 2% over the 4% allocation would result in a pressure of £1.4m	Once the unions' claim is finalised and submitted it is subject to negotiation which we will monitor. There is currently ongoing pay disputes across all the Public Sector and it is difficult to gauge the impact this could present but there is a limited contingency available should it be required.	1,400	2	3	6	Green
4	Children's Social Care Placements	There is a risk that if more children in the borough require support or that the complexity of need continues to increase then this will drive up costs further and the support may not be able to be provided within planned children's services resources. There is also a risk that as the national number of children in care rise that the shortfall of placements across the country will exacerbate inflationary impact and push up prices further. The Council has a number of strategies in place to assist in managing this pressure but ultimately the Council has a statutory duty to ensure that children are safeguarded. The growth that has been built into the budget should allow for some additional demand and inflationary pressures but there is a risk that demand and cost of that demand could exceed what has been provided for.	Growth of £3.312m and Inflation of 4.5% or £900k has been provided for demand led Children's services and the changing demands against this budget are regularly reviewed. In 2023/24 inflation was 23%. Assuming this reduces to 15% the risk will be £1.9m. An additional five children would add between £520k and £1m of spend depending on their needs and the placement.	2,680	4	4	16	Amber
5	Schools budget: DSG Shortfall	The structural overspend in the activities covered by the Dedicated Schools Grant leading to a cumulative deficit of £5.5m at 31 March 2024. There is a risk that if the activity outlined in the SEND Futures Plan is not impactful / the costs associated with supporting children with SEND rise beyond what can be afforded then the deficit will not continue to reduce or could start to increase again. If the DSG deficit exceeds the level of the General Fund Balance it significantly weakens the Council's financial resilience	The SEND Futures Plan outlines how the Council will bring the fund to a more sustainable position. The Local Authority has also signed a Safety Valve Agreement which enables it to claim up to £30m in additional revenue funding, over five years, subject to successful implementation of the SEND Futures Plan. At the end of March 2023 the Council will have successfully claimed £27.5m with a further £2.5m available in 2024/25. The Council has also included an annual general fund contribution of £2.4m per year in the MTFS. A statutory override allows the DSG deficit to be disregarded in a s151 officer's assessment of financial resilience for a period of time, with the final year being 2025/26. A significant overspend is expected next year and the figure outlines the potential overspend as well as the potential loss of safety valve funding if the DfE does not see sufficient progress.	6,500	2	4	8	Green

General Fund Revenue Budget 2024/25 - Risk Analysis								ANNEX 1
Ref	Risk	Risk Description	Response	Variation from budget in worst case scenario £000s	Likelihood (1 = low; 5 = high)	Impact (1 = low; 5 = high)	Total Score	RAG Rating
6	Savings Delivery	Due to the continuing reduction in resources, significant overall levels of savings are having to be made again in 2024/25. The increasing challenges of achieving ongoing significant budget reductions creates a risk of budget variations. For example a delay of 3 months to planned savings for 2024/25 across the board would create a financial risk of around £2.075m in worst case scenario.	Progress in delivering savings will be regularly monitored through the year and reported regularly to the Corporate and Resources Committee and Strategic Leadership Team.	2,075	4	4	16	Amber
7	Parking Service Income	Income received in the parking service is generated by either demand led services such as off-street & on-street car parking or residents permits, or by penalty charge notices issued for traffic contraventions. The latter may reduce over time if compliance regarding bus lanes, moving traffic contraventions or parking requirements increases. A significant reduction in penalty charge notices would mean income falls below the level assumed in the budget. Similarly, if customer behaviour changes significantly in regards to use of off-street car parking or purchase of permits, this may cause income to fall below the budgeted level. Worst case scenario is based on current year projections.	Allowance has been made in the budget to move the budget more in line with revised expectation of the levels of parking income we expect to receive. Regular monitoring in year to review the latest position. The Council will complete a strategic parking review to create a sustainable parking strategy.	500	3	4	12	Amber
8	Winter Maintenance & Highway Maintenance	Severe winter weather placing additional spending pressures on winter maintenance, highways maintenance and other budgets across the Council. Weather conditions are impossible to forecast with complete accuracy and there is a risk of increased costs in terms of highway clearance and highway maintenance should extreme weather conditions be experienced in 2024/25.	Regular budget and performance monitoring and appropriate responsive actions.	500	3	3	9	Green
9	Demographic Growth in the elderly population	Risk that budget growth allocated to placements and community based support is insufficient to meet rising demand and cost pressures from the 65+ age group. People are living longer, and presenting with more acute and complex needs, in particular those with advanced dementia or challenging behaviour. There could be budgetary pressures if demand rises significantly beyond current levels as well as supporting swift hospital discharge and maintaining the Council's position as a high Delayed Transfers of Care (DToC) performer.	Monitor regularly through the Adult Social Care and Public Health Management Team (including mitigation) and reflect any variance in the subsequent year's budget proposals and continue the maximising independence programme.	1,026	3	5	15	Amber
10	Adults Social Care Strategic risk	Risk that budget growth allocated to placements and community based support is insufficient to meet rising demand and cost pressures for working age and 65+ age group. People are living longer, and presenting with more acute and complex needs, in particular those with advanced dementia or challenging behaviour. In addition there is increasing demand on mental health and LD services. There could be budgetary pressures if demand rises significantly beyond current levels as well as supporting swift hospital discharge. Also potential new demands from implementation of the LPS across the workforce.	Growth bid submitted to mitigate cost of care. Further modelling and response to national cost of care exercise to be developed as part of market sustainability care reforms.	1,973	4	4	16	Amber
11	Consultation	Consultation on budget proposals results in them being unable to proceed. The risk quantifies the maximum value of proposals still subject to consultation.	Consultation will be carried out as soon as possible and any results leading to proposals being unable to proceed will be reported as part of budget monitoring and appropriate additional in year savings would be identified.	1,926	3	4	12	Amber

General Fund Revenue Budget 2024/25 - Risk Analysis								ANNEX 1
Ref	Risk	Risk Description	Response	Variation from budget in worst case scenario £000s	Likelihood (1 = low; 5 = high)	Impact (1 = low; 5 = high)	Total Score	RAG Rating
12	Business Rates	Business Rates income continues to be volatile due to the effects of the pandemic on the economy, in particular the high street and office accommodation. Under the the national business rates arrangements the Council retains 30% of business rates collected (subject to a tariff paid to Central Government). Although the budget includes a prudent estimate of business rates income, continued economic uncertainty poses the risk of a downward pressure on resources. This includes risks concerning business premises closing or being developed, and also business rates appeals (which reduce income) being higher than anticipated. A 1.5% reduction in business rates income would cause the retained amount to fall by around £0.121m. This would require a reduction in the budget for the following year to make up for any deficit on the collection fund.	Monitor regularly and reflect any variance in collection fund position in the subsequent year's budget proposals	121	3	2	6	Green
13	Council Tax	Council Tax is the main funding source of the net budget. It exposes the Council to risks such as collection rates and adverse changes in the size of the taxbase. The Council faces risks from both collection rates as the cost of living crisis puts pressure on household budgets, and residents needing greater financial support form the Council Tax Reduction Scheme, which reduces Council Tax income. The Council would have to repay any Collection Fund deficit built up in year in the following year, which would require budget savings in order to achieve. A 0.5% reduction in council tax collection equates to £0.625m.	Monitor regularly and reflect any variance in collection fund position in the subsequent year's budget proposals.	625	4	2	8	Green
14	Waste Management	Officers have modelled projected tonnage figures and inflation estimates in arriving at the waste management budget. However, tonnage projections remain volatile and the risk here is that tonnage exceeds that which has been projected.	Monitor regularly and review future growth requirements annually	400	3	3	9	Green
15	Investment	Economic uncertainty could lead to variations in current interest rates earned on investments	The investment income forecast is based on short-term interest rates to reach 4.55% in Q2 2024. Based on the estimated average investment balance, a 0.25% variation in the assumed rate for investments, would cause a variation of approximately £154k in investment income.	154	3	3	9	Green
16	Borrowing	Risk of exposure to increases in interest rates on external borrowing. The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to continue to fall from their current levels given tighter near-term monetary policy.	The Council has previously raised most of its long-term borrowing at fixed rates of interest, so exposure is limited to its LOBO (Lender's Option Borrower's Option) loans which could be "called". A LOBO is called when the Lender exercises its right to amend the interest rate on the loan, at which point the Council can accept the revised terms, or reject them and repay the loan. Current interest rates result in a very high probability of a LOBO being "called" which would trigger premature repayment. In 2024/25 a 0.5% variation in LOBO loan interest rates would cause a variation of approximately £171k in revenue costs.	171	3	3	9	Green
		Budget 2023-24 Budget Risk Total		23,019				
Summary by RAG status and prior year comparator				2024/25 £000s	2023/24 £000s			
		Red risks		0	0			
		Amber risks		11,180	8,525			

General Fund Revenue Budget 2024/25 - Risk Analysis								ANNEX 1
Ref	Risk	Risk Description	Response	Variation from budget in worst case scenario £000s	Likelihood (1 = low; 5 = high)	Impact (1 = low; 5 = high)	Total Score	RAG Rating
		Green risks		11,839	9,994			
		Budget Risk Total		23,019	18,519			

Reconciliation between original budget 2023/24 and proposed budget 2024/25

	£'000	£'000
Base Budget 2023/24		161,296
<i>Adjustments to Base Budget:</i>		
Removal of unachieved savings	996	
Planned changes to previous years growth	(576)	
Total Adjustments to Base Budget:		420
<i>Inflation:</i>		
Pay	2,868	
Non-Pay (Contracts & Subscriptions)	6,577	
Utilities	78	
NNDR	131	
Fees & Charges	(1,029)	
Total Inflation		8,626
<i>Growth:</i>		
Fairer	4,740	
Safer	10,029	
Greener	90	
Together	295	
Future Council	870	
Total Growth:		16,024
<i>Budget Reductions:</i>		
Fairer	(301)	
Safer	(2,204)	
Greener	(1,364)	
Together	(812)	
Future Council	(3,308)	
Total Budget Reductions		(7,989)
Gross Budget requirement 2024/25		178,378
Resources		
Parking / Bus Lane Enforcement / Moving Traffic Enforcement Accounts	(5,821)	
Collection Fund Surplus / Deficit (Council Tax)	(3,101)	
Collection Fund Surplus / Deficit (Business Rates)	(233)	
Council Tax	(124,710)	
Revenue Support Grant	(197)	
Specific grants	(17,373)	
Business Rates	(26,944)	
		(178,378)
Total Resources 2024/25		(178,378)

FORMAL COUNCIL TAX CALCULATION AND RESOLUTION

(For approval at 29 February 2024 Council)

The Council is recommended to resolve as follows:

- 1) It be noted that on 15th January 2024 under delegated powers, the Interim Director of Finance / S151 Officer approved the Council Tax Base for 2024/25 for the whole Council area as 65,500.4 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")].

- 2) That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act:
 - a) The aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act, taking into account the total of special items included in e) below. 507,953,290.45

 - b) The aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. 383,243,603.45

 - c) The amount by which the aggregate at a) above exceeds the aggregate at b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. [Item R in the formula in Section 31A(4) of the Act]. 124,709,687.00

 - d) The amount at c) above [Item R], all divided by Item T (1 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year. 1,903.95

 - e) The expenses of meeting the levy issued to it by the Wimbledon and Putney Commons Conservators shall be the aggregate of all special items referred to in Section 34(1) of the Act. 67,651.00

 - f) The amount at d) above less the result given by dividing the amount at e) above by Item T (1 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relate. 1,902.92

 - g) The amount given by adding the amount at f) above to the result of the amount at e) above divided by the council tax base for the part of the Council's area defined by the Wimbledon and Putney Commons Act 1871, calculated by the Council, as the basic council tax for dwellings in those areas to which the special items relate. 1,942.07

h)

<u>Part of the Council's Area</u>		
<u>Valuation Bands</u>	<u>Part of the Council's Area to which special items as defined in e) above relate</u>	<u>All other parts of the Council's Area</u>
	£	£
A	1,294.71	1,268.61
B	1,510.50	1,480.05
C	1,726.28	1,691.48
D	1,942.07	1,902.92
E	2,373.64	2,325.79
F	2,805.21	2,748.66
G	3,236.78	3,171.53
H	3,884.14	3,805.84

being the amounts given by multiplying the amounts at f) and g) above by the number which, in the proportion set out in Section 5(1) of the Act is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

i) That it be noted that for the year 2024/25, the Greater London Authority has stated the following amounts in precepts issued to the Council in accordance with Section 40 of the Act for each of the categories of dwellings shown below:

<u>Valuation Bands</u>	<u>GLA Precept</u>
	£
A	314.27
B	366.64
C	419.02
D	471.40
E	576.16
F	680.91
G	785.67
H	942.80

j) That having calculated the aggregate in each case of the amounts at (h) and (i) above, the Council in accordance with Section 30(2) of the Act hereby sets the following amounts of Council Tax for the year 2024/25 for each of the categories of dwelling shown below:

<u>Part of the Council's Area</u>		
<u>Valuation Bands</u>	<u>Part of the Council's Area to which special items as defined in e) above relate</u>	<u>All other parts of the Council's Area</u>
	£	£
A	1,608.98	1,582.88
B	1,877.14	1,846.69
C	2,145.30	2,110.50
D	2,413.47	2,374.32
E	2,949.80	2,901.95
F	3,486.12	3,429.57
G	4,022.45	3,957.20
H	4,826.94	4,748.64

- k) To note that, in accordance with Section 52ZB of the Local Government Finance Act 1992, the Council's relevant basic amount of Council Tax for 2024/25 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC.

ON-STREET PARKING ACCOUNT, BUS LANE ENFORCEMENT & MOVING TRAFFIC CONTRAVENTIONS ACCOUNTS

Report by the Interim Director of Finance

Recommendations:

1. to note the four-year forecast on the On Street Parking; Bus Lane Enforcement and Moving Traffic Contraventions accounts and any surpluses/deficits generated by the accounts in the current year 2023/24 and over the life of the MTFS.

GENERAL

Background

1. This annex forecasts the medium term position of the Council's statutory On-Street Parking; Bus Lane Enforcement and Moving Traffic Contraventions accounts. Qualifying expenditure that can be offset against the income raised from these accounts is governed by statute. The Council must ensure that this expenditure meets the criteria that is set down.
2. The medium term projections of the balances on each of these accounts is summarised below and discussed in detail in narrative pertaining to the individual accounts in this Annex.
3. In the current financial year, and the next, both the contribution and the budgeted surplus into the account, have been adjusted to ensure that the accounts remain in balance.

	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£000's	£000's	£000's	£000's	£000's
On-Street Parking Account	0	0	0	0	0
Bus Lane Enforcement Account	0	0	0	0	0
Moving Traffic Contravention Enforcement Account	0	0	0	0	0
TOTAL BALANCE	0	0	0	0	0

ON-STREET PARKING ACCOUNT

Background

4. The council is required to maintain the on-street parking account under the Traffic Regulation Act 1984 and the Traffic Management Act 2004. All costs and income associated with the provision of on-street parking are charged to the fund. Any deficit on the fund must be made good from the general fund however any surplus may be applied for specified types of eligible revenue expenditure as laid out in the acts. The

categories of eligible expenditure include the provision and maintenance of off-street parking accommodation, public passenger transport, highway or road improvement projects, environmental improvement and the implementation of the London Transport Strategy.

Medium Term Financial Forecast

5. The four-year forecast for the on-street parking account is shown in the table below:

On-Street Parking Account	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£000's	£000's	£000's	£000's	£000's
Surplus as at 1 April b/fwd	0	0	0	0	0
Applied:					
Eligible Expenditure for funding	2,414	3,134	3,213	3,213	3,213
Total transfer out of fund	2,414	3,134	3,213	3,213	3,213
Original Net Budgeted Surplus	(3,158)	(3,158)	(3,134)	(3,213)	(3,213)
Outturn Variance 2023/24 (Month 9)	744	0	0	0	0
MTFS savings items 2024/25	0	(243)	(79)	0	0
Estimated future inflation changes	0	267	0	0	0
Revised Net Budgeted Surplus	(2,414)	(3,134)	(3,213)	(3,213)	(3,213)
Balance c/fwd 31 March	0	0	0	0	0

Transfers Out of the Fund

6. There are a number of drawdowns from the reserve used to contribute towards base budget revenue spend. The contributions towards eligible expenditure have been in the base for a number of years. However, contributions have been adjusted in the current year, as well as over the life of the medium term, to ensure that the account stays in surplus.

Transfers into the Fund

7. The income generated by on-street parking exceeds the cost of provision and the resulting surplus is transferred annually into the on-street parking account. The budgeted surplus will reduce each year as inflationary increases are applied to the costs of operating the service and an allowance for this has been included in the forecast. For 2023/24 the budgeted surplus is £3.158m. Current predictions show an underachievement of this target by £0.744m. The budgeted surplus for 2024/25 has been adjusted to £3.135m on the basis of the new proposals being introduced as part of the MTFS for 2024/25 to 2027/28. The budgeted surplus takes into account the shortfall in the current year. Current projections show the account to be in deficit in future years. This will be adjusted for once the outturn for the current year is known.

Budget Risks

8. The key budget risks to the on-street parking account forecast position is:
- An increase in the level of compliance with on-street parking policies has resulted in a reduced number of Penalty Charge Notices (PCNs) being issued and a consequential reduction in the level of income received. If this pattern were to continue there would be a risk to the budgeted surplus being achieved and could reduce the ongoing balance of the fund.

BUS LANE ENFORCEMENT ACCOUNT

Background

9. The council is required to maintain the bus lane enforcement account under the London Local Authorities Act 1996. All costs and income associated with bus lane enforcement are charged to the fund. Any deficit on the fund must be made good from the general fund however any surplus may be applied for specified types of revenue expenditure as laid out in schedule 2 to the Act. The categories of relevant expenditure include meeting the costs of public passenger transport and improvement of highways.

Medium Term Financial Forecast

10. The four-year forecast for the bus lane enforcement account is shown in the table below:

Bus Lane Enforcement Account	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£000's	£000's	£000's	£000's	£000's
Surplus as at 1 April b/fwd	0	0	0	0	0
Applied:					
Eligible Expenditure for funding	651	494	494	494	494
Total transfer out of fund	651	494	494	494	494
Original Net Budgeted Surplus	(500)	(499)	(494)	(494)	(494)
Outturn Variance 2023/24 (Month 9)	(152)	0	0	0	0
MTFS savings items 2024/25	0	0	0	0	0
Estimated future inflation changes	0	5	0	0	0
Revised Net Budgeted Surplus	(652)	(494)	(494)	(494)	(494)
Balance c/fwd 31 March	0	0	0	0	0

Transfers out of the Fund

11. The contribution towards eligible expenditure has been in the base for a number of years. There are no plans to draw down any further from the reserves. However, contributions have been adjusted in the current year, as well as over the life of the medium term, to ensure that the account stays in surplus.

Transfers into the Fund

12. The income generated by bus lane enforcement exceeds the cost of provision and the resulting surplus is transferred annually into the bus lane enforcement account. The budgeted surplus will reduce each year as inflationary increases are applied to the costs of operating the service and an allowance for this has been included in the forecast. For 2023/24 the budgeted surplus is £0.500m and the forecast outturn position for income indicates that this target will overachieve by £0.152m. The number of bus lanes have reduced over the years and have been converted into cycle lanes as part of the Go Cycle programme. The budgeted surplus for 2024/25 is reduced to £0.494m.

Budget Risks

13. The key budget risk to the bus lane enforcement account forecast position are:
- An increase in the level of compliance with bus lane regulations would result in reduced numbers of PCNs being issued and a consequential reduction in the level of income received. This would pose a risk to the budgeted surplus being achieved and could reduce the ongoing balance of the fund.
 - A further reduction in bus lanes will have an impact on revenue.

MOVING TRAFFIC CONTRAVENTIONS ACCOUNT

Background

14. The Council is required to maintain a separate account for income and expenditure relating to the enforcement of moving traffic contraventions under Part 6 of the Traffic Management Act 2004. All costs and income associated with moving traffic contraventions are charged to the fund. Any deficit on the fund must be made good from the general fund however any surplus may be applied for specified types of revenue expenditure in a similar way to how surpluses generated by on-street parking activities are utilised.

Medium Term Financial Forecast

15. The four-year forecast for the moving traffic contraventions account is shown in the table below:

Moving Traffic Contravention Enforcement Account	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£000's	£000's	£000's	£000's	£000's
Surplus as at 1 April b/fwd	0	0	0	0	0
Applied:					
Eligible Expenditure for funding	2,263	2,193	2,238	2,238	2,238
Total transfer out of fund	2,263	2,193	2,238	2,238	2,238
Original Net Budgeted Surplus	(2,169)	(2,169)	(2,193)	(2,238)	(2,238)
Outturn Variance 2023/24 (Month 9)	(94)	0	0	0	0
MTFS savings items 2024/25	0	(45)	(45)	0	0
Estimated future inflation changes	0	21	0	0	0
Revised Net Budgeted Surplus	(2,263)	(2,193)	(2,238)	(2,238)	(2,238)
Balance c/fwd 31 March	0	0	0	0	0

Transfers out of the Fund

16. There are a number of drawdowns from the reserve used to contribute towards base budget revenue spend. The contributions towards eligible expenditure have been in the base for a number of years. There are no plans to draw down any further from the reserves. However, contributions have been adjusted in the current year, as well as over the life of the medium term, to ensure that the account stays in surplus.

Transfers into the Fund

17. The income generated by moving traffic contraventions exceeds the cost of enforcement and the resulting surplus is transferred annually into the moving traffic contraventions account. The budgeted surplus will reduce each year if inflationary increases are applied to the costs of operating the service and an allowance for this has been included in the forecast. For 2023/24 the budgeted surplus is £2.169m and the forecast outturn position for income indicates the council will overachieve this target by £0.94m. The budgeted surplus for 2024/25 has been increased to £2.193m, on the basis of the new proposals being introduced as part of the MTFS for 2024/25 to 2027/28.

Budget Risks

18. The key budget risk to the moving traffic contravention account forecast position are:
- An increase in the level of compliance has resulted in a reduced number of contraventions and therefore reduced numbers of PCNs being issued. If this pattern were to continue there would be a risk to the budgeted surplus being achieved and could reduce the ongoing balance of the fund.

											ANNEX 5
Ref	Strategic Committee	Directorate	Service	Portfolio Holder	Growth Title	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Brief Description	Estimated FTE Impact 2024/25 +/-
Fairer											
1	People	Children's Services	Children's Services	Cllr Archer	Home to School (SEN) Transport	790	0	0	0	About 20% of young people with Education Health and Care Plans access support to travel to school and as the number of young people with Special Education Need & Disabilities (SEND) has been increasing so to has the number of children who require travel support. At the time of writing 442 young people were supported to travel to school, 49 more than 5 years ago. The complexity of young people's needs and average cost of supporting a young person to travel to school has also been increasing. At the time of writing the average cost per child was £9,094 compared to £7,445 five years ago.	0
2	Place	Place	HGF Community Housing	Cllr Davey	Temporary Accommodation	3,759	0	0	0	An increase in the Temporary Accommodation budget to meet the anticipated direct cost pressures on the Council arising from the significant forecast growth in demand from homeless households - driven by cost of living, rising rents and landlords leaving the sector, the loss of private rented stock which the Council has historically relied upon and both the increased use and cost of nightly paid alternatives to meet the Council's statutory obligation to accommodate those to whom we owe a legal duty.	0
FS1	People	Adult Social Care & Health/Children's Services	ASC Operations/ Children's Services	Cllr Hamed/ Cllr Archer	Adults/Children's Social Care contingency	191	0	0	0	Additional grant funding in the Final Settlement allocated as a contingency for pressures across Adults/Children's social care to be split between services as required depending on in-year financial performance.	0
					SUBTOTAL - Fairer	4,740	0	0	0		0
Safer											
3	People	Adult Social Care & Health	ASC Directorate	Cllr Hamed	Procure the Technology Enabled Care (TEC) partner	157	0	0	0	Procure the Technology Enabled Care (TEC) partner The development of our tech offer will deliver outcomes in 2 key areas 1) Prevention. Better use of assistive technology will delay the need for more expensive forms of care for residents coming into ASC 2) Replacement. As we review care packages we will be able to substitute some care hours for less expensive tech solutions. In terms of budget this will assist us in containing costs and helping us manage a tighter budget in 24/25	0
4	People	Adult Social Care & Health	ASC Directorate	Cllr Hamed	Concessionary fares	895	912	747	0	To cover the increase in Transport for London charges due to passenger numbers climbing back to pre-pandemic levels	0
5	People	Adult Social Care & Health	ASC Directorate	Cllr Hamed	Adult Social Care - Learning Disabilities	900	600	0	0	Increase in package costs of children with Learning disabilities moving from Children's services to Adult social care services. This is based on actual numbers of children becoming adults and eligible for care.	0
6	People	Adult Social Care & Health	Commissioning	Cllr Hamed	Market Sustainability and Improvement Fund	649	(1,991)	0	0	An increase in Market Sustainability and Improvement Fund (Ring Fenced) grant funding - in line with the councils Care Act duty to ensure that the council takes steps to understand market pressures, fee levels to meet local needs and support a resilient local market. The government expects this grant funding to enable local authorities to make tangible improvements to adult social care. In particular to address discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector. Funding only confirmed in financial years 2023/24 and 2024/25. The full year effect of the funding is therefore shown as coming out from 2025/26	0
7	People	Adult Social Care & Health	Commissioning / Operations	Cllr Hamed	Adult Social Care Legal costs	75	0	0	0	The budget for legal costs was set many years ago at £50k and has not changed over the years. In the last three years activities in the service that require legal advice, support, and representation (e.g. advice on, and review of supplier contracts, and challenges from service users) have increased sharply such that we have been overspending on this budget. This request is to bring the budget to a realistic level to meet the current need.	0
8	People	Adult Social Care & Health	Commissioning / Operations	Cllr Hamed	Adult Social Care demographic growth	1,787	3,297	3,343	3,440	This covers all areas of demographic growth for ASC including older people, learning disabilities and mental health. It is based on a growth of 4% based on previous trends but as these are demand led services and so there will be some variation. This covers the cost of commissioned care across Adult social care.	0
9	People	Adult Social Care & Health	Operations	Cllr Hamed	Additional resource in the People with Learning Disabilities (LD) Social Care Team	66	0	0	0	Additional 1.0 FTE in the People with Learning Disabilities and Transitions Team (1 x Deputy manager) this role will oversee caseload management across the team, and ensure strong oversight of cases of young people transitioning from children's social care to adult social care. This will provide greater resilience and improved support for adults with learning disabilities. This should bring average caseloads down to 15 which a safe level as in accordance with Social Care Institute for Excellence (SCIE) guidance	1
10	People	Adult Social Care & Health	Operations	Cllr Hamed	Adult Emergency Duty Team (AEDT) contract.	100	0	0	0	There is a statutory requirement to have an EDT arrangement. Adult Emergency Duty Team service is commissioned from Richmond and provides out of hours emergency duty social work for the Adults Social Care Directorate. This growth is to align the budget to the actual cost of the service.	0
11	People	Adult Social Care & Health	Operations	Cllr Hamed	Principal Social Worker post	79	0	0	0	The Principal Social Worker has been subsumed into existing roles. It is proposed that this post becomes a specific substantive role, especially in the lead up to Care Quality Commission (CQC) readiness and assurance work. This role has a statutory function as described in the Care Act guidance. This includes a number of responsibilities pertaining to the leading and overseeing of excellent social work practice, including supervision, decision making and overseeing quality assurance and improvement. The role advises the director of adult social services (DASS) and/or wider council in complex or controversial cases and on developing case or other law relating to social work practice. The roles ensures the service meets its statutory responsibilities, including safeguarding.	1

											ANNEX 5
Ref	Strategic Committee	Directorate	Service	Portfolio Holder	Growth Title	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Brief Description	Estimated FTE Impact 2024/25 +/-
12	People	Adult Social Care & Health	Operations	Cllr Hamed	Liberty Protection Safeguards (LPS) Workforce Budget/Advocacy Service	0	0	0	840	This growth is to cover the costs for the Liberty Protection Safeguards (LPS) which is a new piece of legislation, replacing Deprivation of Liberty Safeguards (DOLS), and therefore new statutory responsibility for the Council. LPS widens the scope of people / living situations falling under the Council's statutory responsibility from those lacking mental capacity in registered care homes to those also in their own homes, supported living and shared lives.	0
13	People	Adult Social Care & Health	Operations	Cllr Hamed	Discharge Fund to support capacity and hospital discharge	172	(430)	0	0	An increase in external grant to support care market supply and to support hospital discharge: (Ring fenced). Funding only confirmed in financial years 2023/24 and 2024/25. The full year effect of the funding is therefore shown as coming out from 2025/26	0
14	People	Adult Social Care & Health	Operations	Cllr Hamed	Mental Health Placements	660	440	440	0	To cover additional placements costs due to increase in need and complexity of service users. This figure is determined on modelling of increase costs based on actuals in year. We have taken a very conservative estimate of numbers	0
15	People	Adult Social Care & Health	Mental Health	Cllr Hamed	Mental Health Placement - Transitions	200	200	0	0	Growth in mental health support required for children moving from Children's services to Adult social care services	0
16	People	Children's Services	Children's Services	Cllr Archer	Children's Social Care Growth	341	0	0	0	Growth to cover a number of items in Children's social care: an increase in pay for foster care panel reps to align with local comparators, alignment of allowances for special guardians to foster carer allowances, increase of 0.5fte social worker in the leaving care team to support reasonable workloads, increase in child protection conference chairs / safeguarding leads to support reasonable workloads in light of increased child protection cases investigations, increased budget for children with disabilities requiring short break care or other support to reflect the increased number of families accessing this service	2
17	People	Children's Services	Children's Services	Cllr Archer	SEND Inspection and Quality Assurance capacity 0.5 fte	35	0	0	0	A new local area inspection regime was introduced for local authorities and partners in 2023. The inspection regime is led by Ofsted and looks at the outcomes being achieved by children with SEND living in the borough. The regime is a lot more in depth and requires additional coordination and planning than the previous one. This role will coordinate inspections and provide increased capacity to further embed and develop a robust quality assurance programme for Kingstons SEND services.	1
18	People	Children's Services	Children's Services	Cllr Archer	Children's Social Care Transformation Lead	70	0	(70)	0	Children's early help and social care will be undergoing significant transformation over the coming years to achieve the savings built in to budgets but also to implement the findings of the national social care review. This transformation lead post will coordinate this activity. The post is two years fixed term.	1
19	People	Children's Services	Digital and Support Services	Cllr Archer	Children's Digital Initiatives and cost of apprenticeship levy	0	38	0	0	Investment in the digitisation of processes, WIFI for community buildings, and statutory apprenticeship levy costs	0
20	People	Children's Services	Social Care	Cllr Archer	Children's staff recruitment and retention incentives	0	(2)	6	0	Cost of introducing new incentives to improve recruitment and retention and reduce reliance on expensive agency staff. Incentives include retention bonus, relocation bonus, welcome payments and a dedicated post to support newly qualified social workers to improve retention	0
21	People	Children's Services	Social Care	Cllr Archer	Children's Care Placements	3,312	1,063	1,093	1,138	The number and complexity of children requiring residential social care placements has increased in recent years and the availability of local placements has not kept pace. There is a significant funding gap for childrens accomodation in 2023/24 and this growth will allow for the cost of accommodating and supporting the current cohort of children as well as allowing for the anticipated increase in the cohort size between September and March 2025. At the time of writing Kingston was supporting 324 young people through children in care and leaving care placements (incl Unaccompanied Asylum Seeking Children i.e. UASC). This is 57 more young people than five years ago and 17 more than in 2022/23. The growth is principally in the older age range - both care leavers and (UASC) over the age of 18. In addition to residential placements this growth also allows for an increase budget for legal advice. The cost of legal advice has increased significantly in 2023/24 as the complexity of cases and amount of legal support has increased. Robust, reliable and timely legal advice is critical to support the safety of vulnerable Kingston children. Advice is received through the South London Legal Partnership.	0
22	People	Corporate and Communities	Children's Commissioning	Cllr Archer	Children's Commissioning	137	(64)	0	0	The growth funds a permanent role to undertake the contract management of the AFC contract, the operational oversight of the Children's Services work undertaken, and essential support to the Council as an owner of AfC. In addition there is a fixed term post for 12 months which will develop and implement the Children and Young People Plan and the associated delivery plan. Once complete and mobilised, the fixed term resource would be removed. Ongoing oversight of the plan would transfer to the permanent role which would coordinate longer term delivery and ensure other Council services and partners are supporting the ambitions of the borough's children and young people. Over previous years these functions have been covered through a variety of temporary arrangements to ensure the Council is able to meet its commissioning and company ownership responsibilities, but the recommended growth would put this on a stable footing for the longer term, providing better support to statutory services.	2

											ANNEX 5
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23	People	Corporate and Communities	Children's Commissioning	Cllr Kirsch	VCSE Commissioning and Contract Management	137	(64)	0	0	The growth funds a permanent role to undertake the contract management of the key Voluntary, Community and Social Enterprise (VCSE) contracts and embed corporate monitoring of all VCSE commissioned services to ensure effective oversight across the Council's VCSE spend. The role will also lead the work required to embed the new commissioning model, supporting the sector, improving internal commissioning processes to encourage local VCSE participation, standardising commissioning and grant making procedures, and building internal capability. In addition there is a fixed term post for 12 months which will deliver the review and implementation of a new information, advice and guidance (IAG) model, including support to internal and external partners. Once complete and mobilised, the fixed term resource would be removed. Ongoing oversight of the IAG model would transfer to the permanent role which would coordinate longer term delivery. These functions have been covered through a variety of temporary arrangements, with commissioning and contract management of VCSE services dispersed across the Council and vested in several roles. Bringing these responsibilities together will ensure the Council is able to work more effectively and consistently with VCSE partners to ensure that outcomes are achieved, which will reduce costs elsewhere in the system and better manage demand for statutory services.	2
24	Place	Place	Property Operations	Cllr Hadjimichael	Realignment of Health & Safety income target with realisable income	72	0	0	0	Realignment of income target with fees payable across the Health and Safety function. The Council provides services to 96% of Kingston schools and 35 in neighbouring Richmond and has benchmarked its fees with competing providers. The existing income target is unachievable.	0
FS2	Place	Corporate & Communities	Highway Operations	Cllr Manders	Final Settlement additional funding allocated to Highways	185				Additional £185K of one-off new monies allocated as a contingency to Highways	0
					SUBTOTAL	10,029	3,999	5,559	5,418		9
Greener											
25	Place	Corporate and Communities	Major Contracts	Cllr Manders	Delivering the Green Spaces Strategy 2024-34	90	0	0	0	A new draft Greenspace Strategy for 2024-2034 was approved by Place Committee in November 2023. Designed to be ambitious, in order to deliver all the strategic objectives within an initial 3 year action plan, the report to Place Committee recognised a need for additional staff resources to develop and support delivery. The growth will fund 2x Green Spaces Officers. Their work will cover a range of priorities, including, developing a Green social prescribing offer, preparing location and route maps to increase usage, improving digital information, facilitating the Local Nature Recovery Strategy, and identifying and securing external funding for investment in green space infrastructure. The full details are set out in the action plan, including where the additional resources will be focused. https://moderngov.kingston.gov.uk/documents/s103211/Annex%20%20Greenspaces%20Draft%20Action%20Plan%202024-2027%20for%20consultation.pdf	2
					SUBTOTAL - Greener	90	0	0	0		2.0
Together											
26	Place	Corporate and Communities	Culture, Communities & Engagement	Cllr Kirsch	2025 Celebrations: 1,100 year of the crowning of King Athelstan celebration - aim will be to attract grant funding/sponsorship for activity and organisation.	100	0	(50)	0	To enable the council to support potential partners, programming and attract match funding/sponsorship (of £100k) the council will need to be able to access funding from 2023/24 to deliver in time for 2025. The aim is to work alongside community and arts groups to design a programme of activity that celebrates the 1,100th anniversary of the crowning of King Athelstan and the diverse heritage and history of the borough. The figure will reduce as the legacy activity increasingly self funds and becomes business as usual.	0
27	Place	Place	Development Control	Cllr Hayes	Five Acres Farm Planning Enforcement Programme.	195	0	0	(195)	An increase in the Planning Enforcement budget to support dedicated capacity focussed on investigating and addressing longstanding breaches of Planning Regulations on land to the western end of Clayton Road, Chessington known locally as Five Acres Farm.	0
					SUBTOTAL	295	0	(50)	(195)		0
Future Council											
28	Corporate and Resources	Corporate and Communities	Corporate Strategy and Engagement	Cllr Holt	Involve Team Regulation of Contracts	20	0	0	0	The Involve Team who provide a peer advocate service on behalf of people with different learning styles and needs. The current salary budget does not cover the increased costs of bringing the long standing casual contracts in line with RBK T&Cs.	0
29	Corporate and Resources	Corporate and Communities	Other Corporate Services	Cllr Kirsch	Capital financing costs	0	4,423	1,590	906	Estimated costs of minimum revenue provision and interest payable in respect of the capital programme.	0
30	Corporate and Resources	Corporate and Communities	Shared Environment Services	Cllr Hayes	IDOX - IT Software	50	0	0	0	Increased licence cost for specialist software as part of wider corporate project to move to cloud-based services. Total cost is £100k, split 50:50 with LB Sutton so the growth request is for £50k.	0
31	Corporate and Resources	Cross-Cutting	Unallocated	Cllr Kirsch	Estimated future growth requirements	0	0	1,500	3,000	Estimate of additional growth requirements for as yet unknown future demand / cost pressures.	0

											ANNEX 5
Ref	Strategic Committee	Directorate	Service	Portfolio Holder	Growth Title	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Brief Description	Estimated FTE Impact 2024/25 +/-
32	People	Children's Services	Children's Services	Cllr Archer	AfC - Digital Initiatives	28	0	0	0	Children's services are in the process of introducing a single view module to the existing social care case management system. This update to the system will ensure we stay up to date with best systems practice and improve how we hold information on children - in that it will give us a single view of a child - joining up information from across children's services teams. This will make it easier for practitioners to access and use information about a child and encourage professionals from across teams to work together.	0
33	People	Children's Services	Children's Services	Cllr Archer	AFC - Customer Platform Programme Manager 0.5fte	38	0	(38)	0	This 0.5fte 2 year fixed term role will support the ongoing implementation of the new children's services customer platform. The new platform will bring children's services up to date and support a better experience for families and young people when they contact services for support. Over time there will no longer be a need for hard copy forms (other than to support accessibility) and existing electronic forms will all be completed and stored through a single platform. The new system will improve information governance and young people / family engagement experience.	1
34	People	Children's Services	Children's Services	Cllr Archer	Cyber Security Audit	25	(25)	0	0	Kingston and Richmond jointly commissioned an independent review of the ICT arrangements for children's services during 2023. One of the review findings was that more assurance is needed regarding cyber security risks. This one off investment will pay for a review of cyber security and will make recommendations to the Kingston ICT service and AFC.	0
35	Place	Corporate and Communities	Shared Environment Services	Cllr Hayes	HMO Income Shortfall	20	0	0	0	The income target for Houses in Multiple Occupation (HMO) licensing has proved unachievable. It was set based on an unknown number of HMOs and was overambitious. A reduction in income target of £20k would still leave a challenging income target but would enable the budget to be balanced	0
36	Place	Place	Property Operations	Cllr Hadjimichael	Realignment of rental income targets with realisable income across the Corporate Property Portfolio	389	0	0	0	Realignment of income targets with rents payable across the Council's Corporate Property Portfolio to take account of recent changes including property disposals, changed market conditions, concessionary agreements and the addition of new rent generating assets.	0
37	Place	Place	Property Operations	Cllr Hadjimichael	Increased property maintenance budget	300	0	0	0	Increase in maintenance budgets to reflect the higher costs being incurred for the maintenance, servicing and general repair of the Council's properties and to provide additional resources address historic underinvestment in the portfolio.	0
					SUBTOTAL	870	4,398	3,052	3,906		1
					Grand Total	16,024	8,397	8,561	9,129		12

Ref	Strategic Committee	Directorate	Service	Portfolio Holder	Savings Title	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Brief Description	Estimated FTE Impact 2024/25 +/-	Statutory review / consultation required?	Equality Consideration	
Fairer														
1	People	Adult Social Care & Health	Healthy Communities	Cllr Hamed	Reconfiguration of Mental Health Promotion programme, in conjunction with NHS offers	35	0	0	0	There are currently grant opportunities for mental health services and this reduction reflects this change	0	No	Service efficiency with no resident or staff impact. No further action.	
2	People	Adult Social Care & Health	Operations	Cllr Hamed	Reduction in college costs of young adults with Learning Disabilities	50	0	0	0	This proposal is to achieve savings through identifying effective local provision of college education which can meet the needs of young people with a disability.	0	No	Potential low impact on residents. An EQIA will be undertaken and communities will be engaged on proposals as required prior to implementation.	
3	People	Children's Services	Early Help	Cllr Archer	Early Help Transformation	150	65	0	0	Consolidation of early help services into a Family Hub model with resources focused on edge of care and the most impactful interventions. This transformation will look at children's centres and youth centres as well as family support, youth offending, strengthening families, adolescent safeguarding.	(5)	Yes	Full EQIA will be needed to assess the impact of the more targeted service on protected groups. Where there is a significant impact we will consult / engage with residents. An EQIA will be undertaken as part of the staff redesign consultation process.	
4	People	Children's Services	Education	Cllr Archer	Requesting that schools fund school improvement directly following cessation of the government grant	66	0	0	0	The School Improvement Grant has historically paid for central education services in Kingston. From April 2023 the DfE will be ceasing this grant funding and has said that LAs should seek funding from schools instead. Schools have agreed to fund these services to ensure that the same level of school improvement support can be maintained at a borough level.	0	Yes	As the Schools Forum will fund this directly the service is sustained, therefore no EQIA is required. No further action.	
					Subtotal - Fairer	301	65	0	0		(5)			
Safer														
53	5	People	Adult Social Care & Health	Adult Social Care & Health	Cllr Hamed	Adult Social Care charging	94	0	0	0	This is the full year effect of the proposal consulted and agreed upon in 2023/24 to increase income by charging users for chargeable services that we previously provided free of charge, e.g. telecare, and amending our client allowances and income caps when calculating charges. This has been implemented and we are monitoring impact.	0	Yes	An EQIA was completed in September 2023. This included face to face engagement sessions where various negative impacts were considered. Steps to mitigate against these impacts have been implemented. A review of the EQIA for unexpected impacts will be undertaken in January 2025.
	6	People	Adult Social Care & Health	Healthy Communities	Cllr Hamed	Savings to several commissioning PH services, including sexual health	200	0	0	0	Savings to a number of Public Health commissioning cost centres, including sexual health, given it is one of the major areas of spend, and Kingston is currently an outlier in terms of spend/head. There will be revisions to contracted services, reflecting the use of on-line and postal offers, replacing some face-to-face delivery.	0	No	Contract renegotiation with no impact on residents or staff. No further analysis required.
	7	People	Adult Social Care & Health	Operations	Cllr Hamed	Amy Woodgate Drivers	56	0	0	0	As part of our offer we have employed 2 drivers to assist service users with transport to Amy Woodgate day centre. However the proportion of Kingston adult social care users who are supported is low. Therefore as part of our ongoing commitment to look at best value we propose to move from directly employing staff to supporting this small group with outstanding transport need will be either deliver this through through the new offer or spot purchased through our existing approved providers Dynamic Purchasing System. Full consultation will be conducted with the staff.	(2)	No	No potential impact identified as RBK funded clients provided with alternative transport. No further action.
	8	People	Adult Social Care & Health	Operations	Cllr Hamed	Staffing reduction	80	0	0	0	Deletion of one vacant Head of Service post	(1)	No	No potential impact identified as post is currently vacant. No further action.
	9	People	Adult Social Care & Health	Occupational Therapy Service	Cllr Hamed	Utilising the Disabled Facilities Grant	150	0	0	0	There are statutory requirements and grant conditions attached to the use of the Disabled Facilities Grant but the directorate is looking at different usage which will off set costs in the rest of Adults Social Care.	0	No	No resident or staff impact as funding is being used differently with no change to the service provided. No further action.
	10	People	Adult Social Care & Health	PLD Delivery	Cllr Hamed	Cost reduction of high cost packages - Learning Disabilities (LD) and Mental Health (MH)	400	0	0	0	We have identified a significant pressure through the purchase of high cost care for complex users in the working age LD and MH cohort. A comprehensive review of all these packages will achieve cost savings. This will be achieved through a process of strong negotiation, and will utilise any South West London joint procurement options. In addition we will review Continuing Healthcare Care outcomes for this cohort with a view to improving the share of NHS funding. Finally we are considering new contracting models for the care home and supported living markets to deliver efficiencies. None of these actions will affect the quality of support offered or impact on the life chances of our users.	0	No	No negative impact identified, no further action.
	11	People	Adult Social Care & Health	Resilience Planning	Cllr Kirsch	CCTV infrastructure - cable rental charges	15	0	0	0	This proposal is to achieve a reduction in CCTV cable rental charges by using a mixed approach of wifi networks, hubs and point to point fibre instead of the current point to point fibre only	0	No	Service efficiency with no resident or staff impact. No further action.
	12	People	Children's Services	Children's Services	Cllr Archer	Home to School Transport independent travel training	100	0	0	0	Establishment of an in-house independent travel training service. This service supports service users who are on the verge of being able to travel independently, helping them become more self-reliant.	0	No	No potential impact identified. This in-house training is designed to empower young people to travel independantly.
	13	People	Children's Services	Children's Services	Cllr Archer	Implement recommendations of the independent review of the Home to School Transport Service	100	0	0	0	Introduction of a more flexible Parent Pay (direct payment) offer that looks at families individual needs increases the number of families travelling more independently. Review how vehicles are procured to ensure that we are achieving the best possible price for both taxis and buses and that we are maximising their usage.	0	Yes	Potential low impact on residents. This work is likely to impact service users in a positive way. An EQIA will be undertaken and communities will be engaged on proposals as required prior to implementation.
	14	People	Children's Services	Children's Services	Cllr Archer	Review delivery model for home to school transport	0	500	0	0	Review the delivery model for the home to school transport service to ensure that it is the most efficient model and continues to support young people's needs and the increased scale of service.	0	No	Potential impact on residents. A full EQIA will be undertaken to assess impact across the protected characteristics and equality groups such as age, disability and health inequalities.
15	People	Children's Services	Children's Services	Cllr Archer	Placement demand management and commissioning	289	100	100	0	Review of approach to managing adolescents in the community rather than in residential settings where this would lead to better life outcomes, review approach to market / provider management, review approach to post adoption support and kinship placements, review approach to parent and baby assessments, review approach to care leaver accommodation	0	Yes	Potential low impact on residents. This work is likely to impact service users in a positive way. An Equality Analysis will be undertaken and communities will be engaged on proposals as required prior to implementation.	
16	People	Children's Services	Social Care	Cllr Archer	Improved Transitions between Children's and Adults Services	25	0	0	0	Closer working between adults and children's services to ensure that transitions are well planned, adult care is phased in at an appropriate stage and duplication is reduced. This joint working will cover all aspects including continuing care, employment opportunities, life skills etc	0	No	Full EQIA will be needed to assess the impact of any changes on protected groups. Where there is a significant impact we will consult / engage with residents. Groups impacted may include care leavers, asylum seekers and young people with special educational needs or disabilities.	
17	People	Children's Services	Social Care	Cllr Archer	Review social care delivery models including staffing structures, offer to care leavers, transitions	185	90	0	0	Review social care delivery models including staffing structures and the offer to care leavers. The review will look at how we deliver support to children in need and children on protection plans to ensure that we effectively use qualified social workers and alternatively qualified practitioners. The review will look at how we can transform the delivery model whilst ensuring that we continue to protect those children who are most vulnerable through reasonable staff caseloads.	(2)	No	Full EQIA will be needed to assess the impact of new delivery models on protected groups. Where there is a significant impact we will consult / engage with residents. Resident groups that could be impacted are care leavers, children in care and children with disabilities. An EQIA will be undertaken as part of the staff redesign consultation process.	

Budget savings and income generation 2024-25 to 2027-28

ANNEX 6

Ref	Strategic Committee	Directorate	Service	Portfolio Holder	Savings Title	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Brief Description	Estimated FTE Impact 2024/25 +/-	Statutory review / consultation required?	Equality Consideration
18	People	Children's Services	Social Care	Cllr Archer	Increasing the use and capacity of inhouse foster carers and use of kinship placements	124	123	0	0	This aims to ensure that within three years, 80% of Kingston's foster care placements are with in-house foster carers. In-house foster carers cost about £250 less per week than independent ones and in-house placements can also be better supported by AfC. To achieve this goal there is a need to increase usage of existing foster carers and also proactively recruit new foster carers. There will also continue to be proactive encouragement of kinship placements where they are appropriate and support the wellbeing of a child. We are taking part in the regional foster care project for the South East region which aims to improve the foster carer recruitment experience and will also be implementing the mocking bird model of support. The model nurtures the relationships between children, young people and foster families supporting them to build a resilient and caring community.	0	No	Potential low impact on residents. This work is likely to impact service users in a positive way. An Equality Analysis will be undertaken and communities will be engaged on proposals as required prior to implementation.
19	People	Children's Services	Social Care	Cllr Archer	Income generation through selling surplus capacity at Rainbow House respite centre	156	0	0	0	Kingston owns a short break respite provision called Rainbow House. AfC have been scaling up usage of the provision since it opened and are now in a position to sell bed nights that are not needed by Kingston children. We will be looking to put bulk purchasing contracts in place with other local authorities	0	No	Potential low impact on residents. This work is likely to impact service users in a positive way. An EQIA will be undertaken and communities will be engaged on proposals as required prior to implementation.
20	Place	Corporate and Communities	Shared Environmental Services	Cllr Manders	Flood Water Management	50	0	0	0	Reduction in flood water management revenue budget based on analysis of 22/23 spend and ability to capitalise some aspects	0	No	Service efficiency with no resident or staff impact. No further action.
21	Place	Corporate and Communities	Shared Environmental Services	Cllr Manders	Land Drainage - budget reduction of 15%	20	0	0	0	Savings against non critical/safety budgets	0	No	No significant impact identified, service efficiency.
22	Place	Corporate and Communities	Shared Environmental Services	Cllr Manders	Urban Traffic Control Levy - reduction of costs	10	0	0	0	Traffic Signals contract costs reduction by TFL	0	No	Service efficiency with no resident or staff impact. No further action.
23	Place	Corporate & Communities	Shared Environment Service	Cllr Manders	Reduction in Highways Maintenance Budget	150	0	0	0	A reduction in funding for highways maintenance. Statutory responsibilities will continue to be maintained with a focus on health and safety.	0	Yes	Potential low impact on residents. An EQIA will be undertaken to assess impact across the protected characteristics and equality groups such as age and disability. Safe highways will be maintained, and statutory responsibilities will continue to be met.
					Subtotal - Safer	2,204	813	100	0		(5)		

Greener

54	24	Corporate and Resources	Corporate & Communities	Culture, Communities & Engagement	Cllr Holt	Removal of remaining borough wide paper based communications	0	30	0	0	Saving to be made on any remaining paper based printed comms. This does not include letters to residents. NB residents magazine is already electronic	0	No	The potential low impact on residents not receiving borough wide printed communications is mitigated by the distribution of information in other formats and via community networks.
	25	Place	Corporate and Communities	Major Contracts	Cllr Hadjimichael	Charging for provision of Recycling & Waste Containers	48	0	0	0	£18 administrative fee for admin/delivery of bin requests, excluding food waste caddies.	0	No	The previously completed EQIA will be reviewed and impact on residents monitored.
	26	Place	Corporate and Communities	Major Contracts - Parks	Cllr Manders	Increasing community activities in parks	25	0	0	0	Increased income focused on better use of existing pitches and associated assets.	0	No	Income generation - no anticipated resident or staff impact. Specific opportunities will be screened as they arise and a full EQIA undertaken to assess impact across protected characteristics and equality groups as required.
	27	Place	Corporate and Communities	Major Contracts	Cllr Hadjimichael	Garden Waste subscription fee increases	30	0	0	0	Increase charging for garden waste subscriptions above inflation, adopting a 10% increase which would raise the annual charge to £95 from the current £86 annual charge for 23/24.	0	No	This is an increase in charging for an existing, optional service. No impact on any particular group or community is anticipated. No further analysis required at this time.
	28	Place	Corporate and Communities	Major Contracts	Cllr Manders	Tree planting programme funding change	135	0	0	0	This proposes to replace the council core funding with alternative funding from CIL, s106 or other suitable funding streams where available.	0	No	Service efficiency with no resident or staff impact. No further action.
	29	Place	Corporate and Communities	Major Contracts	Cllr Manders	Realignment of the car park budget	800	0	0	0	Rebaseline of Car Parks budget to take account of increased customer use and reduced spending following Covid. This figure does not account for any changes in pricing strategy and simply brings the budget target in line with the actuals projected for 23/24.	0	No	Service efficiency with no resident or staff impact. No further action.
	30	Place	Corporate and Communities	Major Contracts	Cllr Manders	Review of fees and charges for car parks	275	275	0	0	Adopting a new pricing model across all car parks, moving towards a demand-led approach with pricing to be informed by usage and capacity, location, benchmarking, competitor offers and alignment with on-street pricing. Ensuring fees are charges are set in the context of the private market and potential users, particularly in the town centre - e.g. commuter, short stay retail, longer stay leisure and retail, night time leisure. Review pricing anomalies to remove inconsistent time bandings so that parking is routinely banded in whole hours with a paid for session up to 'x' hours. As the whole pricing model is being reviewed, it is not feasible to apply a flat inflationary increase to each charge, however an average increase of 6% across all fees and charges has been profiled.	0	Yes	Potential impact on some groups with protected characteristics. EQIA will be required as part of detailed development of proposals.
	31	Place	Corporate and Communities	Shared Environmental Services	Cllr Manders	Deletion of Air Quality Specialist post	25	0	0	0	Deletion of the currently vacant Air Quality Officer post. The post has been vacant for some time and has not impacted on our statutory duties. Additional proactive elements will be picked up by the climate change team [saving is 50% of the budget for the post as shared with Sutton]	(1)	No	No significant impact identified as post is currently vacant. Statutory responsibilities will be maintained as currently.
	32	Place	Corporate and Communities	Shared Environmental Services	Cllr Manders	Fees & Charges - Highways & Transport	26	0	0	0	New fees and charges introduced for pre-application work with Developers.	0	No	Income generation - no resident or staff impact. No further action.
33	Place	Corporate & Communities	Shared Environment Services	Cllr Manders	Electricity savings through LED street light rollout	0	50	0	0	Saving in year 2 based on new Central Management System (included in LED capital programme) allowing for greater control of lights eg allowing lights to be switched off at certain times in certain locations.	0	No	No direct impact in initial savings which are generated by lower energy use. Year 3 savings will require EQIA to assess possible impact when project is developed.	
						Subtotal - Greener	1,364	355	0	0		(1)		

Together

34	People	Adult Social Care & Health	Public Health	Cllr Hamed	Public Health Grant (PHG) Reserve	500	0	(500)	0	Release accumulated reserve over 2024/25 and 2025/26 and utilise public health resources to cover existing PH activity in other services	0	Yes	This is a 2 year transformation focused on reducing growth in demand through the Councils prevention model. If this transformation is not fully achieved, an EQIA will be required to assess the impact of this saving. No further analysis at this time but to be reviewed in 18 months.
35	People	Adult Social Care & Health	Registration, Nationality & Bereavement Services	Cllr Hadjimichael	Registration & Citizenship Ceremonies - Enhanced Services	28	0	0	0	i) Enhance marriage & civil partnership development ii) Increase Service Offer to include more choice for residents iii)Update Private Ceremony Fees and offer an Express service.	0	No	No negative impact identified, no further action.

Budget savings and income generation 2024-25 to 2027-28

ANNEX 6

Ref	Strategic Committee	Directorate	Service	Portfolio Holder	Savings Title	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Brief Description	Estimated FTE Impact 2024/25 +/-	Statutory review / consultation required?	Equality Consideration
36	People	Adult Social Care & Health	Registration, Nationality & Bereavement Services	Cllr Hadjimichael	Direct cremations - increase income	0	15	0	0	This proposal is to enter into an agreement with an organisation to provide a service that will generate a minimum guaranteed income for direct cremations	0	No	Income generation - no resident or staff impact. No further action.
37	Place	Place	Regeneration	Cllr Hayes	Review of Urban Design Team.	120	0	0	0	Conclusion of the transfer of the Urban Design function into Strategic Planning & Infrastructure and its re-sizing to move to a cost neutral model.	(1)	No	An EQIA was completed in March 2023 with consideration given to the adverse impacts of the change. Steps to mitigate against these impacts have now been implemented and the EQIA was updated in January 2024 to reflect the impact of the action taken.
38	Place	Place	Regeneration	Cllr Holt	Use of dedicated Section 106 / grant funds to fund the Skills and Employment team	164	0	0	0	Conclusion of the move to include and use of dedicated s106 clauses in planning agreements requiring financial contributions to fund the Council's Skills and Employment team within the Regeneration service team.	0	No	Income generation with no resident or staff impact. No further analysis required.
39	Place	Place	Regeneration	Cllr Hadjimichael	Removal of Council subsidy from the operation of the Ancient Marketplace	0	62	0	0	Removal of existing Council subsidy from the operation of the Ancient Marketplace through re-tendering of the operational contract to place the operation of the market on a self financing footing with full recovery of Council costs.	0	No	Contract renegotiation with no impact on residents or staff. No further analysis required.
					Subtotal - Together	812	77	(500)	0		(1)		

Future Council

40	Corporate and Resources	Corporate and Communities	Business Support	Cllr Afilaka	Customer & Business Support Transformation - a new operating model	200	0	0	0	Developing a new operating model and service design that improves services for residents. It will look at cutting out duplication and inefficiency through user centred service design and end to end process reengineering.	(5)	No	This is expected to improve service delivery for residents and there is no anticipated resident or staff impact. Equalities impact will be considered throughout this transformation, specific opportunities will be screened as they arise and an EQIA undertaken if required. This approach will be kept under review. No further action.
41	Corporate and Resources	Corporate and Communities	Digital & IT	Cllr Afilaka	Removal of currently vacant Business Manager role	27	0	0	0	Deletion of the existing, vacant Business Manager post. Functions of the role have been redistributed across other existing posts within the service.	(1)	No	No potential impact identified as post is currently vacant. No further action.
42	Corporate and Resources	Corporate and Communities	Digital & IT	Cllr Afilaka	Savings from change of contract supplier for GIS (Geographic Integration System software)	10	0	0	0	Savings resulting from exiting of contract delivering geographic integration system software	0	No	Contract renegotiation with no impact on residents or staff. No further action.
43	Corporate and Resources	Corporate & Communities	Digital & IT	Cllr Afilaka	Digital and IT reduction in staffing	38	0	0	0	Reduction in 1 post which is currently vacant. This will reduce capacity to work with service areas on how IT and Digital can help them in their work.	(1)	No	Service efficiency with no resident or staff impact. No further action.
44	Corporate and Resources	Corporate & Communities	Digital & IT	Cllr Afilaka	Capitalise the Digital and IT Project Team	70	0	0	0	Move current revenue funded project staff to capital. This will in effect leave less money for Digital transformation and IT projects as these roles are currently funded in addition to the Digital & IT Capital investment budget. This assumes that ongoing capital investment in digital and IT would continue.	0	No	No impact identified as this involves changing the funding mix for an existing team without changing the number of posts. No further action.
45	Corporate and Resources	Corporate and Communities	Digital & IT	Cllr Afilaka	Additional Wide Area Network savings from the move of data centres to the cloud	35	0	0	0	Additional savings on the Wide Area Network (WAN) contract following the closure of the data centres	0	No	Contract renegotiation with no impact on residents or staff. No further action.
46	Corporate and Resources	Corporate and Communities	Digital & IT	Cllr Afilaka	Savings from national switch over from old telephone exchanges to web telephony by consolidating lines.	69	0	0	0	Savings from national switch over from old telephone exchanges to web telephony by consolidating telephone lines.	0	No	Contract renegotiation with no impact on residents or staff. No further action.
47	Corporate and Resources	Corporate & Communities	Digital & IT	Cllr Afilaka	Cloud Programme savings	0	103	35	0	Savings a result of moving our IT hosting out of data centres hosted in the Guildhall and in Sutton to modern cloud hosting services	0	No	No impact for residents as this involves a combination of contract savings. Limited, long term change in staff posts that will change at the end of the existing fixed terms or when vacant. No further action.
48	Corporate and Resources	Corporate and Communities	Finance	Cllr Kirsch	Explore option to charge for appointeeships & deputyships service	98	0	0	0	Subject to consultation a charge will be introduced to provide the appointeeship service, generating an income to partly cover the existing cost of running this service.	0	Yes	Income generation impacting residents reliant on the council's appointeeship service. Due to be implemented during 2024/25 and a full EQIA will be carried out prior to implementation.
49	Corporate and Resources	Corporate and Communities	Finance	Cllr Kirsch	Reduction in benefits work due to Universal Credit rollout	40	40	0	0	As Universal Credit roll out continues the number of Housing Benefit claims to be managed will decline meaning staffing in this area can be reduced.	(1)	No	No impact on residents. Potential impact on staff and an EQIA will be carried out prior to implementation.
50	Corporate and Resources	Corporate & Communities	Finance	Cllr Kirsch	Automation in financial processes, financial assessments and reporting	0	0	80	0	Further digitisation and automation of financial processes will lead to efficiencies and the ability to reduce manual processing	0	No	Potential staff impact when restructure takes place in 2026/27. An EQIA will be undertaken to assess impact across protected characteristics and equality groups.
51	Corporate and Resources	Corporate and Communities	Finance	Cllr Kirsch	Insurance	72	0	0	0	Lower cost of insurance service - no change in service provision or levels of cover.	0	No	Lower cost of service, no change in service provision. No further analysis required.
52	Corporate and Resources	Corporate and Communities	Other Corporate Services	Cllr Kirsch	Reduction in Historic Enhanced Pensions	30	35	40	0	The number of enhanced pensions still in payment continues to reduce year on year creating a further saving.	0	No	Saving due to a reduction in need or service use (no staff or resident impact). No further action.
53	Corporate and Resources	Corporate and Communities	Other Corporate Services	Cllr Kirsch	Pension Fund Triennial Valuation	543	0	0	0	The final results of the triennial valuation of the Pension Fund in March 2023 identified that the expected saving was greater than had been assumed in setting the 2023/24 budget and thus this additional saving can be delivered.	0	No	Service efficiency with no resident or staff impact. No further action.
54	Corporate and Resources	Corporate and Communities	Other Corporate Services	Cllr Kirsch	Capital financing costs	1,735	0	0	0	A net reduction in capital financing costs is expected due to elevated interest rates generating additional income. This is expected to reduce over time as interest rates stabilise and growth is included to mitigate that in later years.	0	No	No impact on residents or staff. No further analysis required.
55	Corporate and Resources	Corporate & Communities	Other Corporate Services	Cllr Kirsch	Corporate Redundancy & Pension Strain costs	250	0	0	0	A reduction in the budget for redundancy costs and pension strain costs arising from early retirements following a few years of being underutilised. The draws on this budget can fluctuate significantly depending on the level of organisational change. Any relevant costs in excess of the corporate budget would have to be borne by individual departments when restructures occur which may create in year budget pressures in those service areas.	0	No	No impact as this proposal releases underutilised budget with no change to service provision, so no impact on staff or residents.
56	People	Children's Services	Children's Support Services	Cllr Archer	Digitisation of support services / service user engagement. Review of staff training offer.	92	68	22	0	Reduction in staff capacity in support services with increased reliance on automation and digital processes. Review of staff development offer with resources focused on most impactful training resources.	(1)	No	Potential low impact on staff and residents. An EQIA will be undertaken and communities will be engaged on proposals as required prior to implementation.
57	Place	Place	Regeneration	Cllr Hadjimichael	Future Workplace (updated programme)	0	274	558	558	Rephasing of the Future Workplace savings targets to reflect current programme for the anticipated disposal of GH1, GH2 and the leasing of Sessions House.	0	No	Due to potential impact on staff, an EQIA is being carried out.
					Subtotal - Future Council	3,308	520	735	558		(9)		

Grand Total	7,989	1,830	335	558
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Ref	Strategic Committee	Directorate	Service	Portfolio Holder	Savings Title	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Brief Description	Estimated FTE Impact 2024/25 +/-	Statutory review / consultation required?	Equality Consideration
Enforcement account savings *													
58	Place	Corporate and Communities	Major Contracts - Parking	Cllr Manders	Introduce new Permit Parking Areas	30	0	0	0	Introduce additional permit parking and visitor vouchers. Further revenue could be achieved with shared use parking, including pay by phone (where appropriate).	0	Yes	Saving is linked to introduction of new controlled parking zones following statutory consultation with residents. Equalities impact will be considered on a project by project basis.
59	Place	Corporate and Communities	Major Contracts - Parking	Cllr Manders	New School Streets	45	45	0	0	Assuming x1 new site each year.	0	Yes	Potential high impact on residents. A full EQIA will be undertaken to assess impact across protected characteristics and equality groups.
60	Place	Corporate and Communities	Major Contracts - Parking	Cllr Manders	Adoption of stricter parking enforcement policies	84	0	0	0	Removal of double jeopardy on Penalty Charge Notices (PCNs) and removal of automatic cancellation for cases where there has been user input error or a failure to display a blue badge.	0	No	No impact identified and ongoing monitoring is underway.
61	Place	Corporate and Communities	Major Contracts - Parking	Cllr Manders	Review of fees and charges for on-street paid parking, permits and other on-street charges	79	79	0	0	Reviewing all on street parking fees and charges to ensure pricing is set to achieve policy goals, including managing demand for parking, discouraging car use and ensuring the costs of parking services are paid by motorists benefiting from them. The offer for on street paid parking should ensure pricing reflects premium locations, especially where there are off street alternatives for longer stay parking. Where pricing plans include inconsistent charges by the minute or half / quarter hours, inconsistent time bandings would be removed so that parking is routinely banded in whole hours with a paid for session up to 'x' hours. A review of all permits, including the introduction of tiered permits for resident parking, simplification of business and service provider options, and promotion of the new offer to increase uptake. As the whole pricing model is being reviewed, it is not feasible to apply a flat inflationary increase to each charge, however an average increase of 6% across all fees and charges has been profiled.	0	Yes	Potential impact on some groups with protected characteristics. EQIA will be required as part of detailed development of proposals.
62	Place	Corporate and Communities	Major Contracts - Parking	Cllr Manders	Removal of Pay and Display Machines	50	0	0	0	Transition to parking payments by phone or PayPoint only	0	Yes	An EQIA has been completed, this included consultation and engagement with residents. Steps to mitigate negative impact have been implemented.
					TOTAL ENFORCEMENT ACCOUNT SAVINGS	288	124	0	0		0		
					GRAND TOTAL MTFS AND ENFORCEMENT SAVINGS	8,277	1,954	335	558		(21)		

* Enforcement Account savings are accounted for differently to other service savings as the Enforcement Account is categorised as a resource as opposed to expenditure. As such their savings still benefit RBK but are not classed as MTFS savings

Summary of 2024/25 Budget by Service

ANNEX 7

TOTAL BY SERVICE 2024/25 (NET EXPENDITURE)	Base Budget 2023/24	Virements	Adjustments to Base Budget	Adjusted Base Budget	Inflation	Growth	Budget Reductions	Changes to Resources	Contribution to Reserves	Budget 2024/25
(FIGURES MAY NOT ADD DUE TO ROUNDINGS)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care Commissioning	8,235	(2,311)	136	6,060	243	806	0	0	0	7,108
Adult Social Care Operations	45,732	2,643	224	48,598	2,036	4,934	(830)	0	0	54,738
Healthy And Safe Communities	221	52	0	273	(98)	0	(778)	0	0	(603)
ADULT SOCIAL CARE and HEALTH TOTAL	54,187	384	360	54,931	2,181	5,740	(1,608)	0	0	61,243
CHILDREN'S SERVICES	38,534	1,424	346	40,304	1,045	4,639	(1,287)	0	0	44,701
Commissioning And Procurement	729	44	0	774	0	274	0	0	0	1,048
Corporate & Commercial Directorate Management	265	6	0	271	0	0	0	0	0	271
Corporate & Communities - Business Support	1,967	135	0	2,101	0	0	(160)	0	0	1,941
Corporate Transformation	27	40	0	67	0	0	0	0	0	67
Culture, Communities And Engagement	5,697	359	(686)	5,370	14	20	0	0	0	5,404
Customer Services	237	210	0	447	25	0	(40)	0	0	432
Finance Service	5,290	317	0	5,607	103	0	(210)	0	0	5,501
Governance And Law	2,507	47	0	2,554	99	0	0	0	0	2,653
ICT	2,374	221	0	2,595	49	0	(249)	0	0	2,395
Major Contracts	12,500	85	0	12,584	706	90	(1,313)	0	0	12,067
People And Organisational Development	1,470	104	0	1,574	(41)	0	0	0	0	1,533
Highways, Transport and Regulatory Services	5,586	191	0	5,777	230	355	(281)	0	0	6,081
Shared Environment Service - Highways and Transport	4,521	115	0	4,636	227	0	(256)	0	0	4,607
Shared Environment Service - Regulatory Services	1,016	76	0	1,092	3	170	(25)	0	0	1,240
Shared Environment Service - Neighbourhoods	50	(1)	0	49	0	0	0	0	0	49
CORPORATE & COMMUNITIES SUB-TOTAL	38,650	1,757	(686)	39,721	1,185	739	(2,253)	0	0	39,392
Other Corporate Services	27,448	(3,800)	50	23,698	¹ 3,628	² 191	(2,557)	0	0	24,960
CORPORATE and COMMUNITIES TOTAL	66,098	(2,043)	(636)	63,419	4,813	930	(4,810)	0	0	64,352

¹ Pay inflation held centrally² Includes contingency established as part of the final settlement to be allocated to the relevant services as needed

TOTAL BY SERVICE 2024/25 (NET EXPENDITURE)	Base Budget 2023/24	Virements	Adjustments to Base Budget	Adjusted Base Budget	Inflation	Growth	Budget Reductions	Changes to Resources	Contribution to Reserves £'000	Budget 2024/25
(FIGURES MAY NOT ADD DUE TO ROUNDINGS)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Assets	(2,979)	30	350	(2,600)	248	761	0	0	0	(1,591)
Community Housing	3,378	61	0	3,439	443	3,759	0	0	0	7,641
Regeneration	539	36	0	575	0	0	(284)	0	0	291
Strategic Housing	(0)	0	0	(0)	0	0	0	0	0	(0)
Major Developments Programme (Revenue)	127	8	0	135	0	0	0	0	0	135
Strategic Planning And Infrastructure	123	80	0	203	(102)	195	0	0	0	296
PLACE TOTAL	1,188	214	350	1,752	589	4,715	(284)	0	0	6,772
CHIEF EXECUTIVES	1,289	22	0	1,311	0	0	0	0	0	1,311
SUBTOTAL	161,296	(0)	420	161,716	8,627	16,024	(7,989)	0	0	178,378
Transfer from Enforcement Accounts	(5,827)	0	0	(5,827)	0	0	0	6	0	(5,821)
Council Tax Income (RBK Share)	(116,579)	0	0	(116,579)	0	0	0	(11,232)	0	(127,811)
Income from Business Rates (RBK Share)	(25,554)	0	0	(25,554)	0	0	0	(1,623)	0	(27,177)
Non-Specific Grant Income	(13,337)	0	0	(13,337)	0	0	0	(4,233)	0	(17,570)
RESOURCES TOTAL	(161,296)	0	0	(161,296)	0	0	0	(17,082)	0	(178,378)
GRAND TOTAL	0	(0)	420	420	8,627	16,024	(7,989)	(17,082)	0	0

Subjective Summary of 2024/25 Budget

ANNEX 8

SUBJECTIVE ANALYSIS 2024/25 - SUMMARY	Base Budget 2023/24	Virements 2023/24	Adjustments to Base Budget	Adjusted Base Budget	Inflation	Growth	Budget Reductions	Changes to Resources	Budget 2024/25
(FIGURES MAY NOT ADD DUE TO ROUNDINGS)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee Costs	61,469	(535)	0	60,933	2,982	529	(1,453)	0	62,992
Premises-Related Expenditure	17,382	1,344	0	18,726	427	300	0	0	19,453
Transport-Related Expenditure	635	(4)	0	632	0	0	0	0	632
Supplies And Services	16,549	957	(336)	17,170	918	1,270	(896)	0	18,462
Support Services	(5,459)	239	0	(5,220)	0	0	0	0	(5,220)
Third Party Payments	149,204	6,506	626	156,336	4,215	13,464	(2,178)	0	171,837
Transfer Payments	72,355	664	80	73,099	1,062	0	(50)	0	74,111
Capital Financing	17,368	0	0	17,368	0	0	(583)	0	16,786
Total Expenditure	329,504	9,170	370	339,044	9,604	15,563	(5,160)	0	359,052
Government Grants	(78,046)	(5,134)	50	(83,129)	(5)	0	(158)	(4,233)	(87,525)
Council Tax Income (RBK Share)	(116,579)	0	0	(116,579)	0	0	0	(11,232)	(127,811)
Non-Domestic Rates Income (RBK Share)	(25,554)	0	0	(25,554)	0	0	0	(1,623)	(27,177)
Internal Income	(28,230)	(2,599)	0	(30,829)	0	0	0	0	(30,829)
Non Government Grants, Reimbursements & Contributions	(27,050)	(1,008)	0	(28,058)	(275)	369	375	0	(27,589)
Customer & Client Receipts	(55,247)	(34)	0	(55,281)	(697)	92	(2,908)	0	(58,794)
Interest Receivable	(2,702)	0	0	(2,702)	0	0	(426)	0	(3,128)
Total Income	(333,407)	(8,775)	50	(342,132)	(977)	461	(3,117)	(17,088)	(362,853)
Transfer to/(from) Reserves	3,903	(395)	0	3,508	0	0	288	6	3,802
Total Transfers To/ From Reserves	3,903	(395)	0	3,508	0	0	288	6	3,802
GRAND TOTAL	(0)	0	420	420	8,627	16,024	(7,989)	(16,706)	0

Flexible Use of Capital Receipts Strategy

Introduction

1. To support local authorities to deliver more efficient and sustainable services, a time limited flexibility is currently available to use capital receipts from the disposal of property, plant and equipment assets to fund the revenue cost of service reform.
2. Under normal rules, capital receipts can only be used to fund capital expenditure such as the purchase of capital assets or improvements to existing assets. The current flexibilities enable Councils to use income from the sale of certain assets to fund the short-term revenue costs that support invest-to-save and efficiency projects in order to provide revenue savings in the future.
3. This strategy sets out the intended use of this flexibility and applies to the financial year 2024/25 and for each subsequent financial year to which the flexible use of capital receipts direction applies (Central government announced a 3-year extension from 2022/23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery). This strategy will be updated as part of the annual budget process.
4. The flexibilities fit well with the Council's Medium Term Financial Strategy and its plan for maintaining financial sustainability through transformation projects, including efficiency measures, invest-to-save projects and new income generation plans. Given the level of savings required over the medium-term and the number and scope of projects within the plan, it will be important to provide funding for these projects. The use of capital receipts means that these essential projects can be progressed without putting additional pressure on revenue resources.

Rules of Qualification

5. Revenue expenditure qualifies to be funded from the capital receipt flexibility if it has been incurred on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
6. The capital receipt must be received in the years in which this flexibility is offered. The flexibility was initially available for three years from 2016-17 to 2018-19 but was extended for a further three years in the December 2017 provisional local government finance settlement and extended again in 2021.
7. The Department for Levelling up, Housing and Communities (DLUHC) currently has a 'call for views' consultation open on potential new capital flexibilities for local authorities. The proposals include extensions to capitalisation flexibilities for general revenue costs, financing of invest-to-save projects and use of proceeds from selling investment assets. The consultation closes at the end of January 2024. At time of

writing, there isn't any update on when DLUHC plan respond to the comments and issues raised by the consultation.

Strategy for Use of Flexibility

8. Since 2010 the Council has been delivering savings programmes which have allowed it to focus resources on unavoidable cost pressures, including demand led services (such as adult and children's social care), as well as allowing the Council to match the level of spending with the reducing funding coming from central government.
9. This flexibility aligns with our corporate priorities and provides an alternative way of funding the one-off transformation costs and up front investment associated with delivery of recurring savings which will accrue to the General Fund in future years.
10. Capital receipts totalling £9.3m were received in 2017/18. £3m was set aside to fund the capital programme and the remainder is allocated to resource transformation costs incurred in the current financial year and future projects that will deliver the required savings in the Medium Term Financial Strategy. At the time of writing, a balance of £1.6m remains uncommitted.
11. Consideration has therefore been given to reduce the level of risk within the Medium-term Financial Strategy by using the flexibility to offset incurred and planned transformation costs currently assumed to be funded from general fund resources. This will help mitigate the inherent risk in the Medium Term Financial Strategy arising from two main factors:
 - a. the accumulated deficit that has arisen in the high needs block of the dedicated schools grant, currently projected to be around £5.5m at year-end.
 - b. the scale of the savings to be delivered over the life of the Medium Term Financial Strategy, and the extent to which these require transformation of service delivery and management of demand for services.

Impact on Prudential Indicators

12. The council will have due regard to the requirements to the Prudential Code and the impact on the prudential indicators. The capital receipts described above are not built into the Council's current/proposed capital programme and so the utilisation of these receipts for capital receipts flexibility will not have a detrimental impact on the Council's prudential indicators, as set out in the Council's Treasury Management Strategy. All schemes which are eventually deemed to qualify under this programme would have the required costs funded through capital receipts rather than revenue funding streams.

Planned Use of the Flexibility

13. The Guidance confirms that all of the following are qualifying forms of expenditure:
 - a. Sharing back-office and administrative services with one or more other council or public sector bodies;

- b. Collaboration between local authorities and central government departments to free up land for economic use;
 - c. Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non staff), where this leads to ongoing efficiency savings or service transformation;
 - d. Sharing Chief-Executives, management teams or staffing structures;
 - e. Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
 - f. Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
 - g. Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
 - h. Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
 - i. Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.
14. The Council intends to use capital receipts to fund projects associated with delivering the planned programme of savings and service reform. Specific approval of projects and allocation of funds arising from the use of flexible capital receipts will be at the discretion of the Section 151 Officer.
15. The savings currently planned to be delivered are set out in the budget report at Annex 6.

Place Committee**8 February 2024****Housing Revenue Account Budget for 2024-25**

Report by the Executive Director Place and Interim Director of Finance / S151 Officer

Purpose

To approve the proposed Housing Revenue Account (HRA) Budget for 2024-25 and set the rent and service charge levels for 2024-25.

Recommendation of the Portfolio Holder for Finance

To **RESOLVE** that:

1. the HRA 2024-25 base budget and proposal for growth and savings as set out in this report be **RECOMMENDED** to the Corporate and Resources Committee;
2. the 2024-25 average social rent increase of 7.7% in line with Government policy and detailed in paragraphs 3 to 6 of the report be agreed;
3. tenant service charges for designated sheltered accommodation are increased by a maximum of £3 per week, subject to consultation, as detailed in paragraph 18 of the report;
4. service charges for estates are to vary by block in 2024/25, subject to consultation and capping, and detailed in paragraphs 14 to 17;
5. that the 2024-25 rents for HRA hostels, affordable rented and shared ownership properties owned by the Council increase by 7.7% as detailed in paragraphs 7 to 11 of the report;
6. that the 2024-25 rents for garages and non-Housing dwellings owned by the Council increase by 7.7% as detailed in paragraphs 12 and 13 of the report;
7. the indicative HRA revenue budgets for 2024-25 to 2027-28 set out in **Enclosure 3** of the report be recommended to Corporate and Resources Committee; and
8. the additions and full HRA Capital Programme as described in paragraphs 46 to 52 and detailed in **Enclosure 5** of the report be recommended to Corporate and Resources Committee.

Key Points

- A. The proposed HRA budget is forecast to achieve a surplus in 2024/25 of £1.707m. This has been achieved mainly due to an increase in interest income from the receipt in advance of circa £48m of CRE grant funding for all five phases of the regeneration programme and higher prevailing interest rates.
- B. Over the next four years, £9.1m of capital investment is being made in the housing stock for decarbonisation and retrofit works in order to improve the energy efficiency

of HRA homes, including the £0.58m implementation of the Social Housing Decarbonisation Fund funded works to 66 properties.

- C. The housing capital programme reflects the results of the stock condition survey, carried out by an external company, which has enabled us to plan a programme of works to ensure our stock is maintained in line with the component replacement timelines contained within the survey.
- D. The HRA business plan financial model has been updated in order to inform the budget for 2024-25 and Medium Term Financial Plan to 2027/28. The revised assumptions take into account the increases in rent as well as known changes in the stock and interest costs from development schemes. The four year HRA indicative budgets are shown in **Enclosure 3**.
- E. Savings of £2.245m are planned within the budget for 2024/25, detailed in **Enclosure 2**, to enable a balanced budget and keep the HRA balance at a forecast reserve level of £7.467m at 31st March 2024.
- F. The reserve level in April 2024 of £7.467m assumes the HRA will spend to budget in 2023/24 and there was a £0.06m underspend forecast at the end of November 2023. At year end, if the forecast underspend was to materialise, the HRA balance would increase slightly from £7.467m to £7.527m.
- G. The new build programme was extended to include 104 additional socially rented homes in phase 1 of the Cambridge Road Estate (CRE) development at a gross cost of £49.919m. Two of the four Small Sites, Ribble and Arun House, have now completed with Cumberland House expected to complete in April 2024 and Roupell House in December 2024.
- H. Key risks for the HRA are addressed in **Enclosure 4** to the report.

Background

1. The Council is required to maintain a self-financing Housing Revenue Account (HRA), which is ring-fenced from the Council's other budgets and is a record of all revenue expenditure and income relating to the authority's own housing stock. The Council is required to set a balanced budget for its HRA.
2. The main source of income for the HRA is from rents and service charges, which comprise income from leaseholder service charges and charges paid by tenants for specific services. The income is used to support the management and maintenance of the Council's housing stock and needs to be increased periodically to match increases in costs.

HRA rents and service charges

3. Social rents are controlled by central government, through the Regulator of Social Housing. In 2019 the Government had committed to allowing social rents to increase by a maximum of CPI (as at September prior to the start of the financial year)+ 1% per year for at least the next five years, commencing from 2020/21. A 7% cap on social housing rent increases in 2023/24 was imposed on social housing providers due to elevated inflation levels, however no such cap exists for 2024/25, once more allowing rents to increase up to a maximum of September 2023 CPI+1%. Beyond 2024/25 the

limits on rent increases are uncertain but have been modelled as CPI over the remainder of the 30 year HRA Business Plan.

4. The CPI+1% limit is intended to strike a balance between ensuring landlords have sufficient resources to maintain services and mitigating the impact of the rent increase on tenants, many of whom are on low incomes.
5. Rental income is vital to enable the Council to maintain and improve the physical environment for residents, help people live well independently, provide decent homes for its tenants, and support vulnerable communities. In order to fund the HRA's capital plans, including decarbonisation, property/estate improvements, street property acquisitions of 50 homes, Small Sites and the Cambridge Road development, an increase of 7.7% to social rents is required, in line with the government's rent policy.
6. For socially rented dwellings, there is an average rent increase of £9.78 per week resulting in the average rent increasing from £127.10 to £136.88 per week.

Item	Current Charge(s) 2023/24	Proposed increase	Proposed charge(s) 2024/25
Dwellings rents - social rent	Average rent £127.10 Average rents by property size: Bedsit - £98.39 1 Bed - £114.20 2 Bed - £128.68 3 Bed - £146.09 4 Bed - £161.66 5 Bed - £181.97 6+ Bed- £209.35	7.7%	Average rent £136.88 Average rents by property size: Bedsit - £105.97 1 Bed - £122.99 2 Bed - £138.59 3 Bed - £157.34 4 Bed - £174.11 5 Bed - £195.98 6+ Bed- £225.47

7. New homes completed within the Small Sites scheme are let at affordable rent in line with the grant agreement for funding their development with the GLA. These homes are let at London Affordable Rent which was published by the GLA up until 2022/23. From 2023/24 onwards the GLA no longer publishes annual rates and these are now subject to the same guidance for increases in line with the Rent Standard, of 7.7%. The rent for these properties excludes service charges which are set on a per block basis in order to fully recover the charges on the new blocks.
8. The Council opted (through an amended agreement with central government signed in June 2023) to use Right to Buy (RTB) receipts accruing from the government's reinvigorated right to buy policy (1-4-1) to re-provide affordable rented housing. The Government allows an affordable rent to be charged where Right to Buy receipts are used to provide additional homes. Where these properties are charged an affordable rent, these are charged at 80% of the indicative Local Housing Allowance (LHA) rates published for 2024/25.

9. LHA rates are set, and published, by the Valuation Office Agency (VOA) and are set for each Broad Rental Market Area (BRMA). Kingston comes under both the Outer South West London and Outer South London BRMA's with differing rates published according to the number of bedrooms. Most of the borough is the higher Outer South West London BRMA with, in broad terms, Chessington falling under the lower Outer South London BRMA.
10. HRA owned hostels used for licensed temporary accommodation are proposed to increase by 7.7% in 2024/25.
11. The annual increase in the rental element of shared ownership properties is determined in the lease agreement and for 2024/25 will be 7.7% in line with the increase on other rents.
12. It is proposed that rents on garages are to increase by 7.7% to £22.87 per week for leaseholders and tenants that meet the criteria to rent a garage without VAT.
13. Other non-Housing dwellings owned by the Council including caretakers and cemetery houses as well as Swallow Park travellers site, are proposed to be increased by 7.7%.
14. Following a review, the HRA is retaining a fixed charge for estate services with the intention of moving towards full recovery of costs. Where previously this charge was the same across all eligible homes, for 2024/25 the charge will vary on a block basis and has been recalculated in line with service costs and usage. The reason for the change is to better reflect the services provided to each block and the costs associated with their provision and to address the under recovery of costs, particularly in respect of grounds maintenance and cleaning.
15. Where there are increased charges, this will be capped at £12.35, which is a maximum £3 increase per week from the 2023/24 caretaking charge. Properties that haven't previously been charged a service charge will have this capped at £3 per week or until full recovery of costs is met. Where a reduction is due, this will apply from 1 April 2024.
16. With the service charge changes above, there is still a forecast under recovery of estates costs of £0.186m in 2024/25. This shortfall is being covered by tenants rent, impacting the ability of the HRA to maintain, manage, develop and acquire homes.
17. The changes above don't apply to the new blocks on the Cambridge Road estate. In accordance with the Landlord Offer, the basis of the successful resident ballot in 2020, service charges for the new neighbourhood will be based on the actual cost of services for each block. These arrangements will be rolled out on completion of each successive phase.
18. Other service charges, including those applying to sheltered accommodation, are subject to the same parameters and increases as general needs stock effective from 2024/25.

Delivery of Additional Homes

19. The Council continues to progress its Small Sites programme. The first two schemes (Arun House and Ribble House) providing 37 new homes have been completed and

are now occupied. The remaining schemes are both due to complete in 2024/25 with Cumberland House due to be handed over in April 2024 followed by Roupell House in December 2024. Together, the four schemes will deliver 101 homes for London Affordable Rent and are being constructed by Countryside Properties (UK) Limited (part of Vistry Group). The homes will offer significant environmental benefits including a reduction in carbon emissions which significantly exceed minimum requirements and the provision of photo-voltaic cells, all electric heating systems, electric vehicle charging points and wider landscape and biodiversity improvements.

20. The HRA has purchased 14 new homes 40% funded through the use of Right to Buy receipts in 2022/23. These properties are a mix of 1, 2 and 3 bed and larger homes to add to our socially rented stock.

Cambridge Road Estate Regeneration

21. The updated LLP business plans were last reported to the Corporate and Resources Committee in September 2023 under the agreed annual reporting arrangements. This is the CRE business plan that will be adhered to for programme and budgeting purposes. This report also granted delegated authority to officers in consultation with relevant portfolio holders to agree mitigation strategies for Phase 1.
22. In November 2023, the LLP was highlighting the risks presented through a nationwide slowing in sales rates which would have necessitated a slowing or pause in construction to support viability. Under the delegation granted by C&R Committee, a mitigation approach was adopted in December 2023 which reallocated 104 private homes in phase one of the scheme as social rented homes at a gross cost of £49.919m. The purchase of these additional social rented homes is being funded by drawdown of additional grant from the GLA along with HRA borrowing.
23. This approach reduces the sales risk exposure for the LLP at a time when significant uncertainty remains in the new build development industry. It will maintain the wider CRE delivery programme with more social rented homes being delivered earlier than previously forecast.
24. As a result of the tenure reallocation, Phase 1 now delivers 254 social rent dwellings (56%) alongside 15 shared equity (3%) and 183 private sale homes (41%). At a project level, 871 social rent homes will now be provided.
25. Sub-phases 1a and 1b are progressing in line with the programme. Handover of sub-phase 1a (44 affordable homes) is expected towards the end of this calendar year. Sub-phase 1b completions are expected to start early 2025. Sub-phase 1c is planned to be hoarded in February 2024 with demolition starting in March/April 2024. The programme has been delayed due to necessary design review in response to the recent guidance on second stairwells and weak market sentiment which led to engagement with the GLA regarding tenure reallocation.
26. A reserved matters planning application for Phase 2 is expected to be submitted in Q4 2024 with start on site forecast for early 2026.
27. The HRA capital programme has construction payments for the new affordable housing units in phase 1 of the CRE scheme, on an agreed milestone basis, beginning

in 2023/24 until the phased completion of and transfer of the new housing stock in 2028.

Savings and growth

28. The proposed budget for 2024/25 is shown in **Enclosure 1** in statutory format, the 2023/24 key changes in **Enclosure 2** and the indicative 2024/25 – 2025/26 budgets in **Enclosure 3**.
29. Growth items for 2024/25 are shown in **Enclosure 2** and include increased provision in terms of a role for delivering housing management services in relation to the provisions within the Social Housing Regulation Act and the Regulator of Social Housing's strengthened consumer standards.
30. A new requirement from the Regulator for Social Housing to levy fees from local authorities based on current housing stock/property numbers is currently out for consultation. A growth amount of £0.03m is included based on the cost of the latest proposals.
31. The current contract with our grounds maintenance provider has been amended at a cost of £0.14m to provide box cutting on council housing estates.
32. A longer development period for phase 1 of the CRE as well as the overall completion date now forecast to be 2034/35 has meant the HRA is required to contribute an additional £0.264m in 2024/25 as part of a review of the level of support required to the development. The HRA costs in relation to the scheme vary each year, with this figure reducing to £0.08m in 2025/26. A dedicated member of staff to provide resettlement support to phase 1 of CRE has also been included in the growth items of £0.019m.
33. An increasing level of demand and complexity on the repairs service has led to changes required in its delivery. Revenue growth of £0.125m is required to fund the staff costs of additional support for disrepair and damp, carbon reduction and an improved customer experience.
34. Borrowing costs have increased by £2.206m due partly to the increases in interest rates but also to fund the approved development and acquisitions programmes.
35. In addition to the growth items above, savings for 2024/25 include additional income from service charges, including from new services and block completions in relation to Small Sites in 2024/25 of £0.306m.
36. Due to the timing of the receipt of grant funding, leading to higher balances, and the rise in interest rates, the HRA is budgeting for an additional £1.939m in interest in 2024/25.
37. The net result of these changes, after inflation has been applied, is a surplus of £1.707m in 2024/25. Estimates for the next 3 years show this reducing as the interest costs of the new build and acquisition programmes further elevate debt levels. A healthy balance is maintained on the HRA revenue reserve, which will be better able to mitigate risk. The minimum balance for the HRA is set at £3m.

Provision for bad debts

38. A significant risk to the 2024/25 HRA budget is the loss of income from rents as a result of bad and irrecoverable debts, primarily due to the impact of the cost of living crisis. Current projections for 2023/24 show these to be contained within the existing provision for bad debt of £2.520m, as well as the £0.5m budgeted to be contributed to the provision for bad debt in the current financial year.

Cost of borrowing

39. Cost of borrowing arises primarily from the interest on the loans taken out to implement Self Financing in 2012 and new loans to fund the HRA capital programme since that date.
40. The first of the Self-Financing loans begin to mature in 2028/29 and the updated 30 year HRA business plan forecasts to repay the loans as they mature and accumulate capital receipts to allow repayment of all other debts as they become due.

Depreciation and other capital funded from revenue

41. A depreciation charge representing the loss of value in the capital stock during the year is made to the Housing Revenue Account. The depreciation charge of £6.25m is the largest single area of expenditure in the HRA. The depreciation charge to the revenue account provides funding for capital expenditure or the repayment of debt through the Major Repairs Reserve.

Stock Condition Survey and Decarbonisation Estimates

42. The stock condition survey carried out in 2021 on the housing stock has informed the capital programme set out in **Enclosure 5**. The planned maintenance spend over the next four years matches the spend detailed in the survey, which ensures adequate capital provision exists to keep the housing stock maintained. The survey information will be revised annually on a rolling basis, feeding into an annual update to the repairs and maintenance programme ensuring repairs and compliance works are adequately budgeted for.
43. The HRA has to meet the government target of net zero emissions by 2050. While there are already a number of schemes that contain carbon reduction elements within them that benefit the efficiency of the housing stock and the corresponding reduction in tenants' household energy bills, £9.1m over the next four years has been budgeted for retrofit schemes and decarbonisation works. The new build small sites scheme and CRE development will also have a material effect on the overall efficiency of the housing stock.
44. The HRA is investing in maintaining the housing stock to the levels set out in the 2021 stock condition survey from our external partner. Within the component replacement schedule is the spend required to achieve SAP C energy ratings for our existing housing stock.
45. The forecast cost of achieving net zero is £80m for the HRA, for which limited funding is available at present. Funding bids have been and will continue to be submitted for appropriate schemes when available, reducing the financing burden on the HRA. For the next four years there is £9.1m programmed for decarbonisation and retrofit works. The annual capital budget rises to £3m per year in 2027-28 and is lower in the earlier

years of the scheme due to both external funding availability and balancing the borrowing headroom of the HRA whilst undertaking the small sites and CRE schemes.

Capital

46. The HRA capital programme aims to improve existing HRA assets, increase supply and address a programme of planned works to estates and other demand driven projects. The proposed programme over the 4 years, 2024/25 to 2027-28, amounts to £139.196m and is shown in summary in Table 3 below with further detail in **Enclosure 5**.
47. Table 1 below shows the existing HRA capital programme, before the changes proposed below.

Existing HRA Capital Programme (2023/24 - 2026-27)					Table 1
	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	Total £000s
New Homes Delivery	19,348	5,786	323	0	25,457
Cambridge Road Estate Schemes	16,630	10,136	6,301	2,947	36,014
1-4-1 Developments	12,646	8,670	8,160	0	29,476
Major Capital Works	1,100	2,200	2,500	3,055	8,855
Statutory Compliance	2,553	2,786	1,995	1,061	8,395
Asset Improvements	3,229	7,668	4,931	4,766	20,594
Health & Safety	68	50	50	50	218
Housing Conversion	58	1,209	500	500	2,267
Refurbishment	1,100	1,225	925	925	4,175
Other HRA Projects	1,049	1,285	282	0	2,615
Total	57,781	41,014	25,967	13,304	138,066

48. Payments for the Small Sites scheme, within New Homes Delivery, are continuing through to completion, with the costs of the scheme having risen by £1.158m due to contractual obligations following delays to the start on site at Roupell House.
49. The capital programme changes in **Table 2** below relate to the purchase costs of the additional 104 Council homes on the CRE estate as part of phases 1B and 1C. £0.359m relating to the costs of home loss and disturbance payments have been added to the programme for 2024/25.

Additions to the HRA Capital Programme					Table 2
	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	Total £000s
Cambridge Road Estate Development	0	20,226	16,442	10,290	46,958

Total	0	20,226	16,442	10,290	46,958
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50. The total proposed HRA capital programme is summarised in **Table 3** below:

Total HRA Capital Programme			Table 3			
	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total £000s
New Homes Delivery	19,348	5,786	323	0	0	25,457
Cambridge Road Estate Schemes	16,630	30,362	22,743	13,237	0	82,973
1-4-1 Developments	12,646	8,670	8,160	0	0	29,476
Major Capital Works	1,100	2,200	2,500	3,055	2,200	11,055
Statutory Compliance	2,553	2,786	1,995	1,061	480	8,875
Asset Improvements	3,229	7,668	4,931	4,766	7,672	28,266
Health & Safety	68	50	50	50	50	268
Housing Conversion	58	1,209	500	500	500	2,767
Refurbishment	1,100	1,225	925	925	1,050	5,225
Other HRA Projects	1,049	1,285	282	0	0	2,615
Total	57,781	61,241	42,409	23,594	11,952	196,977

51. The funding for this programme of works is shown in **Table 4** below. In the event of any slippage in the programme, borrowing levels may reduce in line with reduced spend as it's used as a last resort after existing HRA resources.

HRA Capital Programme Funding			Table 4			
Funding	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total £000s
Leaseholder Receipts	944	990	1,039	1,090	1,100	5,163
Use of Major Repairs Reserve	8,981	9,100	8,241	6,250	6,250	38,822
BEIS Decarbonisation Funding	0	586	0	0	0	586
GLA CRE Grant	17,181	24,372	6,858	6,690	0	55,101
GLA Small Sites Grant	0	960	0	0	0	960
Right to Buy 1-4-1 receipts	5,058	3,468	3,264	0	0	11,790
Borrowing	25,617	21,765	23,008	9,564	4,602	84,555
Total	57,781	61,241	42,409	23,594	11,952	196,977

Consultations

52. There have been no public consultations specific to these proposals.

Timescale

53. The HRA budget for 2024-25 will be considered at the Place Committee on 8 February 2024, which will be asked to agree the rent policy and rent increases. The Corporate and Resources Committee on 20 February 2024 consider the overall budget and make the necessary recommendations to Council to agree the budgets for 2024-25.

Resource Implications

54. This report concerns the HRA budget and thus resource implications are included throughout the report.

55. A financial risk analysis of the Council's proposed HRA budget is detailed in **Enclosure 4**. Based on budget monitoring information reported at the end of December 2023, the forecast balance at 31 March 2024 on reserves is £7.527m. This compares favourably to the £3m minimum balance needed to cover against the risks identified in **Enclosure 4** as well as any risks yet to be identified.

Legal Implications

56. Under Part IV of the Local Government and Housing Act 1989 any local authority that owns housing stock is obliged to maintain a Housing Revenue Account (HRA). The HRA is a record of revenue expenditure and income in relation to an authority's own housing stock.

57. The items to be credited and debited to the HRA are prescribed by statute. It is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

58. The Localism Act 2011 reformed the way that council housing is financed in England & Wales. The national HRA subsidy system ended in April 2012 and was replaced by self-financing. The Council has a statutory duty to approve a balanced HRA each year and to produce a business plan at intervals.

59. Section 76 of the Local Government and Housing Act 1989 places a duty on local housing authorities to:

- (a) produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit;
- (b) review and, if necessary, revise that budget from time to time; and
- (c) take all reasonably practicable steps to avoid an end of year deficit.

60. In respect of the delivery of capital projects which may have an implication on the HRA, these will be subject to separate governance decisions and monitoring of the impact on the HRA, which in turn will highlight relevant statutory and/or regulatory duties that the Council will have to consider/adopt.

61. There is no specific legal impact or implication arising from this report.

Risk Assessment

62. The risk analysis related to this proposal is included at **Enclosure 4**.

Equalities Impact Assessment

63. There is no change to existing policy proposed within this report and therefore no Equalities Impact Assessment is required.

Road Network Implications

64. None

Environmental (including Air Quality) Implications

65. Improvements to housing will positively influence the sustainability of the stock and help the Council to meet its environmental objectives for example by reducing heat loss through enhanced external fabric improvements.

Background papers held by - John Smith, HRA Finance Manager - Shared Finance Service, email: john.smith@kingston.gov.uk

ENCLOSURE 1

2024/25 PROPOSED HRA BUDGET

£'000	2023/24 Budget	Inflation	Growth	Savings	2024/25 Budget
INCOME:					
Rental Income	(29,646)	(2,283)	0	0	(31,929)
Void Losses	1,518	117	0	0	1,635
Service Charges	(2,667)	(205)	0	(306)	(3,178)
Non-Dwelling Income	(1,054)	(81)	0	0	(1,135)
Grants & Other Income	(1,183)	0	0	0	(1,183)
Interest Received	(7)	0	0	(1,939)	(1,946)
Gross Income	(33,039)	(2,452)	0	(2,245)	(37,736)
EXPENDITURE:					
General Management	7,128	470	461	0	8,059
Special Management	2,103	0	40	0	2,143
Other Management	3,931	263	140	0	4,334
Bad Debt Provision	500	34	0	0	534
Responsive & Cyclical Repairs	6,982	621	0	0	7,603
Interest Paid	4,713	0	2,206	0	6,919
Depreciation & Direct Revenue Funding of Capital	6,250	187	0	0	6,437
Gross Expenditure	31,607	1,575	2,847	0	36,029
(Surplus) / Deficit for the year	(1,432)	(877)	2,847	(2,245)	(1,707)
Balance on the HRA at the start of the year	(7,467)				(8,899)
Balance on the HRA at the end of the year	(8,899)				(10,606)

ENCLOSURE 2

2024/25 PROPOSED HRA BUDGET - KEY CHANGES

Item No.	Key budget changes from 2023/24	2024/25
1	2 Apprenticeship roles in Estates Services	40
2	Housing Strategy & Enabling Manager	21
3	New RSH levy for social landlords	32
4	Box cutting of grass on housing estates	140
5	CRE scheme - council costs	264
6	CRE Resettlement Officer	19
7	Repairs and maintenance team new roles	125
8	Increased borrowing costs	2,206
	Total Growth	2,847
9	Additional income from service charges review	(306)
10	Additional interest on HRA balances	(1,939)
	Total Savings	(2,245)
11	Inflation	(877)
	Total Technical Adjustments	(877)
	Net changes	(275)

ENCLOSURE 3

INDICATIVE ESTIMATES 2024/25 TO 2027-28

Description	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000
INCOME:					
Rental Income	(29,646)	(31,929)	(32,578)	(33,256)	(34,578)
Void Losses	1,518	1,635	1,688	1,722	1,756
Service Charges	(2,667)	(3,178)	(3,660)	(3,948)	(4,067)
Non-Dwelling Income	(1,054)	(1,135)	(1,190)	(1,218)	(1,227)
Grants & Other Income	(1,183)	(1,183)	(1,202)	(1,215)	(1,227)
Interest Received	(7)	(1,946)	(1,256)	(907)	(521)
Gross Income	(33,039)	(37,736)	(38,198)	(38,822)	(39,864)
EXPENDITURE:					
General Management	7,128	8,059	8,655	8,872	9,128
Special Management	2,103	2,143	2,191	2,235	2,280
Other Management	3,931	4,334	4,432	4,520	4,611
Bad Debt Provision	500	534	545	556	578
Responsive & Cyclical Repairs	6,982	7,603	7,807	7,924	8,184
Interest Paid	4,713	6,919	6,953	7,890	7,890
Depreciation & Direct Revenue Funding of Capital	6,250	6,437	6,654	6,830	7,074
Gross Expenditure	31,607	36,029	37,237	38,827	39,744
(Surplus) / Deficit for the year	(1,432)	(1,707)	(961)	5	(119)
Balance on the HRA at the start of the year	(7,467)	(8,899)	(10,606)	(11,567)	(11,562)

ENCLOSURE 4

RISK ANALYSIS

1. A number of risks have been identified and these have been outlined below:
 - While the rent cap imposed on social housing providers is only for 2024/25, there is uncertainty regarding 2025/26, particularly if elevated inflationary pressures persist. The impact of further caps on rents haven't been assumed in the HRA's financial planning.
 - The availability of decarbonisation and retrofit funding will help mitigate the costs of the programme of works but is not currently available on the scale required nationally.
 - RTB sales reduce housing stock and rent income so government policy changes that encourage more RTB sales could result in significant loss of rental income which might be difficult to replace.
 - Any delays or extensions to the decant timelines for the Cambridge Road Estate development may increase void costs to levels higher than budgeted for.
 - Management and especially maintenance costs may remain elevated in relation to rents for a longer period of time than the BoE is currently forecasting.
 - Recovery of costs from leaseholders for works undertaken may be reduced through non-payment or late payment of charges.
2. The risks above could lead to a loss of both net rental income and loss of effective control of the capital programme and both could result in a reduction in delivering improvements to the Council's stock and services provided to tenants.
3. In preparing the budgets a number of specific measures have been addressed:
 - Rents have been reviewed to ensure that budgeted amounts are achievable
 - Provisions for bad debts have been reviewed to ensure they are adequate
 - The Authority has chosen not to make a voluntary revenue provision for the repayment of loans, in order to avoid reducing reserves but to allow reserves to accumulate in future.
4. Borrowing Limits - The government abolished the borrowing limit on the HRA in 2018/19, in its place RBK through the annual review of the 30 year HRA business plan will aim to deliver a plan that demonstrates an ability to repay all outstanding debt over the 30 year life of the business plan as they become due.
5. Use of 1-4-1 receipts - RTB receipts need to be spent within 5 years from when they arose. If they have not been spent then the receipt needs to be paid back to DLUHC along with interest at 4% above the base rate (currently 5.25%) i.e. 9.25%. A risk exists for these interest costs should the HRA not use the receipts within this time for new build, acquisitions or passport to a registered provider. The extension of the street property acquisition programme to acquire a further 50 properties from 2023/24 mitigates the risk of the HRA incurring interest costs in the medium term, as these acquisitions use all of the receipts to date, and so prevent returning them to DLUHC with interest for the medium term.
6. The 2024/25 depreciation budget is based on the asset valuation as at March 2023. The asset valuation at March 2024 will be used as the basis of the actual charge for 2024/25. Therefore there is a risk the figures may change.

7. Reserves - It is estimated that general reserves at the start of 2024/25 will be £7.467m. This is considered to be adequate and is more than 10% of the total annual income.

HRA Capital Programme 2024/25 to 2027/28

Project	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
SMALL SITES	19,348	5,786	323	0	0	25,457
Home Loss Disturbance Payments	360	738	493	0	0	1,591
CRE Development Programme	350	2,118	0	0	0	2,468
CRE purchases of affordable homes	15,320	25,811	21,068	13,237	0	75,436
CRE ONSITE Leaseholder Shared Equity	0	600	700	0	0	1,300
CRE OFFSITE Leaseholder Shared Equity	600	1,095	482	0	0	2,178
CAMBRIDGE ROAD ESTATE SCHEMES	16,630	30,362	22,743	13,237	0	82,973
Housing Management Solutions	288	0	0	0	0	288
Housing Management ICT System	760	1,285	282	0	0	2,327
OTHER HRA PROJECTS	1,049	1,285	282	0	0	2,615
Disabled Adaptations Programme	400	400	400	400	400	2,000
Fire Safety Works	1,684	1,997	1,490	556	0	5,727
Asbestos Management and Removal	324	224	105	105	80	838
Renewal of Tunstall system to sheltered blocks	145	165	0	0	0	310
HRA STATUTORY COMPLIANCE	2,553	2,786	1,995	1,061	480	8,875
HRA Hostels	47	0	0	0	0	47
General Lift Improvements	20	315	0	0	0	335
Water Tank Renewal	93	45	45	45	45	273
Estate Lighting	100	2,590	1,356	1,379	1,000	6,425
Repairs to Roads, Pathways, Parking	80	80	80	80	0	320
Garage Conversion to Additional Parking	0	66	0	0	0	66
Commercial Boiler Replacement (Sheltered & hostels)	1,709	1,322	500	500	2,645	6,676
Domestic Boiler Replacement	950	950	950	950	950	4,750
York Way Sheds, 2-16	110	0	0	0	0	110
Decarbonisation and retrofit works	120	2,300	2,000	1,812	3,032	9,264
HRA ASSET IMPROVEMENTS	3,229	7,668	4,931	4,766	7,672	28,266
Estate Health and Safety, Priority Repairs and Improvements	68	50	50	50	50	268
HRA HEALTH & SAFETY	68	50	50	50	50	268

ENCLOSURE 5 (continued)

HRA Capital Programme 2024/25 to 2027/28 ctd

Project	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
55 Mount Pleasant	58	0	0	0	0	58
Conversion of 3 bed to 4/5 bed houses	0	1,209	500	500	500	2,709
HRA HOUSING CONVERSION	58	1,209	500	500	500	2,767
Structural Works, Repairs/Damp	500	500	500	500	500	2,500
Major Void Works	375	375	375	375	500	2,000
Glenbuck Studio Courtyard	0	175	0	0	0	175
Estate playground equipment	0	125	0	0	0	125
Estate waste collection points	100	0	0	0	0	100
Estate fencing/signage/parking areas	125	50	50	50	50	325
HRA REFURBISHMENT	1,100	1,225	925	925	1,050	5,225
Major Capital Works	500	2,000	2,300	2,855	2,000	9,655
Timber Window Replacement	400	0	0	0	0	400
Decent Homes Kitchens & Bathrooms	200	200	200	200	200	1,000
Major Capital Works	1,100	2,200	2,500	3,055	2,200	11,055
Purchase of HRA Properties - Use of 141 receipts	12,646	8,670	8,160	0	0	29,476
HRA HOUSING	57,781	61,241	42,409	23,594	11,952	196,977



Kingston Capital Strategy 2024 - 2028

Total Capital Programme £377m



£23.83m investment to maintain the corporate estate



£24.08m to be financed through capital receipts



HRA capital investment estimated to be £139.20m



£7.90m to be financed by through S106 & CIL income



Schools Building Programme estimated to be £70.74m



£117.02m of grant funding awarded by local & central governments



Digital & ICT capital expenditure estimated to be £7.07m



£77.41m capital investment on the Cambridge Road Estate Regeneration scheme



Highways, Transport and Infrastructure capital expenditure estimated to be £11.94m



Environment, Public Realm & Regeneration capital investment estimated to be £46.71m

Purpose of Capital Strategy

1. The Capital Strategy provides a high-level long-term overview of how capital expenditure and capital financing activities contribute to the provision of services. It provides an overview of how the risks associated with these investments will be managed and the implications for future financial sustainability.
2. The Capital Strategy is fully compliant with the Prudential Code for Capital Finance, which was revised by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021, in parallel with guidance to local authorities from the Department for Levelling Up Housing and Communities (DLUHC). The main purpose of the Code is to ensure that capital investment proposals are affordable, prudent and sustainable.
3. The aim of the Capital Strategy is to outline the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy is reported separately from the Treasury Management Strategy Statement with non-treasury investments being reported through the former.
4. The strategy sets out in detail the recommended capital programme for the next four years for approval by Council. The Strategy also sets out the long-term context in which capital expenditure, investment and resourcing decisions are made to contribute towards the achievement of key strategic objectives and priorities.

Core Principles

5. A number of Core Principles underpin the capital strategy and its associated programme:
 - Capital investment decisions reflect the aspirations and priorities included within the Council's Corporate Plan and supporting strategies
 - Schemes to be added to the capital programme will be subject to a gateway process, prioritised according to availability of resources and corporate priorities in the Council's Corporate Plan.
 - The cost of financing capital schemes, net of revenue benefits, are profiled over the lifetime of each scheme and incorporated into the Medium Term Financial Strategy.
 - Commissioning and procuring for capital schemes will comply with the requirements of the council's constitution, financial regulations and contract standing orders.

Influences on Capital Strategy

Internal Influences

6. The Capital Strategy forms part of the **2024-28 Medium Term Financial Strategy** and is being presented for consideration at the People Committee on the 6th February 2024, the Place Committee on the 8th February 2024 and the Corporate & Resources Committee on 20th February 2024, and approval at Budget Council on 29th February 2024.
7. To ensure the direction and goals of the organisation are achieved, the capital programme is developed to closely align with the strategic priorities of the Medium Term Financial Strategy. However, in light of existing capital commitments and limited revenue resources to support additional borrowing, new schemes added to the capital programme for were appraised using the following strategic objectives:
 - Invest to Save
 - Health & Safety
 - Utilisation of external funding
8. The Council Plan for 2024-28 has five strategic priorities shown below and projects are aligned to these themes as set out in Enclosure 1.

Fairer

- be an inclusive borough
- support children and young people
- promote health & wellbeing for all ages
- delivery quality homes & housing services
- support skills, training and good employment

Safer

- provide person-centred care for adults and children
- coordinate the response the emergencies and develop resilience
- work with partners to keep Kingston safe
- ensure a well-maintained and well-regulated borough

Greener

- promote sustainable transport & air quality
- Reduce waste & support recycling
- improve the environment and promote biodiversity
- Reduce energy use and carbon emissions

Together

- Celebrate, strengthen and empower our communities
- Support businesses & promote economic development
- Collaborate with strategic partners & communities
- Shape our borough through sustainable regeneration

Future Council

- Deliver efficient services, communicating clearly with residents

- Be responsible with our finances, commissioning good quality, good value services
- Be led by data and insight
- Invest in and transform our services
- Provide the right infrastructure for the council and Kingston
- Support and develop our staff

External Influences

9. The **London Plan and Mayor's Transport Strategy (MTS)** - the Mayor's London Plan sets out the strategic direction for London including the allocation of housing targets (therefore establishing growth patterns) and infrastructure investment. The London Plan adopted in 2021, provides a target of 9,640 homes for the borough over the next decade. The London Plan also designates Kingston with Opportunity Area (OA) status, which identifies potential for 9,000 new homes through improved access to public transport and 5,000 new jobs, particularly through an increase in office provision in Kingston Town Centre. The OA was designated as part of the Crossrail 2 South Growth Corridor. While the 2021 London Plan and MTS note the importance of the investment in Crossrail 2 (which has 10 stations located in Kingston), the significant loss of revenue experienced by TfL during the Pandemic has resulted in the Crossrail 2 funding being deferred, with no further information regarding reprogramming available. Following the Autumn Statement, the deputy Mayor for Transport (Seb Dance) stated that the future of longer term projects like Crossrail 2 could be 'at risk' if the Government does not give TfL more capital funding and that the £500m gap in the TfL's capital budget would need to be bridged to progress with future landmark projects.
10. **Economic Climate** - The economic impact of worldwide issues such as the longer term effects of the Covid-19 pandemic, the Russian invasion of Ukraine and the impact of the Israel/Gaza conflict all contribute to a more uncertain global economic outlook. The economic outlook for the country therefore remains challenging, primarily due to the continuing high levels of inflation, albeit the Consumer Price Index (CPI) rate slowing from the 40-year high of 11% back in October 2022 to a CPI of 4.0% as recorded for December 2023.
11. **Local Economy** - the level of resources available to fund the capital programme is affected by the local economy. Payments through the Community Infrastructure Levy (CIL) and S106 are directly linked to development, together with values achieved for capital receipts from the sale of council owned vacant land, or buildings. The level of Right to Buy receipts are affected by the local housing market and government housing policy. Assumptions have been made on the total level of income and the capital programme will be adversely affected if not achieved.

12. **Austerity** - The Council's capital investment ambitions are made against a historic backdrop of austerity and past significant central government funding reductions. It is therefore vital that the Council's Capital Strategy ensures that assets are utilised in the most appropriate way to deliver corporate objectives, meet statutory requirements and sustain core infrastructure, whilst supporting the delivery of revenue savings and income generation.
13. **Shared Services** - the Council has a number of established partnerships in place for the delivery of shared services with other local authorities. The most relevant in terms of capital expenditure programmes are the shared Digital and IT and environmental services partnerships with the London Borough of Sutton and the South London Waste Partnership (SLWP), which is a partnership of four London boroughs (Kingston, Sutton, Merton & Croydon) for the delivery of improved and cost effective waste management services.

Long Term Strategic Plan

14. Kingston will see significant growth over the next 15+ years. Large parts of the borough have been designated as an Opportunity Area in the Mayor's London Plan. Opportunity Areas are areas across London, which are expected to see significant growth and change, often associated with major transport infrastructure upgrades.
15. Subsequently, the Council is reviewing opportunities across a number of large sites in the borough. Such opportunities include delivering service improvements in leisure, providing new and affordable homes and providing new commercial workspace. Capital budget provision has been included to carry out work to develop these proposals further, including viability testing of various options at each site.

Governance

16. The authority to approve the Capital Strategy rests with the Full Council, which approves it as part of the Medium Term Financial Strategy of the Council. The Corporate & Resources Committee have oversight of the capital programme during the year through in year monitoring of the capital budget position, and the review of outturn position at the end of the financial year. The committee also has delegated authority to take decisions on in year resourcing and priorities to deliver the budget policy framework.
17. Council approval of the programme gives an allocation to budget managers in the capital programme. Separate approval is required for any significant changes to the profiling or nature of that spend in-year, in line with financial rules set out in the Council's financial regulations.

18. Once approved, the programme is managed by officers and reported to the Corporate & Resources Committee on a quarterly basis. Key issues include any reported under, or over spends projected for schemes, together with changes in the profiling of spending over the four year budget period. For projects that are forecast to overspend, or for new projects within a financial year, officers are required to present a report to the Capital and Infrastructure Board prior to seeking committee approval. In all cases, the impact of scheme outcomes including timings are assessed and in the case of projected scheme overspends, options to reduce the additional expenditure are considered, including re-engineering or scaling back projects, or trying to secure third party external funding to reduce the pressure on scheme budgets.
19. In all events, the Council will continually look to ensure that quarterly projections are as accurate as possible and a rigorous process is applied to ensure that budget managers are made accountable and the appropriate approvals are obtained (as referenced to the financial regulations) for any changes to the Council-approved four year programme.
20. A further internal scrutiny body - the Capital and Infrastructure Board ensures the Council's investment aspirations are in line with other key strategies, including but not limited to the Asset Management Plan and Housing Revenue Account Business Plan. The officer-led Capital and Infrastructure Board meets regularly to challenge and inform pipeline projects. All of the new bids and growth for capital projects put forward in this Capital Strategy has been subject to challenge and scrutiny at the Capital and Infrastructure Board.

Capital Budget Setting

21. Each year the Council reviews its capital expenditure plans and priorities for the next four years in order to agree a capital programme. This is undertaken alongside the revenue budgeting process in order that the impact of both is considered. Capital bids are submitted by services for the capital expenditure they require over the next four-year period. A rigorous, multi-stage, scrutiny process is then undertaken to review each capital bid and refine the contents where necessary.

Four Year Capital Programme 2024-25 to 2027-28

22. The capital programme sets out the Council's strategic plans for the acquisition and improvement of assets over the next four years. This includes expenditure on General Fund and Housing Revenue Account (HRA) schemes, totalling £377m, as shown in the table below. A detailed version can be found in **Enclosure 1** to this report.

Directorate	2024/25	2025/26	2026/27	2027/28	Total 2024-28
	£000's	£000's	£000's	£000's	£000's
Corporate & Communities Place	9,079	5,585	4,780	4,780	24,224
	96,101	56,499	47,643	13,235	213,478
GF Total	105,180	62,084	52,423	18,015	237,702
HRA	61,241	42,409	23,594	11,952	139,196
Grand Total	166,420	104,493	76,018	29,967	376,898

General Fund

23. The table below summarises that general fund capital programme by service area. Individual projects are detailed in Enclosure 1.

Service	2024/25	2024/26	2024/27	2024/28	Total
	£000's	£000's	£000's	£000's	£000's
Digital & IT	2,535	1,530	1,500	1,500	7,065
Highways, Transport & Regulatory Services	5,282	4,055	3,280	3,280	15,897
Major Contracts - Parks	1,162	0	0	0	1,162
Public Realm - Environment	100	0	0	0	100
Corporate & Communities Total	9,079	5,585	4,780	4,780	24,224
General Fund Property	16,346	6,683	400	400	23,830
Housing General Fund - CRE	38,724	17,657	20,043	989	77,413
Major Developments (Capital)	9,012	16,818	15,354	0	41,184
Public Realm	307	0	0	0	307
Education Programme	31,712	15,340	11,846	11,846	70,744
Place Total	96,101	56,499	47,643	13,235	213,478
Grand Total	105,180	62,084	52,423	18,015	237,702

General Fund Rolling Programmes

24. Within the general fund capital programme are a number of areas that require continued capital investment. In addition to the established rolling programmes, where the additional funding is being added for the new fourth year of the programme (2027/28), the proposed programme includes a rolling programme of works relating to education projects where an estimate of the available annual grant has been made across each of the four years of the programme. Further to this the level of investment required in technology and digital transformation to deliver efficient and effective services has increased in 2024/25 so there is an additional one off increase to the Technology Investment Fund.
25. The additional growth to the programme, required to fund these rolling programmes is summarised below:

Project	Additional Funding 2027/28
Corporate & Communities:	£000's
Disabled Facilities Grant	840
Housing General Fund - Discretionary Grants	150
Planned Maintenance for c/w f/w works	1,750
Street Lighting Column Replacement Programme	440
Technology Investment Fund	1,500
Corporate & Communities Total	4,680
General Fund Property Responsive Programme	400
High Needs Capital Programme	4,031
Schools Basic Need Programme	7,002
Schools Capital Maintenance	813
Place Total	12,246
Grand Total	16,926

General Fund New Schemes

26. Additionally, a further 13 specific capital projects are proposed for inclusion, as outlined below:

Project	2024/25	2024/26	2024/27	2024/28	Total
Corporate & Communities:	£000's	£000's	£000's	£000's	£000's
AFC - Business Resilience and Security	125	0	0	0	125
AFC - Process improvement and insight	93	30	0	0	123
EV Charging - Associated Costs	100	100	100	100	400
Green Home Loans	100	0	0	0	100
Corporate & Communities Total	418	130	100	100	748
Cambridge Rd Acquisition	9,322	4,086	2,088	989	16,484
Children's Home for Looked After Children	1,158	0	0	0	1,158
Surbiton Cemetery Plots' expansion	100	0	0	0	100
Hobkirk and Noble House Demolition Project	390	0	0	0	390
Main Guildhall Refurbishment	1,440	0	0	0	1,440
Malden Leisure Centre M&E & Structural Remedial Works	750	0	0	0	750
Net-Zero Property Retrofit	1,750	0	0	0	1,750
Rainbow House - Air temperature control system	100	0	0	0	100
Surbiton Library Roof Replacement	319	0	0	0	319
Place Total	15,328	4,086	2,088	989	22,490
Grand Total	15,746	4,216	2,188	1,089	23,238

27. Every Council is required to prepare a schedule of Prudential Indicators in respect of the capital budget to demonstrate that capital investment is prudent, sustainable

and affordable. These are included as part of the Treasury Management Strategy (Annex 12 to the main budget report).

Strategic Priorities - General Fund

28. The 2024-28 capital programme has been mapped to the strategic priorities detailed in the emergent 2024-28 Corporate Plan:

Strategic Priority	2024/25	2025/26	2026/27	2027/28	Total 24/28
	£000's	£000's	£000's	£000's	£000's
Fairer	74,008	38,210	31,889	12,835	156,942
Safer	9,027	5,426	3,580	3,580	21,612
Greener	4,222	100	100	100	4,522
Together	11,498	16,818	15,354	0	43,670
Future Council	6,425	1,530	1,500	1,500	10,955
Grand Total	105,180	62,084	52,423	18,015	237,702

Capital Programme by Service

29. Some key highlights to this capital programme are captured as followed:

Education

Capital requirements for 2024-25 to 2027-28 include:

- Continue with the expansion of Burlington Junior School
- AfC Post 16 campus bid with funding from the Education Funding Agency



Schools Building Programme
estimated to be £70.74m

General Fund Property

- New CCTV hub and infrastructure
- Development of a new children's home
- Essential works and improvements to operational properties



General Fund Property
Programme estimated to be
£23.83m

Housing General Fund

- Housing General Fund planned expenditure includes £77.41m on the Cambridge Road Estate.
- £3.96m planned investment through the Disabled Facilities Grant and Home Improvement Grants



Housing General Fund
Programme estimated to be
£81.37m

ICT

- Continued investment into device refresh and data centre replacement programmes
- £1.5m p/a rolling Technology Investment Fund
- Other ICT projects £1.06m



ICT capital expenditure estimated to be £7.06m

Regeneration & Environment

- Delivery of the new community leisure centre £40.12m
- £1.57m investment in parks and local spaces
- £1.06m invested in the Riverside regeneration scheme



Regeneration investment is estimated to be £42.75m

Highways, Transport & Regulatory Services

Existing Projects -Delivering more School streets, Planned Maintenance for carriageway and footway works and Street Lighting Column Replacement Programme



Highways, transport & regulatory services capital expenditure totalling £11.94m

Rolling Programmes

30. Rolling programmes of expenditure ensure that assets are replaced, or maintained in an appropriate and timely fashion. This represents a significant underlying, ongoing capital expenditure pressure for the council to continue business as usual. Each year the cost of rolling programmes is approximately £5.08m.
31. As part of the annual capital programme review process, services are required to submit capital bids for all rolling programmes, including the continuation of programmes into the fourth year of the budget (currently 2027-28) and any growth over normal levels. These programmes are then assessed alongside any new capital schemes.
32. The general fund property programme has a rolling programme of £0.4m per annum to carry out improvements and major repairs across the Council's property portfolio.

33. The Technology Investment Fund enables the Council to support service transformation and efficiency, and to replace and upgrade key equipment, as required. The allocation for 2027-28 is £1.5m and an additional £0.61m budget for 2024-25.
34. The Highways capital programme has two rolling budgets; street lighting renewal at £0.44m per year and highways maintenance at £1.75m per year.
35. The Housing General Fund programme has a rolling budget of £0.15m p/a for grants.
36. The Disabled Facilities Grant rolling budget is £0.84m p/a. This programme provides grant payments to fund adaptations and disabled facilities to resident's homes.

Capital Pipeline

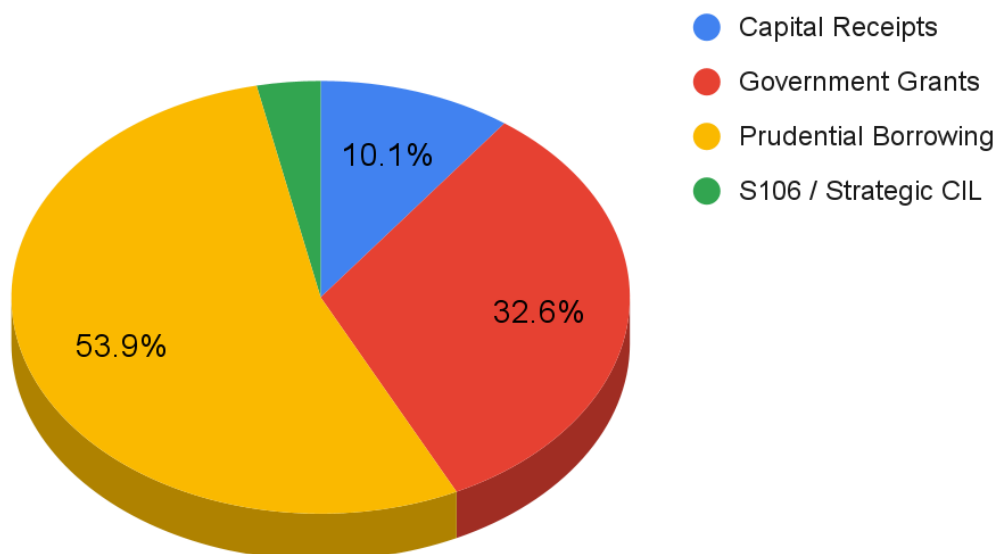
37. Capital schemes that are still in development, but likely to proceed subject to the necessary business case review are included within the capital pipeline. The total costs for these schemes have yet to be determined, but early stage feasibility work is already being undertaken. The capital pipeline is considering the investment needed to deliver the Council Plan and objectives. The capital pipeline includes the following areas:
 - Carbon reduction work such as the development of a District Heat Network
 - Decarbonisation of the Council's property estate
 - Exploring options to develop the former Murray House site on Acre Road in Kingston

General Fund Capital Resources

38. A summary of the proposed funding of the General Fund capital programme 2024-28 is shown in the table below:

Funding Source	2024/25	2025/26	2026/27	2027/28	Total 24/28
	£000's	£000's	£000's	£000's	£000's
Capital Receipts	10,000	10,000	2,040	2,040	24,080
Government Grants	32,305	19,880	12,686	12,686	77,557
Prudential Borrowing	56,486	30,691	37,697	3,289	128,163
S106 / Strategic CIL	6,389	1,513	0	0	7,901
Grand Total	105,180	62,084	52,423	18,015	237,702

A visual representation of the Council's General Fund capital resources:



39. Funding can take place from a number of resources including borrowing, capital receipts, grants, reserves, external contributions and contributions from the revenue budget. Such resources available over the next four years to fund the programme have been projected.
40. **Capital Receipts** - As the sale and disposal of assets can be protracted and difficult to forecast, the final allocation of capital receipts to resource the programme is continually reviewed in-year. This four year programme expects to utilise **£24.08m** of capital receipts. There remains a target to deliver £10m a year in capital receipts over the four years from 2022/23 to 2025/26. The utilisation of these receipts will depend on the exact profile received and how they can best be utilised to minimise borrowing costs.
41. **Government Grants** - Almost a third of the capital programme is funded from grants awarded by local and central governments. Grant funding is allocated to capital schemes according to the specific grant conditions attached to the funding. This capital programme will utilise **£77.5m** of grant funding, including the Disabled Facilities Grant (DFG) of £3.36m and Education Funding Agency grants estimated to total just over £72.9m (estimated pending announcements of funding).
42. **Prudential Borrowing** - Planned prudential borrowing of **£128.16m** is being used to fund general fund expenditure in this capital programme. Sufficient provision has been made in the revenue budget over the medium term financial plan period for the annual cost of this borrowing. Expenditure on many of these schemes is subject to a financially viable business case being developed whereby sufficient

revenue income or savings are generated to cover the cost of the planned borrowing.

43. A combined £33.75m of capital schemes will be funded from prudential borrowing, with £77.41m for Phase 1 of the CRE programme. Phase 1 CRE (£56.34m) is actually a loan provided to the CRE joint venture which will be fully reimbursed via capital receipts during the course of the project. The council includes this loan in the capital programme in line with proper accounting practices. Cambridge Road Acquisitions (£21.06m) is the buyback programme which again will be reimbursed by the joint venture on drawdown of the relevant phase/subphase. Borrowing requirements are dependent on forecast income from capital receipts and Community Infrastructure Levy agreements.
44. **Minimum Revenue Provision** - Where capital expenditure has been funded through the use of borrowing, the Council is required to set aside an amount from revenue each year to provide for the eventual repayment of this debt. The Minimum Revenue Provision policy is set out in Enclosure 2 of the Treasury Management Strategy. There is no requirement for the HRA to make a minimum revenue provision, but there is a requirement for a charge for depreciation to be made.
45. **CIL/S106** - Community Infrastructure Levy (CIL) and Section 106 (s106) are types of 'developer contributions', used to help fund the provision of infrastructure in association with new development schemes. £6.3m is available to fund the General Fund capital programme in 2024-25, with a further £1.5m in 2025-26.

Education Grants

46. The **Basic Needs Grant** allocation has been confirmed for 2024-25, which totals £7.01m. No allocation has been received yet for the future years so the budget assumes that there will be the same allocation each year until 2027-28 totalling £28.01m. The majority of this grant (£14.6m) is allocated to the Burlington School Expansion scheme. A further £2.25m will be used to fund the capital costs of the proposed, voluntary-aided Church of England secondary school. A prioritised programme of works for future years will be developed.
47. **School Condition Allocation** - Works to maintain school buildings are funded from the capital maintenance grant received annually from the Government. These works are funded on a priority basis. No funding has been awarded for the period of the capital programme. However, c.£378k is available in reserves to fund schemes at St Luke's and Lovelace schools. In total it was assumed that we would receive £3.25m (£0.81m for each year) in grants for the next four years. A report regarding Education Maintenance Grant will be submitted to the People Committee on 6 February 2024 detailing planned education/schools capital maintenance projects carried out during 2023-24 and a proposed programme for 2024-25.

48. The **High Needs Provision** - No funding allocation has been confirmed for the period up 2024-25. Including reserves, the total available is c. £8.2m, which is allocated to fund the AfC Post-16 Campus bid and the Willow Centre at St Phillip's school. The total budget of £16.12m assumed that we would receive an average of £4.03m High Needs grant per year for the next four years.

Transport for London

49. In 2023/24 core LIP funding of £1.14m was agreed. Applications for 2024/25 were submitted in Q3 however as yet no confirmation of funding has been received but it is anticipated that it will be at a similar level to 2023/24. Bids were also submitted to the Strategic cycling fund and these are subject to separate ongoing negotiations with TfL. The annual programme and funding has not been captured in this budget and it is expected that funding allocations will be confirmed in February/March 2024 following which the corresponding budgets will be added to the capital programme.

Disabled Facilities Grant

50. Disabled Facilities Grants are funded by the Department for Levelling Up, Housing & Communities to make adaptations to disabled residents homes. The Council was awarded £1,652,757 in 2023/24 and the government has committed to similar levels of funding until 2025.

GLA Loan

51. As part of the Cambridge Road Estate regeneration programme, the GLA has made a £26m interest free loan to RBK. The loan will support the cost of land assembly, right of light compensation and staffing costs (RBK). The loan is to be used only for qualifying expenditure and the business plan assumes a reallocation between phases, in order to mitigate funding costs along the lifetime of the project.

Housing Revenue Account

52. The Council's 30 year HRA Business Plan sets out plans for maintaining and investing in its housing stock of rented and leaseholder properties. The HRA is investing in maintaining the housing stock to the levels in the stock condition survey from our external partner.
53. In addition to planned maintenance, which includes a component replacement schedule to achieve SAP C energy ratings for our existing housing stock, £9.144m has been included for retrofit and carbon reduction works over the next four years. This is the first part of an overall forecast cost of achieving net zero by 2050 of £80m.
54. Each year, the 30 year housing revenue account business plan is reviewed to take account of any changes to factors including reflecting changes to housing policy,

economic assumptions such as new homes, both acquired and new build, inflation and interest rate forecasts, stock condition and levels of RTB sales.

55. The HRA Programme of capital expenditure over the next four years 2024-25 to 2027-28 is £139.196m. Overall the HRA capital programme is set to improve existing HRA assets, increase supply with the support from the Building Homes for Londoners GLA grant funding and to address a programme of planned works to estates and other demand driven projects.
56. The HRA capital programme covers four years and includes the cost of annual rolling programmes to repair and maintain the housing stock. Table 7 shows the amounts in 2027/28 which are the final year year of the new programme and represent the planned investment on the housing stock, including £3m for the decarbonisation programme within HRA Asset Improvements in 2027/28.

HRA	2024/25	2025/26	2026/27	2027/28	Total 2024-28
	£000's	£000's	£000's	£000's	£000's
1-4-1 Developments	8,670	8,160	0	0	16,830
HRA Asset Improvements	7,843	4,931	4,766	7,672	25,212
HRA Health & Safety	50	50	50	50	200
HRA Housing Conversion	1,209	500	500	500	2,709
HRA Major Capital Works	2,200	2,500	3,055	2,200	9,955
HRA Refurbishment	1,050	925	925	1,050	3,950
HRA Statutory Compliance	2,786	1,995	1,061	480	6,322
Cambridge Road Estate Development	30,362	22,743	13,237	0	66,343
New Homes Delivery	5,786	323	0	0	6,109
Other HRA Projects	1,285	282	0	0	1,567
Grand Total	61,241	42,409	23,594	11,952	139,196

New Build Programme

57. The Council continues to progress its Small Sites programme. The first two schemes (Arun House and Ribble House) providing 37 new homes have been completed and are now occupied. The remaining schemes are both due to complete in 2024/25 with Cumberland House due to be handed over in April 2024 followed by Roupell House in December 2024. Together, the four schemes will deliver 101 homes for London Affordable Rent and are being constructed by Countryside Properties (UK) Limited (part of Vistry Group). The homes will offer significant environmental benefits including a reduction in carbon emissions which significantly exceed minimum requirements and the provision of photo-voltaic cells, all electric heating systems, electric vehicle charging points and wider landscape and biodiversity improvements.

New schemes for 2024/25

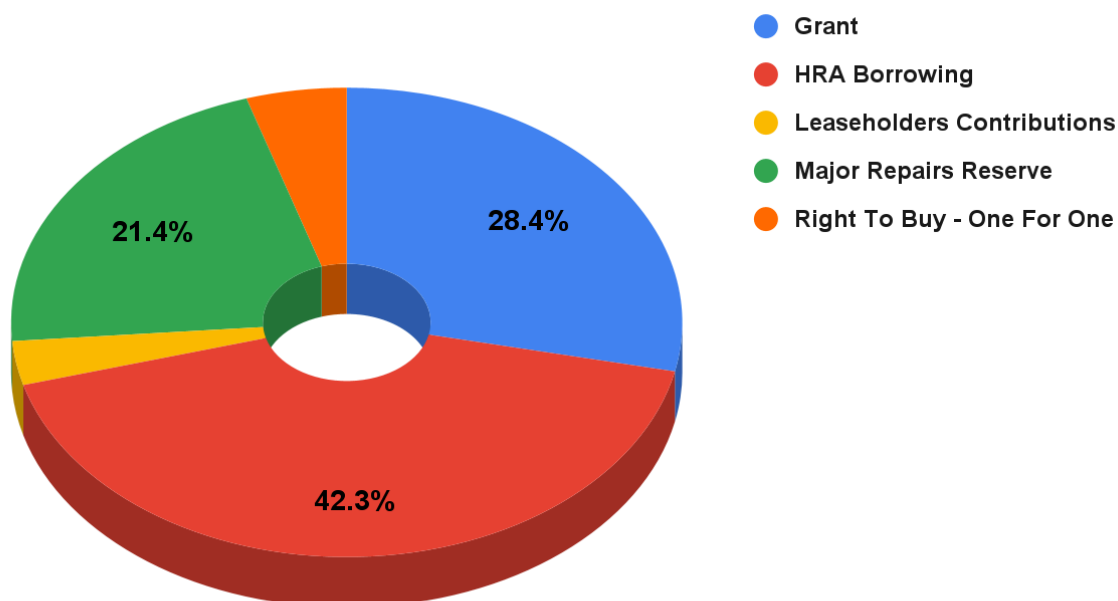
58. After reviewing affordability against the 30 year business plan, only 2 schemes have been added to the HRA capital Programme for the 2024/25 refresh. The purchase of the additional 104 homes in the CRE, detailed in paragraphs 96 - 102, and a requirement to facilitate the relocation of current tenants within the CRE (Cambridge Road Estate Area) in alignment with the scheduled regeneration redevelopment, in adherence to the CRE rehousing and decant policies, all while maintaining a flexible, transparent, and fair approach.

HRA	2024/25	2025/26	2026/27	2027/28	Total
	£000's	£000's	£000's	£000's	£000's
CRE Homeloss Disturbance	352	0	0	0	352
CRE Additional 104 council homes	19,874	16,442	10,290	0	46,606
Total	20,226	16,442	10,290	0	46,958

Funding the HRA Capital Programme

59. The funding for this programme of works is shown in the table and chart below:

HRA Funding	2024/25	2025/26	2026/27	2027/28	Total 24/27
	£000's	£000's	£000's	£000's	£000's
Grants	25,918	6,858	6,690	0	39,466
HRA Borrowing	21,765	23,008	9,564	4,602	58,939
Leaseholders Contributions	990	1,039	1,090	1,100	4,219
Major Repairs Reserve	9,100	8,241	6,250	6,250	29,841
Right To Buy - One For One	3,468	3,264	0	0	6,732
Total	61,241	42,409	23,594	11,952	139,196



60. The HRA borrows to fund the remainder of the capital programme for which the 30 HRA Business Plan is used to ensure the affordability of borrowing levels, both in terms of interest cover and the ability to repay the debt. Following the abolition of the debt cap in 2018, the HRA is free to borrow against the future rental streams generated from the stock, monitored by key indicators within the HRA Business Plan.

Major Works to Council Housing Stock

61. Ongoing works to improve HRA properties are being funded through the Major Repairs Reserve (MRR) funding of £29.84m. In addition, leaseholder contributions are expected to cover the cost of the works programme to leaseholder units. The Major Repairs Reserve is increased each year by the level of depreciation charged on existing assets, which is budgeted at £6.4m in 2024/25.
62. The MRR is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA (i.e. debt). The majority of Kingston's HRA capital expenditure on repairs and maintenance is funded by the MRR with an element of leaseholder contributions.
63. Leaseholders are charged for works to their properties or block when the HRA carries out works on their behalf, and form an element of funding within the capital programme to offset the costs of the works.

64. Under the agreement with our development partner, the HRA makes scheduled payments for the new affordable properties being built under the Cambridge Road Estate scheme, which are partially funded by GLA Grant.

Right to Buy (RTB) Receipts

65. Under the new RTB arrangements first introduced in 2012/13 and modified in June 2023, the Council signed up to an agreement with the Government for the use of net RTB receipts for the provision of new affordable housing. This can be used as direct provision to social landlords as a contribution of up to 40% towards the cost of the provision of affordable units or as a contribution to council affordable unit delivery or acquisition. The HRA has five years to spend any net receipts received from RTB sales, or they are returned to the government with interest.
66. The HRA purchased 14 new homes, 40% funded through the use of Right to Buy receipts in 2022/23. These properties are a mix of 1, 2 and 3 bed and larger homes to add to our socially rented stock. The acquisition programme was extended to purchase 50 new homes at a gross cost of £25.5m between 2023/24 and 2025/26 and is on track to acquire 20 new homes in 2023/24.

Capacity to Deliver Schemes

67. The capacity to deliver capital schemes is initially assessed through the capital programme review bidding process. Services are required to highlight key risks for the scheme and capacity would be part of this assessment. The finance team also has regular meetings with project managers delivering schemes. Any capacity issues are highlighted and followed up through the in year capital monitoring processes to find appropriate solutions.

Capital Risk Management

68. There are a number of risks surrounding the capital programme, which inevitably increase at a time of economic uncertainty. These risks are reviewed and managed as part of the capital programme review process, in-year capital monitoring and specific project and risk management arrangements for larger schemes. A number of risks are highlighted below.

Cost Overspends / Project Timescale Slippage

69. In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interests of stakeholders who must be consulted, ground conditions, or the cost of refurbishing or demolishing existing buildings (e.g. the cost of asbestos removal). As such, all major projects contain a defined contingency provision. The level of this contingency is set with reference to the type of project, its complexity and risk items identified on the risk register.

70. Once a scheme begins, spend and timescales for completion are monitored as part of the monthly capital programme monitoring processes.

Capital Receipts

71. The Council has continued to ensure regular review in terms of its assumptions for the inclusion of new capital receipts into the programme, particularly given the difficulty around some of the sites. Each year, planned capital receipts are reviewed by the property and finance teams in terms of values, timescales and any known risk factors that need to be taken into account.

Borrowing Costs

72. A provision for the revenue costs of future prudential borrowing within the capital programme has been made within the revenue budget. This allocation has been derived using estimates for interest rates over the coming four year period. There is a risk that interest rates rise above these estimates affecting the cost of this borrowing. This risk will be managed through the Council's Treasury Management Strategy ensuring that the cost of borrowing to the Council is minimised.

Cost Price Inflation

73. There is increased uncertainty about the cost of projects, due to recent high rates of inflation putting pressure on the prices of materials and labour. However, capital schemes do make provision for contingency, so unexpected expenditure can usually be absorbed. In the current economic climate, closer scrutiny was given to the budget requirements in new capital bids to provide further assurances that a suitable contingency has been arrived at.

School Place Expansion

74. The level of basic need funding available for future school expansions is limited. Government has progressively reduced the grant available which restricts the council's ability to deliver any required expansion.

Reduction in Value of On Balance Sheet Commercial Property Investment

75. The market value of properties is ascertained annually as part of the production of the statement of accounts. Commercial Property investments are intended to be holdings for the medium to longer term. Risk management mitigation includes active management such as the review of the performance of individual properties to feed into longer term disposal or refurbishment or reprovision decisions. Despite an MRP exemption for on-balance sheet commercial investment of existing properties, there is also the flexibility to start MRP provision should this be

required. Whilst any new Commercial Property investments are unlikely, they would be subject to MRP.

Non Repayment of Loans by Third Parties

76. The Council undertakes regular monitoring of the financial position of entities where it is providing loan financing, assessing their ability to repay any outstanding debt. Annual reporting is also required as part of the loan agreements that are in place. This should provide an early warning of any potential issues and the Council then has the ability (through the loan arrangements) to work with the entity to find solutions to prevent a loan default.
77. Property assumptions feed into this review in terms of asset use and the planned disposal of surplus assets. In terms of the Housing Revenue Account (HRA) assumptions within the HRA Business Plan are reviewed, such as sums available in the Major Repairs Reserve (MRR), numbers of Right To Buy (RTB) sales which affects the levels of resources available through the general RTB sum, allowable debt, and net RTB receipts.

Revenue Implications from Capital Schemes

78. Services are required to identify and record any potential revenue implications from capital schemes as part of the capital bidding process. These are then taken into consideration during the scheme prioritisation process and reflected in the medium term revenue budgets where necessary.

Strategic Property Management

79. The Council is delivering its Property Asset Strategy and the work currently underway continues to deliver against five priorities to meet the strategic objectives of the Council;
 - deliver a compliant, fit for purpose estate to support the provision of outstanding Council services for local residents;
 - to ensure that the Council's portfolio can support efforts to meet future service demands arising from a growing population with more complex needs;
 - to ensure that the Council's property assets contribute fully to achieving the organisation's commitment to reaching net zero by 2030;
 - To leverage the value of the Council's property assets to secure the delivery of major planned developments;
 - to ensure that the Council's estate is appropriately scaled and that surplus property is disposed of to meet the Council's financial commitments as articulated within the MTFS.

Affordability of the Capital Programme

80. The affordability of the capital programme can be assessed from the Prudential Indicators of the Council for the next 4 years set out in the table below. The Council's gross loan requirement for the next 4 years remains under the operational boundary limit indicator for external borrowing. Provision has also been made in the revenue budget of the medium term financial plan for the revenue implications of the projected gross loan requirement through the minimum revenue provision and interest charges.

STATUTORY TREASURY MANAGEMENT INDICATORS	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
Authorised limit for external debt:						
Borrowing	418,513	471,671	542,277	587,581	625,852	624,112
Other Long Term Liabilities	0	0	0	0	0	0
Total	418,513	471,671	542,277	587,581	625,852	624,112
Operational boundary for external debt:						
Borrowing	408,513	461,671	532,277	577,581	615,852	614,112
Other Long Term Liabilities	0	0	0	0	0	0
Total	408,513	461,671	532,277	577,581	615,852	614,112
Annual borrowing requirement based on operational boundary:						
Total Change	21,249	53,159	70,606	45,305	38,270	(1,741)
Liability Benchmark:						
Existing loan debt outstanding	302,939	280,164	277,389	266,614	265,840	265,067
Loans CFR	386,796	439,955	510,560	555,865	594,137	592,397
Net Loan Requirement	179,015	232,174	302,779	348,084	386,356	384,616
Gross loans requirement	210,015	263,174	333,779	379,084	417,356	415,616
Upper Limit on investments in excess of 365 days	10,000	10,000	10,000	10,000	10,000	10,000

Investment for Service and Commercial Property

81. The Prudential Code 2021 introduced new definitions for investments under two main headings: treasury management investments and non-financial, or non-treasury management investments.
82. Treasury management investments represent the placement of cash in relation to s12 of the Local Government Act 2003 investment powers i.e. they are the residual cash left in an authority's bank account resulting from the authority's day to day activities. The management of these activities is not reported in this Capital Strategy, but rather in the Treasury management strategy.
83. Non-treasury management investments consist of commercial investments and service investments undertaken by local authorities:
 - **Commercial investments** - whereby the objective is primarily to generate capital or revenue resources. The resources generated would then help facilitate local authority services. This category is further divided into commercial property investments and financial investments.
 - **Service investments** - whereby capital, or revenue cash is advanced for a specific council objective and will be approved directly through committee. This may be an advance to a third party for economic regeneration, or enable care facilities among others.

Approach to Commercial and Service Investments

84. The Council in order to deliver important local infrastructure, regeneration, new housing or to enhance the local economy in line with its strategic objectives will undertake commercial and service investments directly or in partnership with third party organisations.
85. In the pursuit of these objectives the Council will ensure that investment decisions are supported by full business cases that clearly set out the rationale for the investment under the following headings: Strategic, Economic, Commercial, Financial, and Management. This will include considerations on impact on debt and debt repayment, cost of borrowing, minimum revenue provisions and the time value of money.

Governance

86. In line with the financial regulations of the Council, investment above £500,000 will require authorisation from a strategic committee of the Council, which has delegated authority to take in-year decisions on resources and priorities needed to deliver the budget policy framework.

87. The Kingston Development and Investment Board made up of the Chief Executive, the Executive Director of Place, the Interim Director of Finance / S151 Officer and the Monitoring officer provide officer level monitoring for investment projects. Other senior officers across finance, procurement, regeneration and asset development attend to respond to queries and present information.
88. The Council through its officer level delivery board and management board brings together officers with a wide range of skills and experiences across regeneration, housing, finance, legal and procurement to monitor and support decision making on investment projects. This is in addition to engaging specialist knowledge from third party firms to support the development of the commercial and financial rationale for complex investment projects.

Affordability of Commercial and Service Investment

89. The affordability of the commercial and service investments will be assessed by comparing net income from these activities including financial investments to the total net revenue stream of the Council. Quarterly performance of actuals and revised estimates against these targets will be presented to the Corporate and Resources committee as part of the quarterly monitoring of financial performance.

Investment Affordability Indicator	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	%	%	%	%	%	%
Ratio of net Income from commercial and service investment to net revenue stream - GF:	2.31	3.08	2.53	1.90	1.74	1.63

Commercial Property Investment

90. Following guidance in the Prudential Code, issued by the Chartered Institute for Public Finance & Accountancy, the council holds a number of commercial properties for investment purposes. The income from these properties covers the capital financing costs related to the financing of the acquisitions and has contributed to the income and savings targets that the Council needs to achieve.
91. The historic acquisition of commercial property was consistent with the strategic objectives of the Property Investment Strategy, as it generated rental income to supplement the revenue budget, helping the council to deliver on its strategic priorities. In addition, it has allowed the Council to diversify and extend its commercial property portfolio, by providing a range of office accommodation to meet the business needs of larger companies, medium sized enterprises and start-up companies. Following changes to rules around borrowing for commercial investment, no further investments of this nature are being considered.

92. The main risks of holding commercial property come in the form of reduced rental income from void units, but also a drop in demand for industrial units, post pandemic. The resulting drop in rental yield could adversely affect the General Fund revenue budget. However, rental income has generally been stable over the period of ownership.
93. Commercial letting agents are engaged to manage the portfolio, actively advertising for new tenants and to plan ahead for void periods.
94. Fully-repairing tenant leases ensure that capital investment costs to maintain the buildings are minimal. Therefore, there are no losses to absorb as the council owns the property.

Service Type Investments

95. In March 2019, the Finance and Partnerships Committee took the decision to enter into a 50:50 Joint Venture with Countryside Properties (UK) to deliver the regeneration of the Cambridge Road Estate. Phase 1 of the LLP business plan was approved on the 24th September 2020 at the Response and Recovery (R&R) Committee. The Limited Liability Partnership (LLP) with Countryside was established on the 30th September 2020. Approval for Financing Phase 1 of the scheme was approved by R&R Committee on the 24th November 2020.

Cambridge Road Estate Regeneration

96. This is an ambitious and complex project requiring detailed technical professional support from external consultants, as well as close partnership working with RBK partner Countryside. The objective is to deliver 2,170 homes, of which 871 will be for social rent, as efficiently and effectively as possible with minimum disturbance to tenants. The project will take 15 years extending over five phases and the first homes are expected to be occupied in October 2024.
97. On 19 December 2023 a decision was taken to acquire an additional 104 homes being developed through the regeneration of the Cambridge Road Estate (CRE) at a gross cost to the Housing Revenue Account (HRA) of £49.919m for use as Council social rented accommodation. These homes will be in addition to the existing 150 homes within Phase One which the Council has committed to acquire from the LLP; ultimately delivering 254 Council social rented homes within Phase One alongside 15 shared equity homes and 183 private for sale homes.
98. The additional 104 homes being acquired were originally anticipated to be for private sale homes and under this proposal will be converted to Council social rented accommodation and will be let on secure tenancies. The acquisition costs for the additional social rented units within Phase One are being supported by two GLA grants.
99. There are a range of benefits arising from this proposal. For the LLP, the reduction in the number of private for sale homes reduces the scale of sales risk but also

allows the scheme to progress on the original delivery programme even allowing for a potential drop in sales rates.

100. For the Council, securing the additional Council social rented homes will support the wider effort to reduce the homelessness pressures which we are currently facing; providing a range of options for those on the Council's waiting list which would otherwise not be available. There is also a potential financial benefit to the Council with the equivalent cost of providing nightly paid temporary accommodation for 104 households equating to c.£1.670m per annum. It is anticipated that these homes will be let as secured tenancies through the HRA on social rents.
101. The Council has a fiduciary duty to act as a trustee of tax and public sector income on behalf of taxpayers. The CRE Business Plan contains a full risk register which reflects the risks to the project. In addition, the Council maintains its own separate risk register. These risks are more strategic in nature, rather than operational issues that directly affect the LLP as a commercial business.
102. The table below sets out the key risks and mitigations for the Council:

Risk	Mitigation
Governance	
Ineffective governance structure, leading to a lack of control and involvement in the running of the LLP	Decisions are made through the Project Board. Project Team Governance is built into the LLP CRE Business Plan and LLP Members Agreement. Approval of and changes to the CRE Business Plan are requiring approval by the Council
Financial - General Fund	
The Council does not have a comprehensive forecast of its total capital funding requirements over the medium to long-term.	The Council will regularly monitor and review the capital programme and associated funding requirements. Also the Council will seek to appoint/recruit skilled resources to manage the treasury and seek external professional advice
The Council is unable to recoup its loan from the LLP and interest payments due are not received in line with agreements, or the debt/equity model is not affordable.	The Council will manage its peak debt/equity position and reduce its exposure by delaying or redesigning phases. Loan Note Instruments will be put in place and the LLP Business Plan will demonstrate viability for the phase prior to the request for additional equity investment. A coupon is applied to the equity lending to mitigate against risk.
Financial - HRA	

Council unable to afford the purchase of affordable housing from the LLP or change in government policy	Viability of each phase to be reviewed, land value and returns confirmed phase by phase. Council is committed to purchasing 767 social rent homes and will review the HRA Business Plan if changes occur
Economic	
An increase in borrowing rates leading to increased interest costs for the Council	Borrowing will be drawn down when required therefore limiting exposure. Loan agreements will include the ability for review of interest rates. The funding strategy requires the LLP to pay interest at a mark up on prevailing PWLB
Changes in market conditions leading to depressed property prices and land value	The LLP Business Plan (all phases) assumptions have been tested against market predictions. LLP legal documentation includes options for improving viability in adverse market conditions
Legal	
Judicial Challenge to decisions made against the Council leading to delay and additional scheme costs	Council has appointed expert legal advice to ensure decision making is lawful and it minimises the risk and impact of litigation
Litigation against the development partner leading to reputational damage to the Council	Legal documents protect the Council's interest and have the ability vary the conditions of the agreement
Land & Planning	
Vacant Possession not achieved for each Phase in line with projected timelines or CPO not secured	Land Acquisition & Rehousing Strategy form part of the LLP Business Plan. Early negotiations are underway for acquisition by private treaty. Council has made a CPO as a method of last resort to acquire all necessary interests.
Planning consent/reserved matters applications not secured	A programme of comprehensive community engagement through the master planning, pre-application and planning process over a period of time to inform the preparation of planning application. Commission highly reputable architects to help design the new estate

Capital Programme 2024/25 to 2027/28										Annex 11 Enclosure 1	
Ref	Corporate Plan Priority	Strategic Committee	Directorate	Service	Project	Project Description	2024/25	2025/26	2026/27	2027/28	Total 2024-28
							£000	£000	£000	£000	£000
1	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Street Lighting Column Replacement Programme	Rolling programme to replace life expired street lighting columns	440	440	440	440	1,760
2	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Planned Maintenance for c/w f/w works	Footway and carriageway resurfacing planned maintenance programme	1,750	1,750	1,750	1,750	7,000
3	Greener	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	LED/CMS & Column Replacement	Street lighting LED conversion	1,500	0	0	0	1,500
4	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Supply and fix new raising bollards in the town centre	New bollards are required as current ones are not fit for purpose	15	0	0	0	15
5	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Renewal of bridge height signs	Renewal of bridge height signs	19	0	0	0	19
6	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	New Malden North Flood Alleviation Scheme	Flood alleviation scheme part funded by Environment Agency	100	419	0	0	519
7	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Hook Flood Alleviation Scheme	Flood alleviation scheme part funded by Environment Agency	356	356	0	0	711
8	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Browns Road Parking Permit Area	To implement controlled parking to help residents	12	0	0	0	12
9	Greener	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	EV Charging - Associated Costs	Provide electric vehicle (EV) charging stations across the entire borough.	100	100	100	100	400
10	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Disabled Facilities Grant	Funding from DHLUC via the better care fund this funding is for adaptations in the private housing sector to maximise the independence of residents in their homes.	840	840	840	840	3,360
11	Safer	PLACE	Corporate & Communities	Highways, Transport & Regulatory Services	Housing General Fund - Discretionary Grants	Discretionary funding for grants to bring empty properties back into use, tackle fuel poverty, reduce hazards and support those on low incomes to maintain their homes.	150	150	150	150	600
				Highways, Transport & Regulatory Services Total			5,282	4,055	3,280	3,280	15,897
12	Future Council	CORPORATE & RESOURCES	Corporate & Communities	Digital & IT	Technology Investment Fund	This provides the base funding for Digital and IT investment in transformation projects and necessary replacements/updates of IT infrastructure and procurements/re-procurements of business systems.	2,110	1,500	1,500	1,500	6,610
13	Future Council	CORPORATE & RESOURCES	Corporate & Communities	Digital & IT	Data Infrastructure Implementation	Data Infrastructure Implementation	30	0	0	0	30
14	Future Council	PEOPLE	Corporate & Communities	Digital & IT	Adults Transformation	Adults data systems upgrades	132	0	0	0	132
15	Future Council	CORPORATE & RESOURCES	Corporate & Communities	Digital & IT	Chromebook replacement	Replacement of Chromebook devices as they come to the end of their supported life.	45	0	0	0	45
16	Future Council	PEOPLE	Corporate & Communities	Digital & IT	AFC - Process improvement and insight	Improving operational efficiency, utilizing data for informed decisions, and addressing digital disparities, aligning with the Future Council's vision for effective management and forward-looking service provision.	93	30	0	0	123
17	Future Council	PEOPLE	Corporate & Communities	Digital & IT	AFC - Business Resilience and Security	The primary objective of this project is to establish seamless connectivity for data and systems, with a particular focus on enhancing integration for Children's Services.	125	0	0	0	125
				Digital & IT Total			2,535	1,530	1,500	1,500	7,065
18	Greener	PLACE	Corporate & Communities	Major Contracts - Parks	Villiers Road Waste Transfer Station and Household Waste Recycling Centre Redevelopment	The redevelopment of the Council's Waste Transfer Station and Household Refuse and Recycling Centre facilities.	292	0	0	0	292
19	Greener	PLACE	Corporate & Communities	Major Contracts - Parks	Community Parks Programme	New and refurbished children's play areas, new accessible footpaths, habitat restoration and biodiversity enhancements.	480	0	0	0	480
20	Safer	PLACE	Corporate & Communities	Major Contracts - Parks	Essential Infrastructure Fund – Parks & Green Spaces	Variety of physical enhancements to the infrastructure within parks and green spaces, ensuring they remain safe and usable.	390	0	0	0	390
21	Greener	PLACE	Corporate & Communities	Public Realm - Environment	Green Home Loans	Loans for energy improvements to businesses, landlords and residents with lower to middle incomes.	100	0	0	0	100
				Public Realm - Environment Total			1,262	0	0	0	1,262
				CORPORATE & COMMUNITIES TOTAL			9,079	5,585	4,780	4,780	24,224
22	Safer	PEOPLE	Place	General Fund Property	Kingston Cremators Replacement	Kingston Cremators Replacement	25	0	0	0	25

Capital Programme 2024/25 to 2027/28										Annex 11 Enclosure 1	
Ref	Corporate Plan Priority	Strategic Committee	Directorate	Service	Project	Project Description	2024/25	2025/26	2026/27	2027/28	Total 2024-28
							£000	£000	£000	£000	£000
23	Safer	PLACE	Place	General Fund Property	General Fund Property Responsive Programme	Responsive fund to deal with in-year improvements, refurbishment and upgrades as necessary, not in capital pipeline for planned work.	400	400	400	400	1,600
24	Fairer	PEOPLE	Place	General Fund Property	Children's Home for Looked After Children	New build 5 bed property to provide temporary accommodation for Looked After Children	1,276	1,513	0	0	2,788
25	Fairer	PEOPLE	Place	General Fund Property	Kingston Cemetery Mortuary Chapels	Mortuary chapels refurbishment	593	0	0	0	593
26	Fairer	PLACE	Place	General Fund Property	Chessington Sports Centre	Feasibility/ viability for potential pool, sports and changing facilities in Chessington area	172	0	0	0	172
27	Safer	PLACE	Place	General Fund Property	Kingston Museum - Internal maintenance & access works	Accessibility, lift maintenance/ replacement works, and ancillary works to improve circulation.	76	0	0	0	76
28	Safer	PLACE	Place	General Fund Property	Kingston Museum Refurbishment of passenger lift to prolong life	Refurbishment of passenger lift in the museum building.	52	0	0	0	52
29	Safer	PLACE	Place	General Fund Property	Moor Lane Flooring	Care home flooring replacement.	35	0	0	0	35
30	Fairer	PEOPLE	Place	General Fund Property	Kingston Crematorium Front of House Expansion	Range of measures including hygiene and welfare improvements for funeral teams/ pallbearers, plus increasing capacity for services and ceremonial moments, through reorganisation of space, to increase accessibility and offer a range of service for all communities.	133	0	0	0	133
31	Safer	PLACE	Place	General Fund Property	Kingston Museum (Grade II) - external roof maintenance	External roof maintenance on the museum building	171	0	0	0	171
32	Safer	PLACE	Place	General Fund Property	Rose Car Park Lifts	Replacement of 2 lifts in the car park	835	0	0	0	835
33	Together	PLACE	Place	General Fund Property	Market House	Improvements to building condition incl remedial repairs, accessibility improvements, and alterations to allow for a range of community uses which are being scoped.	1,003	0	0	0	1,003
34	Safer	PEOPLE	Place	General Fund Property	165 Moor Lane (Caretaker House)	Re-purposing and refurbishment of a 3-bed house (former caretakers cottage) and external areas, to provide accommodation for vulnerable adults.	75	0	0	0	75
35	Fairer	PEOPLE	Place	General Fund Property	Surbiton Cemetery Plots' expansion	Extend the plots and dedicated area for memorial headstones to accommodate the requirements of the Muslim community and deliver essential services to meet their needs.	277	0	0	0	277
36	Future Council	PLACE	Place	General Fund Property	Guildhall 2 - Refresh	Refurbishing some of the kitchens and bathrooms located in the Guildhall 2 building which are in poor condition.	650	0	0	0	650
37	Together	PLACE	Place	General Fund Property	Changing Places Toilets	Delivery of 3 Changing Places Registered toilets across the borough, in conjunction with central government DLUHC funding.	2	0	0	0	2
38	Safer	PLACE	Place	General Fund Property	Malden Library - Fire Doors	Essential works to library buildings across the borough	175	0	0	0	175
39	Safer	PLACE	Place	General Fund Property	Malden Library - Structural, compliance	Essential works to library buildings across the borough	173	0	0	0	173
40	Fairer	PEOPLE	Place	General Fund Property	AfC Post 16 campus	Creation of a campus for sixth form students of Dysart and St Philip's special school and Orchard Hill College students, part funded by a £3.6m DfE grant. This will enable additional pre- and post-16 specialist places, and reduce placement and home to school/college transport costs.	1,500	3,700	0	0	5,200
41	Safer	PLACE	Place	General Fund Property	CCTV Infrastructure and Control Room	Investment in CCTV infrastructure across the borough	1,000	1,071	0	0	2,071
42	Together	PLACE	Place	General Fund Property	Eagle Brewery Wharf & Memorial Gardens	Public realm upgrades and improvement works to two key town centre open spaces and to support wider enjoyment of the two sites	1,174	0	0	0	1,174
43	Future Council	PLACE	Place	General Fund Property	Tolworth Leisure Centre	Refurbishment works - roof and other remedial repairs	600	0	0	0	600
44	Future Council	PLACE	Place	General Fund Property	Libraries and Museum for All	Essential works to library buildings across the borough	1,200	0	0	0	1,200
45	Safer	PLACE	Place	General Fund Property	Rainbow House - Air temperature control system	Install a VRV system to connect cooling to 12 indoor units (rooms and central lobby) or provide multi-split systems for specific areas.	100	0	0	0	100
46	Safer	PLACE	Place	General Fund Property	Surbiton Library	Essential works to library buildings across the borough	319	0	0	0	319

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							£000	£000	£000	£000	£000
47	Safer	PLACE	Place	General Fund Property	Hobkirk and Noble House Demolition	Design and development and demolition and clearance of Hobkirk and Noble buildings, and land, to enable the use of part of the cleared land for Burlington Junior School external play space, and the remainder for the marketing and disposal of surplus land for a commercial return back to the Council for reinvestment.	390	0	0	0	390
48	Greener	PLACE	Place	General Fund Property	Net-Zero Property Retrofit	Align with the latest technologies and building materials in order to maximize the energy efficiency of the Council's property portfolio.	1,750	0	0	0	1,750
49	Greener	PLACE	Place	General Fund Property	Malden Leisure Centre M&E & Structural Remedial Works	The leisure centre faces temperature control issues, necessitating further examination of the Building Management System (BMS), boiler plant, and hot water system. Moreover, structural problems have emerged in the pool hall roof, demanding further assessment and repairs to maintain safe swimming operations.	750	0	0	0	750
50	Future Council	PLACE	Place	General Fund Property	Main Guildhall Refurbishment	Reduce the Council's corporate footprint, ensuring that assets are better utilised to enable the release of surplus properties to support the regeneration of Kingston;	1,440	0	0	0	1,440
				General Fund Property Projects Total			16,346	6,683	400	400	23,829
51	Fairer	PLACE	Place	Housing General Fund - CRE	Cambridge Rd Phase 1	Loans to CRE LLP to cover council's costs for developing Cambridge Road Estate	24,819	13,572	17,956	0	56,346
52	Fairer	PLACE	Place	Housing General Fund - CRE	Cambridge Rd Acquisition	Buy back properties to enable Cambridge Road Development scheme	13,905	4,086	2,088	989	21,067
				Housing General Fund - Total			38,724	17,657	20,043	989	77,413
53	Together	PLACE	Place	Major Developments (Capital)	New Community Leisure Centre	New leisure centre providing pool, sportshall and ancillary facilities	7,950	16,818	15,354	0	40,122
54	Together	PLACE	Place	Major Developments (Capital)	Acre Road	New housing development	90	0	0	0	90
				Major Development Total			8,040	16,818	15,354	0	40,212
55	Together	PLACE	Place	Public Realm	JLP/ Riverside	Refurbishment of riverside space under the John Lewis centre to provide affordable work and creative facilities	972	0	0	0	972
56	Together	PLACE	Place	Public Realm	Kingston Riverside Regeneration	Delivery of revitalised public realm focused on Kingston Riverside.	307	0	0	0	307
				Public Realm Total			1,279	0	0	0	1,279
57	Fairer	PEOPLE	Place	School Expansion Projects	Burlington School Expansion	School expansion to increase pupil number capacity, remodelling and refurbishment of buildings, and external spaces, remedial works and structural repairs to increase longevity of assets. To include a new main building with Sports Hall, MUGA, refurbishment of the existing Victorian building and a new car park.	15,680	1,244	0	0	16,924
58	Fairer	PEOPLE	Place	School Expansion Projects	Tolworth Children Centre (Stairs and Roof and Flooring Remedial Works)	The project is to undertake the remedial works to the first floor of the Children's Centre as the flooring has deteriorated significantly due to water ingress, high levels of moisture that provides a conducive environment for rot to set into the timber.	50	0	0	0	50
59	Fairer	PEOPLE	Place	School Expansion Projects	VA CofE School	Project led by DfE for new secondary school at Kingsmeadow area between Hampden Road and Kingsmeadow Stadium. RBK is contributing approximately 10% (subject to cost confirmation).	1,350	900	0	0	2,250
60	Fairer	PEOPLE	Place	School Expansion Projects	Burlington Infants' School - WCs	Replacement of WCs and ancillary facilities for the infants' school to complete remedial drainage and other repairs. This project is now part of the Burlington Junior project scope and will be sequenced to prioritise replacement and to support enabling works for the main project.	269	0	0	0	269
61	Fairer	PEOPLE	Place	School Expansion Projects	Coombe Hill Priority Works: MCCB and mono-pitched roof works	Coombe Hill school roof works	75	0	0	0	75
62	Fairer	PEOPLE	Place	School Expansion Projects	Schools Basic Need Programme	School expansion related programmes to be funded from Basic Need grant.	7,002	7,002	7,002	7,002	28,008
				School Expansion Projects Total			24,426	9,146	7,002	7,002	47,576
63	Fairer	PEOPLE	Place	Schools Capital Maintenance	Lovelace re-roof	Replacement, repairs and refurbishment to multiple roofs across the school's buildings, to provide long-term asset, and to address degradation and dilapidation. Addition of solar panels where possible to reduce energy bills/ consumption.	344	0	0	0	344

Capital Programme 2024/25 to 2027/28										Annex 11 Enclosure 1	
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							£000	£000	£000	£000	£000
64	Safer	PEOPLE	Place	Schools Capital Maintenance	Lovelace Priority Works: New fire detection and alarm system	Replacing the current faulty and leaky roofs, promptly installing a new fire alarm system, and replacing concrete lintels and surrounds for the original school building's windows and doors.	178	0	0	0	178
65	Safer	PEOPLE	Place	Schools Capital Maintenance	St.Luke's Priority Works: Repair/renew roof windows	Replacement of the leaky roof light windows above the central assembly hall. Due to the highly disruptive nature of this work, it can only take place during the summer term break.	200	0	0	0	200
66	Fairer	PEOPLE	Place	Schools Capital Maintenance	Willow Centre at St Philip's School	Plans to build a two-storey vocational centre which will further enhance the school's curriculum and allow students to develop practical skills in a range of vocational subject areas.	1,650	1,350	0	0	3,000
67	Safer	PEOPLE	Place	Schools Capital Maintenance	Schools Capital Maintenance	School maintenance related programmes to be funded from School Condition Allocation Grant	813	813	813	813	3,252
				School Capital Maintenance Total			3,185	2,163	813	813	6,974
68	Fairer	PEOPLE	Place	Schools Other Capital Projects	Free School Meals Expansion	Expansion of free school meals to all primary aged children	70	0	0	0	70
69	Fairer	PEOPLE	Place	Schools Other Capital Projects	High Needs Capital Programme	Programmes to deliver support for Children and Young People with special educational needs or disabilities, to be funded from High Needs Capital Grant	4,031	4,031	4,031	4,031	16,124
				School Other Capital Projects Total			4,101	4,031	4,031	4,031	16,194
				PLACE TOTAL			96,100	56,499	47,643	13,235	213,478
70	Fairer	PLACE	HRA	1-4-1 Developments	Purchase of HRA Properties - Use of 141 receipts	Purchasing 50 street properties over a 3 year period to increase social housing supply and alleviate pressure on temporary accommodation faced by RBK.	8,670	8,160	0	0	16,830
				1-4-1 Developments Total			8,670	8,160	0	0	16,830
71	Safer	PLACE	HRA	HRA Asset Improvements	General Lift Improvements	General lift improvements to the estates	315	0	0	0	315
72	Safer	PLACE	HRA	HRA Asset Improvements	Water Safety & Improvement works	This budget allows for any major works or water tank replacements identified during inspection programme.	45	45	45	45	180
73	Safer	PLACE	HRA	HRA Asset Improvements	Estate Lighting	This budget allows for upgrades to our communal lighting systems or upgrades to the electrical lateral mains into a block	2,590	1,356	1,379	1,000	6,325
74	Safer	PLACE	HRA	HRA Asset Improvements	Repairs to Roads Pathways Parking	Continuation of resurfacing programme to estate roadways, footpaths and car parking areas	80	80	80	0	240
75	Fairer	PLACE	HRA	HRA Asset Improvements	Garage Conversion to Additional Parking	Creation of additional parking for residents.	66	0	0	0	66
76	Greener	PLACE	HRA	HRA Asset Improvements	Communal Boiler Replacements & Improvement works	This budget allows for replacement of communal boilers which are in urgent need of upgrading for more energy efficient systems	1,322	500	500	2,645	4,967
77	Greener	PLACE	HRA	HRA Asset Improvements	Domestic Boiler Replacement	This budget allows for boilers within residents homes to be replaced with more energy efficient boilers if beyond economical repair.	950	950	950	950	3,800
78	Greener	PLACE	HRA	HRA Asset Improvements	Decarbonisation and retrofit works	This budget allows for retrofitting some of our poor performing properties with better thermal insulation and making them energy efficient. (allowance to bring properties with EPC from E, and below, up to minimum banding of D or more)	2,300	2,000	1,812	3,032	9,144
				HRA Asset Improvements Total			7,668	4,931	4,766	7,672	25,037
79	Safer	PLACE	HRA	HRA Health & Safety	Estate Health & Safety Priority Repairs & Improvements	This budget allows for any potential health and safety issues identified from surveys or estate inspections to be repaired	50	50	50	50	200
				HRA Health & Safety Total			50	50	50	50	200
90	Fairer	PLACE	HRA	HRA Housing Conversion	Conversion of 3 bed to 4/5 bed houses	Continuation of a programme which is to create additional bedroom accommodation within the HRA stock	1,209	500	500	500	2,709
				HRA Housing Conversion Total			1,209	500	500	500	2,709
91	Safer	PLACE	HRA	HRA Major Capital Works	Major Capital Works	Continuation of programme carrying out reroofing, window renewal and general building refurbishment works identified necessary to the housing stock	2,000	2,300	2,855	2,000	9,155
92	Safer	PLACE	HRA	HRA Major Capital Works	Decent Homes Kitchens & Bathrooms	Continuation of the Kitchen and Bathroom renewal programme	200	200	200	200	800
				HRA Major Capital Works Total			2,200	2,500	3,055	2,200	9,955

Capital Programme 2024/25 to 2027/28										Annex 11 Enclosure 1	
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							£000	£000	£000	£000	£000
93	Safer	PLACE	HRA	HRA Refurbishment	Remodelling Glenbuck Studio's rear courtyard	To remodel rear courtyard area to Glenbuck Studios to create a suitable refuse collection arrangement	175	0	0	0	175
94	Safer	PLACE	HRA	HRA Refurbishment	Structural Works Repairs/Damp	Programmed damp works on the HRA estate	500	500	500	500	2,000
95	Safer	PLACE	HRA	HRA Refurbishment	Major Void Works	Works costs of bringing HRA properties back into a lettable condition.	375	375	375	500	1,625
96	Safer	PLACE	HRA	HRA Refurbishment	Renewal & Replacement of estate playground equipment	Renewal & Replacement of estate playground equipment	125	0	0	0	125
97	Safer	PLACE	HRA	HRA Refurbishment	Renewal & Replacement of estate fencing/signage/parking areas	Renewal & Replacement of estate fencing/signage/parking areas	50	50	50	50	200
				HRA Refurbishment Total			1,225	925	925	1,050	4,125
98	Safer	PLACE	HRA	HRA Statutory Compliance	Disabled Adaptations Programme	Home adaptations to enable people to stay in their homes for longer and live, happier, healthier and independent lives.	400	400	400	400	1,600
99	Safer	PLACE	HRA	HRA Statutory Compliance	Fire Safety Works	This budget allows for remedial work following recommendations from Fire Risk Assessments(FRA's) and for any other associated fire safety works, such upgrading smoke detectors within residents homes.	1,997	1,490	556	0	4,043
100	Safer	PLACE	HRA	HRA Statutory Compliance	Asbestos Management & Removal	Allowance for asbestos removal, or containment, work following asbestos surveys for our major works or inspection programmes	224	105	105	80	514
101	Safer	PLACE	HRA	HRA Statutory Compliance	Renewal of Tunstall system to sheltered blocks	Renewal of the warden call systems within the sheltered housing stock	165	0	0	0	165
				HRA Statutory Compliance Total			2,786	1,995	1,061	480	6,322
102	Fairer	PLACE	HRA	Cambridge Road Estate Development	Home Loss Disturbance Payments	Payments to residents as part of the decant process in the CRE development.	738	493	0	0	1,231
103	Future Council	PLACE	HRA	Other HRA Projects	Housing management ICT System	Implementation of NEC new housing ICT system. Transferring and cleaning housing data from Universal Housing to create a single trusted source.	1,285	282	0	0	1,567
104	Fairer	PLACE	HRA	New Homes Delivery	Small Site programme	101 new affordable homes across four sites at Cambridge Gardens, Cumberland Way, York Way and Roupell House.	5,786	323	0	0	6,109
105	Fairer	PLACE	HRA	Cambridge Road Estate Development	CRE Development Programme	Cambridge Road Capital Maintenance while waiting to be decanted	2,118	0	0	0	2,118
106	Fairer	PLACE	HRA	Cambridge Road Estate Development	CRE ONSITE Leaseholder Shared Equity	Cost of buying properties on site for the former CRE leaseholders	600	700	0	0	1,300
107	Fairer	PLACE	HRA	Cambridge Road Estate Development	CRE OFFSITE Leaseholder Shared Equity	Cost of buying properties off site for the former CRE leaseholders	1,095	482	0	0	1,578
108	Fairer	PLACE	HRA	Cambridge Road Estate Development	CRE purchases of affordable homes	Cost of buying new affordable homes from CRE LLP	5,936	4,626	2,947	0	13,509
109	Fairer	PLACE	HRA	Cambridge Road Estate Development	New 104 Property acquisition	Cambridge Road extra 104 affordable homes acquisition	19,874	16,442	10,290	0	46,607
				Other HRA Projects Total			37,432	23,349	13,237	0	74,018
				HRA TOTAL			61,241	42,410	23,594	11,952	139,196
				GRAND TOTAL			166,420	104,493	76,018	29,967	376,898

TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2024/25

SUMMARY

1. This annex addresses the requirements of the CIPFA prudential and treasury management codes and sets out the treasury management strategy, borrowing and investment strategies and a policy statement on the minimum revenue provision required for the repayment of debt.

INTRODUCTION

2. The Council is required to operate a balanced budget which broadly means that income raised during the year will meet planned expenditure. Part of the treasury management operation is to ensure that the cashflow for this is adequately planned, with cash being available when it is needed. Where surplus monies are available these are invested in counterparties or instruments commensurate with the Council's low risk appetite, providing security and adequate liquidity initially before considering investment return.
3. The second main function of the treasury management service is the funding of the Council's capital plans. These plans provide a guide to borrowing needs, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
4. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
5. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

‘The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks’

Reporting Requirements

6. The Council is required to receive and approve as a minimum, four reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Members before being recommended to the Council. This role is undertaken by the Audit, Governance and Standards Committee for the mid-year and annual reports and the Corporate and Resources Committee for the strategy and monitoring of prudential indicators. The Strategy also then reports to the Full Council. The reports are outlined in more detail below:

(1) Treasury Management Strategy and Prudential and Treasury Indicators (this report) covering:

- a. Capital plans (including prudential indicators);
- b. Minimum Revenue Provision Policy Statement (how residual capital expenditure is charged to revenue over time);
- c. Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- d. Investment Strategy (the parameters on how investments are to be managed).

(2) Mid Year Treasury Management Report – This report updates members on the progress of the capital and treasury management positions, amending prudential indicators as necessary and assesses whether the treasury strategy is meeting needs or whether any policies require revision.

(3) Annual Treasury Report – This provides details of actual prudential and treasury indicators and actual treasury operations after the year end compared to estimates within the strategy.

(4) Quarterly Reporting of Prudential Indicators – In addition to the three major reports detailed above, quarterly reporting of the prudential indicators is also required under the revised 2021 Prudential Code. This requirement has been met by including an update on the prudential indicators in the quarterly financial performance reports submitted to the Corporate and Resources Committee during the year.

Treasury Management Strategy for 2024/25

7. The proposed strategy for 2024/25 covers the following:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
 - treasury indicators which limit the treasury risk and activities of the Council;
 - prospects for interest rates;
 - the borrowing strategy;
 - policy on borrowing in advance of need;
 - debt rescheduling;
 - the investment strategy;
 - creditworthiness policy; and
 - policy on use of external service providers.
8. These elements cover the requirements of the Local Government Act 2003, Department of Levelling Up, Housing and Communities (DLUHC) Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Knowledge & Skills

9. The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training is provided for new members overseeing treasury management and other sessions can be arranged as required.
10. Officers responsible for treasury management are suitably trained to ensure that the appropriate level of skills and knowledge are available to the Council. Officers and members are also supported through the skills and knowledge provided by the Council's external treasury management advisors, Link Group.

Treasury Management Consultants

11. The Council uses Link Group, Treasury solutions as its external treasury management advisors.

12. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

CAPITAL PRUDENTIAL INDICATORS FOR 2024/25 TO 2027/28

13. The prudential code requires the Council to have set a number of forward looking prudential indicators to both support and record local decision making with regard to capital expenditure and treasury management decisions. The full set of indicators is shown in Enclosure 1 to this report. Each is now discussed in turn.

Capital expenditure

14. The Council's capital expenditure plans are the key driver of treasury management activity. The first prudential indicator is a summary of the Council's capital expenditure plans as detailed in the capital strategy shown in Annex 11 to the main budget report.

The Council's net financing need (Capital Financing Requirement)

15. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and, hence, its underlying borrowing need. Any capital expenditure shown within the capital programme in Annex 11 to the budget report, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
16. The CFR does not increase indefinitely, as the minimum revenue provision is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and thereby charges the economic consumption of capital assets as they are used.
17. Current CFR projections are as follows:

Capital Financing Requirement (CFR)	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
General Fund	210,519	233,722	282,562	304,859	333,566	327,224
HRA	145,029	174,984	196,749	219,757	229,321	233,923
Non-Treasury Activities	52,965	52,965	52,965	52,965	52,965	52,965
Total CFR	408,513	461,671	532,277	577,581	615,852	614,112
Movement in CFR	21,249	53,159	70,606	45,305	38,271	(1,740)

Movement in CFR represented by						
Net financing need for the year	27,146	59,603	78,251	53,699	47,261	7,891
Less Minimum Revenue Provision, Voluntary Revenue Provision and other financing movements	(5,897)	(6,444)	(7,645)	(8,394)	(8,990)	(9,631)
Movement in CFR	21,249	53,159	70,606	45,305	38,271	(1,740)

Minimum Revenue Provision Policy Statement

18. Where General Fund capital expenditure has been funded through the use of borrowing, the Council is required to set aside an amount from revenue each year to provide for the eventual repayment of this debt. The Council is required to provide an annual policy statement on how the MRP methodology has been implemented. This is set out in Enclosure 2.
19. The Council's MRP policy statement is reviewed annually to ensure it remains compliant with the requirements of the Department Of Levelling Up Housing and Communities statutory guidance on MRP and the Prudential Code.
20. The government has launched a final consultation in December 2023 on changes to the MRP regulations and statutory guidance. The guidance applies for accounting periods starting on or after 1st April 2024. Before the start of each financial year a local authority should prepare a statement of its policy on making MRP (the "MRP Statement") in respect of that financial year and submit it to full Council for approval.
21. Local authorities are obliged by the new section to "have regard" to such guidance – which is exactly the same duty as applies to other pieces of statutory guidance. This guidance does not provide prescriptive requirements as to the content and format of the MRP Statement but does set out minimum expectations of what it should contain in order to allow users of the Statement (including Members and those charged with governance) to understand how the local authority is complying with the duty to make prudent provision.
22. There is no requirement for the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. The HRA business plan sets out how and when the Council can afford to repay the HRA loans of £132.9m which mature between 2028 and 2062.

Core funds and expected investment balances

23. The application of resources either to finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Estimates of year-end balances, for each resource and anticipated year-end cash flow balances are taken into account to establish the likely level of resources available for investment.

BORROWING

Current portfolio position

24. The capital expenditure plans set out in the capital strategy report provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury and prudential indicators, the current and projected debt positions and the annual investment strategy.
25. The Council's actual and projected treasury portfolio position is summarised below. The table shows the actual external debt, against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing.

External debt	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
Estimated Debt at 1 April	303,714	302,939	339,767	415,242	468,166	514,653
Expected change in debt	(775)	36,828	75,476	52,924	46,486	7,116
Estimated Gross debt at 31 March	302,939	339,767	415,242	468,166	514,653	521,769
Capital Financing Requirement	408,513	461,671	532,277	577,581	615,852	614,112
Under / (Over) borrowing	105,574	121,905	117,035	109,415	101,200	92,343

26. Within the above figures the level of debt relating to non-treasury activities / investment is:

Non Treasury Activities	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
Actual debt relating to non-treasury activity as at 31 March	52,965	52,965	52,965	52,965	52,965	52,965
Percentage of total external debt	17%	16%	13%	11%	10%	10%

27. At the end of the third quarter 2023/24, the Council had external debt totalling £280.6m with an average annual borrowing rate of 4.4%. Of the total, £214.9m has been borrowed from the Public Works Loan Board (PWLB), £39.0m from individual banks and £26.6m as an interest-free loan from the Greater London Authority.

28. The borrowing from individual banks includes £24m of Lender Option Borrower Option (LOBO) loans held with six counterparties with interest rates in the range 3.75% to 5.50%. The LOBOs the Council holds are fixed rate loans that have set option dates. Under the RBK LOBO arrangements, the lender has the option to increase rates but, should it do so, the Council can choose to redeem without penalty.

29. The Council understands that lenders are likely to exercise their options in the current rising interest rate environment and there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so, and will also consider any other options to repay LOBO loans if economically advantageous to do so, following advice from the Council's treasury advisors. As at the end of the third quarter 2023/24, two Lenders exercised their options to increase the interest rate on five different loans as a result of which the loans were repaid as the Council could borrow at rates lower than the rates that was proposed by the lenders. The total amount of LOBO loans repaid thus far in the year is £22m.

30. The Public Works Loan Board (PWLB) has been the main source of long term loans for the Council. The current margins over gilt yields are as follows: -.

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

31. Consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities up to 5 years)

- Financial institutions (primarily insurance companies and pension funds but also banks, out of spot or forward dates for long term maturities)
 - Municipal Bonds Agency (bond issues for medium to long term maturities)
 - Public or private markets via own bond issue
 - Community Municipal Bond (this is a bond issued by a Local Authority direct to the public via a crowdfunding platform).
32. A graph showing the maturity profile of the Council's long term debt as at the end of the third quarter 2023/24 is shown in Enclosure 3. The Council's loan portfolio will be kept under review to see if savings can be made by further debt restructuring. No restructuring has been undertaken during 2023/24 as market conditions have not been favourable and cash flows have enabled an under borrowed position to be maintained. Any opportunities in the coming year will continue to be explored although this position is not expected to change in the short term.
33. It has not been necessary for the Council to undertake temporary borrowing during the first nine months of 2023/24. The Council may arrange temporary borrowing to cover unplanned cash flow shortages.
34. Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes. The Interim Director of Finance / S151 officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: Limits to borrowing activity

35. **The operational boundary.** This is the overall limit which external debt is not normally expected to exceed. This would usually be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
Borrowing	408,513	461,671	532,277	577,581	615,852	614,112
Other Long Term Liabilities	0	0	0	0	0	0
Total	408,513	461,671	532,277	577,581	615,852	614,112

36. **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This is a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Council is recommended to approve the authorised limit as part of the approval of the Treasury Strategy and Prudential Indicators.

Authorised limit	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
Borrowing	418,513	471,671	542,277	587,581	625,852	624,112
Other Long Term Liabilities	0	0	0	0	0	0
Total	418,513	471,671	542,277	587,581	625,852	624,112

37. To manage interest rate exposure, loans at fixed rates can be arranged up to the authorised limit, whilst those at variable rates are limited to 40% of this level. Exposure levels are monitored on a continuing basis.

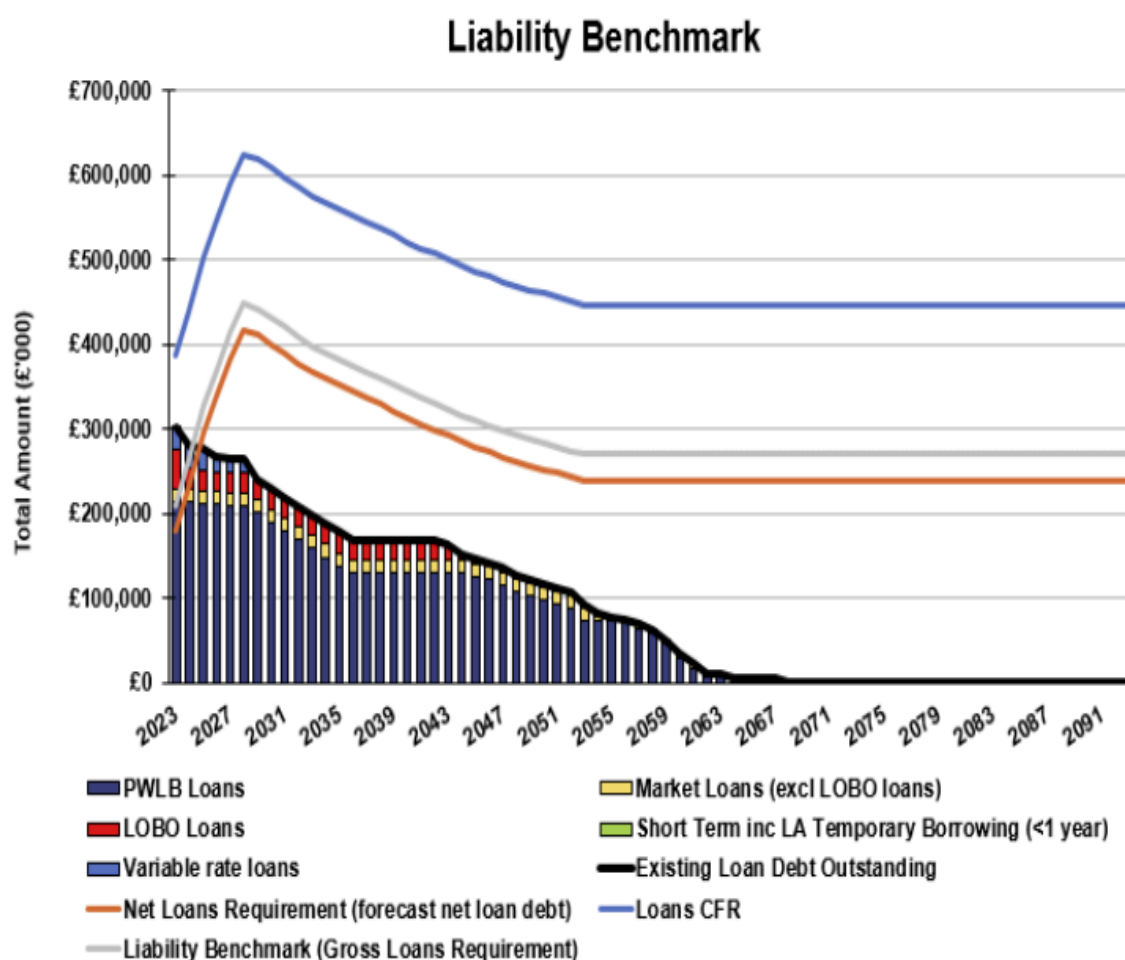
Maturity structure of borrowing

38. These gross limits are set to reduce the Council's exposure to large fixed sums falling due for refinancing. The indicators that the Council is asked to approve are shown in Enclosure 1.

Liability Benchmark

39. The revision to the Prudential Code in December 2021 introduced the Liability Benchmark (LB) as a new prudential indicator. The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.
40. There are four components to the LB described below and RBK results illustrated in graph below: -
1. **Existing loan debt outstanding (bars under black line):** the Authority's existing loans that are still outstanding in future years.
 2. **Loans CFR (Grey line):** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP and any other major cash flow forecast.

3. **Net loans requirement (Orange line):** this shows the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark/ Gross loans requirement (dotted red line):** this equals net loans requirement plus short-term liquidity allowance.



41. This benchmark compares the Council's existing loan portfolio with the committed borrowing needs of the Council which is the liability benchmark. The graph reveals a need for the Council to plan for new borrowing when the benchmark is above the existing loan portfolio and the reverse when below the existing loan portfolio. Starting from a difference of £16.990m in 2023/24 the gap increases to £183.517m in 2027/28 in the above RBK liability benchmark graph. Importantly the requirement is below the Council's Capital Financing Requirement indicating the additional borrowing would be within the Council's proposed borrowing limits

Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

42. **Investment returns** are expected to fall in 2024/25. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2027/28	3.25%	3.25%
2028/29	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

43. Borrowing interest rates

Link provided the following forecasts on 8 January 2024. These are forecasts for Bank Rate, PWLB certainty rates, gilt yields plus 80 bps.

Link Asset Services Interest Rate View

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

44. Interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Link continues to monitor events and will update forecasts as and when appropriate.

45. Our Treasury Advisers - Link Group in their latest forecast are of the opinion that the Monetary Policy Committee (MPC) would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at the second half of 2024 to combat on-going inflationary and wage pressures, even if they have

dampened somewhat of late. Link does not think that the MPC will increase Bank Rate above 5.25%.

46. Further down the road, it is anticipated that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgement: if interest rates are cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
47. On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.
48. For local authorities, the long-term (beyond 10 years) forecast for Bank Rate remains at 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate.
49. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can generally be obtained at the shorter end of the curve and short-dated fixed local authority (LA) to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to wait for inflation, and therein gilt yields, to drop back later in 2024.

PWLB debt	Current borrowing rate as at 06.11.23 p.m.	Target borrowing rate now (end of Q3 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	5.02%	3.80%	3.90%
10 years	5.15%	3.80%	3.80%
25 years	5.61%	4.20%	4.10%
50 years	5.38%	4.00%	3.90%

Borrowing strategy

General Overview

50. Currently the Council's actual long term borrowing is well below its CFR limit. This difference represents the extent to which the Council has been financing capital investment from internal cash balances. This is a consequence of the Council's treasury management strategy which manages the Council's cash flows in an integrated way so that external borrowing arises as a consequence of all the financial

transactions of the Council and not simply those arising from capital expenditure. This approach has ensured that debt levels, and the associated revenue costs of financing that debt, have been kept to a minimum.

51. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy, that is, Bank Rate remains elevated through to the second half of 2024.
52. Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The section 151 officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
 - If it was felt that there was a significant risk of a sharp fall in borrowing rates, then borrowing will be postponed.
 - If it was felt that there was a significant risk of a much sharper rise in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
 - Any decisions taken will be within the limits set in this Treasury Strategy and will be reported in line with our Treasury reporting requirements at the next available opportunity.

HRA Borrowing

53. A major influence on the Council's borrowing strategy is the inclusion of significant HRA debt through the settlement payment made to the Government under HRA Reform (self financing) in March 2012. The initial payment totalled £115.5m and significantly increased the level of debt that the Council holds. The HRA business plan determines how and when the Council can afford to repay the HRA debt settlement and the additional borrowing to support the Council's housing investment programme.
54. The Council applies the 'two pool' option to calculate interest due from the HRA and the General Fund in relation to external loans. This option splits the Council's borrowing into two pools, one for the General Fund and one for the HRA. Within this arrangement the underlying principles are:
 - a. there is no detriment to the General Fund
 - b. any solution is broadly equitable for both the HRA and General Fund
 - c. the HRA is given a greater degree of independence, certainty and control over its borrowing charges, subject to the overriding corporate interests of the Council.

General Fund Borrowing

55. Long term funding needs have traditionally been met from the PWLB. However, long term fixed market loans rates can often be below the PWLB rates for the equivalent maturity periods, although it is important that an appropriate balance is maintained between PWLB and market debt in the debt portfolio. The current split between PWLB / Market loans is 84.7% / 15.3%.
56. In recent years the Local Government Association working in collaboration with local authorities set up a Municipal Bonds Agency. The Council is a shareholder, having invested in the establishment of the Agency. The Council will consider making use of this new option when it becomes necessary to take on additional external borrowing.
57. The Council will continue its policy of maintaining a planned and stable maturity pattern for its loans whilst borrowing as cheaply as possible using all available prudent market instruments.

Approved Sources of Long and Short-term Borrowing

58. On Balance Sheet

PWLB	Market (LOBOs)
UK Municipal Bond Agency	Finance Leases
Local Authorities	Local Bonds
Banks	Local Authority Bills
Pension Funds	Overdraft
Insurance Companies	Negotiable Bonds
UK Infrastructure Bank	Internal Funds (Capital Receipts & Revenue Balances)
Market (Long-term/temporary)	Commercial Paper

In conjunction with Link, our treasury advisors, we will consider the relative merits of each of these alternative funding sources.

Policy on borrowing in advance of need

59. The Council will not generally borrow more than, or in advance of, its needs purely in order to seek to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
60. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the appropriate reporting mechanisms.

Debt rescheduling

61. The Council will continue to look for opportunities to reduce the cost of outstanding debt such as looking at options involving switching from long term to short term debt or refinancing using other sources of loan finance such as LOBOs. Any such exercises will be undertaken in line with the Council's treasury management strategy and the reasons for any rescheduling will be either to generate cash savings and/ or discounted cash flow savings, helping to fulfil the borrowing strategy for 2024/25 or to enhance the balance of the overall debt portfolio.

ANNUAL INVESTMENT STRATEGY

Current portfolio position

62. During the first nine months of 2023/24 the Council has had surplus funds available for investment. Available balances totalled £123.9m at the beginning of the financial year and was £118.3m at the end of December. During the year these funds were available to lend on a temporary basis, with the in-year fluctuation largely dependent on the timing of payments, receipt of Council Tax and grants and progress of the capital programme. Interest earned during the period totalled £4.5m and represented a weighted average interest rate earned by the Council of 4.74%. This is slightly below the benchmark Daily Sterling overnight index average (SONIA) return figure of 4.91%.
63. In 2023/24 the majority of the Council's surplus cash was invested in Money Market Funds and short-term deposits with the Banks and other Local Authorities.

Investment policy

64. The DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (Annex 11 to the Budget Report).
65. The Council's investment policy has regard to the following: -
- a. DLUHC's Guidance on Local Government Investments ("the Guidance")
 - b. CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
 - c. CIPFA Treasury Management Guidance Notes 2021
66. The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).
67. In accordance with the above guidance from DLUHC and CIPFA, and in order to minimise the risk to investments, the Council applies robust due diligence comprising minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration

risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

68. Other Information: Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
69. Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
70. The Council has defined the list of types of investment instruments that the treasury management team are authorised to use. This list is shown in Enclosure 4. This included the categories of ‘specified’ and ‘non-specified’ investments.
 - a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
71. **Non-specified and loan investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 75% of the total investment portfolio. Under Non-specified investments, the Council will continue to provide revolving credit loan finance to a number of entities controlled or significantly influenced by the Council such as the revolving credit arrangement agreed with Achieving for Children (AFC).
72. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the criteria matrix table in Enclosure 4.

Creditworthiness policy

73. The Council applies the creditworthiness service provided by our advisers. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:
 - a. credit watches and credit outlooks from credit rating agencies;
 - b. Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;

- c. sovereign ratings to select counterparties from only the most creditworthy countries.

74. This modelling approach combines those credit elements in a weighted scoring system. The end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council therefore uses counterparties within the following durational bands:

Yellow (AAA rated Government debt or its equivalent) unlimited monetary amount, up to 5 years;

Dark pink £10m, 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25

Light pink £10m, 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5

Purple £10m, up to 2 years;

Blue £10m, up to 1 year (only applies to nationalised or semi nationalised UK banks);

Orange £10m, up to 1 year;

Red £5m, up to 6 months;

Green £5m up to 100 days;

No colour - not to be used.

75. All credit ratings are monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group' creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of credit ratings the Council will be advised of information on movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Approved countries for investments

76. Other than the UK the Council will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide).

Investment Strategy

77. Over the last few years the Council has used internal resources where possible to fund capital expenditure through internal borrowing instead of undertaking external borrowing. This has ensured the most efficient use of resources since currently the cost of external borrowing significantly exceeds the level of interest that can be

earned on cash investments. However eventually the Council will reach a point whereby internal resources are at the minimum level required to cover fluctuations in the monthly cash flow requirements. In which case any new capital expenditure is likely to be funded by external borrowing. Estimates of the capital financing cost of that borrowing have been included within the medium term financial plan.

78. Investments are made with reference to core balances and cash flow requirements and the outlook for short term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, if cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- a. If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- b. Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

79. The Council will continue to use Money Market Funds that are AAA rated with at least one of the three credit ratings agencies. The Council may also use enhanced money market funds with a minimum AAA fS1 rating or equivalent. It will also use call accounts and notice accounts with approved counterparties for deposits placed directly with institutions to minimise risk.

Investment returns benchmarking

80. The Council will use the SONIA (Sterling Overnight Index Average) rates as investment benchmarks to assess the performance of its investment portfolio. For reference, SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

STATUTORY PRUDENTIAL INDICATORS						
(To support the Council's capital financing requirement)	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
Capital expenditure:						
General Fund	15,295	29,647	56,486	30,691	37,697	3,289
HRA	11,851	29,955	21,765	23,008	9,564	4,602
Total	27,146	59,603	78,251	53,699	47,261	7,891
Ratio of net Income from commercial and service investment to net revenue stream:						
General Fund (%)	2.31	3.08	2.53	1.90	1.74	1.63
Ratio of financing costs to net revenue stream:						
General Fund (%)	5.41	5.92	7.68	11.06	12.39	11.23
Capital Financing Requirement as at 31 March:						
General Fund	210,519	233,722	282,562	304,859	333,566	327,224
HRA	145,029	174,984	196,749	219,757	229,321	233,923
Non-Treasury Activities	52,965	52,965	52,965	52,965	52,965	52,965
Total	408,513	461,671	532,277	577,581	615,852	614,112
Annual change in Capital Financing Requirement						
Brought forward 1 April	387,264	408,513	461,671	532,277	577,581	615,852
Carried forward 31 March	408,513	461,671	532,277	577,581	615,852	614,112
Change in CFR	21,249	53,159	70,606	45,305	38,271	(1,740)

STATUTORY TREASURY MANAGEMENT INDICATORS	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000	£000
Authorised limit for external debt:						
Borrowing	418,513	471,671	542,277	587,581	625,852	624,112
Other Long Term Liabilities	0	0	0	0	0	0
Total	418,513	471,671	542,277	587,581	625,852	624,112
Operational boundary for external debt:						
Borrowing	408,513	461,671	532,277	577,581	615,852	614,112
Other Long Term Liabilities	0	0	0	0	0	0
Total	408,513	461,671	532,277	577,581	615,852	614,112
Annual borrowing requirement based on operational boundary:						
Total Change	21,249	53,159	70,606	45,305	38,270	(1,741)
Liability Benchmark:						
Existing loan debt outstanding	302,939	280,164	277,389	266,614	265,840	265,067
Loans CFR	386,796	439,955	503,980	547,664	590,752	625,365
Net Loan Requirement	179,015	232,174	296,199	339,883	382,971	417,584
Gross loans requirement	210,015	263,174	327,199	370,883	413,971	448,584
Upper Limit on investments in excess of 365 days	10,000	10,000	10,000	10,000	10,000	10,000

Maturity Structure of fixed rate borrowing (Across all years):			
	Upper Limit		Lower Limit
Under 12 months	50%		0%
12 months – under 2 years	50%		0%
2 years – under 5 years	50%		0%
5 years – under 10 years	70%		0%
10 years and above	70%		0%

Enclosure 2

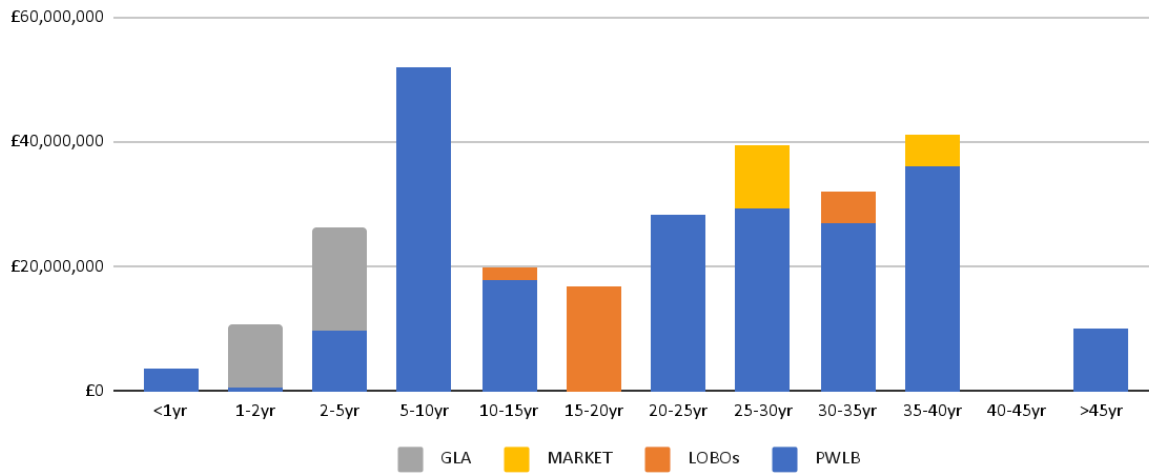
ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2024/25

1. Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's (now the The Department for Levelling Up, Housing and Communities -DLUHC) *Guidance on Minimum Revenue Provision* (the DLUHC Guidance) most recently issued in 2017.
2. The broad aim of the DLUHC Guidance is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
3. The DLUHC Guidance requires the Authority to approve an Annual MRP Statement each year. RBK's statement is as follows:

"The Council will set aside an amount each year within its General Fund budget which it deems prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DLUHC."
4. The following additional MRP policies have been included for adoption in response to the on-going MRP consultations by the DLUHC.
 - Under arrangements where the Council advances cash to third party organisations including subsidiaries to fund capital expenditure the transactions will be treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the loans advanced. Where the terms of the contractual loan agreements require the loans to be returned in full with interest paid the returned funds are classed as a capital receipt and offset against the CFR, which will reduce accordingly. As the funds will be returned in full, there is no need to set aside a minimum revenue provision to repay the debt liability in the interim period, so there is no MRP application. The outstanding loan will be reviewed on an annual basis and if the likelihood of default increases, a prudent MRP policy will commence.
5. The following is the policy adopted by the Council for 2024/25:
 - For capital expenditure incurred before 1 April 2007, MRP provision from 1st April 2017 will be determined over the remaining useful life of the assets.

- For unsupported capital expenditure incurred after 31 March 2007, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets starting in the year after the asset becomes operational.
- Where a past overprovision has been identified, the council reserves the right to either apply the change against the current year prudent provision or spread the resulting reduction in MRP across multiple years as appropriate.
- Voluntary Revenue Provision or Overpayments can be reclaimed in future years if deemed necessary/prudent.
- No MRP will be charged in respect of assets held within the Housing Revenue Account.
- MRP will not be charged on loans advanced to third parties where the loan agreement indicates a full repayment of the loan with interest to the Council. Such arrangements will be reviewed annually to confirm that the third party is still able to meet their loan obligations. Prudent annual minimum revenue contribution will be started if the review reveals signs of potential default by the third party entity.
- MRP will be charged on new expenditure for commercial investment from 2023/24. These relate to investment properties held for investment purposes and managed on a fully commercial basis. The requirement to make a provision will not apply to investment properties acquired before December 2021 as these properties, while acquired solely for investment purposes, are leased to tenants on a fully repairing basis. Furthermore the Council has the ability to sell these properties to repay any outstanding debt liabilities related to their purchase. There is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The market value of the assets will be reviewed on a regular basis and if the asset value significantly decreases, a prudent MRP policy will commence.
- IFRS 16 Implementation- For assets acquired by leases – MRP will be determined as being equal to the principal element of the rent or charge that goes to write down the balance sheet liability. Where former operating leases are brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, then the asset values will be adjusted for accruals, prepayments, premiums and/or incentives and then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

Enclosure 3

Royal Borough of Kingston - Debt Maturity 31 March 2024

Enclosure 4

Schedule of Approved Instruments

Call and Term Deposits	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
Banks & Building Societies	Yellow	Unlimited	5 yrs
Banks & Building Societies	Purple	£10m	2 yrs
Banks - Building Societies	Orange	£10m	1 yr
Banks (part nationalised)	Blue	£10m	1 yr
Banks & Building Societies	Red	£5m	6 months
Banks & Building Societies	Green	£5m	100 days
Banks & Building Societies	No Colour	Not to be used	Not to be used
Limit 3 category – Council's banker (where "No Colour")	No Colour	£10m	1 day
Debt Management Account Deposit Facility (DMADF)	UK sovereign rating	Unlimited	6 months
Local authorities	n/a	£10m per entity	5yrs
Funds	Fund rating	Money and/or % Limit	Time Limit
Money Market Funds Low Volatility Net Asset Value (LVNAV)	AAA	£15m per fund	Liquid*
Money Market Funds CNAV	AAA	£15m per fund	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£10m per fund	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£10m per fund	Liquid

*Investment available on demand usually on the same day.

Pay Policy Statement 2024/25

1. Introduction

- 1.1 In setting pay, remuneration for council staff at all levels needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, while not being unnecessarily excessive, to reflect value for money in the delivery of services. At the same time, there must be flexibility to respond to circumstances arising, such as local or occupational specific labour market conditions.
- 1.2 The Council is committed to transparency, affordability and fairness of pay. This pay policy statement sets out the Council's position in the labour market and pay benchmarking, pay ratios, the current pay structure and arrangements, dealing with data transparency and termination payments.

2. Pay benchmarking

- 2.1 Royal Borough of Kingston monitors the Council's benchmark position regularly to ensure the Council continues to provide good value for money and that senior managers are not paid in excess of local, regional and national labour markets, as appropriate to the job.
- 2.2 Senior Pay benchmarks are derived utilising data from London Councils, and in particular the annual chief officers' salary survey. The Council is positioned in the mid range for senior pay across this benchmark. This information is used when reviewing pay and grading structures, in combination with data on turnover, recruitment and retention.

3. Pay ratios and Fair Pay in the Public Sector

- 3.1 Performance pay is not operated, although the ability exists to postpone or withhold increments in the case of poor performance, or to award additional increments or make one-off, non-consolidated payments (within strict limits) to recognise most exceptional performance.
- 3.2 The Council makes comparison of the highest paid with the median (recommended in the Government's transparency guidelines). The ratio of the Chief Executive's pay to the median employee is 1:5.1 (December 2023). The Hutton report suggested the ratio for the FTSE top 250 private sector companies was 1:38.
- 3.3 Mandatory employer transparency reporting regulations on the gender pay gap were implemented in April 2017. Organisations employing more than 250 employees are required to report their gender pay gap figures annually for 31 March each year by the following 31 March (for public sector organisations) and publish the figures and report on the council website.
- 3.4 Royal Borough of Kingston's median gender pay gap for 31 March 2023 is 1.82%, which means there is a slight gap between the pay of typical male and female employees. The UK estimated gender pay gap is currently 14.3% (down from 14.4% in 2022) and consistently reduced year on year.
(Source: Office of National Statistics (October 2023)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkhours/bulletins/genderpaygapintheuk/2023>)

4. Current pay structures and arrangements

- 4.1 The Council grades posts using job evaluation outcomes to ensure fairness and equality in our pay structure and arrangements. There are two schemes used, the Hay Job Evaluation Scheme for the most Senior Roles and Greater London Provincial Council (GLPC) Job Evaluation Scheme for roles below this. The Council uses pay ranges from:
- The Joint National Council (JNC) for LA Chief Executives, and the JNC for LA Chief Officers pay agreement arrangements and
 - The National Joint Council (NJC) Greater London Provincial Council (GLPC) Outer London pay agreement.
- 4.2 Some other employees are paid on nationally determined pay scales such as: Soulbury, Youth & Community, Teachers and local conditions.
- 4.3 Senior Employees receive no performance related pay or bonuses. They receive no overtime or pay in lieu of leave. Employees contribute a percentage of their salary to the local government pension scheme based on their salary band. The current contributions are shown below:

Salary Band	%
Up to £16,500	5.5%
£16,501 to £25,900	5.8%
£25,901 to £42,100	6.5%
£42,101 to £53,300	6.8%
£53,301 to £74,700	8.5%
£74,701 to £105,900	9.9%
£105,901 to £124,800	10.5%
£124,801 to £187,200	11.4%
£187,201 or more	12.5%

Source: LGPS website:

<https://www.lgpsmember.org/your-pension/the-essentials/your-contributions/>

- 4.4 Kingston's employer contribution to the pension fund for all contributing members is 17.7% (not including deficit contributions). Any sums relating to conference speeches or non-executive directorships of other public bodies are paid to the Council.
- 4.5 The Council's Senior Staff Panel, made up of elected councillors and reporting to full council, is responsible for appointments, and consideration and approval of pay

and grading matters relating to the senior management team. These arrangements enable prompt member-level decision making to meet operational demand.

- 4.6. The most recent pay deal agreed for staff covered by the NJC/GLPC was with effect from 01 April 2023, agreed in October 2023. This was for a £2,226 increase to spinal column points up to and including 048 on the payscale, and an increase of 3.88% to spinal column points 049 to 070. Negotiations on a national pay deal for 2024/25 are unlikely to be finalised prior to April 2024.
- 4.7 The most recent pay deal agreed by the JNC for Chief Officers and the Chief Executive was with effect from 01 April 2023 for a 3.5% increase to all pay points. As with the NJC/GLPC, the JNC offer with effect from April 2024 is subject to national negotiations and agreement, at the time of writing, there is currently no provisional offer.
- 4.8 The Council has adopted the London Living Wage as the minimum rate of pay for its employees.
- 4.9 The Council deducts Income Tax at source for all direct employees, and when it engages contractors/interims it seeks the fullest assurance that their affairs are properly managed and will ask them to commit to this as part of the contractual agreement. The Council implemented the off payroll intermediaries legislation (commonly known as 'IR35') in the public sector with effect from 6 April 2017 as required.

5. Transparency arrangements

- 5.1 The Chief Executive's remuneration, that of the Executive Directors, and any officer earning over £100k, are the subject of a published statement on the Council's website. This information is updated on an annual basis. Other salary and budget information is published in the annual statement of accounts, available from the Council's website.
- 5.2 The Council publishes via its website;
(<https://www.kingston.gov.uk/council-democracy/local-government-transparency-code/5>):
 - all senior employee salaries with: names (where required), title, salary band and information including job descriptions that will cover span of control and managerial responsibilities
 - on an annual basis a schedule of all council employees earning £50,000 or more, in accordance with the recommended code of practice for data transparency
 - structure charts as recommended by the government code of practice for data transparency
 - Trade Union facility time information

6. Termination payments

- 6.1 The Council reviews and publishes our policy on the exercise of discretions under local authority regulations covering compensation for early termination of employment, redundancy and pension enhancements. Discretions are published on the council's website and can be found within the following link.
<https://moderngov.kingston.gov.uk/documents/s51462/Annex%201.pdf>

Schools' Budget Estimates and Schools' Funding Formula

By the Director of Children's Services

Purpose

To recommend the Schools Budget for 2024/25.

Recommendations

To **resolve** that the following be **RECOMMENDED** to the Corporate and Resources Committee to **RECOMMEND** to full Council:

1. the Schools Budget for 2024-25 be approved in line with **paragraph 18** and **Enclosure 1** of this report;
2. the proposals outlined for the Central School Services Block be approved including the transfer of £49k to the High Needs Block (ref. **paras 29-31**);
3. the proposals outlined for the Early Years Block be approved including the transfer of £222k to the High Needs Block (ref. **paras. 32-38**);
4. the proposals outlined for the High Needs Block be approved (ref **paras. 39-43**)
5. the proposals outlined for the Schools Block (ref. **paras 22-28**) and the Schools Funding Formula outlined in **Enclosure 2** and the Schools Allocations in **Enclosure 3** be approved, including a Minimum Funding Guarantee of +0.5% per pupil (ref. **paras 24-25**).

Benefits to the Community:

The aim of the proposals is to recommend a DSG funded education budget for 2024/25.

Key Points

- A. The Borough has been allocated £188.094m in Dedicated Schools Grant for 2024/25. This provides an overall increase in funding relative to 2023/24 of £8.5m (+4.8%). £4.380m or 2.4% is due to additional funding, -£1.080m or -1% is due to reduction in pupil population, £5.240m or 3% is due to extended duties and £4.400m or 2.5% is due to the roll in of grants that were previously received separately.
- B. The Borough continues to face a significant amount of financial pressure on services for high needs education. A cumulative deficit of up to £5.5m is anticipated at 31 March 2024 after allowing for the successful claim of £27.5m in Safety Valve Agreement funding and a £2.4m annual contribution from the general fund. These contributions and the deficit position are higher than forecasts outlined in the agreement with the DfE which is based on the SEND Futures Plan. The SEND Futures Plan outlines how expenditure will be brought closer to Government funding levels over a five year period as well as how services will be improved over the coming years.
- C. The Schools Forum has agreed a Targeted High Needs Fund of £300,000 for 2024/25, a contribution to SEND outreach work of £102,400 and a contribution to School Improvement following the cessation of the Government Grant funding of £126,100. These contributions constitute transfers out of the Schools Block to the High Needs Block (£402,400) and Central School Services Block (£126,100). No further transfers from the Schools Block are proposed.
- D. A 'minimum funding guarantee' of +0.5% is proposed for individual schools' budgets. This will ensure that schools will gain between 0.5% and 2.3% in per pupil funding (excluding lump sum and Non Domestic Rates).
- E. A central services budget of £1,150,371 is proposed which allows for a transfer of £49,300 to the High Needs Block to support ongoing pressures.
- F. It is proposed that nursery hourly rates are set at £6.25 for three and four year olds (+£0.60), £9.00 for two year olds (+£2.25) and £12.60 per hour for children under the age of two. It is

recommended that £222,074 is transferred from the early years block to the high needs block to support children under the age of five with Education Health and Care Plans (EHCPs).

- G. A high needs budget of £33.321m is proposed using DSG funding with a general fund contribution of £2.4m bringing the title budget to £35.721m. There is recognition that there remains a significant budget gap for high needs services and this gap will be addressed through the SEND Futures Plan, safety valve funding and an increase in the DSG deficit carried forward at the end of the financial year.

Context

1. Education services are principally funded via the ring-fenced Dedicated Schools Grant (DSG). The DSG is the main source of income for the schools budget and can only be used in the provision of education services. The Schools Budget is a ring-fenced account within the authority's overall funds and this report sets out the draft budget and funding formulae for 2024/25. The Schools Budget has been prepared in accordance with the national funding arrangements effective for 2024/25.
2. The Schools Budget funds individual schools' delegated budgets and certain defined activities for the direct benefit of pupils or schools, including special educational needs and compliance with free child care entitlements for children under the age of five.
3. The Schools Forum, as the body representing the interests of schools and academies, is consulted regarding formula changes and has the power to agree to proposals made by the authority regarding certain issues. The Schools Forum met in October, November and January noted the changes regarding schools funding 2024/25 and approved central and de-delegated budgets.
4. The Kingston DSG fund has had an in year overspend for the past nine years and remains in a cumulative deficit position. An anticipated deficit of up to £5.5m is expected at the end of the 2023/24 financial year.
5. The current level of spending on services funded by the high needs education element of the DSG is running at an unaffordable level. The SEND Futures Plan aims to bring education spending more in line with the grant allocation and improve the borough's SEND services. Following engagement with the DfE over a number of years about the position, the Local Authority entered into a Safety Valve Funding agreement in March 2021. This agreement provides that the Local Authority can claim an additional £30m in funding over five years, subject to successful implementation of the SEND Futures Plan. At the end of the 2023/24 financial year the Local Authority will have successfully received £27.5m with a further £2.5m available in 2024/25.

- Overview of Education Funding

6. On 1 April 2018 Government began the transition towards a new national funding formula for education funding. The Government has reconfirmed their commitment to a national funding formula and 2024/25 will be another transitional year where local authorities and schools will transition towards the new formula. It will still be for the Council in consultation with Schools Forum to set a local formula to distribute this funding between schools in 2024/25.
7. DSG funding is split into four blocks; the Schools Block, the High Needs Block; Early Years Block and the Central School Services Block (explained in paragraphs 8-13 overleaf). Although the overall DSG is ring fenced, the blocks themselves are not, although the amount that can be transferred is limited under the funding scheme.
8. **The Schools Block** can be broken down into two areas:
 - **Schools Block (delegated)** – This funding is delegated to schools. At least 80% of the funding must be allocated through pupil led factors. These must include a basic entitlement funded through the age weighted pupil unit (AWPU) and factors for deprivation, prior attainment, English as an additional language and mobility for pupils that join after the October census date. In Kingston we also include a lump sum for each school, additional funding where schools deliver services on multiple sites and funding for business rates.

There is a mandatory mechanism within the funding formula to limit variations in the amount of funding received by schools from this block. The Minimum Funding Guarantee (MFG) limits the minimum increase to +0.0% on per pupil funding and is funded by applying a cap to schools that may have received more funding. The schools block operational guidance clearly outlines that the cap may only be applied to offset the MFG and must be applied consistently for all schools. The MFG can be set at a level between plus 0.0% and plus 0.5%.

- **Schools Block (growth fund)** – This funding is top sliced from the DSG to support growth in pre-16 pupil numbers to meet basic need and to support additional classes needed to meet the infant class size regulations.

9. **The High Needs Block** supports provision for pupils with special educational needs or disabilities (early years to 25) and provision for children who receive an alternative provision because they are unable to attend school.
10. At a very summary level, maintained schools, academies and free schools receive £10k per place (£4k from Schools Block and £6k from High Needs Block) where the place is within a SEN Unit, Specialist Resourced Provision or Pupil Referral Unit (core funding). The Local Authority agrees a separate per pupil funding for children under the age of five. Where the cost of making the special educational provision required by a pupil cannot be met from the place funding, the local authority provides additional 'top up' funding.
11. The High Needs block also pays for placements in independent schools and colleges and non-maintained special schools where these placements have been named in a pupils' EHCP, usually because the pupil cannot be supported in a maintained school or academy or mainstream college.
12. **The Early Years Block** supports pupils under the age of five in maintained schools, academies, relevant pupils in private, voluntary and independent providers and under fives in alternative provision.
13. **The Central Schools Services Block** provides funding for central functions and for services that schools wish to procure centrally from the Council. Examples include the Admissions Service and a contribution towards the Emotional Health Service.

- Government Education Funding Settlement 2024/25

14. The draft 2024/25 Dedicated Schools Grant (DSG) allocation for Kingston is £188.094m compared to £179.555m in 2023/24 (adjusted for rolled in grants) representing an increase of £8.539m or 4.8%. The increase relates to both additional funding allocated to education by the Government (£4.380m or 2.4%), population changes (-£1.080m or -1%) and additional funding for extended duties (5.240m or 3%). The Maintained School Additional Grant and Early years Teachers Pay Grant received as separate grants in 2023/24 have been rolled into the allocation from 2024/25.
15. Schools will continue to receive a Teachers Pay Award Grant to fund the teachers pay award implemented from September 2023 and also a new Teachers Pension Grant to allow for increases in employer pension contributions effective from April 2024.
16. The grant amounts include funding for both maintained schools and academies. A proportion of the Schools Block and High Needs Block relating to academies and non-maintained special schools will be recouped by the Education Skills Funding Agency (ESFA) for payment directly to these organisations. The following table breaks down the grant allocation and changes by block:

	2023/24 Allocati on incl recoup	2024/25 Allocati on incl recoup	Total £ change	Total % change	Change due to populati on	Change due to roll in of non DSG grants	Change due to addition al funding	Change due to extende d duties
	£m	£m	£m	%	£m	£m	£m	£m
School Block	129.630	134.678	5.048	3.9%	-1.060	4.361	1.747	0.000
Central Block	1.082	1.074	-0.008	-0.7%	-0.011	0.000	0.003	0.000
Early Years Block	12.855	19.696	6.841	53.2%	0.000	0.050	1.551	5.240
High Needs Block	31.577	32.646	1.069	3.4%	-0.009	0.000	1.079	0.000
Published Dedicated Schools Grant Allocation	175.144	188.094	12.950	7.4%	-1.080	4.411	4.380	5.240
Mainstream School Additional Grant	4.361	0.000	-4.361	-100.0%	0.000	-4.361	0.000	0.000
Early Years Teachers Pay Grant	0.050	0.000	-0.050	-100.0%	0.000	-0.050	0.000	0.000
Total including other rolled in grants	179.555	188.094	8.539	4.76%	-1.080	0.000	4.380	5.240

- Pupil Premium

17. The pupil premium is additional funding for publicly funded schools to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. Pupil Premium for maintained schools remains a separate grant from the DSG. The allocations for 2024/25 will be calculated using the October 2023 schools and alternative provision censuses. The rates for 2024/25 are detailed below:

	2023/24 £ per pupil	2024/25 £ per pupil
Secondary pupils based on free school meals ever 6	1,035	1,050
Primary pupils based on free school meals ever 6	1,455	1,480
Service children	335	340
Children looked after / adopted from care	2,530	2,570

PROPOSALS

- Application of the DSG in 2024/25

18. The proposed application of the 2024/25 DSG is summarised in the following table. As DSG allocations to each block are not ring-fenced, the totals for each block do not need to match the DSG block provisions set out above.

Block	2024/25 Allocation (£ m)	Movement (£m)	2024/25 Budget (£m)
Schools Block	134.678	-0.529	134.149

Central School Services Block	1.074	0.077	1.151
Early Years Block	19.696	-0.222	19.474
High Needs Block	32.647	0.674	33.321
Total	188.095	0.000	188.095

19. The DSG Operational Guidance allows certain amounts to be transferred between blocks to fund specific pressures and allow for local circumstances. Transfers from the Schools Block must be approved by the Schools Forum. Transfers from the High Needs Block, Early Years Block and Central Schools Services Block must be done in consultation with Schools Forum but are ultimately a Council decision. If the Local Authority wishes to overrule a Schools Forum decision or disregard a funding formula rule then an application can be submitted to the Secretary of State.
20. An application to the Secretary of State was made following the Schools Forum in November to request permission to allocate £69,044 to Tolworth Girls School under the exceptional circumstances factor. This amount has been transferred since 2011 to provide funding to the school to pay for sports and fitness facilities that are part of a Local Authority leisure centre.
21. At its meetings in November 2023, the Schools Forum agreed to allocate £300k from the Schools Block to create a 'targeted high needs fund'. This money will be used to provide additional funding to schools who support a disproportionate number of pupils requiring SEN support. Schools Forum also agreed a further £102k to support primary phase alternative provision and £126k to support the continuation of school improvement activity following the cessation of the grant funding. It is also recommended that further transfers from the Early Years Block of £222K and £49k from the Central School Services Block be agreed.

- Schools Block

22. The funding formula for the Schools Block has been discussed by the Schools Forum and this formula has now been rerun with the actual data from the October 2023 census. The Schools block budget is proposed at £134.149m as follows:

	2024/25 Budget (£m)
Schools budgets	133.542
Schools budgets de-delegated for centrally delivered services	0.407
Growth fund paid to schools requiring additional classes	0.200
Total Schools Budget	134.149

23. Details of the proposed 2024/25 formula are shown in **Enclosure 2** and details of the allocations to individual schools are shown in **Enclosure 3**.
24. A Minimum Funding Guarantee (MFG) of between +0.0% and +0.5% can be applied in 2024/25 under the funding formula rules. Where a school's funding under the local funding formula does not increase by the MFG amount, the MFG provides a per pupil funding protection. This protection is funded by capping the amount other schools can gain. The MFG is intended to be a time limited mechanism to move a school towards being funded in line with the formula allocation. Ten schools qualify for MFG funding in 2024/25.
25. A Minimum Funding Guarantee of +0.5% is recommended and this is in line with the level recommended by the Schools Forum. This will ensure that schools transition toward a single

formula over time but that no school loses funding on a per pupil basis. Schools funding the MFG at this level will have their increases per pupil capped at 2.3% per pupil.

26. For next year local formula rates are required to move 10% closer to National Funding Formula rates as part of the transition. All schools in Kingston receive a lump sum amount each year. To comply with the DfE transition requirements this lump sum will be reduced from £157,500 per school to £156,500 per school. This will mean that more funding will be distributed via pupil led factors rather than via a lump sum amount in 2023/24.
27. The Schools Block allocation must fund the Growth Fund which supports the funding of new classes which are necessary from September 2024. These additional classes are not funded through the DSG allocation from the Government until the following April. The Growth Fund also provides protection for schools who support the borough in providing bulge classes where there is a shortfall of pupil places. The Growth Fund is estimated at a value of £200k.
28. Schools Forum have also agreed to fund a number of items centrally for maintained schools. This money forms part of schools' budgets and is de-delegated to the Local Authority for the provision of the agreed services. The budgets were agreed by Schools Forum in October as follows:

De-delegation Budget	Phase	Budget (£ m)	Per Pupil (£)
Behaviour support	Primary	0.268	27.53
Services for Vulnerable Pupils	Primary and Secondary	0.131	13.43
Contribution to Safeguarding Partnership	Primary and Secondary	0.008	0.85

- Central School Services Block

29. In October 2023 the Schools Forum were consulted on, and agreed, a number of items to be funded from the Central School Services Block. These budgets are detailed in the table below.

Service	2023/24 Budget £m	2024/25 Budget £m
St Phillips capital build (HC)	0.072	0.059
Primary Mental Health (HC)	0.051	0.041
Family Support Team (HC)	0.026	0.020
Copyright Licence*	0.142	0.142
Schools Forum	0.001	0.001
Admissions	0.231	0.231
Virtual School	0.111	0.111
14-25 Team (NEET)	0.099	0.099
Education Services Management	0.102	0.102
School Place Planning	0.011	0.011
Education Inclusion	0.069	0.069
Governors Service	0.055	0.055
Historic pension and pay increase	0.077	0.077
School Improvement	0.126	0.126
Standing Advisory Council on Religious Education (SACRE) - new	0.000	0.006

Total budget allocated	1.173	1.151
Grant allocation	-1.082	-1.074
Schools Block Transfer	-0.126	-0.126
Amount available to transfer to support high needs budget	-0.035	-0.049

**mandatory item for all Local Authorities with rate set central by DfE*

30. Following discussions with Schools Forum, regarding the funding of historic borrowing that enabled capital expenditure on St Philip's School between 2005 and 2011 it has been proposed that the Council continue to match fund this amount by allowing investment from the general fund to provide pump priming for high needs priorities.
31. The Committee is asked to recommend the application of the Central Schools Services Block including the transfer of £49k to the High Needs Block to support SEND pressures.

- Early Years Block

32. The Early Years Block comprises funding for the free early education entitlements for three and four year-olds and disadvantaged two year olds, supplementary funding for maintained nursery schools; the early years Pupil Premium, the Disability Access Fund, the SEN Inclusion Fund and centrally provided early years services. From 2024/25 the early education entitlements are being extended to include an additional 15 hours for eligible two year olds (from April) and 15 hours support for children from nine months upwards (from September).
33. The Government allocation is £19.696m for 2024/25. The Government is providing a £2.76 increase in hourly rate funding for two year olds and a 59 pence increase for three and four year olds. This will increase the hourly grant rates to £9.68 and £6.83 per hour. A new grant rate of £13.15 per hour is being provided for children under the age of two. The Local Authority must set local hourly rates that provide for central services that are needed in the local area. At least 95% of the Government funding for all age groups must be passported directly to providers.

Application of Early Years Funding

34. The Local Authority is responsible for using the grant funding to set a local early years budget. The budget will include local hourly rates for early years entitlements, a SEND Inclusion Fund and sufficient budget for central early years services. The following table breaks down the proposed budget for 2024/25 by the various elements:

	2023/24	2024/25	Change
Early Years Block Budget	£m	£m	£m
Early years advisory service	0.162	0.215	0.053
Home visits services for children with SEND	0.085	0.101	0.016
Therapies	0.137	0.137	0.000
SEND Inclusion Fund	0.604	0.656	0.052
Three and Four year old funding	10.365	11.558	1.193
Two year old funding	0.947	4.144	3.197
Under two year old funding	0.000	2.047	2.047
Social Deprivation Funding	0.099	0.106	0.007
Early Years Pupil Premium	0.062	0.086	0.024

Disability Access Fund	0.056	0.108	0.052
Maintained Nursery School supplementary funding	0.230	0.280	0.050
Outreach Supplement	0.036	0.036	0.000
Total Early Years Block Budget	12.783	19.474	6.691
High Needs Support for children with EHCPs	0.072	0.222	0.150
Total Early Years Block Funding	12.855	19.696	6.841

35. The proposed hourly rates for the 2024/25 financial year are detailed in the table below. The rates pass 95.6% of Government funding for two year olds, 96.7% of funding for three and four year olds and 97.2% of funding for under twos to providers. These rates have been discussed with and are also recommended by the Schools Forum.

Recommended local rates:	2023/24	2024/25	Increase £	Increase %	Passport %
Local 3 & 4 Year Old Hourly Rate	£5.65	£6.25	£0.60	10.62%	96.68%
Local 2 Year Old Hourly Rate	£6.75	£9.00	£2.25	33.33%	95.63%
Local under 9 month - 2 year Old rate	-	£12.60	n/a	n/a	97.16%

36. The additional grant funding of £280k receivable for maintained nursery schools will be passported as a lump sum amount to assist with the additional financial pressures maintained nursery schools face compared to other nursery models.
37. All boroughs are required to set a budget aside to provide for a SEND Inclusion Fund. The DfE introduced this requirement to support local authorities work with individual providers to resource support for the needs of individual children with SEND. It will also enable local authorities to carry out an effective strategic role in their local area to increase the capacity of their childcare market so that it appropriately supports and develops children with SEN in the early years. The DfE hopes that an aspect of the local funding system dedicated to supporting children with SEN will help local authorities in developing their plans for strategically commissioning services as required under the Children and Families Act 2014. It is recommended that the SEND Inclusion Fund is increased by £52k to £656k to reflect the increased age range and increase in claims being received from providers.

	2023/24 Budget £m	2024/25 Budget £m
SEND Inclusion Fund		
Termly Inclusion Fund	0.206	0.246
Discretionary Fund	0.034	0.040
Early Years Enhanced Support Provider Funding	0.031	0.037
Unit/Top ups for children without EHCP	0.333	0.333
TOTAL SEND Inclusion Fund	0.604	0.656

38. The rates allow for the following central services to be funded from the Early Years Block. These items were discussed and agreed by Schools Forum in January 2024:

Central Items	2023/24 Budget £m	2024/25 Budget £m
Early Years Advisory service	0.162	0.215
Home visits services for children with SEND	0.085	0.101
Therapies	0.137	0.137
TOTAL	0.384	0.453

A balance of £222,074 remains and it is proposed that this amount be transferred to the high needs block to fund support for children under the age of five with an EHCP

- High Needs Block

39. Financial pressure has continued on the needs-led SEN budgets within the High Needs Block. There will be an anticipated cumulative deficit of up to £5.5m in March 2024 and this has reduced from a high of £20m in March 2021. This level of deficit is higher than what was forecast in the SEND Futures Plan and reflects the impact of actions outlined in the plan to improve value for money and prioritise both general fund and DSG funding towards high needs pressures.
40. Following a number of years of engagement with the DfE regarding the escalating deficit on the borough's DSG fund, the Local Authority signed a [Safety Valve Funding Agreement](#) in March 2021. The agreement provides that the Local Authority is able to claim up to an additional £30m in funding to support the position over five years. Claim of the grant is conditional on successful implementation of the [SEND Futures Plan](#) which outlines how Kingston will work with partners to both improve local SEND provision and bring spending into line with Government funding levels. By March 2024 the Local Authority will have successfully claimed £27.5m in Safety Valve funding including £2.5m in 2023/24. A further £2.5m is claimable in 2024/25 and next year is the final year of the agreement.
41. The proposals outlined in this report allow for a DSG funded high needs budget of £33.321m. The Council has also set aside £2.4m from the general fund to support the position leading to a total high needs budget of £35.721m next year. The cost of high needs services are estimated to cost 4m more than the budget allows for and so it is important that the Local Authority continues to review new ways to drive value for money.
42. The phased approach outlined in the Plan is important to make sure the Council can continue to meet the needs of children and young people whilst working towards a position where the cost of supporting children and young people who need additional support with their education is brought more into line with the amount of money that is provided by Government for these services.
43. A DSG funded high needs budget of £33.321m is proposed (excluding general fund contribution) with the recognition that there remains a significant budget gap for high needs services and this gap will be addressed through implementation of the SEND Futures Plan, successful claim of an additional £2.5 million in Safety Valve Funding, a general fund contribution of £2.4m and an increase in the DSG Fund deficit. The needs-led SEN budgets will continue to be closely monitored throughout 2024/25 and regular updates provided to both Schools Forum and the Local Authority. The Local Authority will continue to engage with the DfE regarding long term solutions to this complex issue.

Consultations

44. All primary and secondary schools (academies and maintained) were consulted on the local formula. Early years providers have also been given the opportunity to comment on early years proposals. The Schools Forum considered these proposals at their meetings in October 2023, November 2023 and January 2024.

Timescale

45. The Council is required to set a DSG budget as part of its annual budget setting process and in advance of the Council Tax being set in March 2024.

Resource Implications

46. The full Dedicated Schools Grant allocation will be used for schools related services in line with the guidance.
47. It is untenable to continue the current level of expenditure within the High Needs Block compared to the resources available from the Dedicated Schools Grant. This situation is unsustainable for both complying with DfE requirements for the DSG and for the wider Council's financial health. It is important that implementation of the SEND Futures Plan and compliance with safety valve funding conditions continue to be prioritised and monitored with alternative cost control action identified where necessary.

Legal Implications

48. The Council is required by the School Standards and Framework Act 1998 to set a non-schools education budget and a schools budget each year and to provide delegated funding to schools from the schools budget in accordance with the Schools and Early Years Finance Regulations and DfE Guidance. The Dedicated Schools Grant is a specific grant under the Education Act 2002 provided to support the schools budget. The DSG is the main source of income for the schools budget. The Council is required to comply with the published conditions of grant for the DSG. Relevant conditions and Operational Guidance are referenced in the report above.
49. Education funded by the High Needs Block of the DSG is provided to meet the Council's statutory duties under section 19 of the Education Act 1996 to provide education for pupils needing alternative education and the Council's statutory duties under the Children and Families Act 2014 to meet the needs of pupils and young people up to the age of 25 with special educational needs.
50. The Council has duties under the Children and Families Act to make special educational provision for children and young people whose needs cannot reasonably be met from the resources normally available to schools and post-16 institutions. If provision from the Council may be necessary, the Council is required to carry out an assessment of a child or young person's education, health and care needs. Following assessment, the Council must make and maintain an education health and care plan for the child or young person if it is necessary for the local authority to make special educational provision for them.
51. Where the Council maintains an EHCP for a child or young person, it must arrange and fund the special educational provision set out in the Plan and must name an appropriate school or college placement. Placement decisions must be made with regard to parental preference and the efficient use of resources as well as avoiding unreasonable public expenditure. Where an independent or non-maintained school or college is named in an EHCP, the local authority is under a duty to pay any fees for the placement. Parents and young persons have the right of appeal to an independent tribunal if a request for an EHC assessment is refused and about the content of an EHCP, including the placement named. Decisions about provision to meet special educational needs under the High Needs Block are therefore based on need and are subject to independent scrutiny. Any reduction in provision which would mean that the Council was not able to make a decision based on individual needs or fully provide for special educational needs as set out in EHCPs is likely to lead to legal challenge.

52. The overspend on the High Needs Block will need to be addressed in the context of ensuring that the Council continues to be able meet its statutory duties under the Children and Families Act 2014. The Council will also need to have regard to its duty under the Equality Act to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited by the Act and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' under the Act and those who do not share a protected characteristic. A 'protected characteristic' is defined in the Act as age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council must also ensure that its functions are discharged having regard to the need to safeguard and promote the welfare of children under section 11 of the Children Act 2004.

Risk Assessment

53. The demand led nature of the high needs spend means that expenditure levels can be volatile. A single high cost placement can cost in excess of £250k per year. The DSG budgets are monitored at a detailed placement level to ensure that information for decision making is accurate and up to date.
49. The 2024/25 budget setting process for education in Kingston has been complicated by the significant difference in funding and expenditure levels for Kingston pupils requiring additional support with their education (high needs). The decisions about how to prioritise the funding that is available, must be considered alongside the associated risks of those decisions and impacts on pupils who access all categories of DSG funding.

Equalities Impact Assessment

50. An equality assessment was completed to assess the impact of the proposals in the Kingston SEND Futures Plan.

Author of the report - Lucy Kourpas, Achieving for Children Chief Operating and Finance Officer, lucy.kourpas@achievingforchildren.org.uk

Background documents held by Lucy Kourpas, Achieving for Children Chief Operating and Finance Officer, lucy.kourpas@achievingforchildren.org.uk

- o None other than those referred to in this report

Enclosure 1

2024/25 Schools Budget

Block	2024/25 Application of Funding Allocation (£)
Schools Block	134,149,020
Central School Services Block	1,150,371
Early Years Block	19,473,908
High Needs Block	33,320,610
Total Dedicated Schools Grant	188,093,909

Annex 14, Enclosure 2 - Kingston School Formula Factors

Factor Description	Factor Type	2023-24 NFF Value for RBK	2023-24 Local Factor Value	2024-25 NFF Value for RBK	Indicative 2024-25 Local Factor Value
Basic Entitlement	Primary AWPU	£3,739.75	£3,731.64	£3,919.84	£3,906.81
	KS3 AWPU	£5,272.45	£5,261.02	£5,526.51	£5,508.14
	KS4 AWPU	£5,942.38	£5,929.51	£6,229.70	£6,208.99
FSM6	Pri	£776.82	£776.82	£539.23	£539.23
	Sec	£1,134.93	£1,134.93	£539.23	£539.23
FSM	Pri	£528.90	£528.90	£902.38	£902.38
	Sec	£528.90	£528.90	£1,320.55	£1,320.55
IDACI A	Pri	£738.25	£738.25	£748.31	£748.31
	Sec	£1,024.74	£1,024.74	£1,039.93	£1,039.93
IDACI B	Pri	£561.95	£561.95	£566.74	£566.74
	Sec	£804.37	£804.37	£814.34	£814.34
IDACI C	Pri	£528.90	£528.90	£533.72	£533.72
	Sec	£749.27	£749.27	£759.32	£759.32
IDACI D	Pri	£484.82	£484.82	£489.70	£489.70
	Sec	£683.16	£683.16	£693.29	£693.29
IDACI E	Pri	£308.52	£308.52	£313.63	£313.63
	Sec	£490.33	£490.33	£495.21	£495.21
IDACI F	Pri	£253.43	£253.43	£258.61	£258.61
	Sec	£369.13	£369.13	£374.16	£374.16
Low Prior Attainment	Pri	£1,272.66	£1,272.66	£1,287.54	£1,287.54
	Sec	£1,928.27	£1,928.27	£1,953.32	£1,953.32
English as an additional language	Pri	£639.08	£639.08	£649.27	£649.27
	Sec	£1,724.43	£1,724.43	£1,744.23	£1,744.23
Lump Sum	Pri	£141,039.36	£157,500.00	£147,901.82	£156,500.00
	Sec	£141,039.36	£157,500.00	£147,901.82	£156,500.00
Sparsity	Pri	£62,035.28	0*	£62,836.27	0*
	Sec	£90,243.15	0*	£91,338.18	0*
Mobility	Pri	£1,041.27	£1,041.27	£1,056.44	£1,056.44
	Sec	£1,498.54	£1,498.54	£1,518.63	£1,518.63

IDACI - Income Deprivation Affecting Children Index

***Not used by Kingston**

(NFF = National Funding Formula)

LAESTAB	School Name	NOR 2023/24	NOR 2024/25	Change	2023/24				2024/25				
					Post De-delegation Allocation	Per Pupil Allocation (Post De-delegation Budget)	Per Pupil MFG Schools Block Budget	Per Pupil MFG Budget including Mainstream Schools Additional Grant*	Post De-delegation Allocation	Per Pupil Allocation (Post De-delegation Budget)	Per Pupil MFG Budget	Change in per Pupil funding (incl lump sum) (%)	MFG Change (excludes lump sum, NNDR) (%)
					£	£	£	£	£	£	£	£	£
3142001	Burlington Junior School	474	477	3	2,285,854	4,822.48	4,862.99	5,028.78	2,392,339	5,015.39	5,057.19	4.00%	0.68%
3142002	Burlington Infant and Nursery School	363	348	-15	1,890,015	5,206.65	5,247.17	5,412.19	1,899,136	5,457.29	5,499.09	4.81%	1.27%
3142004	Coombe Hill Infant School	270	269	-1	1,425,514	5,279.68	5,320.20	5,482.89	1,476,664	5,489.46	5,531.26	3.97%	0.96%
3142005	Ellingham Primary School	344	304	-40	1,830,466	5,321.12	5,361.64	5,537.86	1,719,174	5,655.18	5,696.98	6.28%	1.39%
3142006	Lime Tree Primary School	324	262	-62	1,742,933	5,379.42	5,419.94	5,603.54	1,529,815	5,838.99	5,880.79	8.54%	2.30%
3142024	Tolworth Junior School	411	395	-16	2,050,156	4,988.21	5,028.73	5,194.25	2,052,823	5,197.02	5,238.83	4.19%	0.50%
3142025	Tolworth Infant and Nursery School	270	269	-1	1,433,182	5,308.08	5,348.60	5,514.26	1,502,079	5,583.94	5,625.74	5.20%	2.30%
3142028	Coombe Hill Junior School	391	390	-1	1,889,501	4,832.48	4,873.00	5,032.66	1,955,725	5,014.68	5,056.49	3.77%	0.50%
3142030	Maple Infants' School	264	248	-16	1,347,349	5,103.60	5,144.11	5,301.00	1,330,489	5,364.87	5,406.68	5.12%	1.22%
3142031	Alexandra Primary School	410	408	-2	2,040,630	4,977.15	5,017.66	5,176.00	2,124,989	5,208.31	5,250.11	4.64%	1.56%
3142032	King Athelstan Primary School	416	414	-2	2,247,447	5,402.52	5,443.03	5,618.33	2,320,274	5,604.53	5,646.33	3.74%	0.50%
3142033	Grand Avenue Primary and Nursery School	628	612	-16	2,936,012	4,675.18	4,715.70	4,871.15	3,025,004	4,942.82	4,984.62	5.72%	2.30%
3142034	Malden Manor Primary and Nursery School	403	388	-15	2,007,089	4,980.37	5,020.89	5,191.07	2,047,555	5,277.20	5,319.01	5.96%	2.30%
3142035	King's Oak Primary School	404	348	-56	2,350,993	5,819.29	5,859.81	6,044.08	2,142,551	6,156.76	6,198.56	5.80%	0.89%
3142036	Lovelace Primary School	572	567	-5	2,729,555	4,771.95	4,812.47	4,967.30	2,813,738	4,962.50	5,004.31	3.99%	0.73%
3143301	Christ Church New Malden CofE Primary School	418	394	-24	2,019,306	4,830.88	4,871.39	5,026.74	1,993,034	5,058.46	5,100.27	4.71%	1.06%
3143302	Christ Church CofE Primary School	469	444	-25	2,087,132	4,450.17	4,490.69	4,639.74	2,084,632	4,695.12	4,736.92	5.50%	1.79%
3143303	Malden Parochial CofE Primary School	210	210	0	1,044,434	4,973.49	5,014.01	5,176.98	1,083,000	5,157.14	5,198.95	3.69%	0.50%
3143304	St Andrew's and St Mark's CofE Junior School	354	359	5	1,676,000	4,734.46	4,774.98	4,937.62	1,763,199	4,911.42	4,953.22	3.74%	0.50%
3143305	St John's C of E Primary School	209	210	1	1,096,766	5,247.68	5,288.20	5,465.58	1,143,114	5,443.40	5,485.20	3.73%	0.50%
3143308	St Paul's CofE Primary School	208	200	-8	1,022,455	4,915.65	4,956.16	5,121.10	1,033,257	5,166.28	5,208.09	5.10%	1.28%
3143309	St Paul's CofE Primary School, Kingston Hill	404	391	-13	1,871,053	4,631.32	4,671.84	4,822.35	1,909,939	4,884.75	4,926.56	5.47%	2.05%
3143310	St Matthew's CofE Primary School	406	413	7	1,913,881	4,713.99	4,754.51	4,908.03	2,034,539	4,926.24	4,968.05	4.50%	1.50%
3143311	St Mary's CofE (Aided) Primary School	169	168	-1	902,931	5,342.79	5,383.31	5,560.79	940,765	5,599.79	5,641.60	4.81%	1.64%
3143500	Corpus Christi Catholic Primary School	395	398	3	1,862,084	4,714.14	4,754.65	4,907.35	1,944,062	4,884.58	4,926.38	3.62%	0.50%
3143501	Our Lady Immaculate Catholic Primary School	415	405	-10	1,938,215	4,670.40	4,710.92	4,861.74	1,988,524	4,909.94	4,951.74	5.13%	1.79%
3143502	St Joseph's Catholic Primary School	205	208	3	1,160,533	5,661.14	5,701.65	5,883.29	1,236,928	5,946.77	5,988.58	5.05%	2.30%
3145200	St Luke's CofE Primary School	237	235	-2	1,160,936	4,898.46	4,938.98	5,105.09	1,215,061	5,170.47	5,212.28	5.55%	2.30%
3142000	Castle Hill Primary School	425	429	4	2,087,526	4,911.83	4,911.83	5,079.45	2,210,096	5,151.74	5,151.74	4.88%	1.63%
3142007	Knollmead Primary School	225	219	-6	1,211,431	5,384.14	5,384.14	5,563.83	1,228,158	5,608.03	5,608.03	4.16%	0.50%
3142008	Green Lane Primary and Nursery School	368	364	-4	1,706,053	4,636.01	4,636.01	4,793.72	1,773,028	4,870.96	4,870.96	5.07%	1.66%
3142014	Latchmere School	805	755	-50	3,654,816	4,540.14	4,540.14	4,687.55	3,616,911	4,790.61	4,790.61	5.52%	1.97%
3142020	Robin Hood Primary and Nursery School	172	172	0	1,017,651	5,916.57	5,916.57	6,106.57	1,058,365	6,153.28	6,153.28	4.00%	0.94%
3142037	Fern Hill Primary School	624	627	3	2,914,087	4,670.01	4,670.01	4,822.69	3,044,771	4,856.09	4,856.09	3.98%	0.77%
3143503	St Agatha's Catholic Primary School	375	346	-29	1,824,122	4,864.32	4,864.32	5,022.14	1,787,278	5,165.54	5,165.54	6.19%	2.30%
3144001	The Kingston Academy	980	972	-8	6,344,511	6,473.99	6,473.99	6,697.50	6,619,138	6,809.81	6,809.81	5.19%	1.70%
3144004	Coombe Girls' School	1,217	1,203	-14	7,985,358	6,561.51	6,561.51	6,797.19	8,306,173	6,904.55	6,904.55	5.23%	1.59%
3144006	Chessington School	644	679	35	4,608,059	7,155.37	7,155.37	7,406.34	5,041,479	7,424.86	7,424.86	3.77%	0.50%
3144009	Southborough High School	714	756	42	4,868,007	6,817.94	6,817.94	7,052.94	5,346,705	7,072.36	7,072.36	3.73%	0.50%
3144010	The Tiffin Girls' School	895	896	1	5,326,052	5,950.90	5,950.90	6,161.53	5,621,729	6,274.25	6,274.25	5.43%	1.90%
3144011	Tolworth Girls' School and Sixth Form	1,141	1,191	50	7,394,022	6,480.30	6,480.30	6,706.65	8,053,203	6,761.72	6,761.72	4.34%	0.96%
3145400	Tiffin School	912	919	7	5,400,804	5,921.93	5,921.93	6,128.89	5,695,800	6,197.82	6,197.82	4.66%	1.20%
3145401	Richard Challoner School	799	792	-7	5,087,965	6,367.92	6,367.92	6,586.42	5,269,433	6,653.32	6,653.32	4.48%	1.02%
3145402	The Holy Cross School	766	772	6	4,944,207	6,454.58	6,454.58	6,677.95	5,190,724	6,723.74	6,723.74	4.17%	0.74%
3145403	Coombe Boys' School	870	887	17	5,707,821	6,560.71	6,560.71	6,789.80	6,084,591	6,859.74	6,859.74	4.56%	1.13%
3145404	The Hollyfield School and Sixth Form Centre	981	982	1	6,501,994	6,627.92	6,627.92	6,865.35	6,892,099	7,018.43	7,018.43	5.89%	2.30%
	TOTAL				128,546,910				133,542,090				

* Mainstream Schools Additional Grant was rolled into the Schools Block for 2024/25. Individual schools allocations are available online:
<https://www.gov.uk/government/publications/mainstream-schools-additional-grant-2023-to-2024/mainstream-schools-additional-grant-2023-to-2024-methodology>