

Budget Book 2024-2025

Contents

- Budget Book 2024-2025 1
- Introduction 3
- Council Tax 2024-25 4
- Budget 2024-25 5
- Departmental Budget Books 8
 - Children and Adult Services 8
 - Finance..... 10
 - Environment, Neighbourhoods and Growth..... 12
 - Assistant Chief Executive – Governance and Assurance 14
 - Assistant Chief Executive – Strategy and Communities 16
 - Housing 18

Introduction

Policy and Resources Strategy

Each year, the council updates a detailed Policy and Resources Strategy covering a period that normally reflects the duration of the government's financial settlement. As part of the Policy and Resources Strategy, and in line with requirements of the Local Government Finance Act, budgets are approved by Council Assembly for the next financial year as part of Council Tax setting. Where the settlement provides provisional funding commitments for more than one year, budgets may be agreed indicatively for a longer period.

Council planning

For many years, this process has formed the pivotal component of the council's financial planning process. This strategy, and the formal approval by council assembly, sits at the heart of the council's commitment to financial planning and efficiency. Most importantly, the strategy is bound to the policies of the council and not least by the commitments in the Fairer Future Medium Term Financial Strategy (FFMTFS).

Economic context

During austerity, (2011-12 and 2019-20), the council lost government funding in cash terms of more than £146m. Since then, the council has faced the impact of the pandemic and currently a cost of living crisis. At the same time, the council has also looked to keep council tax as low as possible, recognising the pressure this tax places on all households but particularly the most vulnerable. Southwark remains the eighth lowest council tax rate in London. The impact of constrained income streams, together with increased demand and the increased cost of delivering council services has created significant budget pressures over this 12-year period.

Conclusion

This budget book presents the council's overall revenue budget for 2024-25 alongside more detailed departmental budgets that are broken down by division.

Council Tax 2024-25

As agreed by Cabinet on 5 December 2023, Southwark Council's Tax base consists of 112,166 Council Tax Band D equivalent dwellings.

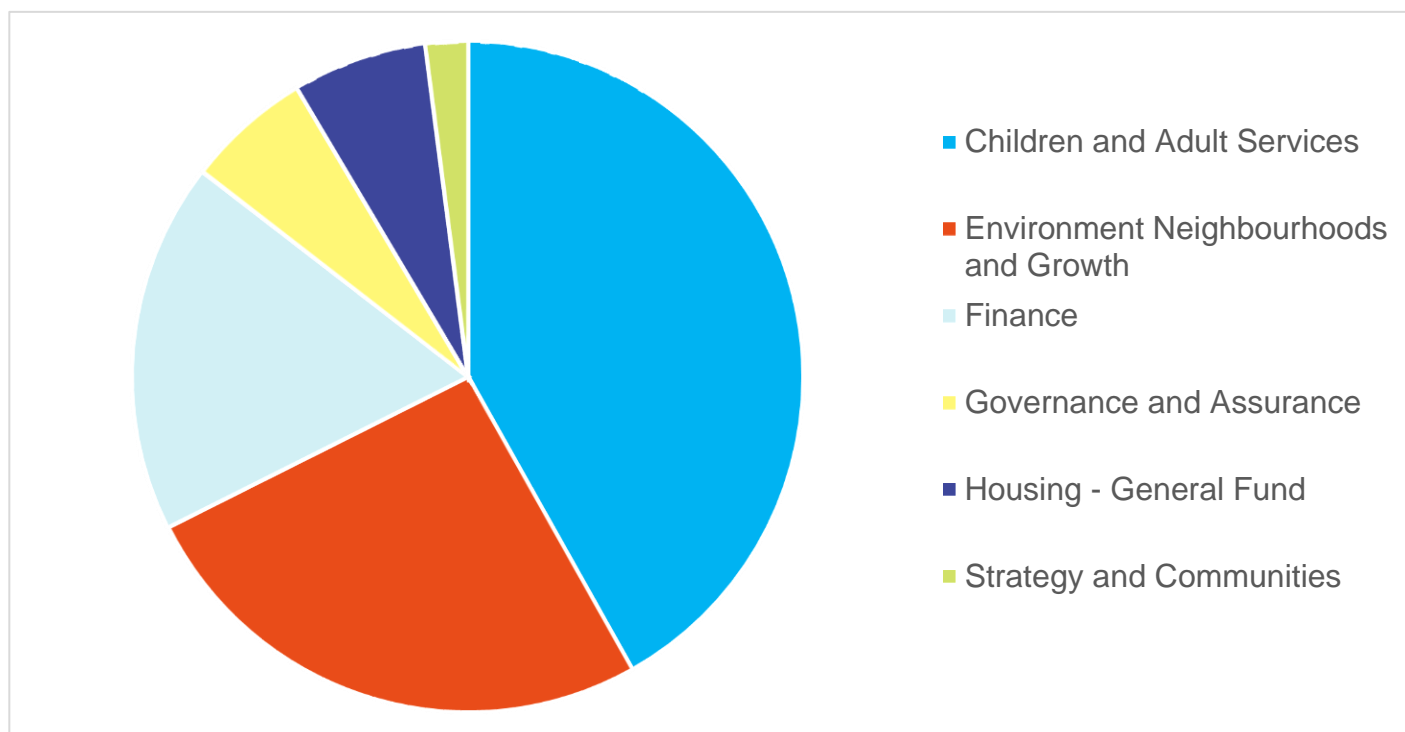
Calculating the Council Tax for 2024-25

	2024-25	Council Tax per Band D Dwelling	Percentage increase in Council Tax	Increase in Band D Council Tax
	£'000	£	%	£
Southwark's net budget requirement	359,394			
Less business rates and grants	-211,158			
Southwark Council's Tax and Adult Social Care Precept Requirement	148,236			
Southwark Council's share	126,833	1,130.76	2.99	37.63
Southwark Council's Adult Social Care Precept	21,404	190.82	2.00	25.17
Southwark Council's Tax and Adult Social Care Precept Requirement	148,236	1,321.58	4.99	62.80
Mayor of London's Greater London Authority Precept	52,875	471.40	8.58	37.26
Total Council Tax to be collected	201,111	1,792.98	4.99	100.06

Budget 2024-25

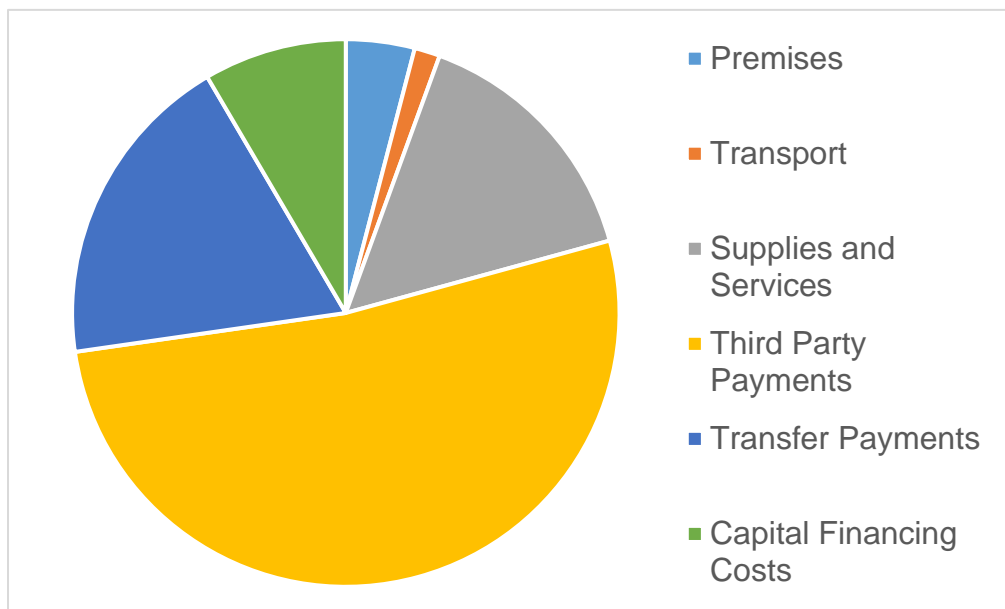
Net budget by department

Department	2024-25 Budget £'000
Children and Adult Services (C&AS)	168,586
Environment Neighbourhoods and Growth (ENG)	103,614
Finance	71,972
Governance and Assurance (G&A)	24,202
Housing - General Fund (Housing – GF)	26,153
Strategy and Communities (S&C)	8,237
<i>Support Costs Reallocation (SCR)</i>	- 43,370
Housing Revenue Account (HRA)	-
Net Revenue Budget	359,394
Financed by:	
General government grants	- 113,257
Business rates	- 100,851
Council Tax	- 148,236
Council Tax Previous Year Surplus / deficit	2,950
Total Funding	- 359,394



Gross budget by expenditure type

Expenditure Type	General Fund 2024-25 Budget (£'000)	HRA 2024-25 Budget (£'000)
Premises	34,204,260	150,888
Transport	12,720,148	4,226
Supplies and Services	127,724,519	13,766
Third Party Payments	437,763,110	11,228
Transfer Payments	158,483,102	86
Support Services	72,288,194	17,079
Capital Financing Costs	71,154,191	182,349
Total Expenditure	1,156,891,214	431,922
Grants	- 624,849,893	-
Sales, Fees and Charges	- 121,951,509	- 343,293
Recharges	- 117,183,538	- 5,479
Business Rates	- 100,850,999	-
Use of Reserves	- 46,768,745	- 83,150
Council Tax	- 145,286,529	-
Total Income (including Council Tax)	- 1,156,891,214	- 431,922



Detailed gross budget by department

<u>Expenditure Type</u>	2024-25 Budget (£'000)	General Fund								Sub-total (£'000)	Housing (HRA) (£'000)
		C&AS (£'000)	ENG (£'000)	Finance (£'000)	G&A (£'000)	Housing (GF) (£'000)	S&C (£'000)	SCR (£'000)	CWF* (£'000)		
Employees	294,854	87,999	77,176	48,352	14,754	9,459	4,814	-	-	242,554	52,300
Premises	185,092	1,421	13,115	5,818	12,260	1,589	1	-	-	34,204	150,888
Transport	16,946	5,930	6,427	193	109	47	14	-	-	12,720	4,226
Supplies and Services	141,491	24,508	38,791	55,068	3,286	4,184	1,887	-	-	127,724	13,766
Third Party Payments	448,991	367,185	19,608	3,459	37	45,954	1,521	-	-	437,764	11,228
Transfer Payments	158,569	14,121	847	143,515	-	-	-	-	-	158,483	86
Support Services	89,367	30,078	28,979	7,974	2,226	3,031	-	-	-	72,288	17,079
Capital Financing Costs	253,503	7,387	25,735	34,151	3,750	131	-	-	-	71,154	182,349
Total Expenditure	1,588,813	538,630	210,677	298,529	36,422	64,396	8,237	-	-	1,156,891	431,922
<u>Income Type</u>											
Grants	- 624,849	-346,761	-11,809	-146,286	-	-6,743	-	-	-113,252	-624,851	-
Sales, Fees and Charges	- 465,245	-16,071	-51,082	-25,615	-1,117	-28,062	-	-	-5	-121,952	-343,293
Recharges	- 122,663	-6,276	-44,173	-8,822	-11,104	-3,439	-	-43,370	-	-117,184	-5,479
Business Rates	- 100,851	-	-	-	-	-	-	-	-100,851	-100,851	-
Use of Reserves	- 129,919	-936	-	-	-	-	-	-	-	-46,769	-83,150
Council Tax	- 145,287	-	-	45,833	-	-	-	-	-145,287	-145,287	-
Total Income (including Council Tax)	-1,588,813	-370,043	-107,064	-226,557	-12,220	-38,243	-	-43,370	-359,394	-1,156,891	- 431,922
<u>Total Net Expenditure</u>	-	168,587	103,613	71,972	24,202	26,153	8,237	-43,370	-359,394	-	-
Support Costs Re-allocation	-	-12,409	-14,522	-4,372	-913	-2,276	-	34,492	-	-	-
<u>Net Expenditure Excluding SCRs</u>	-	156,177	89,092	67,600	23,289	23,877	8,237	-8,878	- 359,394	-	-

*CWF – Council wide funding

Departmental Budget Books

Children and Adult Services

Children and Adult Services provides a wide range of services, including social care, education and public health, to all sections of the population in Southwark.

Our vision for Adult Social Care is to enable people with care and support needs and their carers to live healthy, independent and fulfilling lives in their community.

The Children and Families division integrated with Education under the Director of Children's Social Care (DCS). The Children's Social Care service is committed to ensure the most vulnerable children, young people and families thrive, and are empowered to lead safe and healthy lives benefiting from our wide partnership of local services, with almost every school considered "Good" or "Outstanding".

The Public Health division works to improve and protect the health and wellbeing of people living and working in Southwark, focussing on reducing health inequalities and supporting our most vulnerable residents by collaborating with our communities and partners.

Since 2016, the Commissioning division has had a partnership arrangement with the local Integrated Care Board so that it designs, secures and monitors health and care pathways and services by working with residents to meet their needs, reduce inequalities and improve outcomes. From June 2024, the partnership between the ICB and council will become more integrated with the creation of the Integrated Health and Care department which will be led by a joint funded Strategic Director/Place Executive Lead and the division of Commissioning will move under their leadership.

Budget Book 2024-25

Division	Adult Social Care	Children & Families	Commissioning & Central	Public Health	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Gross Expenditure					
Employees	25,799	54,663	4,686	2,880	87,998
Premises	686	725	3	7	1,421
Transport	173	5,755	2	-	5,930
Supplies and Services	4,869	16,604	1,860	1,176	24,508
Third Party Payments	107,791	237,172	5,341	16,982	367,286
Transfer Payments	10,971	3,150	-	-	14,121
Support Services	7,439	11,881	654	10,104	30,078
Capital Financing Costs	959	6,429	-	-	7,388
Total Expenditure	158,687	336,350	12,546	31,149	538,732
Gross Income					
Grants	-65,922	-242,369	-7,409	-31,163	-346,863
Sales, Fees and Charges	-14,441	-1,631	-	-	-16,072
Recharges	-302	-5,889	-85	-	-6,276
Use of Reserves	-	-936	-	-	-936
Total Income	-80,664	-250,825	-7,494	-31,163	-370,147
Total Net Expenditure	78,023	85,256	5,052	-14	168,585

Finance

The Finance department is led by the Strategic Director of Finance, who as Section 151 officer is responsible for the administration of the council's financial affairs. Processes for discharging these responsibilities are defined in the council's constitution and scheme of management. Operational decision-making is delegated to the council's budget holders and the finance team provide support, challenge and scrutiny to ensure spend is appropriate and provides good value for money. The Finance department is made up of six divisions, each providing corporate support for the day-to-day running of council services.

- **Customer and Exchequer Services** - responsible for income collection, implementing a number of government initiatives and local schemes, and managing customer services.
- **Technology and Digital Services (TDS)** - responsible for the council's IT infrastructure, keeping the council safe from cyber-attacks and providing project support for the main applications.
- **Professional Finance Services (PFS)** - the service provides corporate leadership on financial planning and financial reporting as well as providing financial support to service departments to ensure effective budgetary control. It also includes the internal audit, risk management and anti-fraud function.
- **Procurement** – responsible for sourcing goods and services for the council, ensuring cost-effectiveness, quality and compliance with regulations.
- **Pensions & Treasury** – manages the administration and investment of pension funds, ensuring financial stability and growth while also overseeing the management of the council's treasury functions, including cash management, investments and debt financing.
- **Planning and Growth** - responsible for enabling positive+ growth for the maximum benefit of the council's residents. Enabling the creation of 1,000s of new homes and jobs together with the necessary social infrastructure through the use of the council's statutory powers, land holdings and partnership agreements.

Budget Book 2024-25

Division	Customer and Exchequer	Digital and Technology	Planning & Growth	Professional Finance Services	Strategic Finance	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Gross Expenditure						
Employees	15,358	3,071	11,486	6,608	11,828	48,351
Premises	260	-	1,183	-	4,375	5,818
Transport	77	3	22	1	88	191
Supplies and Services	3,249	12,562	2,278	2,529	34,449	55,067
Third Party Payments	415	-	974	-	2,069	3,458
Transfer Payments	130,761	-	-	750	12,004	143,515
Support Services	6,032	-	1,269	-	673	7,974
Capital Financing Costs	73	6,083	244	-	27,751	34,151
Total Expenditure	156,226	21,719	17,457	9,889	93,238	298,529
Gross Income						
Grants	-131,721	-	-1,105	-	-13,455	-146,281
Sales, Fees & Charges	-6,457	-	-17,860	-	-1,299	-25,616
Recharges	-2,103	-1,882	-3,238	-133	-1,466	-8,822
Use of Reserves	-	-	-	-	-45,833	-45,833
Total Income	-140,281	-1,882	-22,203	-133	-62,053	-226,552
Total Net Expenditure	15,945	19,837	-4,747	9,757	31,184	71,976

Environment, Neighbourhoods and Growth

The Environment, Neighbourhoods and Growth (EN&G) Department delivers a wide range of highly visible public services which make Southwark a great place to live, work and spend time socialising. This far reaching department is embedded in our communities, helping our neighbourhoods to thrive as clean, safe and healthy places.

We make Southwark a destination for great leisure from award winning parks and green spaces, to modern sports and leisure services, to a strong cultural offer celebrating the proud history, artistic talent and rich diversity of this central London borough.

We deliver services to support some of our most vulnerable residents, from those fleeing war and persecution seeking asylum and refuge, and those at risk in the community working with the police and others to tackle violence on our streets and in our homes.

We are working to make the borough a fairer place and are investing in our community and working with the voluntary sector to help do this.

We are keeping the streets clean, the lights turned on, managing the regulations to protect private renters, and transforming our highways and kerbside to make a more active cleaner borough, and transforming our streets, so that they reflect what our residents want – and are Streets for our People.

We are looking to the future, and leading the borough's response to climate change, seeking to decarbonise our buildings, attract investment into climate activity and work towards an ambitious set of climate targets.

None of this is easy. We have a big responsibility and after twelve years of cuts, we are trying to do more with less. The department is responsible for 43% of the commitments in the council delivery plan and delivers some of the council's most visible and high profile services.

We can only do this, because of the exceptional staff who work day in and day out serving the borough and its residents. Employing around 1,600 people, many of our staff are in the community, reflecting the community, and delivering front line services as the public face of the council. Much of what they do may go unnoticed as people go about their daily lives, but without them, Southwark would simply not be the borough we all love.

Budget Book 2024-25

Division	Climate Change & Sustainability	Stronger Neighbourhoods	Environment	Leisure	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Employees	1,932	6,369	50,577	18,299	77,177
Premises	2	122	4,106	8,884	13,114
Transport	-	100	6,101	226	6,427
Supplies and Services	13	1,433	33,858	3,488	38,792
Third Party Payments	11	2,194	12,403	5,001	19,609
Transfer Payments	-	841	-	6	847
Support Services	-	5,536	18,475	4,967	28,978
Capital Financing Costs	-	-	17,173	8,561	25,734
Total Expenditure	1,957	16,595	142,693	49,433	210,678
Grants	-	-571	-2,833	-8,405	-11,809
Sales, Fees & Charges	-85	-175	-43,719	-7,102	-51,081
Recharges	-1,111	-2,445	-40,033	-584	-44,173
Use of Reserves	-	-	-	-	-
Total Income	-1,196	-3,190	-86,585	-16,092	-107,063
Total Net Expenditure	761	13,405	56,108	33,341	103,615

Assistant Chief Executive – Governance and Assurance

Legal Services - is a trading service offering legal support to all parts of the council and covers the whole range of local authority legal work.

Constitutional and Member Services - supports member-level decision making at council meetings and in individual decision-making. The team provides constitutional advice and support to the Council and maintains the constitution which provides the framework for the council's decision-making processes.

Scrutiny - provides advice, research and meeting support to the members of the overview and scrutiny committee and its commissions to enable the effective undertaking of the council's scrutiny function, working towards driving improvement in public services.

Information Governance - is responsible for advising and supporting all staff on data protection, data breaches, data sharing, data rights, information requests and records management matters.

Electoral Services - is responsible for electoral registration, all electoral events and polling district boundary reviews. The team provide support to the Electoral Registration Officer and to the Returning Officer.

Corporate Facilities Management - oversees the management, repair, maintenance, compliance and provision of facilities management and workplace-related services to the council's operational and non-housing estate. It manages essential corporate support contracts and provides the Corporate Health and Safety function.

Human Resources (HR) and Organisational Development - provides a comprehensive HR service for managers and staff across the council. This includes delivery of the workforce strategy and management of the agency worker and occupational health contracts. Learning and Organisational Development is responsible for corporate wide learning and development, organisation development, including apprentice and intern schemes.

Budget Book 2024-25

Division	Corporate facilities management	HR & OD	Law and Governance	Total
	(£'000)	(£'000)	(£'000)	(£'000)
Gross Expenditure				
Employees	4,404	1,773	8,577	14,754
Premises	12,240	3	18	12,261
Transport	55	3	52	110
Supplies and Services	349	668	2,269	3,286
Third Party Payments	36	1	-	37
Transfer Payments	-	-	-	-
Support Services	-	-	2,226	2,226
Capital Financing Costs	3,750	-	-	3,750
Total Expenditure	20,834	2,447	13,141	36,422
Gross Income				
Grants	-	-	-	-
Sales, Fees & Charges	-681	-56	-380	-1,117
Recharges	-2,778	-402	-7,924	-11,104
Use of Reserves	-	-	-	-
Total Income	-3,459	-458	-8,303	-12,220
Total Net Expenditure	17,375	1,988	4,549	24,202

Assistant Chief Executive – Strategy and Communities

The Strategy and Communities department is a new department with responsibility for leading the council’s “strategic core” and building capacity in and better ensure alignment across key corporate and priority functions.

Its mandate is to ensure the council has corporate services that effectively enable the organisation to achieve the priorities and commitments set out in the Council Delivery Plan, and more widely Southwark 2030, the borough’s emerging long term vision for place.

Strategy and Communities provides strategic oversight of equality, diversity and community engagement with a vital cross-council remit and role to put communities and people power, thriving neighbourhoods and reducing inequality at the heart of all we do.

Executive business support is a key component of the services that make up Strategy and Communities department.

Budget Book 2024-25

Division	Chief Executive (£'000)	Comms & Corporate Consultation (£'000)	Emergency Planning & Resilience (£'000)	Equality, Diversity and Inclusion (£'000)	Leaders & Cabinet Office (£'000)	Policy, Partnership & Performance (£'000)	Strategy & Change (£'000)	Total (£'000)
Employees	796	1,601	234	219	648	324	992	4,814
Premises	-	-	1	-	-	-	-	1
Transport	5	1	9	-	-	-	-	14
Supplies and Services	377	1,466	3	11	6	3	22	1,887
Third Party Payments	-	1,514	7	-	-	-	-	1,521
Transfer Payments	-	-	-	-	-	-	-	-
Support Services	-	-	-	-	-	-	-	-
Capital Financing Costs	-	-	-	-	-	-	-	-
Total Expenditure	1,177	4,582	254	230	654	327	1,014	8,237
Grants	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
Recharges	-	-	-	-	-	-	-	-
Use of Reserves	-	-	-	-	-	-	-	-
Total Income	-	-	-	-	-	-	-	-
Total Net Expenditure	1,177	4,582	254	230	654	327	1,014	8,237

Housing

General Fund

The Housing department covers a range of functions funded from both the general fund and the ring-fenced housing revenue account (HRA) for landlord services. The general fund comprises the following: Asset Management includes aids and adaptations, handypersons, empty homes and private sector housing renewal and building safety. Central Services budgets are of a department-wide nature including corporate recharges and costs that are not attributable to a specific operational service.

Resident services include travellers' sites and temporary accommodation / housing solutions, which involves homeless prevention and provision of accommodation for those in severe housing need. The demand and cost of provision is unremitting, driven by the growing national homelessness crisis, unaffordable private sector rented accommodation and government restrictions on Local Housing Allowance (LHA) rates, which mean that welfare benefits do not cover rental rates in the private sector.

Budget Book 2024-25

Division	Asset Management HGF	CENTRAL FUNCTIONS HGF	Resident Services HGF	Total
Gross Expenditure				
Employees	1,094	390	7,975	9,459
Premises	-	232	1,357	1,589
Transport	42	-	5	47
Supplies and Services	43	-	4,141	4,184
Third Party Payments	-	-	45,954	45,954
Transfer Payments	-	-	-	-
Support Services	-	2,806	225	3,031
Capital Financing Costs	-	33	99	132
Total Expenditure	1,180	3,461	59,756	64,397
Gross Income				
Grants	-	-	-6,743	-6,743
Sales, Fees & Charges	-25	-	-28,037	-28,062
Recharges	-150	- 620	-2,669	-3,439
Use of Reserves	-	-	-	-
Total Income	-175	-620	-37,448	-38,243
Total Net Expenditure	1,005	2,841	22,308	26,154

Housing Revenue Account

The HRA reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, homeowner service charges and other income.

The over-arching principle underlying the introduction of self-financing for the HRA in 2012 was the generation of revenue resources sufficient to meet the investment needs of the housing stock and repay debt over a thirty-year planning horizon, without on-going government support. However, subsequent changes in government policy and rent interventions have served to restrict resources and fundamentally undermine the financial sustainability of the HRA business plan.

Notwithstanding, the council has successfully managed to maintain and improve the quality of housing services to residents, committed unprecedented levels of investment in the existing housing stock and largescale delivery of new council homes at council rent. However, for 2023-24 and beyond, the council faces the unparalleled challenge of managing the competing needs and priorities of the existing stock, particularly the new building and fire safety legislative requirements and an onerous inspection regime by the Regulator for Social Housing, against the ambition to continue to build more new homes and undertake significant long-term estate regeneration.

High inflation, particularly in the construction industry and rising interest rates at a time when the new build programme is reaching its peak have contrived to add considerable budgetary pressure on the HRA. Whilst the removal of the HRA borrowing cap has alleviated the arbitrary financial constraints that previously existed, it is not a panacea for unfettered borrowing as the revenue financing costs needs to be sustainable over the long-term. Looking ahead, the HRA can no longer rely solely on its rental and other income streams to fund its capital programme commitments without borrowing and/or leveraging in additional resources through asset disposals, S106 and CIL contributions and joint ventures with developers and external funders.

Budget Book 2024-25

Division	Asset Management	Central Functions	Customer Experience	Directorate	HRA Rent Income	New Build	Resident Services	Total
Employees	12,843	12,991	9,450	1,805	-	674	14,537	52,300
Premises	54,484	55,562	8	-	-	31	40,803	150,888
Transport	76	4,094	1	-	-	2	53	4,226
Supplies and Services	6,581	4,256	369	127	-	389	2,044	13,766
Third Party Payments	16	281	353	-	-	-	10,578	11,228
Transfer Payments	-	-	-	-	-	-	86	86
Support Services	-9	13,220	53	1	-	23	3,791	17,079
Capital Financing Costs	-	182,349	-	-	-	-	-	182,349
Total Expenditure	73,991	272,753	10,234	1,933	-	1,119	71,892	431,922
Grants	-	-	-	-	-	-	-	-
Rents & Other Income	-	-43,555	-229	-	-297,875	1	-1,635	-343,293
Recharges	-	-1,758	-3,231	-	-	-	-490	-5,479
Use of Reserves	-	-83,150	-	-	-	-	-	-83,150
Total Income	-	-128,463	-3,460	-	- 297,875	1	-2,125	-431,922
Total Net Expenditure	73,991	144,290	6,774	1,933	- 297,875	1,120	69,767	-