

Strategy and Resources Committee

29 September 2025



7.10 pm or at the rising of the Council meeting (whichever is later)

Civic Offices - St Nicholas Way, Sutton, SM1 1EA

To all members of the Strategy and Resources Committee:-

Chair: Councillor Barry Lewis
Vice-Chair: Councillor Sam Martin
Councillors: Richard Clifton, Sunita Gordon, Marian James, Cryss Mennaceur, Jake Short, Christopher Woolmer, Tom Drummond, Neil Garratt, Bryony Lindsay-Charlton, James McDermott-Hill, Param Nandha, Dave Tchil and Tim Foster

Substitutes: Councillors Isabel Araujo, Rob Beck, Paul Cole, Ruth Dombey, Jayne McCoy, Ed Parsley, Tim Crowley, Mike Dwyer, Catherine Gray, David Hicks, Jane Pascoe, Vanessa Udall, Sheldon Vestey, Jillian Green and Nick Matthey

This is a Council meeting held in public. Additional representations are at the invitation of the Chair of the Committee. If you are a relevant organisation and you wish to submit representations on a proposal contained within the reports to this agenda please submit a request via Committee Services three working days before the meeting date.

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This meeting will be recorded and made available on the Council's website.

PLEASE NOTE: Any decision taken at this meeting does not become definitive until 10am on the third working day after the meeting. Any four members of the Council may notify the Chief Executive by then if they require a decision to be reviewed by the appropriate committee at its next meeting. Please contact the Committee Services representative shown on the front page for further information.

Helen Bailey
Chief Executive
Friday, 19 September 2025

Enquiries to: Alexa Coates, Head of Committee and Management Support Tel: 020 8770 4990 | Email: committee.services@sutton.gov.uk

Copies of reports are available in large print on request

A G E N D A

- 1 Welcome and introductions**
- 2 Apologies for absence**
- 3 Declarations of interest**
- 4 Minutes** 1 - 4

To approve as a correct record the minutes of the meeting held on 16 June 2025.
- 5 Any urgent business**

To consider any items which, in the view of the Chair, should be dealt with as a matter of urgency because of special circumstances (*in accordance with S100B(4) of the Local Government Act 1972*).
- 6 Finance and Performance - Quarter 1 2025/26** 5 - 48

This report provides an update on the council's financial and other performance for the 2025/26 financial year.
- 7 Strategy and Resources Committee - Update on Performance Indicators** 49 - 70

To provide an update on the Performance Indicators of those service areas for which the Strategy and Resources Committee is directly responsible
- 8 Integrated Sexual Health Service Commissioning** 71 - 82

Report on Integrated Sexual Health Service Commissioning Strategy and recommendation for a collaborative multi-borough approach.
- 9 Annual Report - Investment Property Portfolio** 83 - 92

Report to update Committee on the performance of the Investment Property Portfolio over 2024/25 financial year.
- 10 Facilities Management Hard Services Contract Manager** 93 - 100

The purpose of this report is to advise the committee on the procurement process to seek a partner to deliver the FM Hard Services contract from April 2026, and seek to delegate the authority to the Strategic Director for Resources to appoint a provider following procurement.
- 11 Exclusion of the public and press**

The following motion should be moved, seconded and approved if the committee wishes to exclude the public and press to deal with reports

revealing exempt information:

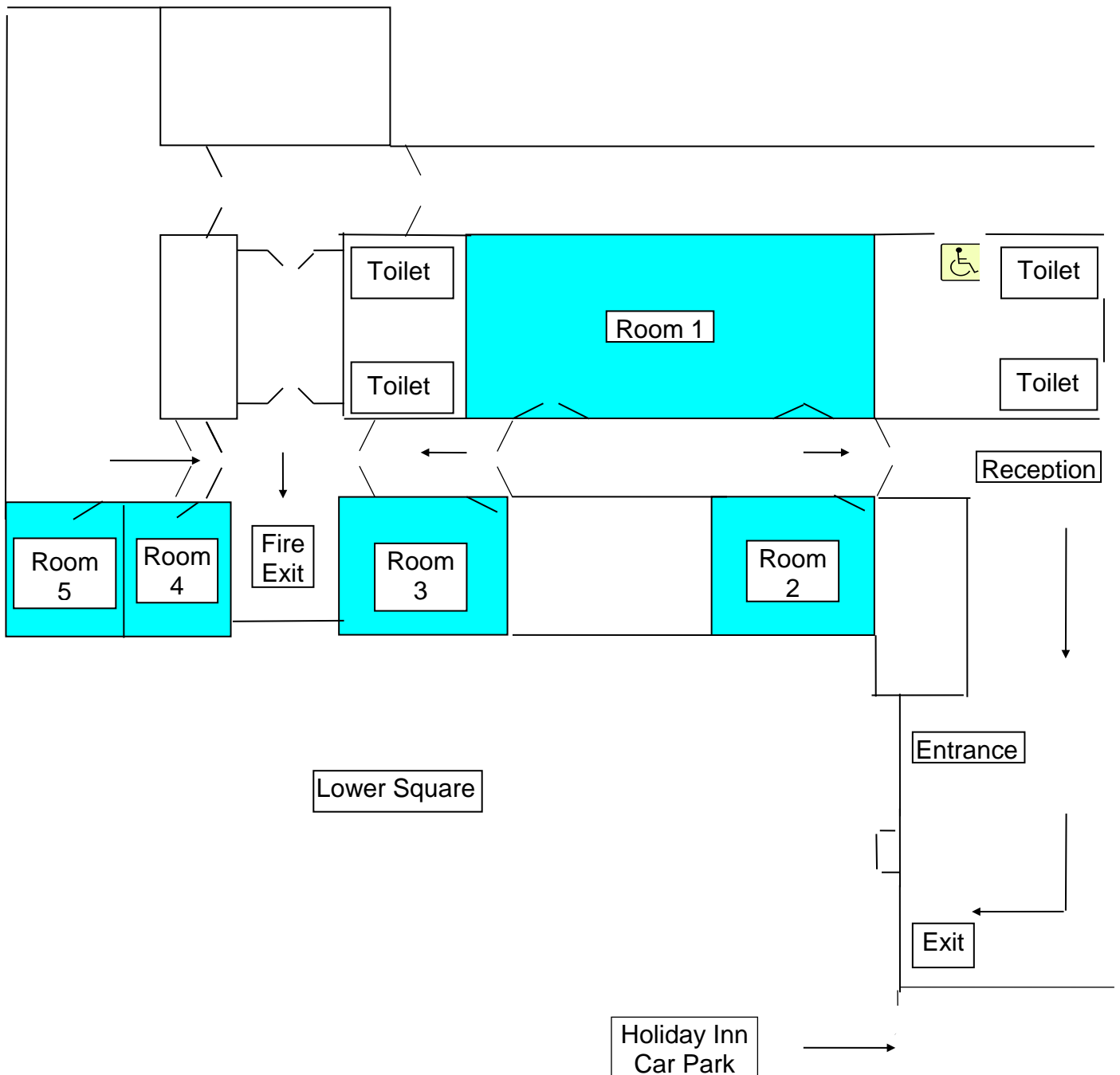
“That the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph X Schedule 12A of the Local Government Act 1972.”

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Reminder – Declaration of Interests

Members should consider the following interests and whether they have any they should declare.

Disclosable Pecuniary Interests

Where you have a Disclosable Pecuniary Interest in any business of the Authority at this meeting and you have either declared it beforehand in the Register of Members' Interests or to the Monitoring Officer for entry in the Register you must state at this meeting that you have such an interest and then withdraw from the room or chamber where the meeting is being held whilst that business is considered.

Where you have a Disclosable Pecuniary Interest in any business of the Authority at this meeting and have not previously declared it you must declare the nature of that interest at this meeting and then withdraw from the room or chamber where the meeting is being held whilst that business is considered.

Other Pecuniary and Non-Pecuniary Interests

Where you have any other pecuniary or non-pecuniary interest in any business at this meeting you must declare that interest, but may continue to speak and vote on the matter. However, if the interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest then you should declare the interest and withdraw from the room or chamber where the meeting is being held whilst that business is considered.

Further information on these matters can be found in the Council's Code of Conduct and Constitution. If you are in any doubt as to whether you have an interest you should seek advice **before** the committee meeting from Alexa Coates.

If, during the course of the committee meeting, you consider you may have an interest you should always declare it.

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Strategy and Resources Committee**16 June 2025****STRATEGY AND RESOURCES COMMITTEE****16 June 2025 at 7.00 pm**

MEMBERS: Councillor Barry Lewis (Chair), Councillor Sam Martin (Vice-Chair) and Councillors Rob Beck, Richard Clifton, Jayne McCoy, Cryss Mennaceur, Jake Short, Christopher Woolmer, Tom Drummond, Mike Dwyer, Neil Garratt, James McDermott-Hill, Param Nandha, Dave Tchil and Tim Foster

ABSENT Councillor(s) Sunita Gordon, Marian James and Bryony Lindsay-Charlton

1. WELCOME AND INTRODUCTIONS

The Chair, Councillor Barry Lewis, welcomed those present.

2. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Marian James, Sunita Gordon, and Bryony Lindsay-Charlton. Councillors Jayne McCoy, Rob Beck, and Mike Dwyer were noted as attending as substitute members.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES

RESOLVED: that the minutes of the meeting held on 10 February 2025 be agreed as an accurate record.

5. ANY URGENT BUSINESS

There was no urgent business.

6. DELIVERING AMBITIOUS FOR SUTTON: STRATEGY AND RESOURCES COMMITTEE

The Leader of the Council made some introductory remarks.

The Chief Executive introduced the report followed by the Director Customers, Transformation and Strategy.

RESOLVED: That the role and remit of the Strategy and Resources Committee as set out in the report be noted.

7. FINANCE AND PERFORMANCE - QUARTER 4 OUTTURN 2024/25

The Leader of the Council made some introductory remarks.

The Strategic Director of Resources introduced the report.

RESOLVED:

1. That the 2024/25 general fund revenue outturn underspend of £0.687m be noted.
2. That the 2024/25 dedicated schools grant revenue outturn overspend of £9.182m and the resulting £10.573m deficit balance carried forward into 2025/26 be noted.
3. That the 2024/25 housing revenue account revenue outturn underspend of £2.270m be noted
4. That the £0.800m increase to the SHP Management Fee and the resulting HRA budget virement be noted.
5. That the 2025/26 budget delivery assessment be noted
6. That the 2024/25 capital outturn of £101.569m be noted
7. That the capital slippage set out in paragraph 6.4 and Appendix D and the capital additions set out in paragraph 6.6 of the report be approved.
8. That the Local Government and Social Care Ombudsman decisions and actions taken as a result during Quarter four be noted.
9. That the corporate risk register and the actions being taken to mitigate the key risks be noted.
10. That the approach taken to deliver the transformation programme including a time-limited market supplement as set out in paragraph 4.5 and 4.6 of the report be noted.
11. That the updated 2025/26 Flexible Use of Capital Receipts Strategy be recommended to Full Council for adoption and submission to MHCLG

8. CHARITY, FAITH AND COMMUNITY SECTOR UPDATE

The Leader of the Council made some introductory remarks.

The Head of Policy, Insights & Communities introduced the report.

RESOLVED:

1. That authority be delegated to the Strategic Director of Resources in consultation with the lead member to recommission and award a Charity, Community and Faith Infrastructure Contract as set out in section 2.38 of the report
2. That the key findings and recommendations from the 'Evolving our Ecosystem' Report, which looks at the state of Charity, Community and Faith Organisations in Sutton, be noted.
3. That the work to develop a new Sutton Charity & Public Sector Partners Framework 2025 - 2028, to further strengthen relationships between Charities and public sector organizations in Sutton, be noted.

9. SUTTON COUNCIL WORKFORCE REPORT 2025

The Leader of the Council made some introductory remarks.

The Director HR and Organisational Development introduced the report.

RESOLVED: That the progress in the last year around workforce equality, diversity, and inclusion be noted.

10. APPOINTMENT TO OUTSIDE BODIES

RESOLVED:

Strategy and Resources Committee

16 June 2025

1. That the appointments to the outside bodies as set out at Appendix A be agreed.
2. That authority be delegated to the Director of Law and Governance (Monitoring Officer) to authorise the appointments of nominated representatives which arise as a result of an in-year vacancy.

11. SUB COMMITTEE ARRANGEMENTS 2025-26

RESOLVED:

1. That the Sutton Shareholdings Board be established as a sub-committee of the Strategy and Resources Committee.
2. That members of the Sutton Shareholdings Board be appointed as set out in paragraph 3.4 of the report.
3. That the chair and vice-chair of the Sutton Shareholdings Board be appointed, as set out in paragraph 3.4 of the report.
4. That it be noted, where there are any outstanding places, the relevant political group may give written notice to the Monitoring Officer of their appointments 10 clear days before the relevant committee is due to meet.

The meeting ended at 9.12 pm

Chair:

Date:

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Report Title	Finance and Performance – Quarter 1 2025/26		
Committee	Strategy and Resources Committee		
Meeting Date	29 September 2025		
Chair	Councillor Barry Lewis, Leader of the Council		
Lead Member	Councillor Sunita Gordon, Lead Member for Resources		
Report From	Richard Simpson, Strategic Director of Resources		
Report Author(s)	Sam Barker, Director of Customers, Transformation and Strategy Victoria Goddard, Director of Finance		
Ward(s) Affected	Council Business		
Ambitious for Sutton priorities	An efficient and well run Council		
Open/Exempt	Open with the exception of Appendix C (i) (ii) which is considered exempt in accordance with paragraph 3 , Schedule 12 A of the Local Government Act 1972		
Signed		Date	18 September 2025

1 Summary

- 1.1 This report provides an update on the council's financial and other performance for the 2025/26 financial year.
- 1.2 Maintaining regular oversight and scrutiny of the council's performance alongside its finances provides transparency and assurance of progress in delivering the Ambitious for Sutton corporate plan.
- 1.3 The council continues to face challenges, primarily due to its demand-driven services. The main contributing services have been social care for children and adults, temporary accommodation for homeless households, and supporting children with special education needs and disability. This is consistent with pressures being reported across London and nationally.

2 Recommendations

- 2.1 To note the forecast general fund revenue outturn overspend for 2025/26 of £1.262m.
- 2.2 To note the forecast dedicated schools grant revenue outturn overspend for 2025/26 of £12.627m and the resulting forecast deficit balance of £23.200m.

- 2.3 To note the forecast housing revenue account revenue outturn underspend for 2025/26 of £0.404m.
- 2.4 To note the 2025/26 budget delivery update in Appendix A.
- 2.5 To note the Government's fair funding reform consultation and the Council's response and the potential impact on the council's future budgets of the proposals
- 2.6 To note the forecast capital outturn variance of £38.901m underspend for 2025/26 against agreed budget.
- 2.7 To approve the amendment to the planned funding of the new Sutton College capital budget.
- 2.8 To approve the land acquisition for the Westmead Road housing development project at the purchase price based on the land valuation set out in the Exempt Appendix C.
- 2.9 To approve the new capital budget for the Westmead Road housing development project approved by the Housing, Economy and Business Committee.
- 2.10 To note the Local Government and Social Care Ombudsman decisions and actions taken as a result in the period April 2025 to July 2025.

3 Revenue Forecast Outturn

General Fund

3.1 The forecast outturn for the general fund is summarised in the table below:

£000s	Q1			
Directorate	Latest Budget	Actual	Forecast	Forecast Variance
Health & Wellbeing	3,302	186	3,385	82
Resources & Chief Executive	23,421	10,549	23,470	48
Environment, Housing & Neighbourhoods	40,425	6,996	40,869	444
People	139,028	49,653	141,716	2,688
TOTAL SERVICE EXPENDITURE	206,177	67,384	209,439	3,262
Corporate Costs	(206,177)	55,895	(206,177)	0
TOTAL	0	123,279	3,262	3,262
General Contingency	2,000	0	0	(2,000)
TOTAL AFTER CONTINGENCY				1,262

- 3.2 The forecast overspend of £1.262m is made up of a £3.262m forecast overspend by services that is being partially offset by a forecast £2m underspend on non-service costs. This assumes the use of the general contingency to mitigate service pressures.
- 3.3 Adults Social Care (ASC) is the primary cause of the council's overspend, with a forecast pressure of £2.513m. The budget was based on a number of assumptions including the level of demand growth, average care package costs, and cost of provider uplifts. There is inherent risk in the ASC budget arising from the volatile nature of each of these cost drivers and the need to budget based on estimates, rather than known changes in each factor. The ASC budget included savings of £5.735m and an allowance for growth in demand of £5.969m, which included the growth required for known children that would transition into adult social care. Since the budget was agreed growth exceeded assumptions in 2024/25 adding £1.112m to spend this year, and demand in 2025/26 has continued to be higher than assumed in the budget. This is reflected in the higher number of clients in most care types over the first quarter. There has been some success in placing clients in Supported Living where they have a learning disability or mental health primary support needs. This provides additional flexibility for the client to amend their care provider as and when needed, and reduces the need to utilise higher cost residential places which would drive higher levels of budget growth. This is part of the overarching strategy of demand management to help mitigate budget risk despite increases in overall client numbers.

- 3.4 Children's Social Care (CSC) is forecasting a £0.700m overspend. This consists of a £0.500m pressure on staffing due to additional posts and agency costs, and a £0.200m pressure on No Recourse to Public Funds (NRPF) as the number of families supported is higher than expected.
- 3.5 Education is forecasting an underspend of £0.634m. This favourable variance is primarily due to a forecast £0.551m underspend on SEN Transport costs, resulting from route optimisation and adherence to existing policy.
- 3.6 The Environment, Housing and Neighbourhoods directorate is forecasting a £0.444m overspend. Within that, Housing and Regeneration has a budget pressure of £1.034m, predominantly due to ongoing challenges with Temporary Accommodation (TA) where demand is continuing to rise. Household numbers in Nightly Paid Accommodation are forecast to exceed 600 by the end of 2025/26. This pressure is partly offset by an Environment and Planning underspend of £0.877m. This is mainly due to a forecast £0.849m overachievement in parking income due to London-wide changes to Penalty Charge Notice Levels from April 2025.
- 3.7 The remaining directorates have smaller net variances. Public Health & Wellbeing is forecasting an £82k overspend, while Resources is forecasting a £48k overspend.
- 3.8 The table below summarises the key variances (£250k or more) in each service directorate:

Variance Reason	Q1
	£000s
Environment, Housing & Neighbourhoods	
Housing and Regeneration: Increasing nightly paid accommodation unit costs and longer stays in temporary accommodation	1,034
Shared Environmental Services: £0.4m pressure expected from the Shared Coroners Service offset by other variances	287
Environment and Planning: Mainly due to overachievement in parking income due to London-wide increase in penalty charge notice rates.	(877)
Peoples	
Adults Social Care - Costs of care packages and higher than expected costs arising from transition cases (from children to adults).	2,513
Children's Social Care - Staffing pressures	500
Education - SEN Transport route optimisation	(634)

Dedicated Schools Grant (DSG)

- 3.9 The forecast outturn for the DSG is an overspend of £12.627m. This overspend will be added to the deficit brought forward of £10.573m, resulting in a total forecast cumulative deficit of £23.200m to carry forward.

- 3.10 The overspend is driven entirely by the High Needs Block (HNB), which is forecasting a £12.89m pressure. This pressure is slightly offset by a £392k underspend in the Schools Block.
- 3.11 The expenditure within the HNB is impacted by an increasing number of Education Health and Care Plans (EHCPs), which grant a statutory right to have additional care and support. The number of EHCPs has increased from 2,469 in April 2024 to 2,673 in August 2025. There are increased cost pressures across all settings and overspends include: support in mainstream schools £1.7m, bases and special schools in borough £4.6m, independent and out of borough special schools £6.6m.
- 3.12 The High Needs Block funding for 2025/26 did not cover the forecast growth that would have been budgeted for at the start of the year, meaning that the budget was set based on grant allocation rather than what the council expected to spend. Therefore, all of the forecast overspend was expected before the start of the year and it is in fact £0.8m better than expected in-year.
- 3.13 The DSG deficit is carried forward but is separate to the council's revenue budget due to the Government's statutory override. As a result, whilst the override is in place, the deficit does not have a direct impact on the council's overall financial position. However, given its size, it is now causing real treasury implications which by the end of the year are estimated to cost the council in the region of £1m per year in lost interest income or additional borrowing costs.
- 3.14 Ordinarily, with a deficit of this level Sutton would have been invited into the Safety Valve programme this year (a scheme whereby the Government pays down deficits based on a local area achieving certain financial targets) however the Government announced at the end of December 2024 that they would not allow any more Local Authorities to join the programme.
- 3.15 Whilst steps are being taken, it will take many years to address both the in-year and cumulative deficit in DSG without help from the Government or alternative sources of income or investment. When the Government announced a two-year extension to the statutory override (to the end of 2027/28) earlier this year it also promised to reform the funding for SEND so that it "better reflects the level of demand of these services" and help ensure they are "properly funded to support the most vulnerable children".

Housing Revenue Account (HRA)

- 3.16 The outturn for the HRA is a forecast underspend of £0.404m. The underspend is primarily due to a £0.306m saving on interest payable and a £0.751m saving on the revenue contribution to capital outlay. These savings are partially offset by a forecast £0.855m shortfall on rental income, predominantly due to voids.

- 3.17 This forecast underspend will reduce the budgeted drawdown from HRA reserves from £3.936m to £3.532m.

General Fund - Budget Delivery

- 3.18 The council's 2025/26 revenue budget incorporated £12.024m of savings. The current forecast is for £11.358m to be delivered, indicating an under-delivery of £666k.
- 3.19 A total of £1.715m in savings is forecast to be underachieved, offset by £1.049m of overachievement in other areas.
- 3.20 Appendix A provides details about the progress to date and the likelihood of delivery for all remaining savings.
- 3.21 The budget included £21.315m of growth funding. The latest forecast indicates that the required growth will be £24.562m, a shortfall of £3.247m.
- 3.22 This shortfall is reported for TA and ASC and is factored into the forecast overspends in both service areas.
- 3.23 The growth requirement for Education has reduced by £600k to reflect the in-year forecast underspend.

Fair Funding Reform 2.0 Consultation

- 3.24 The Fair Funding Reform 2.0 is a proposed overhaul of the system for allocating central government funding to local authorities in England. The stated objective of this reform, scheduled for implementation via a three year transitional period from April 2026, is to change how resources are distributed to better reflect relative need. The plan includes consolidating several existing smaller grants into the main funding grant from Government to local authorities, and replacing the historic formula which determines each Council's share of the overall funding allocation with a new formula based on a number of measures of relative need. This will alter the funding landscape for local authorities. To manage the shift to the new system, transitional arrangements are proposed. The new funding allocations would be phased in over a three-year period, within the intention of giving local authorities time to adapt to their new funding levels.
- 3.25 The Government's proposal is structured around three core components intended to adjust the distribution of funds:

Relative Needs Formulas (RNFs): Central to the proposed system is a set of formulas for assessing the relative need of each local authority. These formulas would use a range of social and demographic indicators to model the demand for services such as adult social care, children's services, and public health. The intention is to align funding allocations with these calculated needs.

Area Costs Adjustment (ACA): The proposal includes an Area Costs Adjustment to account for geographical variations in the cost of delivering services. This mechanism would factor in regional differences in expenses, including labor and property costs.

Resource Assessment: The new system would also incorporate an assessment of a local authority's capacity to generate its own revenue through council tax. This would be used to adjust central government funding based on an authority's potential to raise funds locally.

3.26 The Council supports the principle of simplifying the local government funding landscape, but there are significant concerns about several key proposals within the Fair Funding Reform 2.0. In their current form, the proposals could lead to inequitable outcomes that do not accurately reflect the needs and financial realities of Sutton. It is felt that there are flaws in the proposed methodologies, the data used, and the potentially punitive nature of certain adjustments. In particular, Sutton Council has raised the following major areas of concern or disagreement with the Government's proposals:

- **Full Council Tax Equalisation:** The council strongly disagrees with the proposal for 100% equalisation. This is viewed as punitive to authorities like Sutton that have historically been forced to increase Council Tax to mitigate government funding reductions and rising demand. It unfairly benefits councils that may not have faced the same pressures. The council has proposed a lower level of equalisation, such as 80%, to mitigate the potential adverse impact on Sutton's residents.
- **Area Cost Adjustment (ACA):** The council objects to the inclusion of a "remoteness" factor, arguing it is not based on evidence and undermines the goal of a robust, objective system. Previous government research found no statistically significant relationship between sparsity and service costs.
- **Deprivation Measures:** A critical flaw across multiple formulas is the failure to incorporate the high cost of housing into measures of deprivation. This is a major driver of deprivation in London and its exclusion presents an incomplete and inaccurate picture of need.
- **Children and Young People's Services (CYPS) Formula:** The council disagrees with the removal of ethnicity as a variable, as evidence shows some ethnic groups are overrepresented in social care interventions. The overall formula lacks robustness and, as highlighted by research from the National Children's Bureau, could lead to illogical and indefensible funding conclusions for London.

3.27 The Council has submitted a response to the consultation confirming disagreement with these elements of the consultation, and reiterating that the same concerns have been raised in the response submitted by London Councils on behalf of all boroughs. The Council response highlights that Sutton is supportive of the response submitted by London Councils.

- 3.28 The concerns outlined above are impacting many London Boroughs, not just Sutton. In particular, the final three bullet points are significant concerns that have a detrimental impact across all London Boroughs, not just outer London. The issue of Council Tax Equalisation will impact different authorities in different ways, so is not a universal concern as not all boroughs will see a reduction in funding arising from this element.
- 3.29 London Councils is undertaking lobbying (alongside many London Boroughs) to address the issues raised and to call for changes to be made to these aspects of the new funding formula. Without amendments being made to the proposals related to Area Cost Adjustment, Deprivation Measures, and the CYPs Formula, funding for London will be diverted away to other areas despite London having some of the highest levels of need in housing and social care.
- 3.30 Based on modelling provided by London Councils, the impact of the proposed formula changes would result in a reduction of £9.2m (11%) in grant income for Sutton in 2025/26 (without transitional arrangements). Further reductions in funding are likely in the following two years. This will be partly mitigated by transitional arrangements but it is expected that Sutton's overall funding level will reduce year on year over the medium term. This will place significant additional pressure on the Council's budget over the Medium Term Financial Plan and will undoubtedly impact front line services in future.
- 3.31 The full response to the consultation submitted by the Council to the Government is provided in Appendix B.

Other Key Government Consultations

- 3.32 In addition to the Fair Funding Review the government has been undertaking consultation and engagement activity with local authorities across a variety of areas to inform future policy and legislation.

Local Government Outcomes Framework

- 3.33 The government describes the Local Government Outcomes Framework (LGOF) as a "new approach to outcome-based accountability for councils in England". The proposals include 15 Priority Outcomes comprising 112 separate metrics. All of the proposed metrics are already collected by government ministries. Outreach sessions with local authorities were held between July and September and the Council provided a detailed formal response to a call for feedback which closed on 12 September.
- 3.34 While the Council acknowledges the importance of benchmarking as a tool for service improvement and welcomes the proposed approach to utilise existing metrics to avoid additional reporting burdens, there are also a number of concerns including; what added value the framework brings, a lack of clarity on how the data will be used by central government and the inclusion of some measures which the Council has little direct influence over (e.g. community safety and economic prosperity).

Public Procurement: Growing British industry, jobs and skills

- 3.35 The government is proposing changes in legislation to allow greater opportunities for small and medium sized businesses and also for the Charity, Community and Faith Sector to succeed in procurement opportunities. This consultation closed on 5 September. The Council welcomed the steps being taken to further supporting small businesses and social enterprises and also develop local jobs and skill development with a locally based funding pot.
- 3.36 The consultation also set out proposals to require public bodies to test whether service delivery should be inhouse or outsourced. The Council has had a long standing position that the delivery model for service delivery should be tested on a case-by-case basis, depending on the service being delivered and the outcome required. Any future public interest test should continue to allow for a range of delivery models to be considered by local authorities when making commissioning decisions.

Modernising and improving the administration of Council Tax

- 3.37 A government consultation seeking views on the ways Council tax is billed, collected and enforced closed on 12 September. This consultation focused solely on the administration of Council tax and not the Council tax system itself.
- 3.38 Most of the proposed changes will not have a significant impact on the way the Council currently informs people about and collects Council tax. The Council has made it clear that it takes a proportionate approach to collecting Council tax arrears and will continue to do so through the use of payment plans and other support (for example Council tax reduction) that are available to residents who are struggling to pay.

Consultations related to housing

- 3.39 The government has recently undertaken a number of consultations related to legislation around housing and social housing; Reformed Decent Homes Standard, Implementation of Social Rent Convergence and Improving Energy Efficiency of Socially Rented Homes. The Council has worked in partnership with Sutton Housing Partnership (SHP) to understand the potential implications for Sutton and respond to these, as appropriate. The impact of these will be closely monitored and reported to the Housing Economy and Business Committee.

4 Capital Forecast Outturn

4.1 The forecast outturn for the capital programme is summarised in the table below:

	Q1			
	Latest Budget	Actual	Forecast	Forecast Variance
Directorate	£000s	£000s	£000s	£000s
Health & Wellbeing	330	123	319	(11)
Resources & Chief Executive	12,672	606	6,507	(6,164)
Environment, Housing & Neighbourhoods	96,038	10,195	82,185	(13,853)
Peoples	13,528	4,485	13,137	(391)
General Fund	122,568	15,409	102,148	(20,420)
Housing Revenue Account	71,829	12,203	53,347	(18,481)
TOTAL	194,397	27,613	155,496	(38,901)

- 4.2 The capital programme shows a forecast underspend in 2025/26 of £38.9m. The variance is largely a result of programme slippage.
- 4.3 The General Fund has an in-year underspend of £20.4m. This is primarily due to re-profiling of the Belmont railway works for the London Cancer Hub and the Sutton College project. The Belmont railway works are funded by the Levelling Up grant funding and the spend forecast has been revised to match expected payment schedules now that the design works have begun.
- 4.4 The HRA programme reports an underspend of £18.5m. This is predominantly caused by a £13.4m slippage in the Elm Grove Estate Regeneration programme, with the forecast updated to reflect cash flows from the developer.
- 4.5 The table below summarises the key variances (£500k or more) in each service directorate:

	Q1
Variance Reason	£000s
Resources & Chief Executive	
FHSF - New Sutton College: In-year slippage of -£4.9m. Following the clawback of £1.2 million in GLA Skills funding additional borrowing for this scheme is required (see Capital Budget - New Sutton College section below).	(4,851)
Environment, Housing & Neighbourhoods	
Highways & Transportation: Slippage in 2025/26 is attributed to the London Cancer Hub Rail improvements project, which has experienced delays.	(10,323)
Flood Prevention Programme: Delays in three projects are expected to cause	(1,344)

Variance Reason	Q1
	£000s
£1.344m to be slipped into 2026/27. A potential saving of £410k may be realised on the Beddington catchment scheme.	
SDEN Lavenders expansion: Slippage in delivery reflects the reprofiled cash flow into 2026/27.	(1,298)
Housing Revenue Account	
HRA Planned Maintenance: This slippage is due to decarbonisation works and extensive intrusive works surveys addressing damp and mould.	(4,551)
Elm Grove Estate Regeneration: Slippage due to reprofiled cash flows from the developer. The full project budget is expected to be utilised over the 2025-29 period.	(13,358)
Beechtree Place Estate Regeneration: £1.6m more is reported for 2025/26 due to an updated spend profile, with all blocks now scheduled for completion in June 2026.	1,559
Scheme Development: A forecast underspend of -£2.2m is to be removed from the budget following a review of pipeline projects.	(2,152)
MHCLG LAHF R3: Alcorn Close properties to be sold directly to SLL, removing the sale prices from the forecast.	(690)

Capital Budget - New Sutton College

- 4.6 The capital budget contains an allocation for the New Sutton College, funded jointly by GLA grant and external borrowing. Since the programme was approved the GLA have withdrawn authorisation of the grant for this scheme, leaving a funding shortfall of £1.2m. This was due to the review and removal of the housing element of the scheme and the change of approach to a new-build, meaning the original grant delivery deadline could no longer be achieved. Officers engaged with the GLA and the Deputy Mayor of London for Business to keep them updated on the changes to the scheme and revised timeframe; explain the importance of the scheme to enable access to skills and support regeneration; and to request an extension. However, the entire Skills for Londoners programme is closing shortly and an extension for Sutton's project was not granted. This can be replaced with additional borrowing, offset by underspends elsewhere in the programme to avoid any increase to the budgeted borrowing requirement (CFR) in this year. This means the change in funding is affordable as total borrowing for the year will not exceed existing planned borrowing. The changes will lead to a longer term increase in the CFR.
- 4.7 It is recommended that the capital programme funding is amended to replace the grant with additional borrowing for the New Sutton College scheme.

Capital Budget - Westmead Road Housing Development

- 4.8 The Housing Economy and Business Committee approved a housing development scheme for a site on Westmead Road at the September 2025 meeting of the committee. The scheme is proposed to deliver 34 affordable homes on a site that the Council would

purchase from PA Housing, based on a Red Book valuation of the land value. The new homes may help reduce the number of households in Nightly Paid Accommodation, potentially delivering a saving in the Temporary Accommodation budget. In order to deliver the scheme the Council need to purchase the land. The responsibility for land acquisition sits with this Committee. The valuation and exempt financial implications are detailed in Appendix C.

- 4.9 It is recommended that a new capital budget for the scheme is added to the approved capital programme. The budget required, including all land acquisition, build costs and contingency budgets, is £15.550m. This will be funded by £8.160m of GLA grant funding, and the balance funded by prudential borrowing. The costs of the borrowing have been factored into the cost modelling for scheme viability and overall the scheme will increase the existing budget gap of £272m in the Housing Revenue Account (HRA) account by a further £1.8m. This will mean further savings are required to close the gap and will reduce resources available to invest in existing stock maintenance.

Prudential Indicators

- 4.10 The Prudential Code provides guidance on how local authorities should manage their borrowing and includes a requirement to undertake quarterly reporting on the affordability of its capital expenditure using the prudential indicators approved in the council's Capital Strategy.
- 4.11 The table below compares the council's borrowing requirement at Quarter 1 to the budgets in the Capital Strategy. Actual performance from the previous financial year is also shown for comparison purposes:

	Q1			
	Capital Strategy Budget 25/26	Actual 2024/25	Forecast 2025/26	Forecast Variance
Prudential Indicators	£000s	£000s	£000s	£000s
Capital Financing Requirement (CFR)	575,911	545,532	567,243	-8,668
Capital Expenditure Funded by Borrowing	24,811	21,669	24,811	0
MRP	(3,356)	(3,075)	(3,100)	256
In-year Borrowing Requirement	21,455	18,594	21,711	256
Proportion of financing costs to net revenue % (GF)	1.92	2.19	2.44	0.52

5 Local Government and Social Care Ombudsman (LGSCO) Complaints

- 5.1 The council welcomes all feedback and aims to learn from it, as it helps to solve problems, adapt and improve services. The council monitors and uses the information gained to help improve the quality of services and relations with residents.
- 5.2 The council treats all complaints seriously and ensures that any concerns and issues raised by customers or their representatives are properly investigated in an unbiased, non-judgemental, transparent, timely and appropriate manner. The outcome of any investigation along with any resulting actions will be explained to the complainant and appropriate action taken to ensure lessons are learned from the feedback.
- 5.3 The council has a low number of upheld ombudsman complaints when compared to other local authorities. The council has continued to respond in a timely manner to all complaints lodged with the LGSCO.

LGSCO Upheld Complaints: April 2025 to July 2025

- 5.4 In the period April 2025 to July 2025, the Ombudsman enquired about 13 complaints referred to them.
- 5.5 Seven complaints were upheld in the period April 2025 to July 2025.

	Primary service area	Areas of fault	Summary improvements made
1	Adult Social Care	<ul style="list-style-type: none"> Failure to consider service user's needs before hospital discharge 	<ul style="list-style-type: none"> Written apology Reconsider decision not to backdate financial assessment £200 remedy payment
2	Education	<ul style="list-style-type: none"> Delay in issuing final EHCP Delay in transferring final EHCP to a new council 	<ul style="list-style-type: none"> Written apology £2050 remedy payment
3	Housing	<ul style="list-style-type: none"> Delay in decision on housing duties owed 	<ul style="list-style-type: none"> Written apology Decide what housing duties are owed and notify the complainant £300 remedy payment
4	Education	<ul style="list-style-type: none"> Failure to properly consider application for post-16 Travel Assistance 	<ul style="list-style-type: none"> Written apology Arrange a new appeal hearing Issue guidances to officers about the need not to: fetter

	Primary service area	Areas of fault	Summary improvements made
		<ul style="list-style-type: none"> Failure to properly consider appeal Fettering discretion 	discretion; take irrelevant considerations into account and refer to factors not in the policy
5	Housing	<ul style="list-style-type: none"> Handling of request to store a service user's belongings 	<ul style="list-style-type: none"> Written apology Continue to store the belongings Pay the full cost of returning them in due course
6	Housing	<ul style="list-style-type: none"> Handling of housing register application 	<ul style="list-style-type: none"> Written apology Remind staff it is for the council to make decisions about the award of priority and it's independent medical advisor and the importance of providing proper reasons for it's decisions
7	Housing	<ul style="list-style-type: none"> The council's Removals and Storage procedure did not properly reflect the requirements of the Housing Act 1996 	<ul style="list-style-type: none"> Review and amend the procedure to ensure it reflects the relevant legislation Review those households that did not receive assistance under the procedure to ensure the decision was made correctly

5.6 Subsequent to the finding on the complaint about the handling of a request to store a service user's belongings (5), the Ombudsman carried out a wider review of how the Council developed and applied its Storage policy (7). The investigation found that the council's Removals and Storage procedure did not properly reflect the requirements of the Housing Act 1996.

5.7 The council has reviewed the policy and removed the means-testing element from the assessment process. The revised approach now allows for individual circumstances to be considered, particularly regarding the risk of loss or damage to belongings. Following the review a total of 10 individuals have been contacted and offered further support with their storage arrangements.

6 Benefits to Sutton and its Residents

6.1 This report supports the council's strategic objective to be efficient and well-run as part of its Ambitious for Sutton corporate plan.

- 6.2 The council is demonstrating its strong financial management and governance and by continuing to performance manage and review all services, the council ensures that they are operating as efficiently as possible with a focus on the outcomes achieved.
- 6.3 Sutton residents have visibility of the council's finances and its wider performance through this report, which supports engagement and scrutiny.

7 Implications

Equalities Implications

- 7.1 There are no material equalities implications resulting from the recommendation(s) of this report.

Climate Implications

- 7.2 There are no material climate implications resulting from the recommendation(s) of this report.
- 7.3 The Council is committed to supporting a borough-wide transition to net-zero carbon emissions. Climate impacts are assessed by the council as part of its capital bid process and there is also a mandatory requirement for individual projects to complete a formal assessment as part of the committee decision making process. The climate implications arising from the council's budget were considered and reported to this committee when recommending the Medium Term Financial Plan.

8 Finance and Legal Commentary

Finance Comment

- 8.1 The financial implications are contained in the main report. Exempt financial implications relating to the land acquisition recommendation are provided in Exempt Appendix C.

Financial Risks

- 8.2 The financial risks are contained in the main report.

Legal Comment

- 8.3 The council must demonstrate proper stewardship of public monies and that it is discharging its fiduciary duty towards local residents and taxpayers including maintaining its duties as a best value authority. There are no specific legal implications arising from the matters set out in this report given that the report demonstrates that the Authority is complying with these matters. Regular financial and performance reporting contributes to proper and robust standards of corporate governance.

Legal Risks

8.4 None identified at this stage.

9 Appendices and Background Documents

9.1 Appendices

Appendix Letter	Appendix Title
A	2025/26 Budget Delivery Update
B	Fair Funding Reform - Consultation Response
C (i)	Exempt Financial Implications
C (ii)	Westmead Road scheme Land Valuation (Exempt)

9.2 Background Documents

Date of Expiry	Background Document
N/A	N/A

10 Consultations

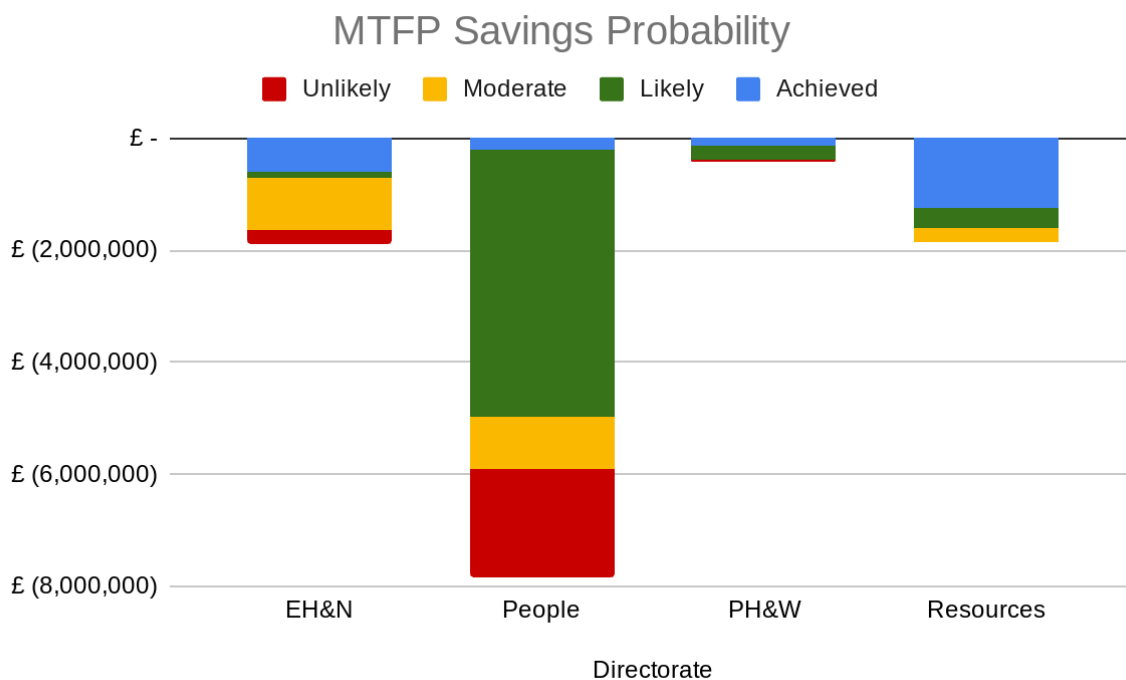
Consultees	Yes/No	Officer	Date of Comments
Finance	Yes	Victoria Goddard Director, Finance	02/09/25
Legal	Yes	Tracy Swan Head of Law, Property, Planning and Employment, SLLP	17/09/2025
Commercial and Procurement	No	N/A	N/A
Equalities Impact Assessment (EQIA)	No	N/A	N/A
Climate Impact Assessment (CIA)	No	N/A	N/A

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Budget Delivery - Savings

Monitoring of the savings included in the council's 2025/26 budget shows that £7.696m of savings are either already achieved or are likely to be fully achieved; £2.075m have a moderate likelihood of being fully achieved; and £2.253m (18.7% of total savings) are unlikely to be fully achieved in their current form.

Directorate	Achieved	Likely	Moderate	Unlikely	Grand Total
EH&N	£ (588,000)	£ (136,000)	£ (915,000)	£ (253,000)	£ (1,892,000)
People	£ (222,000)	£ (4,766,000)	£ (900,000)	£ (1,967,000)	£ (7,855,000)
PH&W	£ (137,000)	£ (257,000)		£ (33,000)	£ (427,000)
Resources	£ (1,245,000)	£ (345,000)	£ (260,000)		£ (1,850,000)
Grand Total	£ (2,192,000)	£ (5,504,000)	£ (2,075,000)	£ (2,253,000)	£ (12,024,000)



The savings identified as being unlikely to be fully achieved (red in the graph above) are itemised below with an explanation of why the saving is no longer fully deliverable. These are being reported as a variance in-year, to be mitigated through in-year budget management across the relevant service.

Budget Delivery - Savings

Unit	Saving Description	Explanation of probability and forecast (including mitigating actions, if required)	Saving Amount	Saving Forecast	Saving Variance
Adult Social Care	Review of LD transition cases and market management	LD savings continue to require a person centered approach to promote people's independence and is therefore a cautious forecast at this point of the year.	£ (150,000)	£ (50,000)	£ 100,000
Adult Social Care	Learning Disability (LD) enabling independence provision	New for 25/26, LD savings continue to require a person centered approach to promote people's independence and is therefore a cautious forecast at this point of the year.	£ (80,000)	£ (30,000)	£ 50,000
Adult Social Care	Review those who are being provided with day care whilst living in residential care or supported living	LD savings continue to require a person centered approach to promote people's independence and is therefore a cautious forecast at this point of the year.	£ (50,000)	£ (25,000)	£ 25,000
Adult Social Care	Review people with LD 65+ who live in specialist placements	LD savings continue to require a person centered approach to promote people's independence and is therefore a cautious forecast at this point of the year.	£ (184,000)	£ (100,000)	£ 84,000
Adult Social Care	Increased contributions income from existing / new clients and health due to increasing demand and costs of care	Deemed unlikely at this point of the year but confidence is expected to increase as demand grows and the resulting contributions are assessed.	£ (1,455,000)	£ (770,000)	£ 685,000
Community Safety	Community safety - reconfiguration of MOPAC grant funding to release general fund for salaries.	This saving has been delayed by a year but is expected to be delivered in 2026/27. This enables existing grant commitments to be delivered ahead of changes to the use of the grant.	£ (20,000)	£ -	£ 20,000
Environment & Planning	Parks - let Wrythe Depot to a boxing club	The potential lessee has withdrawn following protracted discussion. Asset Management need to re-advertise the property. Service will need to make compensating savings in the interim.	£ (8,000)	£ -	£ 8,000

Budget Delivery - Savings

Housing & Regeneration	Encompass Insourcing - Housing	Implementation delayed until November 2025 and saving amount impacted by migration to LBS T&Cs. The full year impact of the 2-year saving is expected to deliver £573k of £613k total (£40k shortfall). Due to delayed implementation, at least £160k pressure expected in 2025/26.	£ (245,000)	£ (85,000)	£ 160,000
Commissioning	Encompass Insourcing - ASC	Implementation now expected in April 2026 but resulting budget pressure will be mitigated in 25/26 through staffing vacancies	£ (28,000)	£ (28,000)	£ -
Wellbeing	Reuse of Sutton Life Centre as SEND 16+ College	Delayed occupancy from Orchard Hill College - now expected September 25 with 6 month rent free period, saving will be delivered in 26/27	£ (33,000)	£ -	£ 33,000

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London Borough of Sutton

Fair Funding Reform - Consultation Response

This document provides responses from the London Borough of Sutton to the Government's Fair Funding Reform Consultation. Where there is a requirement to select one of a number of options on the response form, the proposed response is shown as Answer: xxx. The available options on the form are Agree, Neither Agree nor Disagree, No View, or Disagree. The answer is followed by additional comments to be provided in the commentary section of the form for each question.

The response below will be submitted via an online form by Friday 15th August.

Q1: What are your views on the updated SFA resulting in zero allocations, and the use of mitigations to avoid zero allocations?

We do not agree with allowing zero or negative allocations as this would mean some authorities effectively cross-subsiding other areas by paying Council Tax into the system and receiving no central government support. This contradicts the notion that local Council Tax payers are funding local services.

We support the views set out in the London Councils response regarding the relationship between central and local government control of resources for authorities in zero or negative allocations.

Q2: Do you agree with how the government proposes to determine the Isles of Scilly's Settlement Funding Assessment?

Answer: No View

Q3: Do you agree with the government's plans to simplify the grant landscape?

Answer: Agree

LBS agrees with the intention to simplify funding through consolidating existing grants and reducing the number of ring-fenced or temporary funding allocations. LBS also supports a reduction in competitive bidding processes for grant funding. The simplification of grant funding should help reduce the administrative burden on the Council and provide greater degrees of certainty in future financial planning.

Simplification of the grants landscape can be best supported by also simplifying the system by which Councils are held accountable for the outcomes they deliver. Increasing the administrative burden through introduction of new reporting on outcomes would counter the benefits of simplification of grant funding.

LBS also supports the view that the four proposed consolidated grants should be published alongside the financial settlement in the Autumn.

LBS supports the views set out in the London Councils response regarding the introduction of “notional allocations” for social care within the Better Care Grant. This appears to limit flexibility in this significant spending area and is less transparent than allocating social care funding directly to Councils. There is a risk that funding intended to be spent on social care will be diverted to Health priorities leaving funding gaps that impact on other aspects of Council funding.

LBS supports the views set out in the London Councils response in regards to the calculation of the Better Care Grant.

LBS also agrees with the comments made regarding the risk of simplification leading to a less fair system if historic and place based factors are not taken into account in grant funding allocations.

To support the simplification of the grant funding system it would be helpful if there are no or limited requirements to provide Government with detailed spending analyses and audit certification of returns. This places additional administrative burden on already stretched local authorities.

Q4: Do you agree with the formulae for individual services the government proposes to include?

Answer: Agree

LBS agrees with the proposals with the exception of excluding a formula for concessionary travel. The inclusion of a Temporary Accommodation formula is particularly welcome given the significant risk and cost associated with this area of spend, and the variation in costs across different parts of the country.

Q5: Do you agree with the areas of need the government proposes to no longer include in the assessment through the Foundation Formula?

Answer: Agree

LBS supports the views set out in the London Councils response for this question.

Q6: Do you agree with the government's approach to calculating the control total shares for the relative needs formulae?

Answer: Agree

LBS supports the views set out in the London Councils Response for this question. It is critical that a transparent, evidence-based approach to calculating control total shares is used for the relative needs formulae. The Council strongly agrees with using the most up to date accurate data available on which to base calculations, including the use of 2024-25 RO forms and S251 forms.

LBS believes this is critical if the formulae are to reflect the true level of need in each area, particularly in services such as Children's and Housing where needs have changed significantly year on year in the past 3 years.

LBS also believes that the calculation of relative needs should take into account existing differential costs in different local authorities to responding to the level of need. If the costs of meeting a need are already higher in one geographical area compared to another, that still needs to be funded and so should be taken into account if relative funding is intended to reflect relative need.

Q7: Do you agree with the Labour Cost Adjustment (LCA) and Rates Cost Adjustment (RCA) equations set out in this chapter?

Answer: Disagree.

LBS supports the views of London Councils regarding the lack of detailed information about these factors.

Q8: What are your views on the proposed approach to the Area Cost Adjustment?

LBS supports the views of London Councils in response to this question. There is no justification for including a remoteness factor that is not based on evidence or hard data. It would undermine the Government's commitment to using robust and objective analysis based on evidence.

Similarly, the inclusion of accessibility as a measure is difficult to justify given the lack of verifiable evidence that accessibility has a direct impact on need, and the lack of data or evidence to support a robust estimate of relative accessibility.

Neither remoteness nor accessibility has an evidenced correlation with levels of need, relative costs, nor existing levels of service provision.

The proposed inclusion of these factors does not account for differential impacts that may occur within one local authority area and does not consider that either factor may have a greater or lesser impact on some service areas compared to others.

No other public sector funding formula includes these factors within their methodology.

Q9: Do you agree or disagree with the inclusion of the Remoteness Adjustment? Do you have any evidence to support or contradict the theory that rural areas face additional costs due to separation from major markets?

Answer: Disagree.

LBS supports the views of London Councils in response to this question and strongly disagrees with the inclusion of this adjustment. Government-funded research in 2014 on “Drivers of Service Costs in Rural Areas” concluded that “No statistically significant relationship with sparsity was identified in the national unit costs Analysis”. It also concluded that “There are limitations in the availability of cost and activity data at geographical level within authorities, which makes it difficult to explicitly identify direct additional costs” and “Although estimates can be made of these effects, data is not sufficiently robust to allow detailed costings.” It is therefore difficult to understand why including a remoteness adjustment is deemed necessary. The consultation does not provide any evidence to support the theory that rural areas face additional costs due to separation from major markets.

It is unclear how such an adjustment could be robustly calculated based on evidence given the lack of suitable cost and activity data at a local authority level.

It is worth noting that the costs of some areas of service provision are likely to be significantly higher in areas that are less rural and more accessible due to the level of demand increasing with greater urbanisation, and the impact of the regional housing, labour and build costs. For example, provision of temporary accommodation in London is very high cost due to the high levels of demand and limited supply leading to an inflated market, in an environment where private home ownership and rental is also high cost due to the attraction of living in a well

connected large city. In contrast, a more remote area may find their housing costs significantly lower due to less intense pressure on the local supply and a lower baseline housing cost in the region. The inclusion of a remoteness adjustment applied across all services will not provide for this type of nuance and reality of local economic conditions, and does not have a standardised measure to use as a basis for comparing one area with another.

Q10: Do you agree with the government's proposal to set a notional Council Tax level at the national average level, to achieve the objective of full equalisation?

Answer: Disagree.

LBS disagrees with the proposed full equalisation objective. This approach would seem punitive to areas where Council Tax is high due to the need to have applied year on year Council Tax increases to mitigate large reductions in Government Funding or high increases in need. It will benefit those Councils who had the ability to freeze or even reduce Council Tax due to a greater proportion of funding being delivered through Government Funding as opposed to Council Tax, or due to the retention of high levels of reserves providing increased flexibility within their budget.

Historically, areas with low levels of Council Tax were generally areas of increased deprivation as the lower Council Tax base was a factor of the number of houses in each banding. For example, a more deprived area would likely have more housing in lower bands whereas a low need and low deprivation area would likely have more housing in higher bands. The proportion of funding that was delivered through Council Tax was therefore proportionate to the likely level of need in the area. Areas with a higher tax base would have a higher capacity to raise their own resources from local residents, whereas areas with a lower tax base where residents may be less likely to bear increases in costs would receive a higher proportion of Government funding.

Council Tax bandings, which greatly impact the Council Tax base in an area, no longer necessarily reflect the true levels of wealth in an area. This is because bandings have not been updated in line with changes in housing costs. An area where housing costs were low at the time the bandings were set, but now has much greater levels of relative wealth and prosperity amongst residents due to social changes or regeneration in the area, will likely still have a low proportion of their funding from Council Tax and a high proportion from Government Funding. Even if pressures on social care increase at a similar rate to that in a high tax base area, a greater share of that increase is funded from Government meaning less pressure to increase Council Tax. Conversely, the area with the higher tax base may have had

more pressure to increase Council Tax, even though their residents may not have greater capacity to pay it.

The relationship between the tax base and the relative capacity of an area to raise resources locally is therefore less direct. Some areas with a high proportion of funding coming from Council Tax will have higher needs than another area with a low proportion of funding coming from Council Tax, simply due to the Council Tax system being out of line with actual relative wealth, prosperity and income levels.

For the past 10 years costs have risen significantly in ASC, CSC and Housing as well as SEND. These pressures have impacted all Councils, regardless of Council Tax base, and have seen costs rise significantly above general inflationary increases. Government funding has not increased at the same rate, and the shortfall has been picked up by Council's delivering savings and efficiencies, and having to increase Council Tax. The greater the proportion of funding a Council has from Council Tax, the greater the impact on local tax payers to fund these costs. It is therefore more likely that Councils with a historically high proportion of funding coming from Council Tax will have had to increase tax by the maximum each year. This is particularly true for areas like Sutton where the proportion of total spend on these service areas is relatively high.

The result of this is that Councils with a historically high Council Tax Base, a high proportion of total spend on social care and housing, and low reserves, will have been forced to increase Council Tax every year just to manage demand. A Council with the same level of need, but a higher proportion of their funding coming from Government, may not have needed the same level of increase. This widens the differential between Council Tax paid and services received across different areas, i.e. an individual would pay more in a high tax base area than they would in a low tax base area even though the level of need, cost and services provided may be identical. Consequently the relative level of Council Tax no longer correlates to the level of relative needs *or* the ability of local residents to meet increased costs of provision.

Introducing a 100% equalisation would be punitive to Councils in this position such as Sutton, and mean local taxpayers face even higher future increases in Council Tax to meet demand compared to taxpayers in a region that historically has a greater share of government funding, even if the relative level of need is similar. This undermines the Government's commitment to fairness.

LBS would propose a lower level of equalisation such as 80% to mitigate the risk to such authorities. This would retain some equalisation to reflect that Council Tax does to some degree reflect ability of a local area to raise its own resource, but also recognise the fact that this relationship is less direct than it was when the Council Tax bandings were last set. It would also make some allowance for the fact that there

is a widening gap between the level of tax paid by a resident in one area compared to the level of tax paid in another even where the relative needs are similar.

The proposed 100% equalisation is the second biggest adverse impact on Sutton arising from the proposed changes, and could potentially see Sutton residents needing to fund an additional £4.3m towards services than they would with an 80% equalisation level. This is simply unfair on Sutton residents who already bear a far larger share of the cost of local services than residents with the same level of relative wealth in another area.

Q11: Do you agree with the government's proposal to fully include the impact of mandatory discounts and exemptions in the measure of taxbase?

Answer: Agree

These discounts and exemptions are mandated by the government, so it is not possible for councils to collect revenue from them. Thus, they should not be considered as part of a council's potential resources.

Q12: Do you agree with the government's proposal to use statistical methods to proxy for the impact of Working Age Local Council Tax Support in the measure of taxbase?

Answer: Agree

Q13: What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?

LBS supports the Government taking a statistical approach to account for the local variation in working age LCTS. We would encourage the Government to publish the calculation of the formula to aid transparency and accountability.

There is limited information regarding why population-weighted IMD and 18-64 population have been chosen as variables in the proposed formula. Given the significant impact of deprivation on the need for LCTS it is critical that any deprivation measure includes the impact of housing costs on the local population.

Housing costs are a key driver of deprivation in many parts of the country and this inevitably impacts LCTS demand. Deprivation measures should therefore include the impact of housing costs and appropriate weighting of issues that drive homelessness and housing unaffordability.

Q14: Do you agree with the government's proposal to assume that authorities make no use of their discretionary discount and premium schemes in the measure of taxbase?

Answer: Agree

LBS supports the views expressed in the London Councils submission for this question. The Government should make uniform assumptions about discretionary council tax discounts and exemptions. If it did not, authorities with more income foregone due to more generous discretionary exemptions would benefit from a smaller downward adjustment for local resources, which would therefore provide a perverse incentive toward excessive generosity that would impact unfairly on resource allocations for other areas.

Q15: Do you agree with the government's proposal to apply a uniform Council Tax collection rate assumption to all authorities?

Answer: Disagree

LBS supports the views expressed in the London Councils submission for this question. Specifically that underlying socio-economic conditions, demographics, and local deprivation, all have an impact on the ability of a Council to collect Council Tax. These are often outside of the control of the Council. The Government should therefore consider adjusted collection rate assumptions based on a measure of deprivation that includes housing costs.

Q16: Do you agree with the government's proposal to split or allocate the resource adjustment in multi-tier areas according to the average share in Council Tax receipts in multi-tier areas?

Answer: Neither agree nor disagree

LBS feels that more information is required regarding how this will be applied in London to come to a view. There is little information about how this will be applied to the GLA and London Boroughs.

Q17: Noting a potential trade-off of an increased levy charged on business rate growth for some local authorities, do you agree that the level of Safety Net protection should increase for 2026-27?

Answer: Agree

LBS Supports a higher safety net protection given the risk of inaccurate business rates baselines under the proposed business rates reset methodology. Future levy and safety net protection should be set at a level to incentivize growth.

Q18: Do you agree with the government's proposal to end the New Homes Bonus in the Settlement from 2026-27 and return the funding currently allocated to the Bonus to the core Settlement, distributed via the updated Settlement Funding Assessment?

Answer: Agree

Alternative options for incentivising house building are likely to be more effective in the current economic climate. For example, access to borrowing below PWLB rates and support to fund upfront costs including feasibility studies & enabling works will help ensure new housing schemes are viable even in high cost areas.

The NHB is no longer an effective incentive as it is weighted towards delivery rather than stimulating exploration of potential housing sites in difficult market conditions where build costs are high and borrowing is expensive. Support to manage those costs and the impact of borrowing on the revenue budget will be more effective in delivering new housing.

Q19: What measures could the government use to incentivise local authorities to specifically support affordable and sub-market housing?

Local authorities are committed to increasing the supply of affordable housing and tackling the housing crisis. LBS has delivered a number of new homes in recent years and work is underway on three new developments delivering over 1000 new homes in the borough.

Government could provide incentives through the use of financial and policy changes that maximise the benefit to local authorities that could be delivered through increasing housing supply.

For example, Government could allow local authorities to retain Stamp Duty Land Tax on new homes sold in their borough. This could provide a valuable income stream to support the costs of entering into new borrowing to fund housing delivery or to fund the capital costs of new schemes.

Government could enable local authorities to access borrowing at a preferential rate below PWLB to fund housing delivery. The current housing borrowing rate goes some way towards this, but this could be extended or the reduction increased to assist with developing viable schemes.

Additional grant funding to mitigate the long term impacts on revenue budgets of entering into new borrowing to fund housing schemes would incentive authorities to consider schemes which are currently prohibitive due to the costs of borrowing.

Government could provide greater access to funding for infrastructure costs to support the development of new housing sites, and support authorities to work in partnership with colleagues in health, education and business sectors. This would help consider housing as part of wider town developments.

Alternatively the Government could increase the sanctions on developers who have planning permission to develop sites but do not proceed. Any new incentives should not penalise authorities who have provided planning permission to a developer who has then not proceeded with the scheme. Sanctions could include capacity and funding to support compulsory purchase of sites, levies or fines on sites held as land banking, or taxation measures that incentivise early development once planning permission is granted.

Q20: Are there any further flexibilities that you think could support local decision-making during the transitional period?

LBS supports the suggestions put forward in the London Councils submission for this question. Clear and realistic flexibilities that don't create future funding pressures are essential to help Councils mitigate the risks and uncertainty that changing to a new funding formula will create. It is not helpful or sustainable if flexibilities offered simply present new and increased pressures in future years.

LBS would prefer funding increases to be front loaded into the first year as set out in the spending review rather than split evenly across the three years. LBS would also encourage Government to avoid creating a financial 'cliff edge' for some authorities and to ensure that the transition arrangements provide stability for those whose funding will be significantly changed by the revised funding formula.

It is critical that Council funding is unringfenced as far as possible, to provide Councils with the flexibilities needed to manage spending priorities that are volatile and subject to large year on year changes in both demand and unit costs. It is also important to minimise administrative requirements on funding streams, such as the need for additional reporting or certification of funding returns. Full transparency on spend can instead be gained by the RO forms and COR forms already submitted.

Reducing the number of areas where fees and charges are limited by statute or capped would help ensure Councils are able to better set charges at a level that matches the costs of delivery in the local area.

LBS supports the view of London Councils that the Government should not have involvement in how Councils use their un-ringfenced reserves. These are created by Councils to manage and mitigate risks specific to their services and local areas, and as such local authorities are best placed to judge the suitability of reserve balances held by Councils.

Q21: What are the safeguards that would need to go alongside any additional flexibilities?

A safeguard that ensures no authority is financially worse off during the transition period is important to assist in financial plans and avoid knee-jerk detrimental cuts to front-line services.

Additional flexibilities should also not present authorities with additional financial pressure in future years.

Q22: Do you agree or disagree that we should move local authorities to their updated allocations over the multi-year Settlement? Please provide any additional information, including the impact this measure could have on local authorities' financial sustainability and service provision.

Answer: Agree

Q23: Do you agree or disagree that we should use a funding floor to protect as many local authorities' income as possible, at flat cash in each year of the Settlement? Please provide any additional information, including on: The level of protection or income baseline, considerate of the trade-off with allocating funding according to the updated assessment of need and resources; and the possible impacts on local authorities' financial sustainability and service provision.

Answer: Agree

LBS agrees that a funding floor should be used to protect local authorities from a reduction in funding in the short term. All local authorities are managing extreme financial pressures arising from years of underfunding and funding reductions, and unprecedented increases in the costs of responding to social care, housing and

education needs. These pressures, combined with reductions in government funding through the years of austerity, have required local authorities to deliver more for less and deliver significant savings through transformation of services, efficiencies and reductions in operating costs, and reductions or cuts to frontline service. This means Councils are already operating at a low baseline with very little flexibility to accommodate new reductions in funding.

LBS currently receives £19.1m less in SFA than it did a decade ago in cash terms. This is equivalent to a 47.7% reduction in funding in real terms. Some of this reduction has been mitigated by the introduction of grants that are likely to be consolidated into SFA as part of these funding reforms, but even taking that funding into account, the 2025/26 total reduction in funding is still 19% in real terms compared to a decade ago. This is against a backdrop of significant cost increases arising from high levels of inflation, and increased demand due to the cost of living crisis, new or expanded responsibilities, and increasing numbers of people requiring social care and housing support to meet increasingly complex levels of needs.

Even maintaining funding at a cash neutral position over the medium term presents significant challenges for Councils. This is a cut to funding in real terms and demand for services will inevitably continue in its upward trends, particularly for social care. This is partly due to the aging population and increased level of complexity in health conditions that people are living with, and partly due to the fragility of the market for social care providers. These factors have been mitigated as far as possible through transformation and savings programmes over the past ten years, but it is unlikely that further savings at this level can be delivered without severely impacting the quality of services provided.

Many Councils are already in the position of requiring EFS simply to maintain existing baseline services, and many others are at risk of entering a S114 position without further funding. This is particularly true for Councils with high levels of children requiring SEND support, which impacts both revenue budget spend and education spend funded by the DSG. The existing statutory override has enabled the DSG deficit to remain off balance sheet, but it is currently unclear what will happen once the override ceases and the deficit materialises. This is a significant risk for many Councils and is likely to lead to more Councils requiring EFS or being forced into a S114 position.

Sutton has managed to maintain a stable financial position despite huge pressures on services and reductions in grant funding for over a decade. This has been achieved by strong financial management and delivery of over £100m in savings to mitigate the impact of increases in demand. However, the existing DSG deficit poses a significant financial risk that may mean the Council cannot set a balanced budget in future once the override ceases if the national crisis in DSG funding is not addressed. This existing financial context makes it crucial that revenue funding at the

existing cash level is maintained as a minimum, to avoid the risk of entering into a financially unsustainable position within the next medium term financial plan.

LBS believes most Councils will be unable to continue delivering all statutory services at even a basic level should there be a reduction in funding in cash terms over the medium term. A funding floor is therefore crucial to maintaining service delivery. It is also important that the funding required to meet a funding floor for those authorities with major reductions in funding, does not come at the expense of reductions in funding due to other Councils, who have been assessed as having a greater level of need. LBS would encourage the Government to identify additional funding that can support the transitional period and maintain an appropriate funding floor without adverse impact on Councils with higher need.

Although Councils will have the ability to increase Council Tax, this alone will not be sufficient to meet the rising costs of care and housing. Even in a high tax base area such as Sutton, the pressures in care and housing are outgrowing the tax base. In Sutton, 60% of Council funding is delivered through Council Tax receipts, but social care and homelessness accounts for 65% of revenue spend. This means even a maximum increase to Council Tax will be insufficient to meet the forecast increase in costs in homelessness and social care, and the Council still has every other service to deliver too. The cost of living crisis impacts all our residents and it is unrealistic to assume that Council Tax increases above 5% are sustainable in any areas, so it is vital that Government funding to local authorities maintains at least a cash neutral position in the short term.

LBS has a very low level of general reserves and consequently has limited flexibility to absorb unforeseen pressures or changes to funding. Many Councils are in a similar position, and have significant risks also in the HRA budget and DSG budgets. These issues mean that even with a flat cash funding level Councils will face difficult decisions to set balanced budgets over the next three years, and funding reform alone will not bring financial stability or increased financial resilience. This will only come from meaningful change to how social care is funded for an aging population.

LBS would reiterate that funding floors to maintain current levels of funding is vital and should be considered a minimum requirement. Councils are not sufficiently resilient to manage financial 'cliff edges' or unforeseen financial shocks, and this must be considered in planning for the longer term. The next three years are extremely challenging for local authorities, and the consultation leaves significant uncertainty about what the financial landscape will be after this period.

Q24: Do you agree or disagree with including projections on residential population?

Answer: Disagree

LBS supports the use of the most up to date data available but recognises that including projections may increase uncertainty over future years funding and presents a risk if projections are very different to actual population change. This could be addressed via a reconciliation or rebasing exercise, but will add further complexity going against the Governments stated aims of transparency and simplification.

It is simpler overall to use a fixed figure for population over the funding period, but to have this updated to reflect the latest available information at the point a new multi-year settlement is issued.

Q25: Do you agree or disagree with including projections on Council Tax level?

Answer: Disagree

LBS supports the comments made by London Councils in response to this question. Council Tax levels are at the discretion of locally elected representatives and should not be influenced by assumptions made by the Government in determining funding.

Q26: Do you agree or disagree with including projections on Council Tax base?

Answer: Disagree

As is the case with population projections including projections on Council Tax base will increase complexity and present the risk that projections are out of line with actual changes thereby requiring future reconciliation or rebasing. It is unclear how projections of Council Tax base would be created and what the assumptions used would be based on. For example, a change in local political control may put a different emphasis on growth which could impact the level of change in the base. This would be hard to predict and therefore incorporate in a funding model.

Q27: If you agree, what is your preferred method of projecting residential population, Council Tax level and Council Tax base? Please provide any additional information, including any explanation or evidence for your response and any views on technical delivery

LBS does not agree with using projections.

Q28: Do you agree with the proposed above approach to determining allocations for areas which reorganise into a single unitary authority along existing geographic boundaries?

LBS has no view.

Q29: Do you agree that, where areas are reorganising into multiple new unitary authorities, they should agree a proposal for the division of existing funding locally, based on any guidance set out by central government? Please provide any supporting information, including any further information areas would find helpful in guidance.

LBS has no view.

Q30: Do you agree that the government should work to reduce unnecessary or disproportionate burden created by statutory duties? If you agree, what specific areas of statutory duties impose significant burden without significant value for residents? Please provide any examples of changes you would like to see to statutory duties, being as specific as possible.

Answer: Agree

LBS supports the comments made by London Councils in response to this question. Specifically that there are three key areas that Government should review and simplify:

- (1) streamline and align inspection frameworks across regulators to reduce duplication and disruption;
- (2) simplify statutory financial reporting to focus on what matters to residents and local authority performance; and
- (3) ensure that statutory improvement plans triggered by regulatory judgements are matched with specific funding to support the delivery of improvements. We also encourage the government to work with local government to co-design statutory frameworks, ensuring they remain proportionate and practical while enabling councils to focus resources on delivering better outcomes and value for residents.

LBS agrees with the examples provided in the London Councils response of statutory duties that could be reduced or better supported. Where additional burdens are placed on local authorities it is critical these are matched by adequate funding to deliver, given the extreme pressure Council budgets are already under. This would

include but is not limited to the pressures of supporting families with no recourse to public funds, pressures arising from refugee resettlement, pressures on transitions from Children's to Adult Social Care for LD clients, and pressures on SEND support.

In the past two years the Council has had three new regulators imposed on Council services - the CQC for Social Care, the Social Housing Regulator, and the Building Safety Regulator. Each of these regulators will have their own regulatory framework and inspection arrangements, which have increased the administrative and regulatory burden on the Council. There has been no recognition of this in the Councils funding settlements, meaning the costs of meeting these regulatory requirements and participating in inspections or reviews, have had to be borne within existing budgets as an unfunded pressure.

Q31: Do you agree with the proposed framework outlined at paragraph 11.2.3 for assessing whether a fee should be changed? Please provide any additional information, for example any additional considerations which would strengthen this proposed assessment framework, and any data which would be used to assess against it.

LBS believes that local authorities should have the ultimate discretion and power to set and amend fees without further intervention. The proposed framework may delay implementation of fee changes which would limit a Council's ability to manage their income streams dynamically. Early devolution of all fees and charges setting better enables Council to respond to local service pressures.

Q32: The government invites views from respondents on how best to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users.

LBS believes that local authorities should have the ultimate discretion and power to set and amend fees without further intervention. This includes the ability to maintain inflationary increases as appropriate to ensure fees and charges reflect the true cost of service provision. Full devolution will enable Councils to implement locally determined support to mitigate risks to service users arising from cost of living impacts. This may include for example concessions or exemptions, or variable fee structures for some services.

Q33: Do you agree that the measures above provide an effective balance between protecting charge payers from excessive increases, while providing authorities with greater control over local revenue raising? Please provide a rationale or your response. We are also interested in any further mechanisms

which could be applied to fees that are updated or devolved, that will help strike a balance between those Objectives.

The proposals do not strike the right balance between protecting charge payers and enabling Councils to maintain control and discretion over local revenue generation. Local authorities are best placed to understand and respond to local needs, including the need for support to manage cost of living pressures and financial insecurity. This includes measures for supporting financially vulnerable residents to manage fees and charges they may have to pay.

Full devolution of fee setting is the best approach to ensuring fees reflect both local costs of delivery, demand for services, and ability to pay at a local level. Centralised restriction on fees limits Councils' abilities to manage cost pressures and fluctuations in the services delivered, which may lead to further financial pressures that reduce the ability to adequately fund other statutory services.

Q34: Do you agree that we should take action to update fees before exploring options to devolve certain fees to local government in the longer term?

Answer: Disagree

Local authorities should be given fee-setting powers sooner rather than later. Fees can then be updated at a local level sooner rather than phasing in multiple changes.

Q35: Do you agree or disagree that these are the right relative needs indicators? Are there any other Relative Needs Indicators we should consider? Note that we will not be able to add additional indicators for a 2026-27 update.

Answer: Neither Agree nor Disagree

LBS would welcome further detail about how ethnicity is reflected in the model as this is currently unclear.

LBS would also like to reiterate the importance of including the impact of housing costs in any measure of deprivation used to calculate Relative Needs.

Q36: Do you agree or disagree with including population projections in the ASC formula, when published, that have been rebased using Census 2021 data?

Answer: Disagree

LBS supports the use of up-to-date data but believes the use of projections is unhelpful. LBS is also concerned that the Census 2021 data is unreliable due to the impact of the Covid-19 pandemic. The population figures that were recorded in 2021 are distorted by the pandemic response measures and do not adequately reflect population figures as they are today, 4 years later.

LBS would instead support an estimate of population provided by the Office for National Statistics, based on the latest available data excluding the temporary pandemic impacts. LBS would also support inclusion of the impact of temporary migrant populations. These people are excluded from population estimates but require support, often for a number of years, from services that are already underfunded and overstretched. This includes but is not limited to social care support, housing and education.

Q37: Do you agree or disagree with our proposal to include a Low Income Adjustment (LIA) for the older adults component of the ASC RNF model?

Answer: Agree

LBS agrees with the proposal to include a LIA but is concerned that the proposed indicator for deprivation makes no allowance for the cost of housing. This is a major driver of deprivation in the borough and across London and the South East as a whole. Excluding housing will present an incomplete picture of deprivation levels and reduce support for those who are most vulnerable.

Q38: Do you agree or disagree that the overall ASC RNF should combine the two component allocation shares using weights derived from the national ASC net current expenditure data on younger and older adults (in this case 2023 to 2024)? If you disagree, what other weightings would you use? Please provide details for why you would use these weights and what data it would be based on?

LBS supports the views expressed by London Councils in response to this question. It is inconsistent to use a different data set to establish the weighting for older and younger adults to that used for the RNF. LBS supports the use of the RO data for both purposes to ensure the weighting is consistent with the data that has determined the funding share for this factor.

There is no justification provided as to why Better Care Fund spend on social care is included in the weighting, when this funding is not within scope of the consultation.

Q39: Do you agree that ethnicity should be removed as a variable in the CYPS formula? Please explain your reasoning.

LBS does not agree that ethnicity should be removed as a variable in the CYPS formula. It is clear that some ethnic groups are overrepresented in social care interventions, which means ethnicity is a clear driving factor in CYPS services that are required. If ethnicity is removed as a determining factor, there is significant risk that resources will be diverted away from the areas where it is most needed due to the higher levels of demand presented by the community the Council serves.

Whilst further research into why some ethnic groups are overrepresented in these service areas is clearly required, it would be illogical to assume that the overrepresentation currently observed will change simply due to the funding not being available. Investigation into underlying racial disparities in the system is required to first understand if there is any measurable or causal explanation for the disparities between ethnic groups, before the funding formula is adjusted for this factor. To remove ethnicity now without this knowledge is to ignore the evidence that shows there is greater need presented in some ethnic groups and that some authorities will see financial impacts arising from this.

Q40: Do you agree overall that the new formula represents an accurate assessment of need for children and family services? Please share any reflections or suggested changes.

Answer: Strongly disagree

LBS supports the comments made by London Councils in response to this question. The proposed formula is lacking in evidence or justification, and its constituent variables are not robust or transparent in terms of cause and effect.

The National Children's Bureau report commissioned by London Councils concluded that "the overall robustness of the proposed CYPS RNF is questionable". The report also highlighted the lack of evidence of correlation between the metrics used and need, the choice of inclusion over some variables and not others, and the lack of engagement with the sector.

The proposed formula would result in major changes to resource allocation with limited prior testing or justification as to how the resulting new allocations better reflect need. This is counter to the Government's stated objectives of transparency and simplification.

Some of the factors used have not been explained in the consultation and have not been clarified in discussions between London Councils and the Department for Education. For example, the introduction of the subjective child health metric and changes to the measurement of overcrowded households (which now appears to have switched to under-occupied households) are significant changes which have not been explained. The use of any metric that is reliant on a subjective view rather than objective or quantifiable data is likely to be misleading and hard to justify. It also lacks robustness in terms of correlating the metric against true need. This is likely to be an even stronger concern when the subjectivity is in relation to sensitive issues such as child health or need for support as determined by a parent or guardian. This is supported by the fact that just 2.7% of children were defined as having “not good health” in the 2021 Census, whereas 19.5% of children either receive SEN support or have an EHCP. Similarly, cultural biases or preferences may impact on how individuals in some communities self-assess levels of health or need.

As is the case with other RNFs the measure of deprivation proposed does not include the impact of housing costs. LBS feels this understates the true levels of deprivation in areas of high housing costs. Lack of safe and permanent housing particularly impacts on children and has a direct impact on health, care and educational needs.

Parental qualifications is the only metric relating to parental characteristics in the proposed formula. Crime data has a stronger correlation with children’s social care needs than parental qualifications, reflecting that crime rates in a given area are a more accurate and appropriate way of measuring need than simply basing this on how well educated the local population are. As parental qualification is currently included in the model as a proxy for other socioeconomic factors, such as domestic abuse, crime data should be considered as a more suitable alternative.

The formula is producing funding allocations that do not accurately reflect the complexity and scale of need in children’s services. These services are already under immense pressure and it is crucial that funding is allocated on a robust basis that fully reflects the level of need in a local area.

There are no indicators that relate to UASC or children with no recourse to public funds. These children are still eligible for social care services and are likely to have complex needs that require ongoing support. The funding formula should reflect the impact of these groups on local authority services.

The proposed RNF does not take account of the lack of provision that particularly impacts London and boroughs such as Sutton. The lack of suitable provision has a direct impact on the local market and the cost of providing care packages. Put simply, the cost of responding to a set level of need will vary hugely depending on

where in the UK the child lives. The allocation of funding must reflect these underlying market pressures to fairly match resources with need.

These views have been expressed by London Councils already and are supported by the research they commissioned on behalf of London Boroughs. Please see the following link for future details:

<https://www.londoncouncils.gov.uk/news-and-press-releases/2025/proposed-reforms-childrens-services-funding-dramatically-underestimate>

These serious flaws in the proposed calculation of need for children and family services will lead to inexcusable underfunding of childrens services in London, and significantly increase the risk of service failure risking real harm to children and young people.

A formula which determines that need in London has reduced by 40% at a time when spend on these services has been £150m above budget for the past two years is clearly inadequate and leading to an illogical and indefensible conclusion.

Q41: Do you believe that the components of daytime population inflow should be weighted to reflect their relative impact on demand for services?

LBS has no view.

Q42: Do you agree with/have any comments on the design of the Foundation Formula?

LBS supports the views expressed by London Councils and has the same concerns regarding the use of deprivation measures, population data and density indicators in the Foundation Formula.

It is clear that housing costs are a key driver of deprivation so it undermines the robustness of the formula if housing costs are not reflected in the deprivation indicator used. Similarly, the 2021 census has known flaws due to the impact of the Covid-19 pandemic on the results, and using this data without adjustment will undermine the robustness of the new formula. LBS supports the evidence provided by London Councils on these aspects.

Population Density is also a key driver of service demand and complexity of need and as such would be a logical inclusion in the Foundation Formula.

Q43: Do you agree with/have any comments on the design of the Fire and Rescue Formula?

LBS has no view.

Q44: Do you agree with/have any comments on the design of the formula for Highways Maintenance?

The consultation provides a lack of detail on the new formula and there is no explanation as to how the new formula derives significantly different allocations from the previous formula.

Further information is required to provide feedback on the adequacy of the proposed formula and its robustness.

The proposals do not appear to take into account the existing condition of roads and pavements, which has a direct impact on the level of spend required over the medium term by Councils.


Q45: Do you agree with/have any comments on the design of the formula for Home-to-School-Transport?

LBS agrees with the points put forward by London Councils in response to this question. The proposed formula seems to favour rural areas by using distance travelled as a driver of funding allocation, though actual costs are just as heavily determined by other factors such as journey complexity, road access, congestion and regional factors such as ULEZ charges.

As a result the proposed formula seems to underrepresent the complexities and actual costs of HTST in London and Sutton.

Q46: Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

LBS is concerned that the removal of ethnicity from the CYPS formula will adversely and disproportionately impact persons from some ethnic groups. The absence of any factor to reflect the higher levels of demand seen in some ethnic groups will result in funding being reallocated away from those groups, without clear defensible justification or understanding of the causal relationship between ethnicity and need.

Report Title	Strategy and Resources Committee - Update on Performance Indicators		
Committee	Strategy and Resources		
Meeting Date	29 September 2025		
Chair	Councillor Barry Lewis, Leader of the Council		
Lead Member	Councillor Sunita Gordon, Lead Member for Resources		
Report From	Richard Simpson, Strategic Director of Resources and Section 151 officer		
Report Author(s)	Sam Barker, Director, Customers, Transformation and Strategy Fern Barber, Head of Policy, Insights & Communities		
Ward(s) Affected	All Wards		
Ambitious for Sutton priorities	An efficient and well run Council		
Open/Exempt	Open		
Signed		Date	17 September 2025

1 Summary

- 1.1 Ambitious for Sutton sets out our vision for the borough, focused on making Sutton a great place to live, work and raise a family. By scrutinising information on the performance of those service areas for which the Strategy and Resources Committee is directly responsible, the Committee is able to see how services are performing and seek assurance, where performance is below target, of the actions in place to get performance back on track.
- 1.2 In April 2024, a review of corporate performance reporting was undertaken to ensure that indicators remain aligned with key strategic priorities and risks and best reflect the delivery of key Council services. The review resulted in some minor changes to the list of performance indicators for those service areas for which the S&R Committee is directly responsible, as set out in 3.1.
- 1.3 The period covered in this report is April 2024 to March 2025, as well as quarter one of the 2025/26 financial year, highlighting areas of success and actions being taken where performance isn't on track.

2 Recommendation

- 2.1 To note the performance information listed in Appendix A.

3 Background and Key Information

- 3.1 The Council has a variety of mechanisms for managing the performance of the services that are delivered. The Council is subject to various inspection regimes including OFSTED, CQC and the regulator for social housing. The Council has also recently undergone a Corporate Peer Challenge delivered by the Local Government Association (LGA).
- 3.2 These indicators will enable the committee to gain a greater understanding of how services are performing and seek assurance from officers that where performance is below target, actions are in place to improve performance. The indicators monitored by the committee cover the following services:-
- Community Safety
 - Customer Services / Experience
 - Public Health
 - Asset Management Planning & Capital Delivery
 - Finance
 - ICT
 - HR
- 3.3 As part of the regular review of performance indicators, a number of changes have been made to those indicators reported to the Committee. The changes are a result of changes in legislation, and changes to better reflect the delivery of key services and Council priorities moving forwards. Differences between indicators reported in December 2023, and the refreshed indicators includes:-
- Addition of indicators for:
 - Payroll accuracy
 - Priority audit actions overdue
 - Number of major ICT incidents
 - Council website downtime
 - Total number of complaints received
 - Use of the sexual health e-service
 - Children's centre registrations for children in deprived areas of the borough
 - Removal of indicators for:
 - Availability of IT core systems, email, and network (as this is captured within the overall number of ICT incidents)
 - Granular customer experience metrics (as this is captured within the existing customer experience metrics)
 - Registered births
 - Planned maintenance statutory inspections of LBS buildings.

All other indicators remain unchanged from those last reported in December 2023.

3.4 The period covered in this report is April 2024 to March 2025, as well as Quarter 1 2024/25. Appendix A lists the PIs along with:-

- the most recent month, quarter or year that the data was collected
- the target set and the Red, Amber, Green (RAG) performance status if applicable
- a chart showing performance trends over the last 12 months

4 Key areas of Performance

4.1 Customer Experience

4.2 Averaged over 24/25, call centre wait times were slightly above the 5 minute target, at 5:06 average wait. However, this was mainly driven by a period of higher wait times in Q1 (8:27 in June 2024) due to a period of unexpected staff turnover. By the end of quarter two of 2024/25, wait times had decreased substantially, and remained well below the 5 minute target for the rest of the year. In addition to filling vacancies, reduced waiting times reflect improved processes for handling customer contact, including:

- Improved online forms for Regulatory Services mean that the majority of reported issues (e.g. noise nuisance reports) are now being completed online.
- Improvements to the web pages for Council Tax has meant that residents can now register for an online account more easily. A review of website data has shown that there has been a 38% increase in clicks through to the correct forms since the changes were made in Q3 2024/25; fewer users incorrectly start the registration process and those that do are more likely to complete it.
- Work is underway to enhance digital options at the Adult Social Care 'front door'. In May 2025, a new Adult Social Care professional referral form was introduced and received 174 submissions in Q1. This is expected to increase, and will mean a corresponding reduction in email referrals which are more difficult and time consuming to manage.
- It is recognised that more work is needed to improve the online options for Housing transactions, as very few processes are currently available to complete online. A 'discovery' phase has been completed, including user research to better understand the issues residents and professionals face, and development work in this area will be a priority for Q3 2025/26.
- Looking ahead, the Council will be utilising AI to create 'live summaries' of some calls, starting with the Revenues & Benefits Contact Centre on a trial basis. This is expected to reduce the need for agents to write manual notes, and could save a significant amount of time in future.

4.3 The activity outlined above will enable those residents that want to access services online to be able to do so. At the same time, through the reception and contact centre, the

Council is able to support those residents that either cannot access services online or require tailored support as a result of more complex issues.

- 4.4 At the end of the first quarter of 2025/26, call wait times were again slightly above target at 5:34 average for Q1, driven primarily by high wait times of 8:10 in June. As in 2024/25, this was primarily due to staff absence. The 'call back in queue' option remains popular with residents and means that wait times are not a significant cause of customer dissatisfaction, even when the 5 minute target is exceeded.
- 4.5 The Council's out of hours service is well embedded with calls being answered quickly and dealt with effectively. The out of hours service is an important part of the response to borough emergencies (such as the Carshalton Road evacuation earlier this year) and also connects residents and partners to duty social care services across four boroughs. For 24/25 the out of hours service met the Service Level Agreement by answering 86% of calls with a 57 second average speed of answer.
- 4.6 There has been an increase in the number of complaints logged over the last year, particularly in terms of Stage 1 complaints. There were 163 non-social care Stage 1 complaints logged in Q1 of 2025/26, compared to 134 in Q1 2024/25 and 83 in Q1 2023/24. While this is at least partly driven by changes in complaint handling (phasing out of the Initial Contact Concern stage of the process in line with the Ombudsman's recommended approach), it is important to note that some service changes that the Council has had to make due to financial pressures (for example, introducing charging for replacement waste containers) have been a driver of increased complaints over the last year.
- 4.7 Due to the changes to complaint handling mentioned above, these figures are not directly comparable and should be treated with caution; however, the number of complaints will continue to be monitored closely. A report will come to the next meeting of the Audit and Governance Committee providing a detailed overview of complaint handling across the Council (including Cognus and SHP) and how lessons learnt from complaints are being used to drive service improvements.
- 4.8 Despite these increased volumes, response times to enquiries, complaints and Freedom of Information requests (FOIs) were consistently above target throughout 2024/25:
- 93% of Stage 1 corporate complaints and 98% of Stage 2 corporate complaints were responded to on time.
 - 90% of Councillor enquiries and 90% of MP enquiries were responded to on time.
 - 93% of FOI requests were responded to on time.
- 4.9 The Council's 24/25 annual review letter from the Local Government and Social Care Ombudsman (LGSCO) reported that only 59% of complaints investigated by the LGSCO were upheld, which is significantly lower than the average of 84% for all other Councils. Similarly, the rate of 'upheld decisions per 100,000 residents' was 6.2%, compared to an

average of 9.1% for similar authorities. This reflects the effective way the Customer Care team works with complainants, services and the Ombudsman to resolve issues early and provide evidence to support investigations where required.

4.10 **Public Health**

4.11 The statutory NHS Health Checks programme commissioned by the Council ended the 2024/25 financial year on target. In total, five thousand residents benefitted from a preventative check in 2024/25, which can help provide an early indicator of risk for health problems like diabetes, kidney disease, heart disease and stroke.

4.12 The first quarter of the Health Checks programme in 2025/26 saw a shortfall in the number of completed checks compared to initial projections. Sutton Primary Care Network will be working with local GP practices to increase the number of checks completed.

4.13 The Health Visiting Service ended the 24/25 with the proportion of children receiving their two to two and a half year check just below the 75% target (73.2% in March 2025). These checks are an important mechanism to detect children with developmental delays and instigate early intervention. Rates were well above target in quarter one of 2025/26 (86% as of July 2025).

4.14 In 2024/25, 272 children under the age of four and living in the most deprived areas of the borough were newly registered with children's centres, exceeding the annual target of 250. This represents increased reach of services to families in need of early support. Quarter one of 2025/26 saw 52 newly registered children from deprived areas, slightly below the quarterly target of 60.

4.15 **Community Safety**

4.16 As at the end of 2024/25, there was a decrease year-on-year in hate crime offences in Sutton. It is difficult to say with certainty if this represents a decrease in the number of offences taking place, or a decrease in offences being reported, however, this is in line with offence trends observed across London, where the number of hate crime offences decreased across all 32 London boroughs in the year ending March 2025 (as compared to the previous year).

4.17 The number of anti-social behaviour (ASB) calls made to the police in 2024/25 was similar to 2023/24. Rowdy or inconsiderate behaviour made up approximately 50% of ASB reports in 24/25. Overall Sutton continues to have a lower rate of crime and antisocial behaviour compared to averages across most other London boroughs, England, and statistical neighbours.

4.18 The repeat victimisation rate (i.e. number of repeat victims discussed at multi-agency risk assessment conferences (MARAC)) for the first quarter of 2025/26 was 21.4%. This compares to 24.6% in Q1 24/25 and 30.4% in Q1 23/24. This reduction is a positive trend and corresponds to the introduction of the perpetrator panel in MARAC processes in June

2023, which promotes increased perpetrator accountability.

- 4.19 Prevent referral numbers have increased significantly, both in London and nationally in light of a number of high-profile national incidents. Sutton saw a similar trend with just under a 100% increase in Prevent referrals between 2023/24 and 2024/25; increasing from 20 referrals in 23/24 to 39 referrals last year. 56% of referrals made in 24/25 were for children; children are particularly vulnerable to harmful/hateful online content due to their proficiency with technology, curiosity and naivety. There was no predominant ideology type amongst the referrals.

4.20 Emergency Planning

- 4.21 Following the Government's response to Phase 2 of the Grenfell Enquiry, a number of actions to increase the Council's resilience are being taken forward which will inform the annual emergency planning exercise scheduled for the Autumn. Close working with Sutton Housing Partnership (SHP) and other key partners continues to ensure all necessary actions are implemented. A London-wide programme, led by London Resilience is also underway to look at standardisation and improvements for emergency planning which Sutton continues to actively participate in.

4.22 Finance, Assets, Digital and IT

- 4.23 Across 2024/25 and into quarter one of 2025/26 above target performance was achieved in relation to the timely payment of invoices to our suppliers.
- 4.24 Debt greater than one year old made up 55.59% of all sundry debt outstanding at the end of 2024/25 (March 2025), rising to 58.09% in quarter one of 2025/26, above the target of 48%. A review of debt management processes is underway and is focussed on targeting earlier interventions to reduce the proportion of debts becoming overdue by more than a year, as well as process improvements to deliver more regular write off of debts that have no realistic prospect of collection. There is currently a backlog of write offs of older sundry debts that will be impacting the % reported. The review will include a workstream to review and process these write offs, against the existing bad debt provision, during 2025/26.
- 4.25 88.78% of rental income from the commercial investment property portfolio (IPP) was collected in 2024/25, a 1.8 percentage point increase in the collection rate from 2023/24. The Annual report on the IPP is covered on the agenda for this meeting which contains more detail.
- 4.26 There was one major ICT incident and 25 P1 incidents recorded across 2024/25 - The major incident related to an extended power outage at Kingston which impacted on the availability of various shared services provided by Digital and IT through October 2024. There have been no major IT incidents and 6 P1 incidents recorded during the first quarter of 2025/26. A P1 incident is something that impacts large numbers of staff, mission critical applications or breaches of the security of our networks and infrastructure. The target time to resolve a P1 incident is 4 hours.

4.27 Audit and HR

- 4.28 The number of priority audit actions not implemented by the agreed date rose from two at the end of 2024/25 to nine at the end of quarter one 2025/26. Four of these recommendations are actions to be completed by a school rather than the Council, and two are recommendations for Sutton Housing Partnership. All outstanding actions have been followed up with the relevant service manager (or Headteacher) and extended deadlines have been agreed. All outstanding P1 recommendations are reported quarterly to the Audit & Governance Committee for scrutiny, and updates on progress made are provided by the Internal Audit Manager. Audit recommendations made to schools are also reported to the Audit & Governance Committee and schools are required to provide Internal Audit with progress updates or to engage in follow up reviews. There were no limited assurance audit reports issued in the first quarter of 2025/26.
- 4.29 The accuracy rate of the Payroll function processes was at 99.41% at the end of 24/25 (March 2025) which is well above industry averages. Average payroll accuracy was slightly below target into quarter one of 2025/26, this was primarily due to some issues encountered during onboarding of eleven Sutton Local Education Authority schools, this led to an unusual number of emergency payments outside of payroll.

5 Implications

- 5.1 There are no implications to consider as this item is for information only, not a decision. This report is an opportunity for the Strategy and Resources Committee to understand how services are performing and enables them to seek assurance from officers, where performance is below target, of the actions in place to get performance back on track.

Equalities Implications

- 5.2 As this report is for information only, rather than a decision, there are no implications for equalities arising from the recommendations of the report.

Climate Implications

- 5.3 There are no material climate implications resulting from the recommendation(s) of this report.

6 Finance and Legal Commentary

Finance Comment

- 6.1 There are no direct financial implications arising from the recommendation of this report.

Financial Risks

- 6.2 Maintaining appropriate levels of performance helps reduce the risk of financial loss to the Council and can help avoid additional costs that could arise from actions required to address poor performance.
- 6.3 Future financial pressures may impact on performance levels if services have reduced staffing or other resources to meet existing targets. This is considered as part of the development of budget options and resources are prioritised to deliver the Ambitious for Sutton corporate plan.

Legal Comment

- 6.4 There are no direct legal implications arising from this report.

Legal Risks

- 6.5 There are no legal risks arising from the recommendations in this report.

7 Appendices and Background Documents

7.1 Appendices

Appendix Letter	Appendix Title
A	Strategy and Resources Committee Service Area Performance Indicators

7.2 Background Documents

Date of Expiry	Background Document
N/A	N/A

8 Consultations

Consultees	Yes/No	Officer	Date of Comments
Finance	Yes	Victoria Goddard Director of Finance	11/08/25
Legal	Yes	Tracy Swan Head of Law, Property, Planning & Employment, SLLP	04/09/2025

Consultees	Yes/No	Officer	Date of Comments
Commercial and Procurement	No	N/A	N/A
Others	No	N/A	N/A
Equalities Impact Assessment (EQIA)	No	N/A	N/A
Climate Impact Assessment (CIA)	No	N/A	N/A

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Strategy and Resources

Performance Update

Presented 29 September, 2025

**Ambitious
for Sutton**



Sutton

End of year position: 2024/25 performance

Figures represent the **end of year position for 24/25** (i.e., value as at March 2025).

Sparkline graphs represent 12 months of data, from April 2024 - March 2025.

Customer Experience End of year position 2024/25 *(data from March 2025)*

Enquiries

MP enquiries responded to in timescale

90.00%

↓ -0.48 from previous year

Green

Mar 2025



Member enquiries responded to in timescale

91.00%

↑ 0.09 from previous year

Green

Mar 2025



FOIs responded to in timescale

92.00%

↓ -3.69 from previous year

Green

Mar 2025



Call centre wait times

Average telephone wait time

00:04:50

↓ -4.0% from previous year

Green

Mar 2025



Out of Hours Service: average telephone wait time

00:00:31

↓ -31.1% from previous year

Green



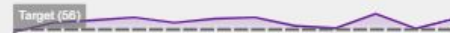
Complaints

Total complaints received (incl. ASC and CSC)

84

Red

Mar 2025



Complaints responded to in timescale

93.00%

↓ -2.74 from previous year

Green

Mar 2025



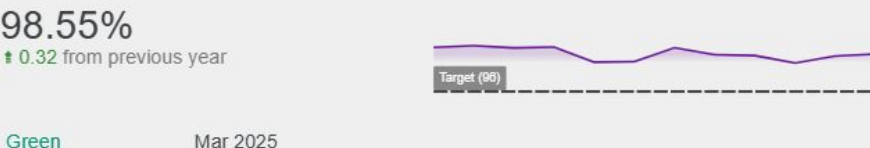
Sparkline graphs represent 2024/25 financial year data (April 2024 - March 2025)
Data shown represents the end-of-year position for 2024/25 (i.e., March 2025 data)

Finance and Audit

% of all sundry debt greater than one year old



% of undisputed invoices paid in 30 days



Priority 1 audit actions not implemented by agreed date



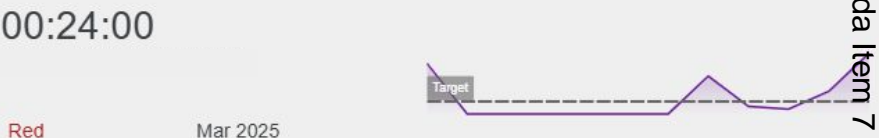
Asset management and capital delivery

Commercial Investment Property Portfolio: % Rental Income Collected



ICT

Council website downtime



Major and P1 ICT Incidents Raised



HR

Headline payroll accuracy



Health Checks (quarterly)

Number of residents attending NHS Health Check

cumulative, year-to-date

5,000

↓ -3.6% from previous year

Green

Mar 2025



% of children attending 2 - 2.5 year Health Check

73.20%

↓ -3.8 from previous year

Amber

Mar 2025



Children's Centre Registrations (quarterly)

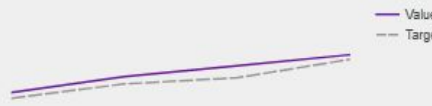
Number of children newly registered with children's centre

(age 0-4, most deprived areas) cumulative, year-to-date

272

Green

Mar 2025



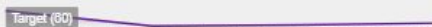
Sexual health e-service use (quarterly)

% of sexual health service users accessing e-service

66.50%

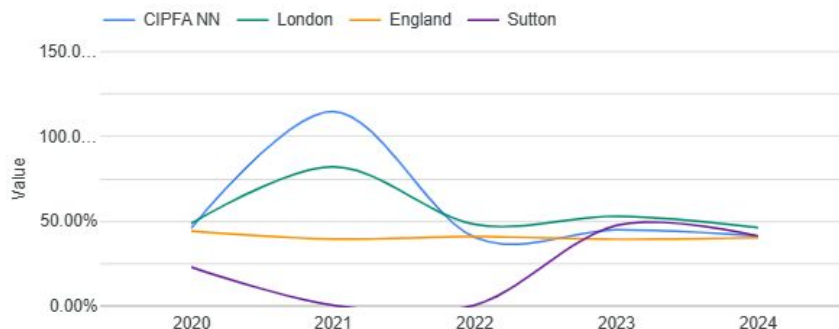
↑ 7.8 from previous year

Green



Benchmarking performance

Proportion of eligible residents who attended an NHS Health Check



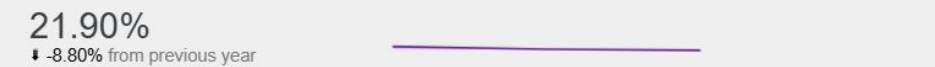
Sparkline graphs represent 2024/25 financial year data (April 2024 - March 2025)
Data shown represents the end-of-year position for 2024/25 (i.e., March 2025 data)

Domestic violence, hate crime and ASB calls (quarterly)

Number of reported domestic violence offences



Repeat victimisation domestic abuse incidents to MARAC (%)



Incidences of hate crime reporting



Number of ASB calls to Police



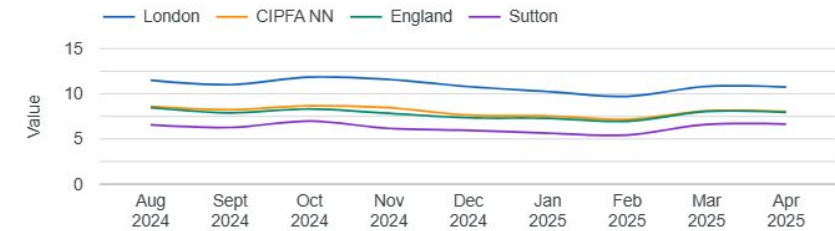
Emergency planning callouts (quarterly)

Number of emergency planning callouts



Benchmarking against statistical neighbours

Rate of crime and ASB in area (per 1,000 population)



Staff trained on Prevent (quarterly)

Number of staff trained on Prevent



Sparkline graphs represent 2024/25 financial year data (April 2024 - March 2025)
Data shown represents the end-of-year position for 2024/25 (i.e., March 2025 data)

Start of year position: Q1 2025/26 performance

Figures represent the start-of-year position as at June 2025.

Sparkline graphs represent the previous 12 months of data (June 2024 to June 2025) with the exception of **cumulative** indicators which display only the most recent available data for the 2025/26 financial year.

Customer Experience

Start of year position 2025/26 (data from June 2025)

Enquiries

MP enquiries responded to in timescale

96.00%

↓ -4 from previous year

Green

Jun 2025



Member enquiries responded to in timescale

87.00%

↓ -0.7 from previous year

Green

Jun 2025



FOIs responded to in timescale

91.00%

↓ -3.05 from previous year

Green

Jun 2025



Call centre wait times

Average telephone wait time

00:08:10

↓ -3.4% from previous year

Red

Jun 2025



Out of Hours Service: average telephone wait time

00:00:55

↑ 111.5% from previous year

Green

Jun 2025



Complaints

Total complaints received (incl. ASC and CSC)

88

↑ 11.4% from previous year

Red

Jun 2025



Complaints responded to in timescale

89.00%

↓ -3.59 from previous year

Amber

Jun 2025



Sparkline graphs represent the previous 12 months of data (June 2024 to June 2025) with the exception of **cumulative** indicators which display only the most recent available data for the 2025/26 financial year.

Finance and Audit

% of all sundry debt greater than one year old

quarterly

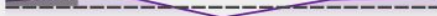
58.09%

↑ 3.76 from previous year

Red

Jun 2025

Target (48)



% of undisputed invoices paid in 30 days

98.77%

↓ -0.2 from previous year

Green

Jun 2025

Target (99)



Priority 1 audit actions not implemented by agreed date

quarterly

9

↑ 9 from previous year

Red

Jun 2025

Target (0)



ICT

Council website downtime

00:01:00

↑ 00:01:00 from previous year

Green

Jun 2025

Target



Major and P1 ICT Incidents Raised

cumulative, financial year-to-date

6

↓ -2 from previous year

Target



HR

Headline payroll accuracy

quarterly

98.80%

↓ -0.34 year-on-year

Red

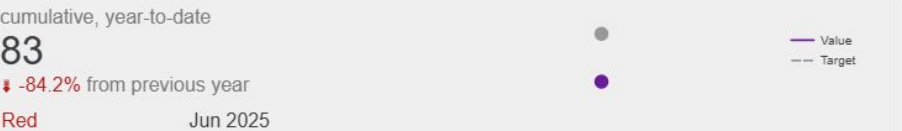
Jun 2025

Target (99.15)

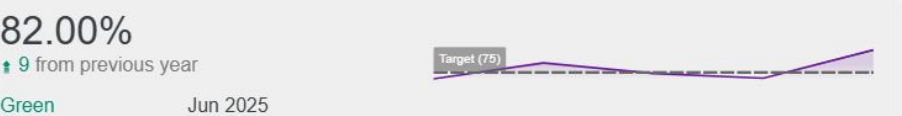


Health Checks (quarterly)

Number of residents attending NHS Health Check

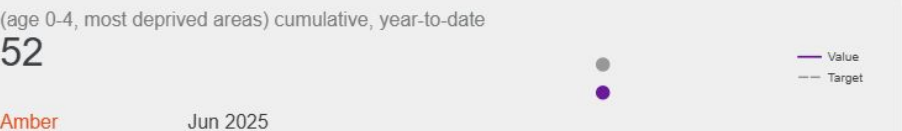


% of children attending 2 - 2.5 year Health Check



Children's Centre Registrations (quarterly)

Number of children newly registered with children's centre



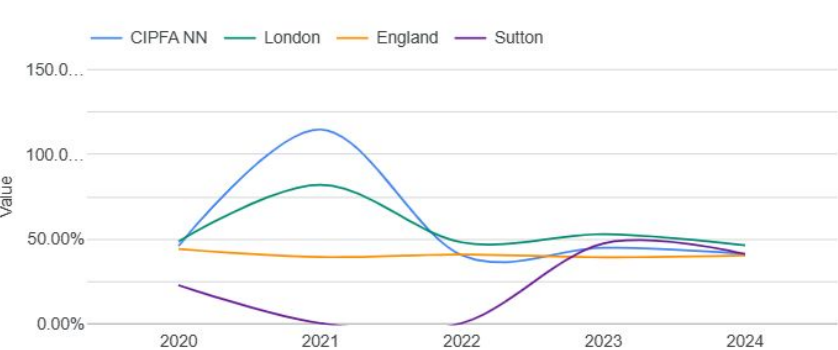
Sexual health e-service use (quarterly)

% of sexual health service users accessing e-service



Benchmarking performance

Proportion of eligible residents who attended an NHS Health Check



Sparkline graphs represent the previous 12 months of data (June 2024 to June 2025) with the exception of **cumulative** indicators which display only the most recent available data for the 2025/26 financial year.

Domestic violence, hate crime and ASB calls (quarterly)

Number of reported domestic violence offences

cumulative, year-to-date

569

↑ 28.2% from previous year

Value
Value (previous year)

Repeat victimisation domestic abuse incidents to MARAC (%)

21.40%

↓ -3.20% from previous year

Incidences of hate crime reporting

cumulative, year-to-date

89

↓ -5.3% from previous year

Value
Value (previous year)

Number of ASB calls to Police

cumulative, year-to-date

945

↑ 5.7% from previous year

Value
Value (previous year)

Emergency planning callouts (quarterly)

Number of emergency planning callouts

cumulative, year-to-date

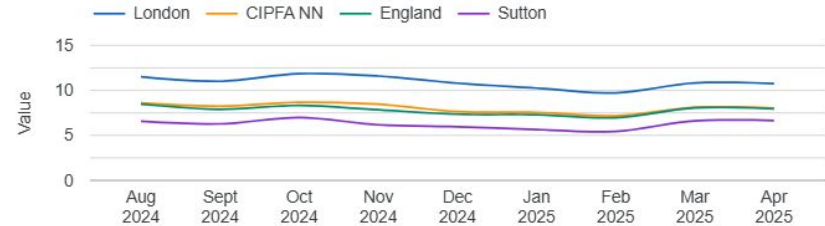
12

↑ 20.0% from previous year

Value
Value (previous year)

Benchmarking against statistical neighbours

Rate of crime and ASB in area (per 1,000 population)



Staff trained on Prevent (quarterly)

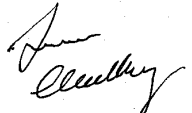
Number of staff trained on Prevent

cumulative, year-to-date

1,170

↑ 3.3% from previous year

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Report Title	Integrated Sexual Health Commissioning		
Committee	Strategy and Resources		
Meeting Date	29 September 2025		
Chair	Councillor Barry Lewis, Leader of the Council		
Report From	Imran Choudhury, Director of Public Health		
Report Author	Anna Saunders, Director of Commissioning		
Wards Affected	<ul style="list-style-type: none"> • All Wards 		
Ambitious for Sutton priorities	<ul style="list-style-type: none"> • An inclusive place for everyone • Campaign for quality local services 		
Open/Exempt	<ul style="list-style-type: none"> • Open 		
Signed		Date	17 September 2025

1 Summary

- 1.1 Ambitious for Sutton outlines the Council's vision to make Sutton a place where everyone feels welcome and proud to be who they are. Key Council priorities include fostering an inclusive place for all and ensuring residents have access to services and support for their physical and emotional well-being.
- 1.2 The current contract for the Integrated Sexual Health Service is coming to an end and this report sets out the procurement approach for commissioning a new service.

2 Recommendations

- 2.1 To authorise a 6-month extension to the existing Integrated Sexual Health Contract with Epsom & St Helier Hospital NHS Trust from 1 April 2026 to 30 September 2026 at a value of £532,561.
- 2.2 To authorise the joint procurement of the contract for the Integrated Sexual Health Service in partnership with the London Boroughs of Richmond, Wandsworth and Merton in accordance with paragraph 3.17.
- 2.3 To authorise the procurement of the contract for the Integrated Sexual Health Service for the London Borough of Sutton alone, in the event that final agreement on a joint commissioning approach is not reached.

- 2.4 To delegate authority to the Strategic Director of Public Health and Wellbeing in consultation with the Chair of Strategy and Resources Committee to enter into a contract in the terms outlined above in the event of a successful procurement exercise.

3 Background and Key Information

- 3.1 Local authorities through the Director of Public Health have a statutory responsibility to commission and provide open access to sexual and reproductive health services in their boroughs as per the Health and Social Care Act 2012.
- 3.2 For Sutton, these services are currently delivered by Epsom and St Helier University Hospital NHS Trust. Services are free for anyone living, working or studying within the borough. Located within the hospital, this service offers comprehensive support including: clinic based STI testing and treatment, all methods of contraception, pre and post-exposure prophylaxis for HIV, psychosexual counselling, specialist clinics for young people and the National chlamydia screening programme. The service also offers information and advice and identification and vaccination for Mpox and gonorrhoea. Given the open access nature of the service, Sutton residents are also able to utilise services in any borough of their choice.
- 3.3 Between 1 April 2024 and 30 March 2025, the local Integrated Sexual Health (ISH) Service undertook 6,945 in person consultations, resulting in 14,310 separate interventions. These interventions varied from routine STI tests to complex contraception consultations, some of which required multiple appointments. The service is well regarded amongst service users and Epsom and St Helier University Hospital NHS Trust has a combined CQC rating of Good.
- 3.4 The Integrated Sexual Health Service is part of a wider framework of sexual and reproductive health provision commissioned by Sutton council (see Appendix A).
- 3.5 The current contract was procured under the Public Contract Regulations (PCR 2015) and first issued in April 2019 with an initial four year term with two additional one year contract extensions'. The contract was originally paid on a tariff activity basis - meaning that each activity had an individual cost assigned to it (see Appendix B). This was changed to a block contract following COVID 19 restrictions on face to face activity and has remained as a block payment. The final extension has been invoked and the contract will come to its natural end on 31 March 2026.

Changes in the provider landscape

- 3.6 The market for integrated sexual health services is considered mature and stable with few providers entering or leaving the market. London currently has 16 local authority commissioned ISH providers, all of which are NHS trusts. Restrictions imposed by the Covid-19 pandemic impacted on the provision of in-person sexual health services. These events led to a fall in face-to-face appointments and a shift towards online service provision. In-person activity has not returned to pre-Covid levels with a sustained patient preference for online sexually transmitted infection (STI) testing and treatment. Residents currently access online provision through the [Sexual Health London](#) e-service.

- 3.7 The sustainability and viability of traditional hospital-based sexual health services face ongoing challenges due to the shift towards the use of online services. Online services are not appropriate for all and there remains a need for face to face provision for those who require complex and physical interventions or where digital access is not available, appropriate or safe. To ensure face to face services are available for those that require them, Sutton Council proposes joint commissioning of the ISH face to face service with the London boroughs of Richmond, Merton, and Wandsworth.
- 3.8 A joint commissioning approach will support:
- Economies of scale: reduction of costs by pooling budgets, leveraging shared resources (e.g. for communication campaigns) and negotiating better contracts with providers. This allows them to offer efficiencies as they are operating across a larger footprint e.g. sharing staff across a wider geography.
 - Consistent service quality and standardisation of service offer across all four boroughs: allows improved access for residents, greater choice locally and less fragmentation.
 - Greater resilience and sustainability of services: in the face of budget pressures for both commissioners and providers, as well as workforce shortages in the sexual health sector.
 - The development of increased specialised provision within local sexual health services will potentially reduce the demand for use of sexual health services outside of the borough.
- 3.9 Integrated Sexual Health Services are already jointly commissioned by the London Boroughs of Merton, Wandsworth and Richmond upon Thames, with Wandsworth acting as the Lead Authority. Central London Community Healthcare (CLCH) Trust provides the service which operates from a main hub at Falcon Road in Clapham Junction. Additionally there are two spoke sites; one at the Patrick Doody Clinic in Wimbledon and another at 'Off The Record' in Richmond. There is an agreed consensus that the future jointly-commissioned service will maintain a main hub site in Sutton.
- 3.10 The previous procurement process undertaken by Richmond, Wandsworth and Merton councils did generate market interest, but no viable submissions were received. Feedback from interested NHS providers highlighted barriers including securing suitable premises, contract length and a reluctance to compete for another NHS provider's "patch". The previous procurement for the current Sutton service in 2018 only received one bid. To mitigate the risk of a failed procurement, the proposed joint commissioning will use the Provider Selection Regime (PSR) process and utilise the Most Suitable Provider (MSP) process as an alternative to competitive procurement. The MSP allows for direct contract awards without competitive tenders if the authority identifies the most suitable provider based on the key criteria and the basic selection criteria and will allow commissioners to work with providers to establish a model of provision which most meets

the needs of the four boroughs. This will open opportunities for provider collaboration.

- 3.11 Early market engagement has indicated that current providers welcome a joint commissioning approach and agree that this provides more opportunities to develop a new model of delivery.
- 3.12 It is proposed that the London Borough of Wandsworth will serve as the Lead Authority for this procurement exercise acting on behalf of itself and the London Boroughs of Merton, Sutton, and Richmond upon Thames.
- 3.13 All participating local authorities will share responsibility for the service contract management and will enter into an inter-authority agreement. Contract review meetings will be held quarterly. Key Performance Indicators and other data requirements for the service will be reviewed and updated in line with the revised London Sexual Health Service Specification (SHSS) and national clinical guidelines.
- 3.14 Initial payment for the provision of services is recommended to be a block payment. However, once the London Integrated Sexual Health Tariff (ISHT) has been reviewed and re-priced, there will be a transition to activity based tariff payments. An updated tariff is planned for mid 2026. This shift back to activity based payments will allow funding to follow the patient wherever they choose to go which was the original rationale for the ISHT.
- 3.15 The total financial envelope for the initial block payments will be apportioned to each borough based on a baseline of cost for activity during 2024/25. Activity will be reviewed annually to ensure that each borough's contribution accurately reflects the proportion of their residents accessing services and preventing any one borough from subsidising another's activity. Commissioners will work with providers to review activity, reduce out of area activity and to reduce costs where appropriate.
- 3.16 The council expects that new service models will support long term systemic changes. To ensure provider sustainability and allow sufficient time to establish lasting behaviour change, reduce disease burden and improve equity, it is recommended that the contract be awarded for an initial term of 5.5 years. This term will commence on 1 October 2026, and conclude on 31 March 2032. The contract will include an option for one additional 5-year extension, ending on 31 March 2037. This will be a single, non-framework contract and will not be divided into lots. The initial annual contribution from Sutton will be £1,065,200. This is in line with the current spend for the delivery of the service.
- 3.17 If the joint commissioning approach is approved, a six-month extension to the current contract with Epsom and St Helier University Hospital NHS Trust is proposed from 1 April 2026 to 30 September 2026. This would align the contract timelines for the joint commissioning with Richmond, Wandsworth, and Merton, with the new contract commencing on 1 October 2026.

Risks

3.18 The joint commissioning approach using PSR is being proposed in order to maximise the opportunities for a successful procurement in response to issues experienced by previous tenders, the need to retain a face to face service and sustainability challenges faced by providers. The council also aims to minimise risks associated by using PSR as it is a relatively new procurement method. The council believes these risks are:-

- Potential difficulty in securing collaborative arrangements between providers despite expressed interest.
- Lack of prior experience between the four local authorities with the Provider Selection Provider Regime, 'most suitable provider' process.

3.19 To mitigate the risks the following actions have/will be undertaken:

- Early collaboration with the provider market to assess their willingness for collaboration
- Encourage proposals from lead providers with subcontractors and consortiums to reduce the reliance on a single point of entry in service delivery.
- Longer contract to provide stability for provider(s) allowing time to make changes and invest in innovation.
- All participating local authorities will share responsibility for the service contract management and will enter into an inter-authority agreement.

3.20 Should the collaborative commissioning process prove unsuccessful and Sutton is not able to participate, Sutton council will independently recommission an Integrated Sexual Health Service. The contract would be awarded using the PSR process.

4 Benefits to Sutton and its Residents

- 4.1 The four boroughs currently work together to commission and deliver sexual health services. While there is significant cross-boundary service use, many residents are currently choosing to use services outside of our geographical area. The proposed new service design aims to foster innovation and collaboration across all providers and therefore reduce duplication of service provision and reduce out of area costs. Service users will experience no change in the care they receive at the point of delivery, however the creation of a network of provision across the four boroughs will offer residents a seamless and streamlined access pathway to locate the appropriate service for them. Although service delivery options will evolve, Sutton residents will still be able to access sexual health services within the borough.
- 4.2 In order to meet statutory obligation to provide open-access sexual health services working jointly with other boroughs will allow:-

- Improved access for residents across the borough boundaries, enabling residents to use services nearer to their work, home or place of study. This is particularly important for those at highest risk of poor sexual health.
- Joint provision of care allows boroughs to pool expertise and resources. This will include standardised pathways so that patients receive consistent, high quality care wherever they attend.
- Shared provision which reduces duplication and enables better value for money.
- A shared service delivery model will support stronger service resilience as patients can be redirected to neighbouring boroughs if there are challenges in one particular area.
- A joint approach ensures consistent prevention and treatment strategies across all boroughs to support the delivery of public health outcomes.

5 Implications

Equalities Implications

- 5.1 The equalities impact assessment has not identified any negative impacts. The assessment will be reviewed throughout the procurement process to identify any potential negative impacts and any necessary mitigation measures will be implemented.
- 5.2 A joint commissioning approach seeks to enable:
- Improved outreach and provide services tailored to diverse communities in Sutton, thereby reducing health inequalities and promoting inclusivity.
 - Improved access to services, which reduces health disparities and empowers individuals with more choice.

Climate Implications

- 5.3 There are no material climate implications resulting from the recommendation(s) of this report.

6 Finance and Legal Commentary

Finance Comment

- 6.1 The extension to the existing Integrated Sexual Health contract and the further commissioning of the contract for the Integrated Sexual Health Service will continue to be fully funded from the ringfenced public health grant within the existing budget allocation.

Financial Risks

- 6.2 There is no specific financial risk resulting from the recommendations in this report.

Legal Comment**Extension Of Current Contract**

- 6.3 The current contract with St Helier was procured under the Public Contracts Regulations (PCR 2015) nevertheless, its modification will fall within the PSR and is permissible under Regulation 14.

Joint Procurement

- 6.4 The Council wishes to commission services jointly with The London Boroughs of Merton, Richmond and Wandsworth. This is permitted under Law which provides that two or more Contracting Authorities may undertake procurement(s) jointly.
- 6.5 LBW will act as Lead Authority for the procurement activity. This notwithstanding, LBS must ensure that it participates fully in the entire process by reviewing and where necessary commenting on all the tender documents and any other documents (including the terms and conditions of contract) that will form part of the Invitation to Tender.
- 6.6 LBS and its partners must ensure that they enter into the Inter Authority Agreement (IAA) mentioned in the main body of the report before commencement of the procurement process so that responsibilities and expectations of each partner are clearly set out. SLLP is happy to support this process if instructed.

Route to Market

- 6.7 The services to be procured being health services are subject to The Provider Selection Regime (PSR). As per the main body of this report, the preferred procurement process is the Most Suitable Provider Process under the PSR. This Process is distinct from competitive processes and is available to use where the contracting authority is not bound to follow any other direct award route under the PSR (i.e Process A or B) and the conditions for Direct Award Process C are not met or the authority/ies do not wish to use it. The Council has demonstrated in the main body of this report that Processes A, B and C will not be appropriate. Furthermore, the fact that LBS is joining the partners in this proposed procurement and is not a party to the current contract held by its partners also demonstrates that none of the Direct Award Processes under the PSR provides a legitimate route to market. Therefore the partner's preferred route to market provides a robust and compliant process and may be approved for use as recommended.

Delegation

- 6.8 The delegation recommended is permissible under The Local Government Act.

Legal Risks

- 6.9 None identified. This may change as the procurement progresses.

7 Appendices and Background Documents

7.1 Appendices

Appendix Letter	Appendix Title
A	List of sexual health contracts currently commissioned by the London Borough of Sutton
B	Note on the London Sexual Health programme and the development of a new Sexual Health tariff

7.2 Background Documents

Date of Expiry	Background Document
N/A	N/A

8 Consultations

Consultees	Yes/No	Officer	Date of Comments
Finance	Yes	Victoria Goddard Director of Finance	18/08/2025
Legal	Yes	Rachel Godson-Amamoo Principal Lawyer, Procurement and Information Governance	02/09/2025
Commercial and Procurement	Yes	Steve Hoy Head of Commercial and Procurement	18/08/2025
Equalities Impact Assessment (EQIA)	Yes	Anna Saunders Director of Commissioning	16/09/2025
Climate Impact Assessment (CIA)	No		

Integrated Sexual Health Commissioning Committee Report: Appendix A

The Council also commissions the following sexual and reproductive health services:

Description of Service	Provider	Contract Value
HIV Prevention and Support	Spectre Jointly commissioned by all SWL boroughs with Wandsworth as the lead commissioners. Accessed using an IAA	£35,000
HIV Prevention and Support	Do It London as part of the London HIV Prevention Programme. Lambeth Council are lead commissioners and accessed using an IAA	£10,574
Getting it On website - Wellbeing and SRH support for young people	The Creative Company Jointly commissioned by all SWL boroughs with Richmond and Wandsworth as lead commissioners	£5,000
Long Acting Reversible Contraception (LARC)	GP practices for fitting and removal Appliances through ICB Medicines optimisation service.	£26,300 £50,000
Emergency Hormonal Contraception (EHC)	Community Pharmacy	£18,900
Online STI testing and treatment	Preventx for chlamydia testing	£40,000
Sexual Health London e - Service	Preventx on behalf of the London Sexual Health Programme. Contract is managed by the City of London and accessed using an IAA	£225,000 for testing and treatments £10,000 for management cost

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Integrated Sexual Health Commissioning Committee Report: Appendix B

London Sexual Health Programme

Sutton, alongside the other 32 London local authorities is part of the [London Sexual Health Programme \(LSHP\)](#) which aims to strengthen provision across the Capital through strong partnership working and collaborative approaches. The partnership has pioneered an innovative, sustainable model that aligns with evolving clinical guidelines, responds to the growing preference for online access, and harnesses new technologies to enhance convenience for residents while delivering significant efficiencies for commissioners. The programme works closely with the NHS to ensure high-quality, accessible sexual health services for all. At a time when public health funding to local councils has been reduced, the LSHP remains committed to innovation and efficiency, developing sustainable solutions that enhance service.

The Integrated Sexual Health Tariff is a framework designed to understand the costs of each intervention undertaken within a sexual health clinic appointment. The tariff rates for interventions are consistent across London. The tariff is created using a pathway and each component of the pathway has a value to it. Components include:-

- Staff costs for the intervention (eg nurse or consultant)
- Drug costs
- Consumables
- Pathology
- Overheads

At the time of writing there is intensive work being undertaken by the London Sexual Health Programme to review all tariff values and pathways. This work is expected to be completed early Autumn 2025. Revised tariffs and pathways will be introduced when this work is completed.

Sexual health services are open access. This means that anyone can use a sexual health service wherever they wish. It does not have to be in their borough of residence. Each service is able to recharge the local authority of the patient who accesses a service outside of their area.

The tariff sets out how much commissioners are expected to pay for a service or activity. For London, baseline activity levels are set annually between all London providers. This is the agreed level of activity expected by one borough to another borough's service. A marginal rate is set for payment of any activity that goes above the baseline rate. It is usually lower than the full tariff value of the activity.

Sutton will pay full tariff price for services up to an agreed baseline level of activity. If the provider goes over that level, we will still pay, but at a reduced marginal rate. This way, the system rewards necessary activity but also protects against cost spiralling out of control.

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Report Title	Annual Report - Investment Property Portfolio		
Committee	Strategy and Resources Committee		
Committee Date	29 September 2025		
Committee Chair Lead Member	Councillor Barry Lewis, Leader of the Council Councillor Sunita Gordon, Lead Member for Resources		
Report From	Richard Simpson, Strategic Director of Resources and S151 Officer		
Report Author(s)	Christopher Rhodes, Head of Asset Management		
Ward(s) Affected	Corporate Business		
Ambitious for Sutton priorities	<ul style="list-style-type: none"> • An efficient and well-run Council • Strong and fair economic growth 		
Open/Exempt	Open		
Signed		Date	17 September 2025

1 Summary

- 1.1 The Ambitious for Sutton Corporate Plan seeks to ensure assets are used in the most effective way to both deliver services and also generate income for the Council. Properties within the Investment Property Portfolio (IPP) provide income to the Council which can be reinvested into frontline services
- 1.2 This report provides an update on the performance and management of the Council's IPP in the 2024/25 financial year. The IPP contributes to Council revenues and delivery of services as well as facilitating business and employment space for economic activity as part of the Council's ambitions for the borough.

2 Recommendation

- 2.1 To note the performance of the Investment Property Portfolio in the 2024/25 financial year.

3 Background and Key Information

- 3.1 The 2015 to 2019 Asset Management Strategy included the establishment of an Investment Property Portfolio (IPP) and a requirement to report progress annually to the Strategy and Resources Committee. The 2020-2025 Asset Strategy adopted by this Committee in October 2020 carried forward this reporting regime.

- 3.2 Property investments over £80m had been made by the end of the 2019/20 financial year. This has generated over £5m in additional net revenue to support provision of Council services. An earmarked reserve fund has been built up to manage some of the fluctuations in income and expenditure in the IPP. At 31/3/2025 the total reserve fund was £4.534m. This provides protection against any risk to future income streams to ensure there is no immediate impact on the revenue budget.
- 3.3 This retrospective report covers the financial year ending 31 March 2025. Over that period, the bank base rate decreased from 5.25% to 4.50%. Inflation (CPI) ranged from a low of 1.7% to a high of 2.6% over the year. Economic growth was modest, with gross domestic product up 1.2% year on year.
- 3.4 The last report presented to this Committee in October 2024 confirmed overall performance broadly in line with national comparators and overall a good spread of risk. It was recommended that there would be no change of direction in the overall aims or management of the portfolio and its investments except where circumstances suggested otherwise.
- 3.5 The performance reported covers the financial year ending 31 March 2025 and no additional properties were acquired for the IPP in that year.
- 3.6 During March 2024, the council completed the sale of Oxfam House, Oxford Business Park, which had been the only IPP holding outside the borough, for £37.1m. The lease to Oxfam was due to end in March 2025 and a timely opportunity to sell resulted in a healthy surplus over the acquisition price in 2016 of £28.9m, in addition to the net revenue generation during ownership.
- 3.7 Five key indicators were adopted to monitor performance of the portfolio and have been reported year on year. These cover performance against the indicators and are reported in the tables below.

Total Return – the annual increase in net capital value (expressed as a percentage) plus net income growth (expressed as a percentage of the capital value) measured against the whole portfolio and by property type;

Table A. Total Portfolio

Year	Asset Value (£000's)	Net Asset Value Growth (%)	Net Income Growth (%)	Total Return LBS (%)	UK All Property Total Return (published index)
2016/17	£75,739	1.72%	3.54%	5.26%	3.5% (Dec 2016)
2017/18	£93,935	4.14%	3.50%	7.64%	11.3% (Dec 2017)
2018/19	£95,259	2.00%	3.22%	5.22%	5.1% (April 2019)
2019/20	£124,424	-3.98%	2.62%	-1.36%	0.1% (April 2020)
2020/21	£122,790	-1.31%	2.48%	1.16%	2.5 % (April 2021)
2021/22	£142,843	16.33%	2.66%	18.99%	24% (April 2022)
2022/23	£136,768	-4.25%	2.59%	-1.67%	-15.5% (April 2023)
2023/24	£124,071	-8.57%	2.77%	-5.80%	0.25% (April 2024)
2024/25	£86,108	-30.6%	2.57%	1.87%	5.25% (April 2024)

Index source IPD to 2020/21 then MSCI 2021/22 onwards

- 3.8 Net income growth at a positive value of 2.57% indicates the contribution being made by the portfolio to the Council's revenue budget and to service delivery. The performance of the portfolio by sector drives the overall return. Sectors are addressed below with commentary. The total return of 1.87% reflects localised market conditions, the nature of the portfolio itself relative to national comparators and the impact of modest changes in capital values over the period.

- 3.9 The significant drop in asset value is due to the sale of Oxfam House. Net return and total return are calculated from remaining holdings as the disposal took place at the end of the 2023/24 financial year.
- 3.10 As the purpose of the IPP is for income, with sales taking place only when tactically worthwhile, the provision and growth of income is more important to the Council's revenue position. The stability of income growth is therefore positive.

Table B. By Property Type

Property Type	Asset Value (AV) (£000's)	AV as (%) of Total Portfolio	Net Asset Value Growth (%)	Net Income Return (%)*	Total Return (%)	UK Total Return MSCI/ Cushman & Wakefield April 2025
Offices	£6,070	7.05%	-1.36%	0.54%	-0.82%	8%
Leisure	£30,190	35.06%	0.41%	2.57%	2.98%	3.75%
Industrial	£35,510	41.24%	-0.41%	4.52%	4.11%	8.25%
Retail	£14,338	16.65%	-1.66%	3.88%	2.21%	8%

**Net income return is the income available after deducting costs.*

- 3.11 This indicates mixed performance overall. Sectors are considered individually later in the report but overall considering the macro-economic position and nature of the IPP relative to comparators across the UK, the picture is considered to be acceptable.
- 3.12 National statistics are led by strong performance in sectors including shopping centres, retail warehouses and industrial. The St Nicholas Centre is not included here as it was acquired for regeneration. The best-performing industrial property is logistics and distribution space which is new and well-located for road networks.
- 3.13 Capital values have remained stable. The national investment market shows signs of recovery. Occupier markets have been subject to localised variations of supply and demand. The uncertainty of tariffs has contributed to growth being less than anticipated, nevertheless strong performance has been noted in some sectors including data centres, logistics, life sciences, offices and retail depending on location.
- 3.14 The sale of Oxfam House reduced the office element of the portfolio significantly, however, the sale was timely given its location in Oxford in a life science area, and the tenant's intention to not renew the occupational lease beyond March 2025.
- 3.15 Post-COVID-19, the rise in hybrid working and flexible workspaces has given rise to a market sentiment for commercial offices defined by a strong and growing demand for high-quality refurbished spaces, while older, lower-grade stock struggles to let.

Table C. Effective Return – Income receivable less costs, expressed as a percentage of capital value

Year	Asset Value (£000's)	Net Income (£000's) (net of financing costs and management costs)	Effective Return (%)
2016/17	£75,739	£2,652	3.50%
2017/18	£93,935	£3,141	3.36%
2018/19	£95,259	£3,012	3.16%
2019/20	£124,424	£3,397	2.73%
2020/21	£122,790	£3,082	2.51%
2021/22	£142,843	£3,268	2.29%
2022/23	£136,768	£3,696	2.70%
2023/24	£124,071	£3,792	3.06%
2024/25	£86,071	£3,188	3.70%

- 3.16 The increased effective return reflects the greater rents it was possible to secure over the year. Net income has decreased by £604,000 due to the Oxfam disposal but offset by other increases. The effective return continues the upward trend since 2021.

Table D. Growth in Asset Value and Gross Income - Percentage increase per year

Year	Asset Value (£000's)	Asset Growth (%)	Gross income (£000's)	Income Growth (%)
2016/17	£75,739	77.52%	£4,375	61.42%
2017/18	£93,395	23.31%	£5,402	23.48%

2018/19	£95,259	2.00%	£5,280	-2.24%
2019/20	£124,424	30.62%	£7,175	35.89%
2020/21	£122,790	-1.31%	£6,478	-9.7%
2021/22	£142,843	16.33%	£6,658	2.78%
2022/23	£136,767	-4.25%	£7,063	6.09%
2023/24	£124,071	-9.28%	£7,173	1.55%
2024/25	£86,108	-0.70%	£5,396	-24.76%

- 3.17 Table D reflects the overall impact of the economy each year together with that of acquisitions and disposals. The 2024/25 financial year was significantly affected by the disposal of Oxfam House but figures are reported on the same basis as previous years for consistency.
- 3.18 Some further softening of the investment market meant a modest decrease in capital values, as interpreted by our external valuers. The fixed deduction and outgoings of £2.208m have continued to be more than covered.

Table E. Vacancy Rate – Expressed as a percentage of vacant space and potential rent loss compared with total lettable space and overall rent

Year	No. of Properties	No. Vacant	Vacant Lettable Space	Vacancy Rate (% lettable space)	Rent Loss (If vacant for whole year)	Vacancy Rate (% of total rent)
April 2017	111	2	2,384 m ²	0.26%	£195,003	3.34%
April 2018	111	5	2,036m ²	0.22%	£109,000	1.85%
April 2019	111	5	1,725m ²	0.19%	£144,000	2.48%
April 2020	122	8	3,399m ²	0.37%	£296,800	3.92%
April 2021	121	11	4,134m ²	0.45%	£389,502	5.15%

April 2022	119	4	1,544m2	0.17%	£90,502	1.20%
April 2023	120	2	1,861m2	0.21%	£32,250	0.46%
April 2024	118	2	800m2	0.09%	£49,510	0.66%
April 2025	117	7	1,743m2	0.19%	£204,492	3.53%

- 3.19 The vacancy analysis shows an increase over last year. Levels overall are still considered to be low relative to national indicators, however the upswing will continue to be monitored with regard to market conditions and minimising void costs. A significant element of IPP vacancy is within the office sector.
- 3.20 Industry information via Cluttons suggests national vacancy rates for industrial property of 9.9%, retail at 3%, and offices in London of 9% to 14% depending on location.

Investment property portfolio - sector overview

Retail

- 3.21 The Council's retail portfolio remained fully let over the 2024/25 financial year with the exception of the former Wilko unit. The portfolio is mainly located in Sutton High Street. Acquisitions for the IPP focused on well-let retail properties in good locations and there have been relatively few business failures with the exception of Wilko.
- 3.22 Terms were agreed with Lidl for a new store in the former Wilko unit and a new 20 year lease to Lidl has now been granted. At the time of drafting, fitting-out of the unit is expected to begin shortly and the store will operate alongside the existing Lidl store.
- 3.23 National indicators are led by newer shopping centres and retail parks with industry sources reporting total returns in London closer to 3% than the national indicator of 8%. This is more consistent with the IPP return of 2.21%.

Industrial

- 3.24 Industrial property in the borough continues to perform well, with relatively few voids although during 2025 a small number of business failures have arisen. This sector of the IPP has again undercut the national performance indicator due to capital valuations and because the majority of the portfolio is let on long leases with a high degree of security and is therefore less exposed to market fluctuations. There is less opportunity to drive value from open market rents due to the ground rent structure.
- 3.25 The continuing short supply of industrial property in and around the borough is expected to drive security, albeit business failure will be monitored. Greater rental growth and investment activity attaches to the logistics and distribution sector, especially with proximity to the motorway network.

Offices

- 3.26 The portfolio's quantum of office space has reduced significantly following the disposal in March 2024 of Oxfam House. Office property is now held in the borough only. The sector nationally has shown signs of improvement over the last year, continuing the recovery from the Covid pandemic and return to office working but principally in established office locations. Pressure on office space in Sutton for conversion to residential use has continued.

Leisure

- 3.27 Leisure portfolio properties are also mostly subject to long leases with good security and this reflects in consistent performance. The broad nature of this sector includes hotel and licensed premises whereas the Sutton portfolio is more sport and fitness orientated. However the sector remains vulnerable to worsening economic conditions as well as energy costs for larger premises.

General

- 3.28 The Asset Strategy Delivery Board took over the function of the former IPP Board and met quarterly, chaired by the Strategic Director for Resources. This group is responsible for governance of the IPP and will continue to keep the portfolio under review and consider opportunities for investment, acquisition and disposal. At present it is considered unlikely that any further acquisitions for the IPP will be made except within the borough and/or where a case exists for benefits beyond a financial return.
- 3.29 Given the wider economic climate the results overall are considered to be acceptable.. Concerns continue over inflation and economic growth with recent reductions in base rate not having significantly improved the outlook. The investment portfolio still represents a good spread of risk, as does the proportion of property to other investments held. No change in the overall strategy is recommended but ad-hoc disposals or, in exceptional circumstances, acquisitions will continue to be considered.

4 Benefits to Sutton and its Residents

- 4.1 The Strategy and Resources Committee has been receiving annual reports on the Council's previous corporate asset management strategy. This report provides an update on the performance of the Investment Property Portfolio (IPP) up to the end of the financial year 2024/25. Revenue from the portfolio helps to deliver services to residents.
- 4.2 Sutton is ambitious for all who live, work and raise a family in the borough. The corporate asset management strategy helps to ensure that the land and property the Council owns will continue to support and enable the achievement of these outcomes by generation of revenue to support Council activities and directly by provision of business space and prudent management of assets.

5 Implications

- 5.1 This report examines performance of the IPP in light of the 2020-25 Asset Strategy, which is more reflective of current policy objectives and a joined-up approach to delivery. In the case of the IPP, continued management and monitoring will help to ensure the best possible returns are obtained to assist with policy and service delivery.

6 Finance and Legal Commentary

Finance Comment

- 6.1 As required by the Prudential Code and the Government's guidance on treasury investments, the Council includes details of its commercial property acquisitions within both its capital and treasury management strategies. These documents include the details of the IPP as shown in this report and the annual performance and risk management arrangements for the portfolio. The treasury strategy highlights the proportion of debt held by the Council which relates to commercial activity, such as the purchase of commercial property, giving the Council a view on the proportionality of such activity.
- 6.2 The financial benefits of the IPP are set out within the body of the paper and built into the Council's budget plans.
- 6.3 The Council portfolio is performing well and continuing to make a positive contribution to the Council's overall financial position through rental income generated. The disposal of Oxfam House is reflected in the reduction to the net asset values, but generated a significant capital receipt that has funded transformation spend and the capital programme in line with the Council's Medium Term Financial Strategy principles.

Financial Risks

- 6.4 Any investment carries risk as well as reward and needs careful planning and monitoring to ensure those risks are understood and managed. The financial risks arising from the Investment Property Portfolio are primarily risks related to loss of income, costs of acquisition and operation, and appropriate building management and insurances. These risks are being managed through Council processes for financial management, insurance, risk registers and collaborative working with external partners to acquire and manage investment properties that meet our requirements within acceptable risk tolerances.
- 6.5 An earmarked reserve is held to mitigate the risk that fluctuations in investment income adversely impacts the revenue budget. The reserve held £4.5m at the end of 2024/25.
- 6.6 The risks are considered acceptable within the overall Council budget and reserves position, but will be kept under close review to ensure public monies are protected and used to deliver value for money. A number of changes to Government policy and guidance regarding Local Authority capital investments and commercial property were introduced in 2022, and strengthened reporting and governance arrangements for commercial investments. The Council is operating in line with the revised guidance and reporting against the prudential indicators set out in the treasury management strategy. This provides assurance that investment is being managed in line with approved Council policies and that we have appropriate controls and governance in place to manage the risks associated with the IPP.

Legal Comment

- 6.7 This paper sets out an update on the Council's IPP and officers confirm that the portfolio continues to be managed in accordance with the agreed policies and strategies of the Council and legislative guidelines and powers. Officers have set out in this paper the ongoing rationale for the retention and management of the portfolio and taking all relevant matters into account, the Council continues to act reasonably in a public law sense and within the existing legal framework for these types of assets.

7 Appendices and Background Documents

7.1 Appendices

Appendix Letter	Appendix Title
N/A	

7.2 Background Documents

Date of Expiry	Background Document
N/A	

8 Consultations

Consultees	Yes/No	Officer	Date of Comments
Finance	Yes	Victoria Goddard, Director, Finance	28/08/25
Legal	Yes	Amrita Chuhan, Assistant Head of Law, South London Legal Partnership	26/8/2025
Others	No	N/A	
EQIA	No	N/A	

Report Title	Facilities Management Hard Services Contract Procurement		
Committee	Strategy and Resources Committee		
Meeting Date	29 September 2025		
Chair	Councillor Barry Lewis - Leader of the Council		
Lead Member	Councillor Sunita Gordon - Lead Member for Resources		
Report From	Richard Simpson - Strategic Director of Resources		
Report Author	Lydia Stanley - Head of Facilities Management		
Wards Affected	Council Business All Wards		
Ambitious for Sutton priorities	An efficient and well run Council		
Open/Exempt	Open		
Signed		Date	18 September 2025

1 Summary

- 1.1 The contract for Hard Services Facilities Management for the Council's operational buildings is due to end on the 31/03/26. Hard Services involves the maintenance, repair and statutory compliance of the Council's operational buildings; the current contract is delivered by Mitie Technical Services. It does not include the provision of security and cleaning which is under a separate contract. As the current contract is ending, the procurement of a new contract is required.
- 1.2 The effective maintenance and repair of the operational buildings enables the Council to continue to run efficient and well run services from its buildings supporting the delivery of the corporate plan; Ambitious for Sutton.
- 1.3 The purpose of this report is to set out the procurement process to seek a partner to deliver the FM Hard Services Contract from April 2026, and seek to delegate the authority to the Strategic Director for Resources to appoint a provider following procurement.

2 Recommendations

- 2.1 To agree to procure a new Facilities Management Hard Services contract for the operational estates buildings.
- 2.2 To delegate the award of the contract to the Strategic Director of Resources following the procurement exercise outlined in the report.

3 Background and Key Information

- 3.1 The current contract with Mitie Technical Services commenced on 1st April 2022 and is due to end on 31st March 2026. The contract is managed by the inhouse Facilities Management (FM) team that has responsibility for all of the Council's Operational Assets, which in turn allows service directorates to focus on providing vital services to residents and clients. The current contract value is in the region of £820k per annum.
- 3.2 In April 2022 as part of the last contract award the Facilities Management team was restructured to bring the Facilities Helpdesk inhouse to enable the Council to have more control and review and triage each job logged by staff and tenants. More technical tasks are reviewed by the Council's FM Projects Surveyor before being sent to the current contractor for action.
- 3.3 This operating model has been successfully implemented following the FM team restructure in 2023, and has given the Council greater control by enabling the Council to work with the incumbent contractor to utilise its wider technical team and supply chain to maintain the operational estate and efficiently, to provide technical FM services, and to increase its social value offering to Sutton residents. The changes have worked well and improved flexibility and control as well as reducing costs for the Council.
- 3.4 Despite an option to extend the current contract with Mitie Technical Services, a new contract will be sought due to changes in estate size and the in-house move of the facilities helpdesk, which are expected to yield better value for money.
- 3.5 The new contract terms will be a three year contract with an option to extend by one year. Market testing has established that there is a competitive market available to the Council, and that the proposed contract period will be both flexible and attractive to potential bidders when procurement commences.
- 3.6 The Council will procure services through a mini-competition utilising Lot 1 (Total Facilities Management) of the Fusion 21 Workplace Solutions and Facilities Management Framework. This framework, which includes sixteen suppliers, offers the benefit of a shorter bidding period, reducing the time from invitation to bid to preferred bidder selection. This is due to suppliers having already undergone a competitive selection process. An additional advantage is that the framework went live in February 2025, meaning the selection process for the framework was fairly recent. The weightings used for the mini competition will be 50% Quality and 40% Price and 10% Social Value.
- 3.7 The procurement timeline for procurement is set out below:

Procurement strategy approval and award delegation report to Strategy and Resource Committee	September 2025
Issue ITT (mini-competition)	October 2025
Close ITT	November 2025

Evaluate ITT returns and undertake moderation	November 2025
Delegated approval	December 2025
Contract Award	December 2025
Standstill Period	December 2025
Mobilisation	March 2026
Contract Start Date	April 2026

4 Benefits to Sutton and its Residents

- 4.1 The Hard Services Contract will allow Sutton to be ambitious for all who live, work and raise a family in the borough. The FM services contract enables the FM team to ensure that all Council-owned facilities and property continue to support and enable the achievement of these outcomes. As part of the procurement and contract, action on climate change will support the reduction in Carbon emissions.

5 Implications

Equalities Implications

- 5.1 No adverse equalities implications have been identified specifically relating to this commercial contract. Procuring a new FM service provider will have no impact and will ensure fairness and equality of opportunity on all staff and building users with a range of protected characteristics.
- 5.2 The current contract presented benefits to residents with a social value that included supporting the Council's Children's Home with volunteer hours for minor painting and decorating, and has actively promoted at least two individuals who are Sutton's Looked After Children to gain employment within its wider company through apprenticeships.
- 5.3 It is anticipated that the procurement will seek to achieve similar tangible social value benefits for residents.

Climate Implications

- 5.4 The Hard Services provider will support Sutton Council's commitment to supporting a borough-wide transition to net-zero carbon emissions. The contractor will share the 2022-27 corporate plan sets out the Council's objectives for achieving this and how they will support these objectives.
- 5.5 As set out in the Climate Impact Assessment (CIA) in appendix A, there will be no changes in the impact on carbon emissions. The Hard Services contractor will be required to use EV as per the current contract. The Hard Services supplier will support the Facilities Management team in decarbonisation of the estate.

6 Finance and Legal Commentary

Finance Comment

- 6.1 Undertaking a competitive procurement process enables the Council to explore other contractor models and to test the market, with the aim of minimising revenue costs and increasing service efficiencies.
- 6.2 Financial controls are in place to monitor spend against the budget and to forecast future spend requirements. This is reported as part of the Council's budget monitoring process so that mitigating actions can be taken in relation to any pressures arising.

Financial Risks

- 6.3 Supplier financial stability should be carefully considered and the risk mitigated through a thorough procurement process. This will include assessing tenderers against the financial tests set out in the Financial Checks Policy.
- 6.4 Price volatility is a risk in the current market. This will be mitigated through consideration of fixed prices if suitable for some elements of the contract, and undertaking a competitive tendering process will drive price competition.
- 6.5 There is a risk the new contract will have a higher price than what is currently available within existing budgets. This will be managed through the procurement process and clear communication of the service and contractual requirements at the outset.

Legal Comment

- 6.6 The original contract is for the period of 1st April 2022 - 31st March 2026. Informal discussions have taken place with the current provider, and a formal notice to end the contract has been issued to the provider as set out in the contract therefore there are no legal implications.
- 6.7 This report recommends approval of the procurement strategy outlined within it. The recommendation is to procure the Council's requirements from a Framework Agreement namely the Fusion 21 Workplace Solutions and Facilities Management Framework.
- 6.8 The Council's Contract Standing Orders permit the Council to procure a Contract of any value using a suitable existing Framework Agreement provided that the Framework Agreement has been procured in accordance with UK and/or associated Procurement Law - and it is lawful and appropriate (in respect of scope, value, terms and eligibility to access) for the Council to use it'.
- 6.9 The proposed procurement strategy set out in the body of this report complies with the requirements of current Procurement Laws and the Council's Contract Standing Orders therefore approval may be given to officers to proceed in the manner recommended.

Legal Risks

- 6.10 To avoid the risk of challenge, the Council must ensure that it adheres to the procedure laid down in the Framework Agreement governing the invitation, evaluation and award of tenders.

Delegation:

- 6.11 The recommendation to delegate the award of the contract to the Strategic Director of Resources following the procurement exercise outlined in the report is permissible under the Local Government Act

7 Appendices and Background Documents

7.1 Appendices

Appendix Letter	Appendix Title
A	Climate Impact Assessment

7.2 Background Documents

Date of Expiry	Background Document
N/A	N/A

8 Consultations

Consultees	Yes/No	Officer	Date of Comments
Finance	Yes	Victoria Goddard Director of Finance	03/09/2025
Legal	Yes	Rachel Godson-Amamoo Principal Lawyer	18/09/2025
Commercial and Procurement	Yes	Steve Hoy Head of Commercial and Procurement	28/08/2025
Equalities Impact Assessment (EQIA)	Yes	Thuso Selelo Director for Assets and Capital Delivery	25/08/2025

Consultees	Yes/No	Officer	Date of Comments
Climate Impact Assessment (CIA)	Yes	Thuso Selelo Director for Assets and Capital Delivery	25/08/2025

Climate Impact Assessment: Hard Services Procurement

Sustainability theme	Impact Description	Impact Rating (<i>Positive</i> , <i>Neutral</i> , <i>Negative</i>)	Impact Management	Management Action Owner	Impact Improvement Rating (<i>Positively Improved</i> , <i>No Change</i>)
Air Quality and Transport	- Carbon emissions from transport could increase	Neutral	- EV vehicles to be utilised by Hard Services contractor	LS	Positively improved
Energy	No changes				
Consumption of Materials	- Change in source of materials with change of contractor	Negative	- Requirement in the procurement of <i>Sustainable and/or local materials supply</i>	LS	Positively improved
Green Infrastructure, Green Space and Biodiversity	N/A				
Community	N/A				
Adaptation to climate change	N/A				
Water	N/A				
Waste	N/A				
Procurement	No changes - Procurement documentation will include corporate priorities to act on climate change.	Neutral	The procurement will follow the process outlined in the sustainable procurement policy and that supplier assessment scoring will be weighted to favour responses that can	LS	Positively improved

			evidence measurable plans supporting the policy commitments.		
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Express delegations of the Strategy and Resources Committee recently used

Date of Decision	Decision
28 May 2025	Express Delegation: Award of Contract: Levelling Up Fund (LUF) Belmont Rail PACE 2 Detailed Design Work - Network Rail Commission
28 March 2025	Express Delegation: Provision of an Integrated Insurance Service to Rushmoor Borough Council
18 March 2025	Express Delegation: Award of Contract High Value Commercial Buildings Insurance

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