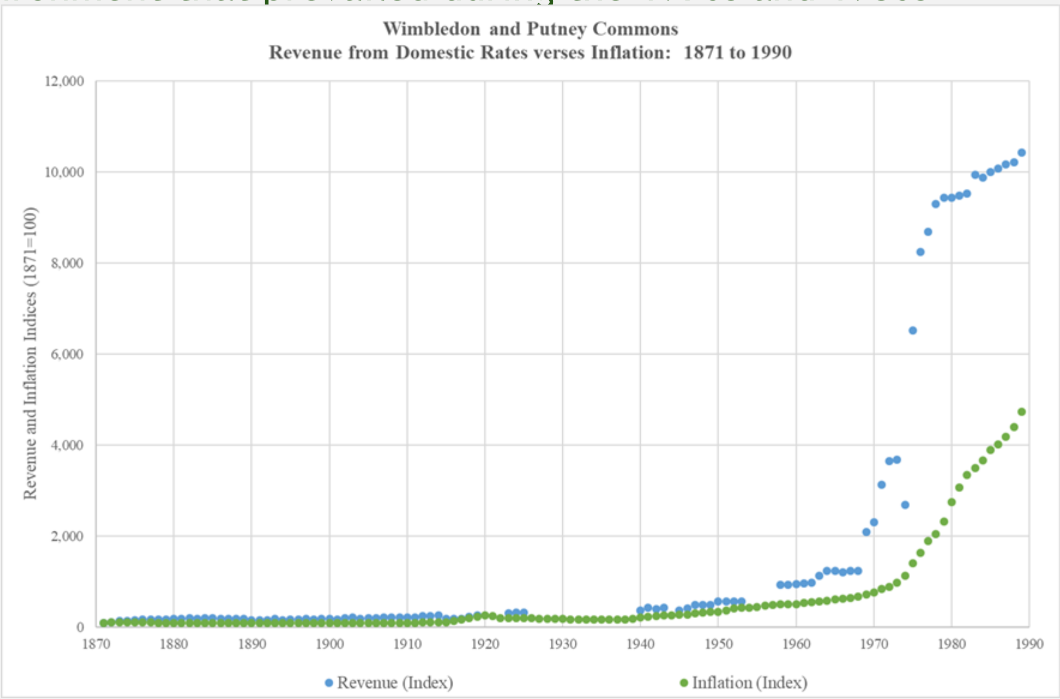
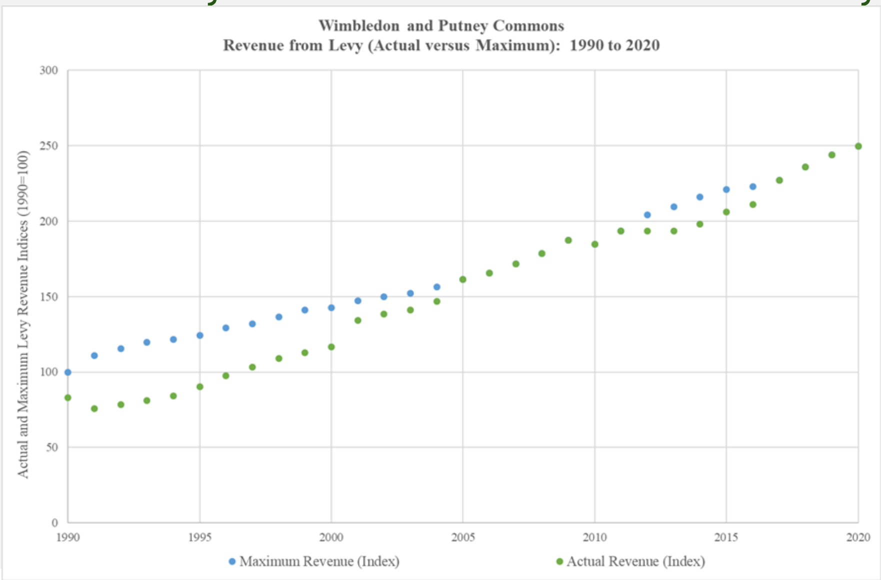
Levy: Historic and constitutional position – 1871 Act

- The 1871 Act was clear in that levying of domestic rates on properties that ‘primarily benefited from the establishment of the Commons’ was intended to serve as the principal means through which the Commons were to be financed; all properties within three-quarters of a mile of Wimbledon Common or the Parish of Putney (as it existed in 1871) were subject to the levy
- The original mechanism reflected both residential property values and the number of properties that were subject to the levy and accordingly revenue grew from its base in 1871 of £2,104 to reach a level of £197,227 in 1990; if total revenue from rates had been restricted to general inflation, as measured by a composite price index, revenue would have reached only £89,560 by 1990, less than half of the level actually achieved, despite the fact that domestic rateable values were not regularly updated during the highly inflationary environment that prevailed during the 1970s and 1980s



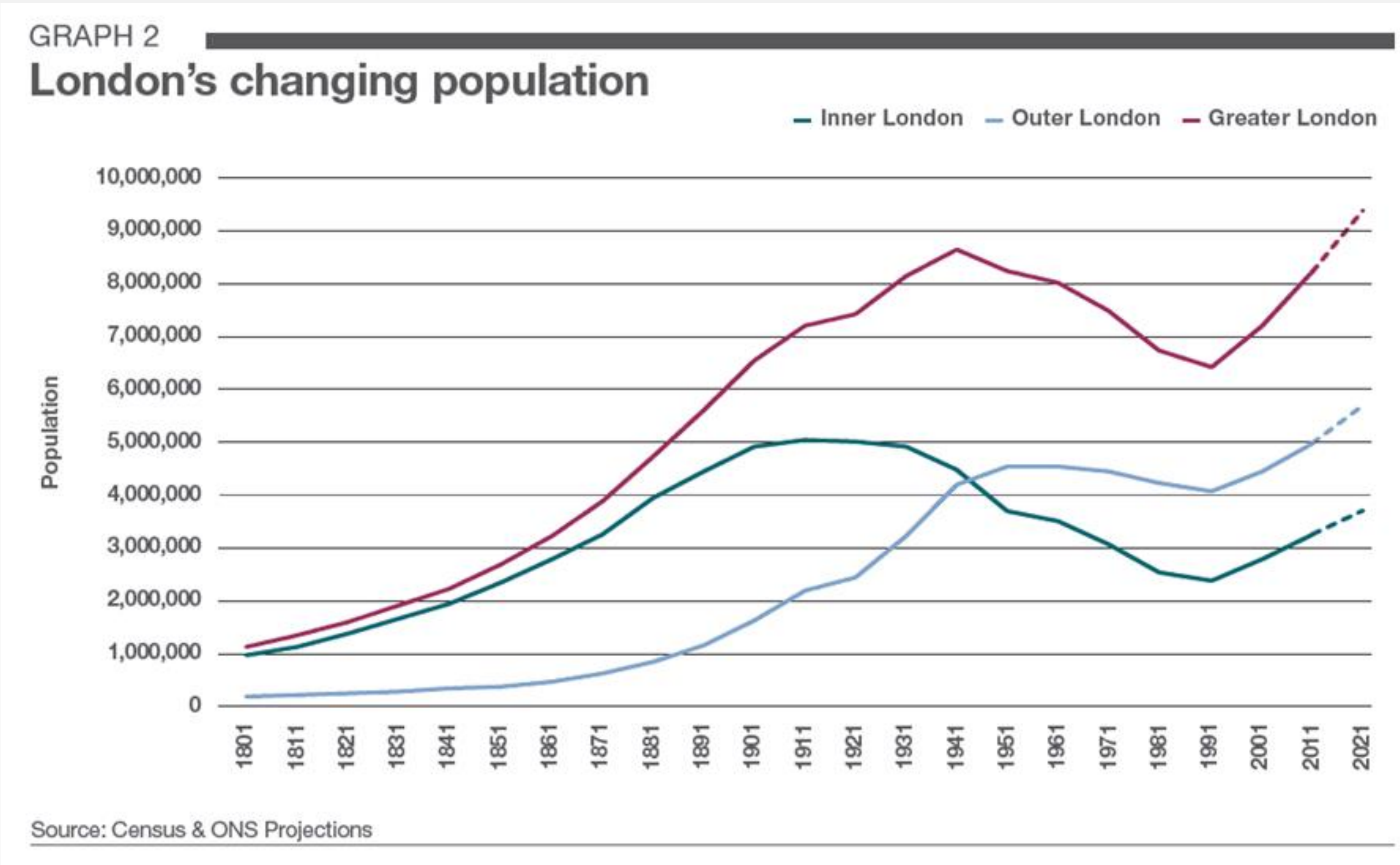
Levy: Historic and constitutional position – 1990 amendments

- The abolition of domestic rates in 1990 provided a one-off rebasing to a maximum value of £500,000 (from £197,227) but also restricted aggregate levy increases to inflation, with no reflection of the number of properties (and hence usage of the Commons) in the levy revenue
- Following the rebasing in 1990, UK inflation remained low for 30 years, during which time there was an average annual increase of 3.3% in the aggregate levy (though per household increases were almost always lower due to growth in the number of households)
- Although property values no longer influence aggregate revenue, property values remain relevant for determining levels for each of the eight domestic property valuation bands as defined by national legislation
- The legislation establishes a maximum rate for the levy; Conservators have a duty to set the levy at the level necessary to meet needs; after the 1990 adjustment, the levy was set below the maximum in a number of years but since 2017 the levy has been set at the maximum every year



Levy: Historic and constitutional position – Impact of demographics

- Following a 40 year period of decline, the population in outer London has been steadily increasing since 1990, mitigating the per household inflationary increase in the levy over the period
- At the same time, the growing population and increased awareness of the value of open space has increased the demands on the Commons with the resultant pressure on operating expenses



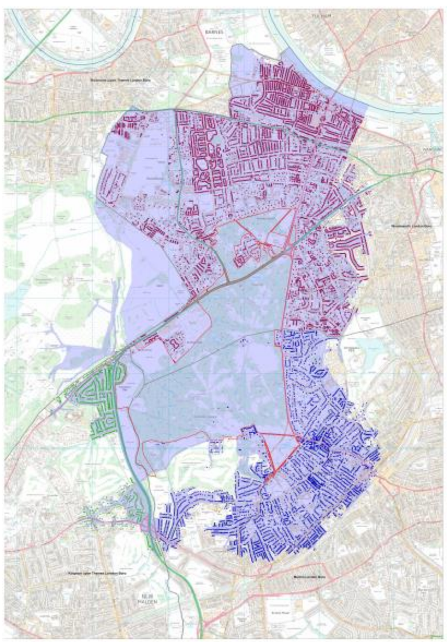
Levy: Historic and constitutional position – Levy mechanics

- The levy boundary remains unchanged from 1871; at present, approximately 41,000 households fall within the levy area
- Responsibility for billing and collection of the levy transferred in 1990 from the Conservators to the three local authorities across which the levy-area extended: Wandsworth, Merton and Kingston
- In terms of Band D equivalent properties, Wandsworth accounts for 68 percent, Merton 28 percent and Kingston 4 percent
- The levy is allocated between the three local authorities on the basis of Band D equivalent properties
- For 2022/23, the levy is set at £32.14 per year per Band D property
- The levy accounts for less than two percent of the total local tax bill for Merton and Kingston residents (including the GLA precept) and 3.6 percent for Wandsworth residents
- All exemptions and benefits to which residents are entitled for council tax purposes also apply to the levy

WPCC Levy as Share of Total Council Tax (Band D) - 2022/23						
	Council Tax (excl GLA precept excl WPCC levy)	Council Tax (incl GLA precept excl WPCC levy)	WPCC Levy	Council Tax (incl GLA precept incl WPCC levy)	WPCC Levy/Council Tax (excl GLA precept incl WPCC levy)	WPCC Levy/Council Tax (incl GLA precept incl WPCC levy)
	(£/year)	(£/year)	(£/year)	(£/year)	(%)	(%)
Kingston-upon-Thame	1,726.48	2,122.07	32.14	2,154.21	1.8%	1.5%
Merton	1,380.87	1,776.46	32.14	1,808.60	2.3%	1.8%
Wandsworth	470.46	866.05	32.14	898.19	6.4%	3.6%

Levy: Historic and constitutional position - Visitor data

- Data collected in 1976 demonstrated that on average, there were 5,200 visitors per day to the Commons, 54 percent of whom were from outside the levy area
- Although there are therefore strong arguments in favour of adjusting the basis on which the levy is calculated to reflect user growth (both within and outside of the levy area) the costs, timescales and risks associated with the legislative procedures to achieve such changes are significant
- By contrast, legal advice has confirmed that a one-off rebasing of the aggregate level of the levy may be achieved through a Statutory Instrument and it is therefore this approach that is currently under consideration



WPCC Levy Area

Visitor Data Collected in 1976	
	Levy Payers (%)
Wandsworth	17.3
Merton	28.6
Kingston	0.2
Sub-Total Levy Payers	**46.1**
	Non Levy Payers (%)
Wandsworth	17.2
Merton	10.7
Kingston	3.5
Rest of Greater London	18.5
Outside of Greater London	4.0
Sub-Total Non Levy Payers	**53.9**

Levy: Financial position - Overview

- The levy remains WPCC's principal source of revenue, generating £1.26 of £1.89 million of unrestricted revenue in 2021/22, the balance being provided by user fees, rental income, investment income and grants/donations
- Revenue from these non-levy sources totals approximately £600,000 per year, over half of which is derived from the use of sports facilities and services by schools and sports teams; although organisations using the Commons compensate WPCC for any commercial use, WPCC does not have an express power to charge for non-commercial use of the Commons (eg, car parking)
- An expansion of 'commercial' activities to raise additional income would risk interfering with the use of the Commons by others and being incompatible with the founding legislation of the Commons
- Revenue no longer meets WPCC's financial requirements and the long-term preventative maintenance of both the natural and built environments has suffered as a result; the financial situation is unsustainable with WPCC running budget deficits, even with restrained expenditure
- WPCC also faces a statutory limitation on borrowing of £5,000 (as set out in the 1871 Act)
- Charity Commission guidance recommends that WPCC should hold reserves sufficient to meet unanticipated expenditure, which are not insignificant given the age and nature of the assets for which WPCC is responsible (including a grade II* listed windmill)
- An increase in the levy is therefore deemed to be the most viable way of meeting the increased investment and maintenance requirements
- Despite any increase in the levy, WPCC will continue to rely on grants and donations for the delivery of major capital projects and has increased its focus on fund raising to help meet these needs

Levy: Cost considerations - Expenditure to be levy financed

- There are three principal sources of costs that would be funded through an increase in the levy, as set out below.
- **Stage I Masterplan** – Stage I of the Masterplan identifies long-term investment requirements for the natural environment, paths, signage and bike racks through a series of projects to be delivered over the next 20 years. Despite any increase in the levy, external funding will always be needed to fund major capital projects and therefore for planning purposes, the vast majority of the capital costs associated with the Masterplan projects are assumed to be funded on this basis. The smaller Masterplan projects and ongoing operating expenses, however, would need to be levy-funded and are estimated to increase the budget requirement by £103,755 per year.
- **Budget Deficit** – WPCC has run a budget deficit for each of the past two years despite restrained expenditure. In setting the 2022/23 budget, it was recognised by the Board that continuing budget deficits were not sustainable and that there was therefore a clear need to increase the levy to support WPCC's annual budget. For planning purposes and in consideration of (i) non-recurring costs in relation to the constitution and (ii) additional support requirements inherent in delivering the Masterplan (to provide both match funding for external grants and general officer support for the Masterplan), the adjusted budget deficit that would need to be levy-funded is estimated to be approximately £150,000 per year.
- **Deferred Works** – Given the current budget position, a number of projects have been deferred; these works include repairs to residential properties (estimated at £36,500 per year) and works to the natural environment (£15,000 per year), totalling £51,500 per year.

Levy: Cost considerations - Expenditure to be levy financed

- The additional costs from the three sources set out above total £305,255 per year

Additional Costs to be Funded					
Source		**Annualised One-off Project Costs (£/year)**		**Recurring Costs (£/year)**	**Total Annual Costs to be Levy Funded (£/year)**
		Externally Funded	**Internally Funded**		
1. Stage I Masterplan (assuming 20 year delivery)		202,765	3,471	100,284	**103,755**
2. Adjusted Budget Deficit				150,000	**150,000**
3. Deferred Works (property repairs, landscape works)				51,500	**51,500**
Total Annual Costs		**202,765**	**3,471**	**301,784**	**305,255**

- On the basis of affordability considerations, the Board has supported for consultation purposes an increase in the levy for a Band D property from £32.14 per year to £40.18 per year (£8.04 per year or £0.67 per month); this would be outside of any annual inflationary increase that is applied

WPCC Levy as Share of Total Council Tax with 25% Increase for Illustrative Purposes Only (Band D) - 2022/23								
	Council Tax (excl GLA precept excl WPCC levy)	Council Tax (incl GLA precept excl WPCC levy)	WPCC Levy	Council Tax (incl GLA precept incl WPCC levy)	WPCC Levy/Council Tax (excl GLA precept incl WPCC levy)	WPCC Levy/Council Tax (incl GLA precept incl WPCC levy)	WPCC Levy Increase	Council Tax Increase (incl GLA precept incl WPCC levy)
	(£/year)	(£/year)	(£/year)	(£/year)	(%)	(%)	(£/year)	(%)
Kingston-upon-Thame	1,726.48	2,122.07	40.18	2,162.25	2.3%	1.9%	8.04	0.4%
Merton	1,380.87	1,776.46	40.18	1,816.64	2.8%	2.2%	8.04	0.4%
Wandsworth	470.46	866.05	40.18	906.23	7.9%	4.4%	8.04	0.9%

- Increasing the levy by £8.04 per year per household would generate an additional £330,832 per year, which would be the minimum necessary to meet the current gap in funding