Lewisham Council

Business Ratepayer Consultation

2026/27 Budget Proposals

Lewisham

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1. Introduction

1.1. Lewisham Council is committed to engaging with its business ratepayers to consult on proposals for the 2026/27 net General Fund Revenue budget (referred to as the 'GF Budget'). This will allow local businesses to have a say on proposals the Council is making regarding its 2026/27 spending plans, which will impact businesses and the wider community.

1.2. By paying business rates, business ratepayers make a vital contribution to our GF Budget, and therefore to the running of the Council and its services. For background, business rates are a tax levied on non-domestic properties such as shops, offices and warehouses. The tax is used to fund local services, including social care for adults and children, libraries, street lighting, waste collection and public parks. The amount of business rates payable is based on the rateable value of the business' properties, which is determined by the Valuation Office Agency (VOA). The most recent VOA revaluation came into effect on 1st April 2023, although the next revaluation, which reassesses the valuation of non-domestic properties based on changes in the property market, is set to come into effect on 1st April 2026.

1.3. The upcoming revaluation is due to come into effect alongside a Local Authority Funding Reform from 2026/27, which includes:

- A reset of the Business Rates Retention Scheme (the scheme administered by local authorities to collect business rates); and
- A Fair Funding Review to be delivered through the Local Government Finance Settlement (LGFS).

1.4. This means all local authorities including Lewisham Council will be undergoing instrumental funding changes from 2026/27 and will be awaiting the upcoming Local Government Finance Settlement for confirmation of their funding allocations. Further detail can be found later in this document.

1.5. With the above in mind, this consultation details the assumptions we can make prior to the announcement of funding allocations under the reformed system. The effects of the Government Policy Statement on 20th November 2025, the Chancellor's Autumn Budget on 26th November 2025 and the anticipated provisional Local Government Finance Settlement, expected later in December, are not fully included at this stage.

1.6. The 2026/27 GF Budget, and your responses to this consultation, will be presented to Mayor & Cabinet on 11th February 2026, followed by Full Council.

1.7. The consultation period will be 3rd December 2025 until 23rd December 2025.

1.8. Details of how to respond during the consultation period are included at the end of this document.

2. Corporate Priorities

2.1. The Council has seven corporate priorities:

- **Cleaner and Greener:**

  We will do everything we can to ensure that we make the borough cleaner and greener for our residents, including work on climate action.

- **A Strong Local Economy:**

  We will continue to ensure our borough is the best place in London for entrepreneurs to start their businesses.

- **Quality Housing:**

  We aim to deliver more social homes for Lewisham residents and provide more support to renters through further landlord licensing.

- **Children and Young People:**

  We will focus on supporting our schools and increasing opportunities for young people in Lewisham. We will ensure the most vulnerable children are protected from harm, and drive improvement in children's social care.

- **Safer Communities:**

  We will work to implement our Violence Against Women and Girls strategy and to reduce the number of young people who enter the criminal justice system.

- **Open Lewisham:**

  We will celebrate Lewisham's diversity, ensuring we are a representative and inclusive council and workforce, whilst we will also maintain our status as one of London's leading boroughs for refugee settlement.

- **Health and Wellbeing:**

  We will progress towards a fairer social care system, improving conditions for care workers. We will also work with the local NHS to deliver services to Lewisham residents.

2.2. To read more about our corporate priorities, please follow this link: Lewisham Council - Our Priorities

2.3. As the Council seeks to support the borough, its businesses, and residents through cost-of-living pressures, everything we do is based on our five key values:

- **Ambitious:**

  We're ambitious for the future of our borough. We're here for the people of Lewisham and we actively seek innovative solutions, working in partnership to improve the services we provide.

- **Inclusive:**

  We create an inclusive environment, where everyone feels safe to contribute their own unique perspective and fulfil their potential.

- **Collaborative:**

  We work together across disciplines, roles, and communities to tap into everyone's insights, skills, and experience. We look to unlock the problem-solving power of diverse thinking and approaches.

- **Accountable:**

  We are willing to stand up and be counted, every day. We use our initiative and take responsibility for getting things done as efficiently and effectively as possible.

- **Trustworthy:**

  We demonstrate integrity and do the right thing, even when we find it difficult. We are transparent and straightforward and take responsibility for our actions.

2.4. To read more about our values, please follow this link: Lewisham Council - Our Values

3. The Services We Deliver to the Borough

3.1. We remain focused on putting our businesses and residents first, which is why we continue to deliver high quality services despite the challenges presented by geopolitical issues, economic challenges, and the financial position the Council is in. We are proud to provide a vast range of services that enhance and improve the lives of our whole community and bolster our local economy.

3.2. During the last financial year (April 2024 – March 2025) we:

Undertook **8,339** adult social care assessments and reviews.

Supported **3,683** older and vulnerable residents to stay independent across all packages of care.

Created **80,000 ft²** of new employment space.

Invested **£24m** in Lewisham High Street, including improved market space & a new library.

Made **1.44m** waste and **6.97m** household recycling collections.

Helped **1,394** older and vulnerable residents return to everyday life following a hospital stay.

Facilitated **1.22m** library & **0.98m** leisure centre visits.

Took over **0.20m** Customer Service calls with **97%** answered within **10 minutes**.

Collected **4.38m** tonnes of waste including **3.08m** tonnes of household waste, **0.80m** tonnes of recycling, and **0.39m** tonnes of green and food waste for composting.

Planted **510** trees & placed **#1** on the "Good Parks London" report.

Maintained **76** primary and secondary schools, with 100% rated "Good" or "Outstanding".

Delivered **6** new school streets, making **48** in total, outside **42** schools, helping pupils safely walk & cycle to school.

Maintained **47** parks & green spaces, of which **25** have been awarded Green Flags & **10** London in Bloom awards.

Supported **47** apprentices undertake work within the borough and helped **18** employees to upskill.

Created **12** Work Experience placements and **8** Summer internships.

Saw a **100%** pass rate from local businesses during test purchases of restricted products – thank you to all the businesses involved!

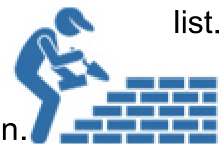
Resurfaced or laid **46,766 m²** of road & **17,433 m²** of footway.

Added **360** new secure cycle parking spaces, and **590** new micromobility parking spaces.

Completed **384** new homes of which **28** were wheelchair accessible units, & acquired **122** additional homes to help reduce the waiting list.

Enrolled **9,175** learners onto Adult Education programmes.

Ran Business Awards which received over **2,000** nominations & over **9,000** votes, with the winners being the face of our Discover Lewisham campaign.



4. Lewisham Council's Financial Arrangements

4.1. The Council is responsible for a wide range of services funded via different mechanisms. The main funding systems are:

- **The General Fund** – a local authority's primary revenue account,
- **Schools Funding** – funded by dedicated grant,
- **The Housing Revenue Account** – funded by rent and service charges,
- **The Housing Benefit Scheme** – funded by the Department for Work and Pensions, and
- **The Capital Programme** – funded through a combination of capital receipts, grants and borrowing.

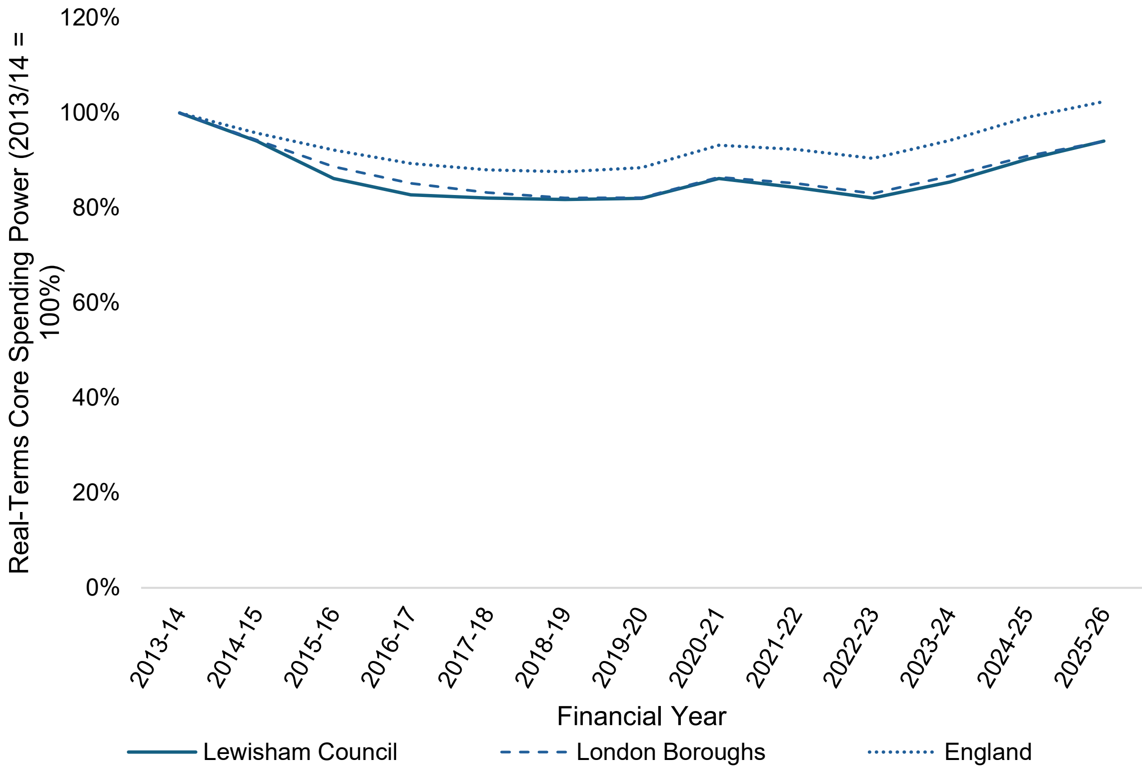
4.2. In the context of the General Fund, local authorities continue to face challenging and uncertain times in relation to public sector funding. From 2013/14 to 2025/26, the Government has reduced Lewisham Council's Core Spending Power (CSP) by approximately 6% in real terms (after accounting for the impact of inflation). Council tax therefore makes up a large proportion of Lewisham Council's GF Budget, at 49% in 2025/26.

4.3. Core Spending Power, or CSP, refers to the Government's measure of the total revenue funding available to a local authority for the delivery of services and currently includes:

- **The Settlement Funding Assessment (SFA)** – under the current funding regime this is made up of the Baseline Funding Level (BFL), which is how Lewisham Council receives business rates revenue, and the Revenue Support Grant,
- **Council Tax**, and
- **Government Grants** – this includes a selection of integral grants such as the Social Care Grant and the Recovery Grant.

4.4. The below graph shows that, in addition to the real-terms decline in Lewisham Council's CSP, the real-terms funding for Lewisham Council and the rest of London has remained below the average for all local authorities in England for over a decade.

Graph 1: Real-Terms CSP for Lewisham Council, London Boroughs & England



4.5. Alongside this, Lewisham's population grew by over 25,000, or 9%, between the 2011 census and mid-2024 estimates, raising the demand and pressure on services. The long period of significant funding strain combined with this population growth means the Council has been forced to make budget cuts each year to balance its budget, a legal requirement set by the Government.

4.6. Over the course of the last four financial years (2022/23 – 2025/26), Lewisham Council has agreed budget cuts of £37m plus a £22m reserves contribution in 2025/26 to balance the GF Budget.

4.7. Current forecasts for the upcoming GF Budget, including future budget cuts, carry a large degree of uncertainty whilst local authorities prepare to transition to the newly reformed funding system. This will be the first multi-year Local Government Finance Settlement provided by the Government in over a decade and, although changes to the settlement will be possible each year, this is expected to introduce some much-needed medium-term certainty into local government funding.

4.8. Although the upcoming reform may introduce clarity to local government funding, the Council continues to face many significant financial risks, some due to the anticipated reduction in funding, whilst others are due to the lingering impact of recent high levels of inflation, cost-of-living pressures and demand increases through population growth and an ageing population.

5. Changes to Business Rates from 2026/27

5.1. As mentioned above, Government will be resetting the Business Rates Retention Scheme (BRRS) from 1st April 2026, in line with the reform to local government funding. This is a core part of the Fair Funding Review which the Government will be implementing to realign funding with need.

5.2. The BRRS is the scheme administered by local authorities to collect business rates and the reset will effectively impact how business rates income is allocated across local authorities in line with need. This mainly affects local authorities, as opposed to the businesses themselves.

5.3. Alongside the reset, however, the Government will be introducing new Rateable Values (RVs) based on the Valuation Office Agency's 2026 Revaluation and new Non-Domestic Rating Multipliers.

5.4. The progress so far:

- Following the December 2024 consultation on the Local Authority Funding Reform Objectives and Principles, a technical consultation was released on the BRRS reset from 8th April 2025 to 2nd June 2025.
- Government responded to this consultation as part of the Local Government Finance Policy Statement 2026/27 to 2028/29 on 20th November 2025.
- The Government's Autumn Budget 2025 took place on 26th November 2025, which included announcements on the upcoming changes.
- A draft 2026 rating list as a result of the 2026 Revaluation was also published on 26th November 2025 and information can be found here: Revaluation 2026 Draft List & Background Information

5.5. At the Autumn Budget it was announced that, from April 2026, eligible small and standard Retail, Hospitality and Leisure (RHL) properties with Rateable Values (RVs) below £500,000 will have multipliers 5p below the small business and standard multipliers. Also confirmed was a higher multiplier for business properties in England with Rateable Values (RVs) exceeding £500,000. This will be 2.8p above the standard multiplier and will allow the new lower multipliers to be implemented sustainably.

5.6. For more Government information on the new multipliers, please follow this link: Effects of the Business Rates RHL Multipliers and High Value Multiplier

5.7. There will also be a transitional relief scheme, which will cap the percentage by which business rate bills can increase each year between 2026 and 2029, and a new 100% relief for electric vehicle charging points.

5.8. Please continue to monitor Lewisham Council's business rates web pages over the coming weeks for new information.

6. Lewisham's Support for Local Businesses

6.1. Lewisham Council continues to provide support for businesses to start, grow and move to Lewisham. We're one of the country's most diverse boroughs, a diversity which is reflected in our business base; 95% of our 11,500 businesses are Small and Medium-Sized Enterprises (SMEs).

6.2. Delivery of our £24m Lewisham Town Centre Improvement Programme continues with completion of a series of public realm enhancements surrounding the High Street, alongside the ongoing transformation of Lewisham Library (to include new business, co-working, hospitality, and cultural offers). This will be followed by the construction of a permanent, all-weather market canopy, improving capacity for existing traders and creating potential for evening and weekend events.

6.3. The 'Mayor of Lewisham Business Awards' are a yearly opportunity for local businesses to celebrate their successes and for the community to acknowledge the outstanding contribution they make to Lewisham. This year's awards broke records, with approximately 9,000 public votes and over 2,200 nominations, making it one of the biggest yet.

6.4. The Catford library business support for start-ups has now supported over 250 residents to start their business. This service has been accredited by the British Library as the first Business and Intellectual Property Centre (BIPC) in south London. The Council is also delivering workshops and 1:1 business advice and guidance sessions at two libraries in the borough.

6.5. Since 2023, Lewisham Council have invested approximately £1.4m of capital funding into the borough via the UK Shared Prosperity Fund. This intervention has helped Lewisham based businesses re-open empty properties, repurpose underused spaces and create new affordable workspace. This programme of support has created over 80,000ft^2 of new employment space; the equivalent to 34 tennis courts.

6.6. The Deptford and New Cross Creative Enterprise Zone, 'Shapes Lewisham', continues to promote, support, and grow Lewisham's creative industries. The Council also appointed Cockpit to deliver a business support programme focused on the creative businesses in the borough. It helps creative practitioners to safeguard jobs, create new employment opportunities and bring new products to market.

6.7. 'Lewisham Works' is the Council's directly delivered employment service which aims to fill the gaps in support available to unemployed residents, while providing a holistic service, which focusses on residents' long-term career aims. Since launching in May 2022, we have supported almost 1,700 residents with employment and training support and 39 Lewisham businesses to find employees.

6.8. Lewisham Council is committed to supporting the ‘circular economy’ and sustainable businesses. Lewisham businesses have been accessing free support from Grow London Local to improve their sustainability. In 2024/25, the Council awarded £15,000 in grants to support businesses to become more sustainable. The Council has just launched the 2025/26 round of grants.

6.9. Lewisham Council continues the ‘Back the Bakerloo’ campaign in partnership with Southwark. Design work is underway, and the Mayor of London has committed to extending the Bakerloo line through to Lewisham, unlocking thousands of jobs and homes. Residents can pledge their support for the scheme at https://www.backthebakerloo.org.uk/.

6.10. Lewisham Council continues to deliver the ‘Business Resilience and Growth’ programme with Goldsmiths University. This programme supports businesses by bringing new products to the marketplace and supports to retain existing staff and secure new staff. Last year the programme supported over 100 businesses.

6.11. Lewisham Council provided grants to businesses who wanted to become accredited as London Living Wage employers. The total contribution from the Council was just under £2,000.

6.12. Lewisham Council will continue to invest in supporting local businesses. Our long-term commitment is outlined in our ‘Inclusive Economy Lewisham’ strategy. Local businesses who would like support and advice can contact the Business Engagement team by email at business@lewisham.gov.uk and are also encouraged to sign up for the monthly business email newsletter.

7. 2025/26 Net General Fund Revenue Budget

7.1. Lewisham Council organises its services under six Directorates:

- **Adult Social Care & Health,**
- **Chief Executive,**
- **Children & Young People,**
- **Corporate Resources,**
- **Housing, and**
- **Place.**

7.2. Within these Directorates are Divisions, each headed by a director. Within each Division, there is then multiple service areas.

7.3. The Council's 2025/26 GF Budget is £312.515m. This is allocated between the six Directorates as shown below.

Directorate:	Net Budget (£m):
Adult Social Care & Health	92.673
Chief Executive	16.778
Children & Young People	113.263
Corporate Resources*	15.994
Housing	28.012
Place	45.797
Net General Fund Revenue Budget:	312.515

** Includes Corporate Budgets.*

7.4. The Council continues to experience persistent overspends in certain areas where growth in demand exceeds allocated budgets. The area seeing the most stubborn overspend is children's social care. The pressures being experienced in this area are systemic to this sector and are similar across all of London and local government. The Council continues to monitor the expenditure in adult social care and temporary accommodation carefully as these areas remain high risk.

7.5. Due to the persistent pressures begin faced, these three services received the greatest budget growth allocations at the start of 2025/26. However, overspends have continued during this financial year leading to the identification of further cost reduction measures in July 2025, with the intention of containing spend within current budgeted levels.

7.6. Alongside the GF Budget, Lewisham Council holds Reserves, which are an integral part of responsible budgeting and governance for local authorities. They are funds set aside to provide financial resilience and manage future risks. To balance the GF Budget, Lewisham Council drew on a contribution from Reserves of close to £22m for 2025/26. As a result of this requirement, action was taken in July 2025 to not only identify cost reduction measures for 2025/26, but also to identify budget cuts for implementation in 2026/27 to unwind this reliance on Reserves. Altogether, £30m of budget cuts were agreed for implementation.

7.7. Full detail on the agreed budget cuts can be found here: Lewisham Council: Mayor and Cabinet - Wednesday 9th July, 2025

7.8. Full detail on the Council's Period 7 Financial Forecast can be obtained here: Lewisham Council: Mayor and Cabinet - Wednesday 3rd December, 2025

8. 2026/27 Net General Fund Revenue Budget Proposals

Upcoming Pressures

8.1. Over a number of years, Lewisham Council has seen a real-terms decrease in their Core Spending Power (CSP) and therefore, their GF Budget, resulting in an escalating strain on the Council to continue performing services whilst setting a balanced budget.

8.2. The Council continues to take measures to overcome the pressures being faced through stronger contract negotiations, reducing service levels and the transformation of processes to improve efficiency. However, there are some pressures over which the Council has very little control.

8.3. These general budget pressures can be summarised into these categories:

- **General Inflation:**

  Following a period of extremely high rates, general inflation (CPI) reached the Bank of England's long-term target of 2.0% in May 2024 before dropping further to 1.7% in September 2024. It has gradually risen again to 3.8% in September 2025, more than double that of this time last year. This impacts social care contracts, construction contracts and energy costs.

- **Rising Demand:**

  Growth of the population means demand for Council services is increasing, particularly for people-based services such as social care for both adults and children, leisure services and schools.

- **Changing Demographics:**

  Over 65s and children now make up almost one third of the borough population. The decrease in the size of the working population relative to the number of pensioners will put increased pressures on council services such as adult social care, plus it will cause a reduction in tax revenues.

- **Household Growth:**

  This impacts on General Fund property-based services such as refuse collection and waste disposal whilst it also means there is a need for more school places and additional care needs.

- **Upcoming Reforms:**

  As discussed in Sections 4 and 5, the Local Government Finance Settlement (LGFS) will be the first multi-year settlement in a decade and will encompass a complete reform of local government funding. This will coincide with a reset of the Business Rates Retention Scheme, a Valuation Office Agency revaluation and the introduction of three new multipliers alongside the existing two (small and standard).

Budget Setting 2026/27

8.4. On 9th July 2025, Lewisham Council published a Medium-Term Financial Strategy (MTFS). The MTFS can be found here: Lewisham Council: Mayor and Cabinet - Wednesday 9th July, 2025

8.5. Since publication of the MTFS, further communication from Government has been released which has allowed us to update our MTFS forecasts accordingly. This has included the Fair Funding Review 2.0 consultation and response plus the Government Policy Statement. The Council has therefore refreshed its future years assumptions and considers it likely that it will need to find £50m of budget cuts over the next three-year period. More detail for this is set out in the Council's Period 7 Financial Forecast paper (the link can be found in Section 7).

8.6. Even with the further information that has been released since the MTFS, the uncertainty surrounding the Local Authority Funding Reform makes it difficult to forecast an accurate GF Budget for 2026/27 prior to the Local Government Finance Settlement, unlike previous years.

8.7. We will provide a fully revised MTFS as part of setting the 2026/27 GF Budget which will clearly set out both the level of budget cuts required for each of the next three years as well as the process to identify, agree and implement these. This will ensure that the Council remains financially sustainable over the medium-term period.

8.8. Total Core Spending Power includes council tax income which is based on the Council Tax Base. This is the number of Band D equivalent properties in the borough that will be liable to council tax payments and will be confirmed in the Council Tax Base Report presented to Mayor and Cabinet on 3rd December 2025 and Full Council on 28th January 2026.

8.9. Government have confirmed that, in 2026/27, they will allow for local authorities to raise council tax by up to 2.99% to meet costs, with another 2.00% in respect of the Adult Social Care precept. The decision on any council tax uplift within Government limits will be made by Mayor and Cabinet on 11th February 2026, followed by Full Council thereafter, as part of the proposed GF Budget.

9. Having Your Say

9.1. The Council would welcome your views on its plans for the 2026/27 GF Budget. Your participation in the consultation survey, via the online link, is voluntary and confidential.

9.2. If you consent, the Council will be collecting the following information:

- **Name of your business; and**
- **Your email address.**

9.3. These details will be stored in a secure environment, accessible only by relevant individuals. The information will be stored for a period of six years – in line with the Council's financial procedures.

9.4. Anonymised responses to this consultation will be summarised and reported to Mayor and Cabinet as part of the budget setting process. This will then inform their decision making and the proposals to be taken forward to Full Council.

9.5. If you have any further queries on the Consultation Paper, please contact the Strategic Finance team at:

strategic.finance@lewisham.gov.uk