



AGENDA

MAYOR AND CABINET

Date: WEDNESDAY, 30 MAY 2012 at 6.01 pm, or upon the conclusion of the Mayor & Contracts meeting, whichever is the later.

**Committee Rooms 1 & 2
Civic Suite
Lewisham Town Hall
London SE6 4RU**

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MEMBERS

Mayor Sir Steve Bullock	(L)
Councillor Chris Best	(L)
Councillor Janet Daby	(L)
Councillor Damien Egan	(L)
Councillor Helen Klier	(L)
Councillor Paul Maslin	(L)
Councillor Joan Millbank	(L)
Councillor Crada Onuegbu	(L)
Councillor Alan Smith	(L)
Councillor Susan Wise	(L)

Members are summoned to attend this meeting

**Barry Quirk
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: May 22 2012**



INVESTOR IN PEOPLE

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

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Agenda Item 1

MAYOR AND CABINET		
Report Title	Declarations of Interests	
Key Decision		Item No. 1
Ward		
Contributors	Chief Executive	
Class	Part 1	Date: May 30 2012

Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

Personal interests

There are two types of personal interest :-

- (a) an interest which you must enter in the Register of Members' Interests*
- (b) an interest where the wellbeing or financial position of you, (or a "relevant person") is likely to be affected by a matter more than it would affect the majority of inhabitants of the ward or electoral division affected by the decision.

*Full details of registerable interests appear on the Council's website.

("Relevant" person includes you, a member of your family, a close associate, and their employer, a firm in which they are a partner, a company where they are a director, any body in which they have securities with a nominal value of £25,000 and (i) any body of which they are a member, or in a position of general control or management to which they were appointed or nominated by the Council, and (ii) any body exercising functions of a public nature, or directed to charitable purposes or one of whose principal purpose includes the influence of public opinion or policy, including any trade union or political party) where they hold a position of general management or control,

If you have a personal interest you must declare the nature and extent of it before the matter is discussed or as soon as it becomes apparent, except in limited circumstances. Even if the interest is in the Register of Interests, you must declare it in meetings where matters relating to it are under discussion, unless an exemption applies.

Exemptions to the need to declare personal interest to the meeting

You do not need to declare a personal interest where it arises solely from membership of, or position of control or management on:

- (a) any other body to which you were appointed or nominated by the Council
- (b) any other body exercising functions of a public nature.

In these exceptional cases, unless your interest is also prejudicial, you only need to declare your interest if and when you speak on the matter .

Sensitive information

If the entry of a personal interest in the Register of Interests would lead to the disclosure of information whose availability for inspection creates or is likely to create a serious risk of violence to you or a person living with you, the interest need not be entered in the Register of Interests, provided the Monitoring Officer accepts that the information is sensitive. Where this is the case, if such an interest arises at a meeting, it must be declared but you need not disclose the sensitive information.

Prejudicial interests

Your personal interest will also be prejudicial if all of the following conditions are met:

- (a) it does not fall into an exempt category (see below)
- (b) the matter affects either your financial interests or relates to regulatory matters - the determining of any consent, approval, licence, permission or registration
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest so significant that it is likely to prejudice your judgement of the public interest.

Categories exempt from being prejudicial interest

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

Effect of having a prejudicial interest

If your personal interest is also prejudicial, you must not speak on the matter. Subject to the exception below, you must leave the room when it is being discussed and not seek to influence the decision improperly in any way.

Exception

The exception to this general rule applies to allow a member to act as a community advocate notwithstanding the existence of a prejudicial interest. It only applies where members of the public also have a right to attend to make representation, give evidence or answer questions about the matter. Where this is the case, the member with a prejudicial interest may also attend the meeting for that purpose. However the member must still declare the prejudicial interest, and must leave the room once they have finished making representations, or when the meeting decides they have finished, if that is earlier. The member cannot vote on the matter, nor remain in the public gallery to observe the vote.

Prejudicial interests and overview and scrutiny

In addition, members also have a prejudicial interest in any matter before an Overview and Scrutiny body where the business relates to a decision by the Executive or by a committee or sub committee of the Council if at the time the decision was made the member was on the Executive/Council committee or sub-committee and was present when the decision was taken. In short, members are not allowed to scrutinise decisions to which they were party.

Agenda Item 2

MAYOR AND CABINET		
Report Title	Minutes	
Key Decision	No	Item No.2
Ward		
Contributors	Chief Executive	
Class	Part 1	Date: May 30 2012

Recommendation

It is recommended that the minutes of that part of the meeting of the Mayor and Cabinet which were open to the press and public, held on May 9 2012 (copy attached).

LONDON BOROUGH OF LEWISHAM

MINUTES of that part of the meeting of the MAYOR AND CABINET, which was open to the press and public, held on WEDNESDAY, 9 MAY 2012 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 6.00 p.m.

Present

The Mayor (Sir Steve Bullock)(Chair); Councillors Smith (Deputy Mayor), Councillors Best, Daby, Klier, Maslin, Millbank, Onuegbu and Wise.

Apologies was received from Councillor Egan.

<u>Minute No.</u>	<u>Action</u>
1.	<u>Declarations of Interests</u> (page None
2.	<u>Minutes</u> RESOLVED that the minutes of that part of the meeting of the Mayor and Cabinet, which was open to the press and public held on 11 April 2012 be confirmed and signed.
3.	<u>Scrutiny Matters</u>
3.1	The Mayor received a written report detailing the referral from Safer Stronger Communities Select Committee to the Overview and Scrutiny Business Panel on the Stonewall Top 100 Employers 2012 report.
3.2	The Executive Director for Community Services said that Lewisham would put forward an application this year. Councillor Millbank said that officers should ensure a submission was done as this would be useful. The Mayor requested that officers investigate the possibility of undertaking the work as proposed by the Business Panel, and report back to Mayor and Cabinet. RESOLVED that the Executive Director for Community Services to consider and report back to him on the implications of the proposal.
4.	<u>Outstanding References to Select Committees</u> (page
4.1	The Mayor received a report on issues which had previously been considered that awaited the responses requested from Directorates.

Minute No.

Action

RESOLVED that the report be received.

5. Permanent Primary Places - Adamsrill (page

5.1 The Cabinet Member for Children & Young introduced the report.

RESOLVED i. that the results of the results of the consultation on the proposal to enlarge Adamsrill Primary School from 2 to 3 forms of entry be noted;

ii. that a Statutory Notice to enlarge Adamsrill Primary School from 2 to 3 forms of entry be published.

ED CYP

6. Deptford Creekside Conservation Area (page

6.1 The Deputy Mayor introduced the report. It was noted that a significant amount of work had been done on the consultation.

6.2 Councillor Best said that she would like to thank the Council's Heritage Champions for bringing this report to Mayor and Cabinet. She added that she was disappointed that Lewisham Homes did not want to buy into the project.

6.3 Councillor Onuegbu asked how many tenants responded to the consultation on Crossfields, as she was concerned that they were a bit wary about the additional cost to them to do internal works.

6.4 The Head of Planning said he could not give the actual number of tenants consulted, but the works that would be done would predominantly be external. There would not be any additional charges to tenants.

RESOLVED i. that the Deptford Creekside Conservation Area be designated as shown in Appendix 1; and
ii. the conservation area appraisal, as amended following consultation, be adopted.

ED Res. & Regen.

The meeting ended at 6.20pm.

Chair

Agenda Item 3

MAYOR and CABINET		
Report Title	Report Back On Matters Raised By The Overview And Scrutiny Business Panel	
Key Decision	No	Item No.
Ward		
Contributors	Head of Business and Committee	
Class	Open	Date: May 30 2012

Purpose of Report

To report back on any matters raised by the Overview & Scrutiny Business Panel following their consideration of the decisions made by the Mayor on May 9 2012.

Agenda Item 4

MAYOR & CABINET		
Report Title	Outstanding References to Select Committees	
Key Decision	No	Item No.
Ward		
Contributors	Head of Business and Committee	
Class	Part 1	Date: 30 May 2012

1. Purpose of Report

To report on items previously reported to the Mayor for response by directorates and to indicate the likely future reporting date.

2. Recommendation

That the reporting dates of the item shown in the table below be noted.

Report Title	Responding Author	Date Considered by Mayor & Cabinet	Scheduled Reporting Date	Slippage since last report
Comments of the Healthier Communities Select Committee on the implications of the Health and Social Care Bill.	ED Community Services	October 26 2011	June 20 2012	No
Matters referred by the Healthier Communities Select Committee – Review of Premature Mortality	ED Community Services (lead)	April 11 2012	July 11 2012	No

BACKGROUND PAPERS and AUTHOR

Mayor & Cabinet minutes, October 26 2012 and April 11 2012 available from Kevin Flaherty 0208 314 9327.

Chief Officer Confirmation of Report Submission			
Cabinet Member Confirmation of Briefing			
Report for:	Mayor		
	Mayor and Cabinet		X
	Mayor and Cabinet (Contracts)		
	Executive Director		
Information	<input type="checkbox"/>	Part 1 <input checked="" type="checkbox"/>	Part 2 <input type="checkbox"/>
			Key Decision <input checked="" type="checkbox"/>

Date of Meeting	30 th May 2012
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Title of Report	Early Years Centres
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Originator of Report	Alan Docksey	Ext. 48490
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At the time of submission for the Agenda, I confirm that the report has:

Category	Yes	No
Financial Comments from Exec Director for Resources	√	
Legal Comments from the Head of Law	√	
Crime & Disorder Implications		X
Environmental Implications		X
Equality Implications/Impact Assessment (as appropriate)	√	
Confirmed Adherence to Budget & Policy Framework		
Risk Assessment Comments (as appropriate)		
Reason for Urgency (as appropriate)		

Signed:  Executive Member

Date: 21/05/2012

Signed:  Executive Director

Date : 18/05/2012

Control Record by Committee Support

Action	Date
Listed on Schedule of Business/Forward Plan (if appropriate)	
Draft Report Cleared at Agenda Planning Meeting (not delegated decisions)	
Submitted Report from CO Received by Committee Support	
Scheduled Date for Call-in (if appropriate)	
To be Referred to Full Council	

MAYOR AND CABINET			
Report Title	Early Years Centres		
Key Decision	Yes	Item No.	
Ward	All		
Contributors	Executive Director Children and Young People Executive Director Resources and Regeneration Head of Law		
Class	Part 1	Date:	30 May 2012

1. Summary

- 1.1 The report sets out the background to the original decision by the Mayor to withdraw from the child care market as part of achieving savings for the period to March 2014 and reports on the progress in delivering the agreed strategy. It considers also the feedback from staff and parents at a number of consultation meetings where options were discussed as alternatives to closure.

2. Purpose

- 2.1 The purpose of the report is to report on the consultation requested by the Mayor following recommendations by officers in February 2012 to begin consultation to close the three Early Years Centres at Honor Oak, Ladywell and Rushey Green. The report proposes next steps as a result of these consultations.

3. Recommendations

The Mayor is recommended to:

- 3.1 note the feedback from the consultations that have taken place with the staff and parents at The Early Years Centres (Ladywell, Rushey Green and Honor Oak) indicating an interest in exploring mutual and social enterprise models for the future running of the centres;
- 3.2 agree that parents and staff are given three months to explore the feasibility of developing mutual and/or social enterprise models for the future running of the centres and that officers bring back a further report in October which will assess the feasibility of different models and recommend whether to proceed with these or to consult on closure;
- 3.3 agree that officers take immediate action to bring down the costs of the Early Years Centres by reducing staffing costs through a reduction in

staff numbers using the Council's management of change procedures and by increasing the fees from September 2012 in line with inflation;

- 3.4 agree that the resource base for children with complex needs at Ladywell is maintained; that officers consider if any enlargement is required; and that officers commence a procurement exercise to secure a third party provider.

4. Policy Context

- 4.1 The Council's Sustainable Community Strategy "Shaping our Future" sets out a vision for Lewisham and the priority outcomes that we can work towards in order to make this vision a reality. This report contributes to the Corporate Priority "Inspiring efficiency, effectiveness and equity. In considering how to achieve the budget savings we have worked to the nine principles agreed in the 14th July 2010 report to Mayor and Cabinet. The 2006 Childcare Act set out a clear role for the Local Authority to secure sufficient childcare and as the strategic lead in developing the childcare market, not as the provider of these services. The development of this proposal enables Lewisham to take that strategic lead and over this period cease to be a childcare provider. This report relates to the three Early Years Centres which provide childcare; it does not affect Lewisham's 19 Children Centres which provide a range of services for targeted families.

5. Background

5.1 Original Decision to Withdraw from Child Care Market

- 5.1.1 In 2009, when examining options for savings, the Early Years Centres were identified as a potential area for savings as the net budget for the service was £1.8m per annum or the equivalent of a subsidy of £300 per week per place. At this time, charges by private, voluntary and independent (PVI) providers were in the range of £200-£225 per week. The use of the centres was largely determined by parent demand rather than social need. Effectively parents not in need and able to pay were being subsidised up to £300 per week by the Council when other parents using PVI provision were not.
- 5.1.2 On 17 February 2011 the Mayor agreed to the principle that the Council should no longer be a provider of subsidised child care in its Early Years Centres
- 5.1.3 The strategy for withdrawal agreed by the Mayor was to
 - a) Close Amersham Early Years Centre (EYC) on quality and popularity grounds
 - b) To increase charges to the level of equivalent Good or Outstanding PVI providers
 - c) To re-organise the centres in order to reduce costs
 - d) To pursue the transfer of Rushey Green, Ladywell and Honor Oak to alternative providers whilst maintaining specialist provision.

5.2 Progress on Original Recommendations

5.2.1 In August 2011 the Amersham Early Years Centre was closed after all parents requiring a nursery place for their child had been supported to find alternative and equivalent provision. Following the closure of Amersham, two new settings have opened within half a mile providing 125 places. This is one example of how the LA withdrawing from childcare provision can stimulate the market.

5.2.2 In April 2011, charges were increased to make them comparable with PVI provision across the borough. The new fees were:

£205 for 3 and four year olds,
£225 for 2 to 3 years olds
£250 per week for baby places.

5.2.3 In the fees and charges report considered as part of the 17 February 2012 budget report it was stated that there was a shortfall on the expected income levels of £190k and that as it was proposed to transfer or close the three remaining centres then no further increase was to be recommended. In light of the recommendations of this report to consider the future of the Early Years Centres in the Autumn of 2012 it is now proposed that an inflationary increase in fees is implemented from September 2012 in order to contribute towards reducing the net costs incurred by the Council.

5.2.4 It is proposed that childcare fees should be increased in line with inflation of 4.3% from September 2012. This would increase fees to:

£221, for 3 and four year olds,
£243 for 2 to 3 year olds
£270 per week for baby places.

5.2.5 These increases will not remove the subsidy that is being provided currently. The increased fees will however assist with the transition of the childcare services as the new rates will bring fee charges more in line with other providers of similar quality childcare services. The new fee rate will ensure a progressive increase of fees rather than a new service provider needing to apply substantially high increases to bring fee charges in line with other providers. Parents may benefit from support with childcare costs through the working tax credit. The childcare element of the tax credits can be up to 70% of the childcare costs to a maximum of £175 for one child or a maximum £300 for two children or more. There is no general figure for help with childcare cost, for example, a couple with one child, paying £175 a week for childcare, will still get some tax credits with an annual income as high as £41,000.

5.2.6 Officers have examined the potential for re-organisation to reduce costs. This examined options for reduced management, fewer staff, redefining job roles to include more work for the same cost or fewer

duties at lower cost. An examination of job descriptions indicated that, within the Council's single status scheme, the scope of duties was appropriate and a redefinition would not lead to reduced costs. The numbers of staff employed were appropriate to meet staff : child ratios. Some management roles could be reduced. The result was that insufficient savings were possible to enable a sustainable service to be achieved. In the meantime agency staff have ceased to be used unless essential to the safe delivery of the service and vacant roles have been covered using existing staff wherever possible..

- 5.2.7 In the PVI settings the equivalent roles are paid less well even though the range of responsibilities and requirements are similar. Also, providers take different approaches to pension arrangements for staff and so incur lower employment overheads.
- 5.2.8 During August and September 2011 the proposed transfer of Rushey Green Early Years Centre was pursued by a competitive bid for the lease of the property. The competitive process required bidders to accept a TUPE transfer and to run a child care business. The process was advertised both locally and nationally and elicited 38 enquiries and 17 information packs were sent out to interested parties. Of these 6 signed the confidentiality agreement to secure the TUPE pack information but on the closing date only two bids were received. One bid indicated the intent to run an after school club with the premises and the second bid indicated that it was not based upon a TUPE transfer. There were therefore no compliant bids received at the culmination of the process.
- 5.2.9 Following this disappointing outcome a number of those who had expressed an interest were approached for feedback on the process. Overwhelmingly, the feedback from potential bidders was that the terms and conditions and staffing numbers represented an unsustainable business model for nursery provision.
- 5.3 Need to adjust the Strategy
- 5.3.1 The progress on the transfer by competitive process set out above indicates that it is very unlikely that, if a further transfer proposal was pursued, in the market, that it would be successful. The potential providers involved in the previous process were clear that the current terms and conditions were seen as not capable of providing a sustainable business model for the provision of child care.
- 5.3.2 Similarly, the examination of options for re-organisation indicated that insufficient change could be achieved within the Council's employment framework that would produce a sustainable business model for provision.
- 5.3.3 The closure of Amersham did lead to new providers appearing in the vicinity of the former Early Years Centre which provides some limited evidence that Council provision may have been providing a barrier to

the development of cost effective provision by the PVI sector as they are unable to compete for places with subsidised provision.

5.3.4 On this basis, it is clear that the strategy needs to be amended to secure the original objective of the Council ceasing to be a child care provider. Either an alternative method of transfer was needed or an option for closure considered. The report in February 2012 recommended closure but the Mayor asked that informal consultations with parents be undertaken before he considered whether to consult more formally on closure. He also asked that further information on the demographics and operation of the centres was produced and that there be consultation with parents and staff about alternatives to closure. The additional information requested by the Mayor is set out in Appendix 1. A summary of the consultation responses is set out below .

5.4 The case for Closure

5.4.1 The original decision to withdraw from the direct provision of child care was driven largely by the financial issues and a need to reduce the Council's overall expenditure. In agreeing the strategy, the level of subsidy being provided to parents using the centres was a key issue of equity as it was a subsidy not available to other families in the community.

5.4.2 Although steps have been taken to reduce the overall costs of the centres, the cost per week still represent a subsidy of approximately £311 per week.

5.4.3 The data set out in Appendix 1 demonstrates that there is sufficient alternative provision for the children at the three centres. At Rushey Green further work on places for children with additional needs would be necessary if closure was progressed. This further work is discussed below.

5.4.4 A proposal for closure would necessitate staff redundancies and these are estimated at £1.03m across the three centres. This would represent a one off cost whereas the annual level of subsidy in running the services is £1.5m. On that basis the one off costs of redundancy would be recovered from the ongoing savings in the subsequent financial year.

5.5 Provision of Places for Children with Additional Needs

5.5.1 The provision at Ladywell for children with complex needs is proposed to continue. Given the growth in the primary age population a review of demand for complex needs places for children under five years of age is being undertaken to establish whether an expansion at Ladywell and/or additional provision is required.

5.5.2 There have been 63 referrals for children with additional/complex needs since September 2011 who have places in PVI settings.

Every PVI setting has a Special Educational Needs Co-ordinator (SENCO) who will identify the needs of a child through an initial assessment and complete a Common Assessment Framework form. It is proposed under the review of complex needs currently in train that the development of the autism outreach service from Drumbeat will include support for children under 5 that the PVI sector will be able to access.

- 5.5.3 In terms of provision for under 5s with high level additional needs the PVI sector already has capacity in terms of Lewisham Opportunities Pre School (LOPS) and the Pre School Learning Alliance and it is proposed that as part of not providing child care directly that a third party provider should be sought to manage the complex needs provision at Ladywell.

6. Outcomes of Meetings

- 6.1 Meetings took place throughout March and April 2012 with staff and parents at each of the three Centres. There were 45 parents in attendance at Rushey Green, 15 at Honor Oak and 12 at Ladywell.¹ Officers sought views and solutions for the challenges facing the Centres. These have been collated and where further action was required from officers this has been undertaken.

6.2 Summary of responses from Parents' meetings

There were questions raised around the ongoing provision of childcare for children with SEN.

Response: The Council would continue to support the provision of childcare for children with special educational needs and a review of demand for complex needs places is being undertaken.

Feedback from parents, at all of the meetings, stated that they wanted to explore a social enterprise that would allow staff to take on the responsibility for running the nurseries.

Response: Lewisham will work with any nursery staff who want to explore the option of a social enterprise / mutual model of service delivery.

The issue of fees was raised by parents and whether the subsidy for Centres could be offset through increasing fees.

Response: In order to bridge the gap in subsidy, the service would need to charge fees of £500 per week that would make the provision prohibitive to many parents seeking childcare.

Parents raised the issue of means testing and had the Council considered only providing child care for the disadvantaged.

¹ Figures were based on those who registered their contact details at each meeting.

Response: If means testing was adopted it is estimated that the numbers then eligible would be sufficient for one centre rather than the three at present. Means testing would also involve an increase in administrative costs to process and agree applications which would require parents to divulge a range of personal financial data.

Parents raised the issue that the quality of childcare at Centres was better than that of provision within PVI settings.

Response: It is not true that provision is better. Within the borough there are 120 PVI settings with 16 'Outstanding' PVI settings and 61 'Good' PVI settings. The Early Years Improvement Team continue to support settings within Lewisham to improve standards of provision within the borough.

There were some queries from parents, at all meetings, as to where the number of available childcare places had been sourced. Many parents said that when they had tried to locate alternative places they either could not find a vacancy or that it was not of the quality they were seeking.

Response: The figures for the number of available childcare places within the local area had been collected in January 2012 from settings within a 1.5 mile radius of each Centre. Should a recommendation of closure be made in October then individual support would be given to each parent to help them secure appropriate alternative provision.

There were questions regarding the potential to reduce staffing costs to make the Centres sustainable.

Response: Any reduction in staff costs would affect other areas of the Council as all staff salaries are linked via an evaluation system. If a reduction was made in one service area to save costs, this would have a knock on effect on other salaries in other parts of the Council.

Parents asked about the estimated costs of redundancy and how this represented a poor use of Council money.

Response: The redundancy costs estimated at £1.033m would be a one off cost whereas continuing to operate the Centres would cost the Council £1.5m every year.

7. Summary of responses from Staff Meetings

- 7.1 There are 78 staff employed in the 3 remaining Early Years Centres, of which 2 are currently on maternity leave. The levels of staffing vary between the centres in that Ladywell has higher staff numbers to support the complex needs unit children in the centre. Numbers at the

other two centres reflect past staffing levels and staff are now used flexibly between the centres as circumstances require and to minimise the use of agency staff.

Centre	Staff	FTE
Honor Oak	22	19.8
Ladywell	34	29.7
Rushey Green	22	18.6

There were a number of questions raised by both parents and staff. Where the response to staff was the same as the response to parents (as set out in section 6) these have not been duplicated in this section.

Staff stated that they required greater support in order to explore the feasibility of a social enterprise / mutual model of service delivery.

Response: The staff at each of the three centres were pointed to the available information on the Council web site in regard to establishing some form of mutual or social enterprise model for the future running of the Centres. Staff have been offered the opportunity to meet further with officers and managers from one centre have followed this up already. Further opportunities will be provided if the recommendations are agreed.

It was raised that since 2004, Lewisham Council were not allowing any more houses to be converted into nurseries.

Response: The Council would always consider a change of use for domestic premises. However, some properties may be easier to acquire planning permission (e.g. if they're detached or semi-detached) due to factors such as access.

Staff felt that the Council should continue to be a childcare provider.

Response: In November 2010 the Government announced that Councils are no longer legally obliged to provide childcare in Sure Start Centres. This has been reflected in the reduction of funding available. The 2006 Childcare Act set out a clear role for the Local Authority to secure sufficient childcare and as the strategic lead in developing the childcare market, not as the provider of these services. The Mayor agreed this approach in the 17 February 2011 budget report. Lewisham had agreed to come out the Childcare market and under current legislation the Council is not mandated to deliver childcare and should be considered a provider of last resort.

There were some staff who felt that this was not a genuine consultation and questioned whether their views would be taken into account.

Response: We reassured staff that the views expressed would be incorporated into the report to the Mayor and Cabinet on the 30th May and inform the report's recommendations.

- 7.2 Subsequent to the staff consultation meetings a further meeting with managers at Rushey Green has been held with officers to express their wish to develop a proposal that could see them assume responsibility for the running of the Centre.

8. Conclusion from Consultation

As a result of the consultation it is clear that parents and staff at Honor Oak, Ladywell and Rushey Green would need more time to develop their ideas and proposals for alternative arrangements to run the centres. It is therefore recommended that parents and staff are given some additional time to explore the feasibility of developing mutual and/or social enterprise models for the future running of the centres and that officers bring back a further report in October which will assess the feasibility of different models and recommend whether to proceed with these or to consult on closure;

9. Financial Implications

- 9.1. The original proposal in respect of the Early Years Centres was to achieve a saving of £1.8m over the period 2011/12 to 2013/14. In 2011/12 the closure of Amersham and the increase in fees was intended to achieve a saving of £512k. In 2012/13, a further saving of £584k was planned based upon a transfer of Rushey Green, a reorganisation to reduce running costs and the ongoing impact of the fee increase in April 2011. The transfer of the centres at Honor Oak and Ladywell was then intended to secure the final year saving of £712k.
- 9.2 As a result of the failure to transfer Rushey Green and the limited scope for cost reduction there was an over spending of £1.04m.
- 9.3 If no action was taken the expenditure profile for the three centres in 2012/13 is projected to be as follows:

Centre	Gross Expenditure	Income	Net Expenditure	
	£000k	£000k	£000k	
Honor Oak	706	351	355	
Ladywell	994	205	790	
Rushey Green	783	388	395	
Total	2484	944	1540	

Costs per week per child attending is shown below.

Centre	Gross Expenditure	Cost per week attendance	
	£000k	£	
Honor Oak	706	441	
Ladywell	994	1033	
Rushey Green	783	330	
Total	2484	502	

- 9.4 Some analysis of child care costs across the borough has been undertaken and this shows that PVI settings are making charges in the range of £165 to £320 per week per child for a full time place.

Centre	Charge per week low	Charge per week high	Lewisham charge per week
	£	£	£
Under 2	230	320	250
2 - 3 year olds	165	305	205
3 - 4 year olds	175	305	225

- 9.5 The charges at the Early Years Centres are currently £205, £225 for 3 and four year olds respectively or £250 per week for baby places. With an average weekly cost of provision at £502 per week the Early Years Centres are only recovering half of the costs per week per place filled.
- 9.6 A closure proposal if pursued would necessitate the redundancy of the staff currently employed in the Centres. The anticipated redundancy costs for a complete closure are estimated to be £1.033m. The report recommends that a decision on the future of the Centres is postponed to allow staff and community groups to develop proposals for sustainable provision outside of the Council. The likelihood is that regardless of a subsequent decision in the autumn of 2012 it would have little practical impact upon the projected deficit set out above.
- 9.7 The proposal to increase charges by 4.3% is based upon the consumer price index movement between April 2011 and March 2012. If the current levels of usage of the centres were to continue the increase in charges would be expected to raise £42k. The increase in the weekly charge ranges from £16 to £20 per week for a full time place.
- 9.8 The proposed delay in securing a transfer of the costs of running the Early Years Centres will mean that the savings from the proposal to withdraw from the child care market, expected in 2012/13 (£712k) will not be achieved until 2013/14 financial year.

10. Legal Implications

- 10.1 Under the provisions of the Childcare Act 2006 a local authority has to make arrangements in an integrated manner with a view, broadly, to securing maximum benefit for users of early childhood services and making their availability widely known. Local authorities are required to facilitate and encourage the involvement of parents and prospective parents, early years providers and others engaged in activities which may improve the well-being of young children in the development of those arrangements.
- 10.2 In responding to its responsibilities under the Childcare Act 2006 the local authority must have regard to the quality and quantity of early childhood services which are provided or expected to be provided, in their area and their location.
- 10.3 Section 8 of the Childcare Act 2006 enables a local authority to assist any person who is providing (or proposing to provide) childcare, or to make arrangements with a person for the provision of childcare (including, in either case assisting financially).
- 10.4 Local authorities are permitted to provide childcare themselves, but (except in the case of day care for children in need under s18 (1) or (5) of the Children Act 1989) only if there is no other provider willing to provide it or the local authority considers in all the circumstances, that it is appropriate to do so. In exercising any of these powers the local authority must have regard to guidance issued by the Secretary of State.
- 10.5 In respect of the proposals to increase fees any such proposed increase must be reasonable and sufficient notice of any such increase must be given.
- 10.6 In respect of the proposals to seek to reduce staffing costs through seeking voluntary redundancies the Councils corporate employment procedures will be followed including consultation with affected staff.
- 10.7 The Equality Act 2010 (the Act) brings together all previous equality legislation in England, Scotland and Wales. The Act includes a new public sector equality duty (the equality duty or the duty), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The new duty covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 10.8 In summary, the Council must, in the exercise of its functions, have due

regard to the need to:

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

- 10.9 As was the case for the original separate duties, the new duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 10.10 The Equality and Human Rights Commission (EHRC) issued guidance in January 2011 providing an overview of the new public sector equality duty, including the general equality duty, the specific duties and who they apply to. The guidance covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The guidance was based on the then draft specific duties so is no longer fully up-to-date, although regard may still be had to it until the revised guide is produced by the EHRC. The guidance can be found at <http://www.equalityhumanrights.com/advice-and-guidance/newequality-act-guidance/equality-act-guidance-downloads/>.
- 10.11 The EHRC guidance does not have legal standing, unlike the statutory Code of Practice on the public sector equality duty which was due to be produced by the EHRC under the Act. However, the Government has now stated that no further statutory codes under the Act will be approved. The EHRC has indicated that it will issue the draft code on the PSED as a non statutory code following further review and consultation but, like the guidance, the non statutory code will not have legal standing.
- 10.12 A further report will be brought to the Mayor and Cabinet on the results of the feasibility of developing mutual and/or social enterprise models for the future running of the centres and full legal implications associated with those proposals will be set out in that further report.
- 10.13 In coming to a decision on the recommendations set out in this report the Mayor has to be satisfied that they are reasonable decisions to reach having regard to all relevant considerations and disregarding irrelevant considerations.

11. Crime and Disorder Implications

- 11.1 There are no crime and disorder implications arising from this report.

12. Equalities Implications

- 12.1 A full equalities assessment was undertaken relating to the original decision by the Mayor, in February 2011, to cease to be a direct provider of childcare. The recommendations of this report do not change that assessment. If a subsequent decision to change the position is made then a new equalities analysis assessment would be required.
- 12.2 In respect of the recommendation to increase fees and charges these will tend to have a disproportionate impact on people with lower incomes as a greater proportion of disposal income will be taken up by the increase. In addition, of the groups in the nine protected characteristics women and pregnant women could be seen to be disproportionately affected. In mitigation, the charges remain within the range of charges made by PVI providers of child care in the borough. Parents may benefit from support with childcare costs through the working tax credit. The childcare element of the tax credits can be up to 70% of the childcare costs to a maximum of £175 for one child or a maximum £300 for two children or more. There is no general figure for help with childcare cost, for example, a couple with one child, paying £175 a week for childcare, will still get some tax credits with an annual income as high as £41,000.

13. Environmental Implications

- 13.1 This report has no environmental implications.

14. Conclusion

- 14.1 The meetings held with parents and staff have indicated strong support for the provision of child care at the three early years centres. Many parents and some staff have indicated a strong interest in exploring mutual or social enterprise type solutions for the future running of these centres in order to continue the provision.
- 14.2 It is recommended that parents and staff are given three months to explore the feasibility of developing mutual and/or social enterprise models for the future running of the centres and that officers bring back a further report in October which will assess the feasibility of different models and recommend whether to proceed with these or to consult on closure. The data set out in Appendix 1 demonstrates that closure is a viable option given that alternative provision is available if this option had to be taken in October.

Background Documents			
Name	Date	Location	Author
Mayor and Cabinet Budget Report	17 February 2011		Alan Docksey

If there are any queries on this report please contact Paul Yiannakou on 020 8314 3686.

ADDITIONAL DATA REQUESTED

Demographics of the Current Centres

1. Childcare places in Lewisham's EYCs

- 1.1 Currently, the number of children attending the three EYCs is 157 with varying attendance patterns, some full and some part time:

Centre	Total Children	Part Time/Full Time
Honor Oak	46	18/28
Ladywell	26	11/15
Rushey Green	85	63/22
Total	157	92/65

- 1.2 By 31 August, the numbers will fall to 80 as children move on to statutory education. However, it is likely that a similar number of new children will be taking up places in September 2012. The distribution of the children remaining after August 2012 across the three centres is as shown below.

Centre	Estimated Children Sep 2012
Honor Oak	33
Ladywell	13
Rushey Green	34
Total	80

2. Alternative places in the area

- 2.1 An analysis of alternative places available to families within 1.5 miles of each Early Years Centre the data below has been collated. The analysis also shows the provision within 1 mile.

Centre	Children estimated as at Sep 2012	Vacancies within 1 mile and settings	Vacancies 1-1.5miles and settings	Total Vacancies and settings
Honor Oak *1 *2	33	62 in 7 settings	8 in 5 settings	70 in 12 settings
Ladywell	13	59 in 10 settings	25 in 2 settings	84 in 12 settings
Rushey Green	34	40 in 10 settings	50 in 10 settings	90 in 20 settings

- *1 It is understood that a new provision with 30 full time places will open within the next 6 months within 200 yards which is not provided in the totals above.
- Five schools including Gordonbrock are within the area for Rushey Green but none had vacancies in January 2012

3. Residence Distance from Centre Attended

3.1 The table below shows the distances from resident post code to the centre for the children attending .

Centre	Total Children	Home address within 1 mile	Home address 1-1.5miles	Home address beyond 1.5 miles
Honor Oak*1 *2	46	32	7	7
Ladywell	26	12	5	9
Rushey Green	85	45	20	20

3.2 In the case of Honor Oak and Ladywell the analysis shows that there are sufficient places in the locality not only for the children that would still be attending the centres in September 2012 but for a cohort of pupils equivalent to those that are expected to leave in August 2012 to be replaced. In the case of Rushey Green the position is more complex. The pupils that are expected to remain at the Centre in September 2012 totals 34 and there are 50 places within 1.5 miles of the centre.

3.3 It is likely however the 50 children going on to statutory education would be replaced by a similar number of three year olds. Within 1.5 miles of the centre there are a total 70 places identified as available for the 85 children currently at Rushey Green. However it should be noted that 19 of the children have a resident address which is over the 1.5 miles regarded as a reasonable distance to travel for families with their children. Indeed nine are beyond the 2 mile distance deemed suitable for primary age children to walk to school. If our sufficiency criterion of distance was to be cast as widely as the current distances travelled then it is clear that there is a sufficiency of places to replace those at Rushey Green. This excludes school nursery places as at this time there were no vacancies at the schools within these distances of the centre.

4. Paid for and Supported Places

4.1 The table below analyses how the places taken are paid for. So that at Rushey Green parents are paying full or part time fees in respect of 46 children. A further 36 are occupying places paid for through their free entitlement for 3 or 4 year olds. Finally, there are three children who

have been placed by the Council which is supporting the costs as being in the best interests of the family for social care reasons.

- 4.2 The Council commissions childcare places for those families who have high level need. Currently 11 places of the 157 occupied that are currently being supported by the Council. In addition we commission places for high need families in PVI provision which is closer to the families requiring that type of support.

Centre	Total Children	Parent paid for	Free entitlement 2/3/4 year olds	Council Supported priority places	Complex Needs
Honor Oak *1 *2	46	31	14	1	
Ladywell	26	19	0	2	5
Rushey Green	85	46	36	3	
Total	157	96	50	6	5

5. Provision of Places for Children with Needs

- 5.1 Each of the centres supports children who are recognised to have some additional educational needs and in the case of Ladywell there is a dedicated provision for children under 5 with complex needs.

Centre	ASD	Downs Syndrome	Social Communication	Complex Needs
Honor Oak	6	0	0	0
Ladywell	0	0	0	5
Rushey Green	7	4	2	1

- 5.2 It is not proposed to remove the facilities for complex needs at Ladywell as part of the Council's withdrawal from the child care market.

Chief Officer Confirmation of Report Submission	
Cabinet Member Confirmation of Briefing	
Report for: Mayor	<input type="checkbox"/>
Mayor and Cabinet	<input checked="" type="checkbox"/>
Mayor and Cabinet (Contracts)	<input type="checkbox"/>
Executive Director	<input type="checkbox"/>
Information <input type="checkbox"/> Part 1 <input checked="" type="checkbox"/> Part 2 <input type="checkbox"/> Key Decision <input type="checkbox"/>	

Date of Meeting	30 th May 2012
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Title of Report	Changes to the RTB Scheme
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Originator of Report	Genevieve Macklin	Ext.	46057
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At the time of submission for the Agenda, I confirm that the report has:

Category	Yes	No
Financial Comments from Exec Director for Resources	X	
Legal Comments from the Head of Law	X	
Crime & Disorder Implications	X	
Environmental Implications	X	
Equality Implications/Impact Assessment (as appropriate)	X	
Confirmed Adherence to Budget & Policy Framework	X	
Risk Assessment Comments (as appropriate)		
Reason for Urgency (as appropriate)		

Signed:  Executive Member

Date: 8th May 2012

Signed:  Director/Head of Service

Date: 8/5/2012

Control Record by Committee Support

Action	Date
Listed on Schedule of Business/Forward Plan (if appropriate)	
Draft Report Cleared at Agenda Planning Meeting (not delegated decisions)	
Submitted Report from CO Received by Committee Support	
Scheduled Date for Call-in (if appropriate)	
To be Referred to Full Council	

MAYOR AND CABINET		
Report Title	Changes to the Right to Buy Scheme	
Key Decision	Yes	Item No.
Ward	All Wards	
Contributors	Executive Director of Customer Services Executive Director of Resources & Regeneration	
Class	Part 1	Date: 30 May 2012

1 Summary

- 1.1 In December 2011 the Government launched its consultation document 'Reinvigorating Right to Buy and one for one replacement'. The proposals included increasing the caps on discount from £16,000 to £50,000 and suggestions around how to re-provide the homes on a one to one basis.
- 1.2 On the 12th March the Government published its response to the consultation. Contained within the document was notification that the Government would be introducing a £75,000 cap rather than a £50,000.
- 1.3 Local authorities wishing to participate in the one for one replacement of the sold properties at a local level will be required to sign an agreement with the Department for Communities and Local Government (DCLG) – the details of which have recently been published and are laid out in this report.
- 1.4 This report outlines the new scheme and makes proposals for how to best replace the units sold through Right to Buy.

2 Policy Context

- 2.1 The contents of this report are consistent with the Council's policy framework. It supports the achievement of the Sustainable Community Strategy policy objective:
 - Empowered and responsible – where people are actively involved in their local area and contribute to supportive communities;

- Clean, green and liveable – where people live in high quality housing and can care for and enjoy their environment;
 - Dynamic and prosperous – where people are part of vibrant communities and town centres, well connected to London and beyond.
- 2.2 The Council has outlined ten corporate priorities which enables the delivery of the Sustainable Community strategy. Entering into the 'retention agreement' meets the priority to provide decent homes for all, to invest in social housing and affordable housing in order to increase the overall supply of new housing and to reduce the number of households in temporary accommodation, tackle homelessness and address housing need and aspirations.
- 2.3 Lewisham's Housing Strategy 2009-14 'Homes for the future: raising aspirations, creating choice and meeting need' has 5 strategic priorities the second of which is:
- **Widening housing choice and managing demand:** We will ensure a comprehensive range of housing types and tenures are available to local people, giving them real housing choices that are flexible to their needs and are able to adapt to their changing circumstances. We strive to make residents' housing choices as easy as possible and are working to make movement between tenures as straight-forward as possible, by providing clear and timely information and support to those that need it, and exploring new housing options that might better suit the needs and aspirations of our residents and communities.

3 Recommendations

It is recommended that the Mayor:

- 3.1 note the information contained in this report;
- 3.2 agree to enter into the Retention Agreement with the Department of Communities and Local Government relating to the use of Right to Buy receipts for replacement affordable housing;
- 3.3 delegate authority to the Executive Director of Customer Services and Executive Director of Resources & Regeneration to sign the Retention Agreement with the Department of Communities and Local Government;

- 3.4 delegate authority to the Executive Director of Resources & Regeneration to manage and report the use of receipts to Mayor & Cabinet and the Department of Communities and Local Government in accordance with the Retention Agreement;
- 3.5 note that subsequent decisions in relation to the use of receipts for particular affordable housing schemes will be made in accordance with the Mayoral Scheme of Delegation.

4 Background

- 4.1 In its paper *Laying the Foundations: A Housing Strategy for England*, the Government announced its intention to increase the caps on Right to Buy discounts and “hence the average discount received by buyers in England would be up to half the value of their homes – which would be roughly double the current average discount”.
- 4.2 The consultation document ‘Reinvigorating Right to Buy and one for one replacement’ was published in December 2011 and outlined the Government’s proposal for increasing the Right to Buy discount and the use of the receipts for replacement affordable housing. Lewisham responded to the consultation by the deadline of the 2nd February 2012.
- 4.3 Key points for the new scheme:
 - Increased discount cap of £75,000;
 - Every additional home sold under RTB will be replaced by a new home;
 - Councils will be able to retain the receipt for replacement housing if signed up to an agreement with the DCLG otherwise the receipt will return to Treasury;
 - Councils can deduct the necessary amount to cover the debt assumed against the property;
 - Councils can deduct a sum from the receipt for the cost of withdrawn applications;
 - Buy back provision retained to allow Councils to buy back properties sold under the RTB;
 - Cost floor retained and extended from 10 to 15 years to allow Councils to apply for exemption from pooling arrangements (Cost floor is the mechanism by which the costs of major refurbishment and other capital expenditure on properties can be taken into account in determining the minimum sales price irrespective of discounts).

Summary of the key changes:

Policy	Current Policy	From 2 nd April 2012
One for one replacement	Not applicable.	If the new homes are provided by a Registered Provider through this mechanism they are required to be delivered utilising the new affordable rent model (up to 80% of market rent) in order to maximise the return from the rental stream. There is more flexibility for Councils developing directly however there are restrictions on the investment that forms the RTB receipt contribution.
Qualifying period	Public sector tenants for 5 years before qualifying for RTB	Same as before
Discount Rates and Caps	<p>Houses: 35% of property value plus 1% for each year beyond the qualifying period up to a maximum of 60%.</p> <p>Flats: 50% plus 2% for each year beyond the qualifying period up to maximum of 70%</p> <p>£16,000 cap in most of London restricts this calculation (Barking & Dagenham and Havering had discounts of £38,000)</p>	Same calculation but with cap of £75,000 across England
Use of RTB receipts	75% of the receipts paid to Treasury, 25% retained by LAs	Once the requirement in the self financing settlement has been met, LAs can retain all receipts to fund replacement housing less the transaction cost and the Government assumed income from projected RTB receipts and sign up to the legal agreement.
Administration Costs	LAs deducted the actual transaction cost of successful RTB sales from	London - fixed at £2,850 Rest of England - £1,300

Policy	Current Policy	From 2 nd April 2012
	the receipt but no allowance for abortive sales	
Preserved RTB	<p>No requirement for use (or repayment to Treasury) of PRTB receipts but expectation that it would be used for new affordable homes or other programmes with public benefit</p> <p>(Calculations and use of PRTB is a local issue. In Lewisham a formula for the Councils share and timetable for payment is included in the Transfer Contract).</p>	<p>Incentives for RPs to reinvest receipts:</p> <ul style="list-style-type: none"> • For providers not developing under the Affordable Homes Programme, the Homes and Communities Agency will offer to broker a relationship with an investment partner. • RPs fully utilising their own receipts for new affordable homes will be prioritised when the DCLG are considering bids for RTB receipts returned to them.
Buy Backs	<p>Around 50% of the cost of buy backs claimed from RTB receipts.</p> <p>(Lewisham currently only buys back homes on housing regeneration schemes where the unit is identified for demolition).</p>	<p>Buy back facility to be retained allowing councils to claim (from receipts) up to 50% of the value of each property – capped at 6.5% of the value of the net RTB receipts (after admin costs, debt and assumed income).</p>
Cost floor	<p>S131 of the Housing Act 1985 limits the RTB discount to ensure that the purchase price does not fall below what has been spent on building, buying, repairing or maintaining it over a certain period of time.</p>	<p>The period of time the cost floor covers is increased from 10 to 15 years. The DCLG will retain the option for councils to apply for an exemption from pooling receipts for new homes built in the future.</p>

5 Stock Transferred Properties

5.1 The right to buy includes housing stock transferred from Local Authorities to Registered Providers (RP). This right is referred to as the preserved

right to buy (PRTB). To qualify for the PRTB, a tenant must have been a public sector tenant for five years.

- 5.2 The right is attached to the tenant resident at the time of the transfer, not the property and as the property becomes vacant the right will no longer apply.

6 Signing the Agreement

- 6.1 In order for the Council to keep Right to Buy receipts to fund the provision of replacement stock, it is required to enter into a Retention Agreement with DCLG.

- 6.2 If a decision is taken not to sign the Retention Agreement then all the receipts will be returned to DCLG and will be passed to the GLA for it to invest in replacement stock. Although this will still lead to the delivery of affordable homes, this may be in areas that do not include Lewisham and the Council will have no control over this.

- 6.3 Guidance on the Retention Agreement states the following:

- *... the Secretary of State will agree to*
 - i. *allow your authority to retain additional Right to Buy receipts to fund the provision of replacement stock, and*
 - ii. *allow your authority two years (from commencement of the agreement) to invest those receipts before asking for the money to be returned.*
- *It is worth emphasising that the agreement will not require a local authority to complete the building of any home within two years. All that is required is that the local authority should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it.*
- *In return your authority will agree;*
 - i. *that Right to Buy receipts will not make up more than 30% of total spend on replacement stock, and*
 - ii. *to return any used receipts to the Secretary of State with interest.*

- 6.4 In response to concerns raised by local authorities, the Government subsequently extended the period for investment from 2 years to 3. The Agreement therefore recognises that new homes cannot realistically be completed within 3 years, but that the local authority should incur

- expenditure of no more than 30% of the development costs of new homes within that time period.
- 6.5 An authority can either deliver the new homes directly, via an RP or a mix of both. However if an RP is delivering the homes then they commit to the match funding (the 70%).
 - 6.6 The Guidance issued so far indicates the Government's preference that new homes are let at the new affordable rent levels, however where the Council is building directly the rents are at the Council's discretion. In theory, if the Council opts to build the rents could be set at social rent levels, but consideration should be given to the financial viability of any proposals and the input of a minimum of 70% of the costs by Lewisham.
 - 6.7 Where a local authority chooses to work with an RP rents will be set in line with the new affordable rent model. While this does not necessarily mean that all rents should be set at 80% of market rent, the DCLG will expect that rents are maximised to optimise the investment potential.
 - 6.8 The models provided so far by DCLG are simplistic in that they do not include all of the relevant costs. The models do not include the loss to the HRA of future rental income streams nor do they detail the penalties for failing to use the receipt within two years.
 - 6.9 Local authorities can only retain receipts after the Government assumed income from projected RTB sales has been achieved. This is agreed through the self financing settlement. For the financial year 2012/13, 15 RTB sales have been estimated.
 - 6.10 The Agreement sets parameters for the spend of receipts which include the requirement that for every £300k retained, £1m has to be spent on affordable housing – a 30:70 ratio of receipts to other finance. The receipt should form *no more* than 30% of the total cost of the new provision.
 - 6.11 Receipts which have not been used in accordance with the Retention Agreement are required to be returned to DCLG with interest. Interest will be charged at 4% above the base rate on a day to day basis compounded. The interest rate has been set at a deliberately high rate in order to encourage local authorities to invest more in replacement stock. The rate is specifically designed to discourage local authorities from retaining receipts until such time that they are required to surrender them.
 - 6.12 If the decision is to sign the Retention Agreement the Council maintains the option of not retaining receipts in any particular quarter and no interest is payable if payment is made to the Secretary of State by the due date for each relevant quarter.

6.13 A process will need to be established to monitor and assess the levels of receipts that are received and what they can be spent on. If there are no suitable development proposals which will enable a sufficient amount to be spent on provision of social housing within the relevant period, the decision can be made to hand back the receipt in order to avoid having to surrender it subsequently with interest.

6.14 The timetable for signing the Retention Agreement is as follows:

- The final agreement and guidance was issued on the 15th May 2012 for return by noon on the 27th June 2012.
- The final agreement will be signed by the Secretary of State and returned to boroughs at a later date.

7 Calculation of Discount

7.1 As outlined earlier in this report, the proposed calculation for the level of discount available is:

- For houses: 35% of property value plus 1% for each year beyond the qualifying period up to a maximum of 60%.
- For flats: 50% plus 2% for each year beyond the qualifying period up to maximum of 70%

7.2 An overall cap of £75,000 will be applied across England.

8 Impact in Lewisham

8.1 The table at Appendix A shows the breakdown of RTB sales since 1979. From 1979 to 2007/08 there were 13,299 RTB sales in Lewisham. The following year (2008/09) there were only 13 and in 2009/10 only 4. In 2010-11 there were 11 sales and in 2011/12 around 17. 21 new applications were received in the first couple of weeks in April and there are 34 live cases outstanding from 2011/12 (which will be subject to the new discount levels).

8.2 The loss of additional units through RTB together with the reduction in grant available for new build development may impact on the levels of affordable housing available in Lewisham. However Lewisham will continue to seek to maximise new build opportunities within the borough through partnership working and RTB receipt reinvestment.

9 Consultation and Promotion of scheme

- 9.1 The Government has produced a set of materials to support Councils in communicating the changes to the scheme. This will include a template letter and a new 'summary guide' for prospective purchasers.
- 9.2 Lewisham's recent experience with cases taken to the Leaseholders Valuation Tribunal (LVT) identifies a need to ensure that purchasers of flats especially, are fully informed of any potential costs for works such as new windows and their requirement to contribute to these works.
- 9.3 Information on the RTB scheme is publicised via Lewisham Homes' website. Regenter B3 do not currently have a specific Lewisham website.
- 9.4 All LA's were written to in March 2012 highlighting the new scheme. The letter included an invitation to volunteer to be a 'spotlight area' working with the DCLG to ensure that tenants are fully informed before deciding to purchase their home.
- 9.5 As Housing Associations are independent organisations, the Government does not propose to mandate what they do with any receipts from Preserved Right to Buy sales – but the Government's assumption is that receipts will be recycled into new affordable homes or other programmes with public benefits.

10 Processing of Applications

- 10.1 Lewisham Homes process applications on behalf of the Council for the eligible stock that they and Regenter B3 manage.
- 10.2 In anticipation of a high number of applications, a dedicated team is being recruited. The expectation is that a large number of applications will be received which may not result in a completion. The administrative cost of £2,850 has been increased to cover the cost of abortive claims but will only be paid on completed sales.
- 10.3 There are set processing times for claims – 12 weeks for flats and 8 weeks for houses – and penalties are applied for any delays.
- 10.4 It is intended that all applicants will be interviewed, although this will depend on demand and resources, to explain the costs that a leaseholder is required to pay such as service charges and leaseholder contribution to major works.

11 Right to Acquire - Registered Providers

- 11.1 Registered Providers do not operate the Right to Buy system (except where a stock transfer from a LA has taken place and includes a PRTB).
- 11.2 The Right to Acquire (RTA) is the scheme giving eligible tenants of RPs the legal right to buy the home they current rent. To qualify for the scheme a property must have been built or purchased by a registered social landlord, funded on or after 1 April 1997 through social housing grant. The discount available is £16,000 in London.
- 11.3 No changes to these arrangements are proposed at this time.

12 Financial implications

- 12.1 There are no direct financial implications of the recommended decision. Entering into the Retention Agreement merely gives the council the future option to retain additional RTB receipts under the conditions set out in this report. However, it is important to note the general financial implications that will follow from the changes to the RTB scheme, as well as the financial implications of future delegated decisions.
- 12.2 The DCLG, under its self-financing proposals, originally assumed 16 RTB sales for 2012/13. The self financing settlement includes receipts from the assumed 16 RTB sales being split 75:25 in favour of the Treasury. This would have provided them with £1.505m in Capital Receipts, using £16k as a maximum discount.
- 12.3 There were 18 RTB sales in 2011/12 (16 Flats, 2 Houses) with an average market valuation of £144k. This was based on a maximum discount of £16k.
- 12.4 Under the new scheme the government will continue to receive its modelled share of the receipts from RTB sales, i.e. the £1.5m referred to above. The future level of RTB sales cannot be forecast with any certainty, but it is reasonable to assume that the substantial increase in the discount available will lead to an increase in sales. Assuming that the average gross sale price in 2012/13 was the same as in 2011/12, and that all sales were at the maximum £75k discount then approximately 36 sales would be required to generate the £1.5m required to be paid over to the government. The council would be able to retain its 25% share of around 30.5m as well as make allowable deductions from the gross receipt for administrative and other costs.
- 12.5 The council's option to retain the entirety of RTB receipts over and above the amounts quoted above for new build would therefore only arise if sales were above the 36 units quoted above (and/or if the average gross prices

- were higher than those assumed or discounts lower). These would be available for investment in new build provided, given the conditions of the scheme, that no more than 30% of the new build cost was financed this way. The council would have to finance the remaining 70% of the cost from its own resources, either by diverting costs from other areas of the capital programme or by borrowing additional sums to finance the new build.
- 12.6 There is also the requirement to spend the receipts within three years from the quarter in which the receipt was generated. If it is not, then the receipts must be returned to government together with an interest charge (back-dated to the quarter in which the receipt was generated). The council can choose to return the receipt anytime within the three year period, without any interest penalties.
- 12.7 Decisions to retain any additional RTB receipts will therefore have substantial financial consequences. Detailed financial modelling is being prepared in order that properly informed decisions can be taken at the appropriate time. This will need to include reasonable assumptions about the cost of new build and the income streams associated with it. It will also be important to take a view on the likely level of RTB sales of any new build properties in the medium term. There are restrictions on tenants' rights to buy based on length of tenancy, but in time any new build properties will potentially become subject to RTB applications in their own right. In entering into borrowing arrangements in particular to finance new build the council will need to assess the possible impact of this on the HRA business plan.

13 Legal implications

- 13.1 The national statutory Right to Buy scheme was first introduced pursuant to the Housing Act 1980. It provides qualifying social tenants the right to purchase their home at a discount. The scheme is open to secure tenants of local authorities and non-charitable housing associations, and to those assured tenants of housing associations who have transferred with their homes from a local authority as part of a housing stock transfer.
- 13.2 In November 2011, the Government announced its intention to increase the caps on RTB discounts and provided the express commitment to ensure that the receipts from every home sold under the RTB scheme are used to fund its replacement, on a one for one basis with a new home for Affordable Rent. (Government publication, titled 'Laying the Foundations: A Housing Strategy for England', published on 21st November 2011).
- 13.3 The Retention Agreement will be made under powers provided by section 11(6) of the Local Government Act 2003 (as inserted by section 174 of the Localism Act 2011). This enables the Secretary of State to enter into an

- agreement with a local authority disapplying the requirement to repay to the Secretary of State capital receipts of the local authority that are specified or described in the agreement, in this case Right to Buy receipts.
- 13.4 The European Convention on Human Rights states in Article 8 that “Everyone has the right to respect for his private and family life, his home and correspondence”. The Human Rights Act 1998 incorporates the Convention. It does not, however mean that everyone has an immediate *right* to a home, (because Article 8 is a “qualified” right and therefore is capable in certain circumstances, of being lawfully and legitimately interfered with).
- 13.5 The Equality Act 2010 (the Act) brings together all previous equality legislation in England, Scotland and Wales. The Act includes a new public sector equality duty (the equality duty or the duty), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The new duty covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 13.6 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 13.7 As was the case for the original separate duties, the new duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 13.8 The Equality and Human Rights Commission (EHRC) issued guidance in January 2011 providing an overview of the new public sector equality duty, including the general equality duty, the specific duties and who they apply to. The guidance covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The guidance was based on the then draft specific duties so is no longer fully up-to-date, although regard may still be had to it until the revised guide is produced by the EHRC. The guidance can be found at

<http://www.equalityhumanrights.com/advice-and-guidance/new-equality-act-guidance/equality-act-guidance-downloads/>.

- 13.9 The EHRC guidance does not have legal standing, unlike the statutory Code of Practice on the public sector equality duty which was due to be produced by the EHRC under the Act. However, the Government has now stated that no further statutory codes under the Act will be approved. The EHRC has indicated that it will issue the draft code on the PSED as a non statutory code following further review and consultation but, like the guidance, the non statutory code will not have legal standing.

14 Crime and disorder implications

- 14.1 There are no specific crime and disorder implications for this report.

15 Equalities implications

- 15.1 The Department of Communities and Local Government (DCLG) undertook an Impact Assessment when drafting the proposals for this scheme. The assessment can be found at:

<http://www.communities.gov.uk/publications/housing/righttobuyia>

- 15.2 The increased discount cap of £75,000 for RTB is compulsory and Lewisham cannot choose whether or not a tenant buys their Council home.
- 15.3 An Equalities Analysis Assessment (EAA) will be completed to try to anticipate who may utilise their right and how the Council can best mitigate the potential loss of affordable homes. If the decision is taken to sign the Agreement some analysis of who is making applications, who is successful and where they move to can be undertaken however the applications for the last few years are at too low a level to anticipate the make up of applicants at this time. Which types of properties are being lost could be a factor in the discussions around what should be developed as replacement homes.
- 15.4 Those most directly affected will be the applicants on the housing register. An EAA is currently being drafted in relation to the changes to the Allocations Scheme and will be relevant for this project also. Any new development proposals utilising the receipts will be delivered to meet the housing needs of the residents of the borough and achieve the strategic housing aims.

16 Environmental Implications

- 16.1 There are no specific environmental implications for this report.

17 Conclusion

- 17.1 The Right to Buy will result in a loss of some affordable housing in Lewisham, the impact of which will be reported to Mayor and Cabinet later in the year. However, in signing the agreement the Council will benefit from being able to retain a proportion of the receipts to invest in new housing supply. If the Council were not to sign the agreement then it would not receive any proportion of the receipts from future right to buy sales.

18 Background documents and originator

- 18.1 There are no background documents to this report.
- 18.2 If you have any queries on this report please contact Genevieve Macklin – Head of Strategic Housing on ext 46057.

Appendix A - Table 1

Social housing sales: Local authority stock sold through Right to Buy – CLG Live Tables																
LEWISHAM																
	1979/80 to 1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10			
Right to buy sales																
Sales	9,503	371	83	.	.	1,000	1,027	682	343	181	109	13	4			

Chief Officer Confirmation of Report Submission			
Cabinet Member Confirmation of Briefing			
Report for:	Mayor		
	Mayor and Cabinet		X
	Mayor and Cabinet (Contracts)		
	Executive Director		
Information	<input type="checkbox"/>	Part 1	<input checked="" type="checkbox"/>
		Part 2	<input type="checkbox"/>
		Key Decision	<input type="checkbox"/>

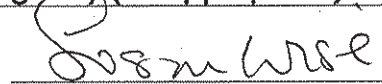
Date of Meeting	30 th May 2012
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Title of Report	Mayoral Response to comments of the Lee Green Assembly
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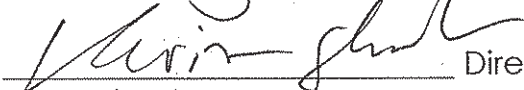
Originator of Report	Ralph Wilkinson		Ext. 46040
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At the time of submission for the Agenda, I confirm that the report has:

Category	Yes	No
Financial Comments from Exec Director for Resources	X	
Legal Comments from the Head of Law	X	
Crime & Disorder Implications	X	
Environmental Implications	X	
Equality Implications/Impact Assessment (as appropriate)	X	
Confirmed Adherence to Budget & Policy Framework	X	
Risk Assessment Comments (as appropriate)		
Reason for Urgency (as appropriate)		

Signed:  Executive Member

Date: 8th May 2012

Signed:  Director/Head of Service

Date: 8/5/2012

Control Record by Committee Support

Action	Date
Listed on Schedule of Business/Forward Plan (if appropriate)	
Draft Report Cleared at Agenda Planning Meeting (not delegated decisions)	
Submitted Report from CO Received by Committee Support	
Scheduled Date for Call-in (if appropriate)	
To be Referred to Full Council	

MAYOR AND CABINET			
Report Title	Mayoral response to the comments of the Lee Green Assembly		
Ward	All	Item No.	
Contributors	Executive Director for Customer Services, Director of Programme Management and Property and Head of Public Services		
Class	Open	Date	30 May 2012

1. Purpose

- 1.1. On 11 April 2012 the Lee Green Assembly presented a report on parking issues to Mayor and Cabinet for consideration. This report sets out the Executive Director for Customer Services response to the recommendations made by the Lee Green Assembly.

2. Policy Context

- 2.1 The Council's policy framework sets out the priorities ensuring efficiency and equity in the delivery of excellent services to meet the needs of the community. In identifying the need to attract the best possible contract for the provision of the Council's parking services consideration has been given to the existing policy framework, in particular the Sustainable Community Strategy.
- 2.2 The London Plan details the overall strategic plan for London setting out an integrated economic, environmental, transport and social framework for the development of London over the next 20-25 years.
- 2.3 The London Mayors' Transport Strategy : Proposal 124 will seek to ensure fair and consistent enforcement of parking and loading regulations across London.

3. Recommendations

It is recommended that the Mayor:

- 3.1 Agree to implement a 1 hour visitor permit in response to Lee Green Assembly and Sustainable Development Select Committee recommendations.
- 3.2 Agree to provide a transparent financial statement of the parking service accounts in response to Lee Green Assembly and Sustainable Development Select Committee recommendations.
- 3.3 Agree to address the remaining recommendations made by the Lee Green Assembly and Sustainable Development Select Committee in a review of the Council's existing parking policy.
- 3.4 Agree the timetable for the review set out in paragraph 7.2

4. Background

- 4.1 A Council's parking policy has to balance the needs of those living, working, visiting and trading in the borough as well as generate income to cover the cost of parking controls and investment in the highway infrastructure. Complicating matters further is the increase in car ownership and the insatiable demand for parking spaces along with the need to reduce the harmful effects of car use on the environment . The current policy has been in place since 2001.
- 4.2 The first controlled parking zones (CPZ) in the borough were introduced in the 1983 in central Lewisham and Blackheath. In 2005 a borough wide consultation was undertaken to identify where parking problems exist and where the consultation identified a parking problem more detailed consultation was undertaken in that defined area. A CPZ will only be introduced in the roads within the defined area where votes in favour exceed 50%. Those roads that don't achieve a yes vote of more than 50% are excluded from the CPZ. Today there are 19 CPZ's covering about a third of the borough.
- 4.3 A new CPZ is only considered if the Council is made aware of issues that may need addressing. In response to these issues the Council will determine if the problem is significant enough to consider using a CPZ to address it. In a situation where the Council believes a CPZ may be appropriate it carries out a consultation exercise, with road shows, public briefings, door knocking and ultimately a vote. On the roads where the vote in a road is more than 50% the CPZ is implemented. After approximately one year a follow consultation is conducted in the same area to ensure the scheme objectives were achieved and that the roads that voted no (or less than 50% yes) are not suffering from significant problems as a result of the new CPZ which may warrant a possible extension of the scheme.
- 4.4 On 15 September 2011 the Sustainable Development Select Committee considered a report on parking and made a number of recommendations to the Mayor. The recommendations were; to provide financial information; to review the cost of visitor permits; to consider differential charging; and to allow permits to be paid for in monthly instalments.
- 4.5 The Executive Director for Customer Services responded to the recommendations on the 7 December 2011. The response said that it would be very difficult to deal with parking policy issues in isolation as changes would have impacts across the whole of the borough and significant financial implications. However, the response did highlight that the new parking contract, to be let in 2013, would enable the Council to offer payment by instalment.

5. Lee Green Assembly report

- 5.1 The Lee Green Assembly report that was received by Mayor and Cabinet on 11 April 2012 followed joint work done by the assembly and officers from the Parking and Highways services. The report makes 11 recommendations regarding; transparent financing; charging; flexibility and operational hours of CPZ's; consultation and implementation; business permits; and school parking.
- 5.2 The Council is grateful for the work done by the Lee Green Assembly but are unable to look at the 11 recommendations in isolation. This is because most will

have a multitude of implications across the whole borough. It is for this reason that the recommendations will be used to inform the parking policy review that is now in progress.

6. Lee Green Petition

- 6.1 On the 29 February 2012 a petition was presented to the Mayor against the increase in parking fees and the times of controlled parking zones. The petition contained the names and addresses of 205 Lee Green residents. The petition has been acknowledged and will also be used to inform the Council's review of its parking policy.

7. Parking Policy Review

- 7.1 Since the increase in parking charges in 2011 a number of parking policy issues have been questioned. Some of the questions relate specifically to the increase in charges whilst others relate to more general policy issues. For example, the time periods of controlled parking zones. It is very difficult to look at specific aspects of the policy as each and every aspect has implications across the whole borough and potentially significant financial implications.. It is for this reason that a general review of the current parking policy is underway.
- 7.2 The parking policy review is being led by Steve Gough, Director of Regeneration and Asset Management who has responsibility for Highways Services and Ralph Wilkinson, Head of Public Services, who has responsibility for the Parking Service. The parking policy review will report at various points to the Sustainable Development Select Committee and consult widely on options and recommendations. The consultation will include those who have made representations to the Council such as the Lee Green Assembly. A provisional outline timetable for the review is shown below.

Determine scope for review	April/May 2012
Sign off scope at Sustainable Development Select Committee	23 May 2012
Research / develop proposals	June - August
Consult stakeholders	September – October
Draft recommendations to Sustainable Development Select Committee	1 November 2012
Final recommendations to Mayor and Cabinet	5 December 2012

8. Financial Implications

- 8.1 The implementation of the 1 hour visitor permit could lead to a loss of income of up to £80K although this is a worst case scenario.

8.2 As the parking policy review is being carried out internally most of the costs will be covered by existing budgets. The consultation process will incur an additional cost but this is expected to be minimal and it should be possible to contain it with existing budgets.

8.3 The outcome of the parking policy review is likely to have significant financial implications which will require careful consideration as part of the review.

9. Legal Implications

9.1 There are no direct legal implications arising from this report.

10. Crime and Disorder Implications

10.1 There are no direct crime and disorder implications arising from this response.

11. Equalities Implications

11.1 The introduction of the 1 hour visitor permit was introduced following recommendations made to Mayor about carers of the elderly relatives being penalised by the increase in cost of visitor permits. The parking policy review will need to ensure equalities implications are considered and that an Equalities Impact Assessment is carried out..

12. Environmental Implications

12.1 There are no environmental implications arising directly from this report but the parking policy review will need to consider environmental implications. For example, the review will look at the option of different permit charges depending on vehicle emissions.

13. Background Papers and Report author

13.1 Comments of the Sustainable Development Select Committee on the Borough's car parking policies and associated charges to Mayor and Cabinet on 5 October 2011.

13.2 Mayoral response to recommendations made by the Sustainable Development Select Committee on 7 December 2011.

13.3 Lee Green Petition to Mayor and Cabinet on 29 February 2012.

13.4 Lee Green Assembly report to Mayor and Cabinet on 11 April 2012

13.5 If you require further information about this report, please contact Ralph Wilkinson, Head of Public Services, on 020 8314 6040.

Agenda Item 8

Mayor And Cabinet			
Report Title	Comments of the Sustainable Development Select Committee on the Integrated Transport – Bakerloo Extension		
Key Decision	No	Item No.	
Ward	All		
Contributors	Sustainable Development Select Committee		
Class	Part 1	Date	30 May 2012

1. Summary

- 1.1 This report informs the Mayor and Cabinet of the comments and views of the Sustainable Development Select Committee, arising from discussions held on the Integrated Transport – Bakerloo Extension item at the Committee’s meeting on 25 April 2012.

2. Recommendation

- 2.1 The Mayor is recommended to:
- a) Note the views of the Sustainable Development Select Committee as set out in section three of the report.
 - b) Agree that the Executive Director for Resources and Regeneration be asked to respond to the Committee’s views
 - c) Ensure that a response is provided to the Select Committee

3. Sustainable Development Select Committee Views

- 3.1 On 25 April 2012, the Sustainable Development Select Committee discussed the information provided previously provided to the Committee at their 14 September 2010 and 15 March 2012 meetings by Jonathan Roberts of JRC on the subject of a potential Bakerloo Line extension that would pass through the London Borough of Lewisham. At the meeting a briefing paper produced by Simon Moss, Transport Policy and Development Manager was also considered by the Committee.
- 3.2 The Sustainable Development Select Committee would like to make the following recommendations to the Mayor and Cabinet:
- 3.3 That Lewisham Council should work with local partners to establish a Bakerloo group which will work to lobby and develop a business case for a Bakerloo line extension to come to the borough. The group should be based along similar lines to the former East London line group that worked to secure the East London Overground.
- 3.4 The development potential of each station site and surrounding land should be highlighted and form an important part of the business case to raise the benefit cost ratio and improve the business case.

4. Financial Implications

- 4.1 There are no financial implications arising out of this report per se, although the financial implications of accepting the Committee's recommendations will need to be considered.

5. Legal Implications

- 5.1 The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet, who are obliged to consider them.

BACKGROUND PAPERS

Integrated Transport – Bakerloo Extension – Report to the Sustainable Development Select Committee 25 April 2012

Bakerloo Line Extension – Opportunities and Next Steps - Briefing note for the Sustainable Select Committee by Simon Moss, Transport Policy and Development Manager

If you have any queries on this report, please contact Andrew Hagger, Scrutiny Manager (0208 3149446), or Kevin Flaherty, Head of Committee Business (0208 3149327).

Agenda Item 9

Mayor and Cabinet			
Report Title	Comments of Safer Stronger Communities Select Committee on Community and Voluntary Sector Review		
Key Decision	No	Item No.	
Ward	All		
Contributors	Safer Stronger Communities Select Committee		
Class	Part 1	Date	30 May 2012

1. Purpose

- 1.1 This report presents the final report and recommendations arising from the Safer Stronger Communities Select Committee's Community and Voluntary Sector Review, which is attached at Appendix A.

2. Recommendation

- 2.1 The Mayor is recommended to:

- (a) Note the views and recommendation of the Committee set out in the main report at Appendix A
- (b) Agree that the Executive Director for Community Services be asked to respond to the Review's recommendations.
- (c) Ensure that a response is provided to the Select Committee

3. Context

- 3.1 The review was scoped in March 2011 and five evidence gathering sessions were held in April, June, September, October and December 2011. The Committee agreed the report and recommendations in February 2012.

4. Financial Implications

- 4.1 There are no financial implications arising out of this report per se, although the financial implications of accepting the Committee's recommendations will need to be considered.

5. Legal Implications

- 5.1 The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not including recess).

6. Equalities Implilcations

- 6.1 The Council works to eliminate unlawful discrimination and harassment, promote equality of opportunity and good relations between different groups in the community and recognise and take account of people's differences.

7. Crime and Disorder/Environmental Implications

- 7.1 There are no specific implications.

BACKGROUND PAPERS

If you have any queries on this report, please contact Andrew Hagger, Scrutiny Manager (0208 3149446), or Kevin Flaherty, Head of Business & Committee (0208 3149327).

Community and Voluntary Sector Review

Report by the Safer Stronger Communities Select Committee

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Foreword by Chair

The Community and Voluntary Sector plays an important role within Lewisham, fulfilling a wide range of needs and wants for the community. The benefits that emerge from a vibrant sector lifts Lewisham into a better place to live and work, generating positives for the borough by providing services and assistance to those in need, volunteering for those who need to develop their skills, a way for people to become involved in their communities or simply leisure opportunities.

In this review, the Safer Stronger Communities Select Committee sought to find out what the Community and Voluntary Sector does, how it operates and the benefits it brings to Lewisham. It also looked at how Lewisham Council supports the sector, as well as what other organisations do to offer support either through financial means or through 'in-kind' support. Lewisham has a strong history of working with the third sector and currently runs a three year funding programme for organisations within the borough. This funding has not been cut in the face of severe budgetary pressures and is testament to the commitment that Lewisham Council has to the Community and Voluntary Sector.

Important issues that that the Committee identified included finding a balance between organisations being rational and using business-like practices to get the most from the funding they generate whilst retaining the enthusiasm and passion that made people want to get involved in the first place, as well as the balance for funding bodies between supporting new and ground-breaking projects while maintaining stable and successful organisations that have long and proud histories within the borough.

The Committee heard evidence from a number of organisations, either working locally in Lewisham or across the whole of London. On behalf of the committee I would like to thank those organisations for the taking the time to speak to the committee about the work they do and to highlight the issues that they face. I would also like to thank Members of the Select Committee for their diligence and commitment in carrying out this lengthy review.

I commend this report to the Mayor and Cabinet and hope that they give full consideration to the recommendations within it.

Cllr Pauline Morrison,
Chair, Safer Stronger Communities Select Committee.

Executive Summary

1. The Committee found that the Community and Voluntary Sector fulfils a diverse range of roles in the borough, offering sports participation, hobbies, local activism and social action, support for vulnerable people, as well as supporting other community and voluntary organisations. In addition there are clear benefits to be gained from an active and healthy voluntary sector.
2. In Lewisham there are over 800 voluntary and community organisations, providing a wide range of services. Some organisations funded by the Council make direct contributions to Council priorities through specific service provision, whilst others contribute more indirectly. Lewisham is fortunate to have a thriving third sector which ranges from very small organisations with no paid staff through to local branches of national charities. The smaller groups are often the glue in the community and can spring up between neighbours and in local areas.
3. Lewisham has a strong history of working with the third sector and offers support to the voluntary and community sector in a number of ways. This includes developing a Compact with the sector over a decade ago and providing a three year funding programme for organisations within the borough. This funding has not been cut in the face of severe budgetary pressures and marks the commitment that Lewisham Council has to the Community and Voluntary Sector. The fund sets out general criteria for funding, giving clarity for those bidding and has four themes for the funding, setting out what the priorities are for Lewisham. The themes include Building Social Capital, Gateway Services, Youth Programme and Communities That Care.
4. Lewisham also funds second tier organisations, which are a level up from those front line organisations delivering services. These help to support and build up existing organisations as well as offering advice and assistance to new organisations. The main example of such an organisation is Voluntary Action Lewisham, who provide support services as well as representation and advocacy. In addition to local authority funders there are London-wide funders such as the City Bridge Trust who provide funding and support for organisation across London, including in Lewisham. They also have strategic initiatives that allows commissioning of services and research and are encouraging volunteers to be involved in organisations. Support for the voluntary sector tends to decrease during times of recession. Structural and sector support is very important to smaller organisations and makes it easier for them to survive.
5. The Committee identified contradictions and clashes within the Community and Voluntary Sector. For example, there needs to be a match-up between the passion of wanting to help and the rational business side of operating effectively, especially given funding pressures. There is clearly scope for more partnership working among organisations doing similar things and/or working in similar geographical areas although this shouldn't mean that people feel as if they no longer have 'influence' within their organisations. Likewise there

needs to be a balance between funding new projects that push new ideas and approaches without threatening established organisations providing successful services.

6. There are enormous pressures and challenges on the sector in the future. These include the sharing of assets, providing services in the future that the Council provides now and pressures to move to a more enterprising approach.
7. The Committee recommended actions based around maintaining levels of funding and stabilising the sector, improving the level and intensity of direct support for smaller organisations, ways to meet the challenges the sector faces in the future and further work the Committee can carry out in scrutinising this area.

Key Findings

- KF 1. The Community and Voluntary sector fulfils a diverse range of roles in the borough, offering sports participation, hobbies, local activism and social action, support for vulnerable people, as well as supporting other community and voluntary organisations.
- KF 2. There are clear benefits to be gained from an active and healthy voluntary sector, including:
- Contributing to Council priorities
 - Providing services that Council cannot easily provide
 - 'Filling the gap' outside mainstream provision
 - Acting as bridging organisations between communities and people, as a glue that hold communities together
 - Fulfilling a preventative role for society that the public sector cannot always do
 - Giving people a voice
 - Providing positive experiences for those volunteering
- KF 3. The Community and Voluntary sector is underpinned by the goodwill of those involved in groups and organisations and hinges on their passion and drive.
- KF 4. Current support levels in Lewisham are good compared to the national situation. There has historically been a good relationship in Lewisham, and the current situation has come about because of:
- The maintaining of grant funding
 - Advice and support on offer
 - Consultation
 - Advocacy
- KF 5. The Community and Voluntary Sector faces challenges due to the shifting patterns in funding at a national and local level. Alternative charity funders are also facing pressures on their funds due to the increased demand for them.
- KF 6. However, the community and voluntary sector also needs to 'raise its game' by prioritising, adapting and developing its services in order to rise to the challenge of cuts to services and 'Big Society'.
- KF 7. The new main grant programme has provided clear priorities and criteria enabling transparency in funding aims and requirement for organisations.
- KF 8. Previous scrutiny of this topic by both Lewisham and other local authorities has largely looked at funding arrangements, rather than the wider support on offer to the Community and Voluntary Sector. However, a great deal of best practice identified is current practice at Lewisham.
- KF 9. Capacity within the Community and Voluntary Sector is supported by organisations such as Voluntary Action Lewisham as well as the Council itself. It can also be provided by other large funding organisations such as City

Bridge Trust. This support is highly important, especially for smaller organisations and groups that can't generate 'their own' advice, training and guidance.

- KF 10. The capacity of the Community and Voluntary Sector is not fully developed due to the isolated nature of many organisations. There can be overlaps in provision between different groups operating in either the same geographical area or delivering similar services. There can also be a lack of knowledge amongst some smaller organisations of where funding, guidance and advice is available from as they have limited numbers of people and expertise to draw upon. Improved access to this sort of knowledge is needed for capacity to be built.
- KF 11. Access to funding can depend upon developing new projects, which can then threaten core longstanding services and stable organisations. Developing and sustaining organisations should be a key priority of funding.
- KF 12. Building and sustaining connections between communities is a key to developing a healthy Community and Voluntary Sector.
- KF 13. The Council should not be prescriptive and dictate what form the Community and Voluntary Sector should take. Its role should be as an enabler, which is a more delicate and nuanced role. Dialogue between Lewisham Council and the Community and Voluntary Sector needs to be open, honest and transparent.
- KF 14. Plans have been drawn up under the Transforming Local Infrastructure bid that could greatly enhance capacity within Lewisham and has identified potential new structures, directions and collaboration opportunities. If the bid is not successful then Lewisham as a borough has a good potentials plan in place to improve the way the Community and Voluntary Sector works.
- KF 15. There is potential for some organisations within the Community and Voluntary Sector to develop into a 'social enterprise' or entrepreneurial direction.
- KF 16. Philanthropy does not appear to be able to fill the gaps in funding that can occur at the small, local scale. Instead it seems suitable for larger scale project type work or established organisations
- KF 17. A wider definition of volunteering, as developed in the 'Valuing Our Community' strategy, that recognises giving time is important in increasing the role and involvement of volunteers in achieving community cohesion.

Recommendations

After consideration of the evidence in the report and the agreed key findings, the Committee developed the following recommendations:

- R1. Lewisham Council should maintain the current levels of funding for the Community and Voluntary Sector.
- R2. Organisations that are stable and are providing recognised good quality services must be supported by Lewisham Council. Funding from Lewisham should aim to ensure there is a balance between new, innovative projects and stable, proven approaches that work.
- R3. Lewisham Council should continue its collaboration with other funding bodies and pass on information about funding that is available to organisations within Lewisham.
- R4. The Community and Voluntary sector should not be expected to supply services that are currently provided by the Council unless there is an appropriate transfer of funding made and standards set out.
- R5. Lewisham should encourage greater awareness of and participation in the Community and Voluntary Sector. To aid this, a borough-wide initiative to increase the visibility and awareness of the sector should be developed, expanding on already in-place events such as Make a Difference Day and Compact Week.
- R6. Organisations that support the Community and Voluntary Sector in Lewisham, such as Voluntary Action Lewisham, should review the support that they offer to the sector especially in relation to capability and capacity building. The Committee feels that provision of more intensive and individual support including advice, training and guidance would create better results for organisations.
- R7. Lewisham Council should work with the Community and Voluntary Sector to challenge the sector to step-up to the new challenges and pressures that are being faced at this time. There should be realism within the Community and Voluntary Sector on what it will and will not be able to do.
- R8. Collaboration between organisations in the Community and Voluntary Sector should be encouraged and increased in order to increase capacity and meet funding challenges.
- R9. The role that Local Assemblies play in supporting the formation, growth and support of community and voluntary groups should be reviewed, with an aim to expand its role. A wider definition of volunteering reflecting giving of time should be part of this review.
- R10. Lewisham Council should review its interactions with the Community and Voluntary sector across the entire organisation in order to ensure that the

approach taken is consistent and sufficiently promotes and supports the sector's work and role.

- R11. Further scrutiny should be carried out looking at the shifting patterns of funding for the Community and Voluntary Sector, including payment by results and personal budgets.
- R12. Further scrutiny should be carried out to look at the role of social enterprise, increased entrepreneurialism and generating income.

1. Introduction and Terms of Reference

- 1.1. Over the course of its 2010/11 work programme the Safer Stronger Communities Select Committee realised that the role of the 'third sector' would gain in importance over the coming years. The third sector includes charities, not for profit companies limited by guarantee, faith organisations, civic amenity societies as well as social enterprises. What all these organisations have in common is their ability to bring significant additional value to the work that they do through voluntary support and raising funds from sources not available to other sectors such as charitable trusts. Many Members on the Committee were themselves current or former participants in organisations in the third sector and decided that an in-depth review looking at aspects of this area would have the potential to strengthen the way that the sector operates within Lewisham.
- 1.2. At its meeting on 31 March 2011 the Safer Stronger Communities Select Committee agreed that it would undertake a review of the voluntary and community sector in Lewisham, concentrating on smaller organisations operating within the borough and seeking to address the following three key themes and subsequent questions contained within the themes:

Establishing the Capacity of the Voluntary Sector

- What benefits does the voluntary and community sector bring to the community?
- Where do voluntary and community sector groups operate within the borough?
- Is it possible to audit the number of groups?
- What levels of funding and general support are available to the voluntary and community sector?
- How does the voluntary and community sector provide support to itself?
- How are these levels of funding and support likely to change?

How to Build the Capacity

- What does the voluntary and community sector want in terms of support from the public sector?
- How equipped are organisations to build their capacity to do more?
- What can the voluntary and community sector do between themselves to increase capacity?
- Is there a need to encourage more voluntary and community groups within Lewisham and if so how can this be done?
- How can the work done by smaller, less structured and less formal organisations be harnessed and recognised in order to increase capacity?

The Future Role of the Voluntary Sector

- What role is seen for the voluntary and community sector by national bodies and the government?
- What role is seen for the voluntary and community sector by themselves?

- How can the Council and their partners encourage increased capacity within the voluntary and community sector to help them take on these roles?

2. Current support for the Voluntary and Community Sector

- 2.1. Local authorities can act as facilitators helping spread the burden and promoting co-operation between local groups. Lewisham has a strong history of working with the third sector and empowering residents and communities. Lewisham was the first London Borough to develop a compact with the third sector in 2001. The compact seeks to support a positive relationship between the sector and key statutory partners. It includes expectations around the management of grant aid as well as broader partnership working principles. The compact was further developed in 2010 with the addition of guidelines for commissioning with the third sector in recognition of the important contribution that the third sector should play in identifying needs as well as potentially delivering service solutions. Although the third sectors role within the commissioning of local public services continues to grow, the council recognises that there continues to be a need for grant aid investment for the following reasons:
- A recognition of the importance of maintaining an independent sector that can act as a critical friend to challenge public sector policy and delivery.
 - A recognition of the key role that the sector plays in building civic participation, providing a voice for seldom heard residents and providing community intelligence.
 - A recognition of the great diversity of the sector and the need to engage with small and emerging groups as well as large established organisations.
 - A recognition of the sector's potential to take risks and innovate which does not always sit easily within commissioning frameworks.
 - A recognition that third sector organisations have been key delivery partners for a wide range of targeted short term initiatives. Grant aid provides a level of security for organisations ensuring that there is a strong sector ready to work in partnership with us.
- 2.2. Lewisham offers support to the voluntary and community sector in a number of ways:
- Advice and support: the Council can provide specialist advice on many issues facing the community sector, or can point groups in the direction of other organisations that can help. Funded organisations receive support and advice from Council officers on organisational development. Support is also given through assisting with premises.
 - Facilitating consultation: Lewisham is committed to ensuring that wide and representative consultation is undertaken on issues affecting local people
 - Funding: Lewisham is a significant funder of the voluntary and community sector. The basis on which grant funding is allocated is outlined in this paper.
 - Advocacy: Lewisham is committed to ensuring that organisations based in the borough receive their share of national and regional funds
- 2.3. The Council recognises its role in supporting the breadth of development across the VCS as well as in seeking a commitment to its own corporate priorities. The Council's grant aid programme is part of a package of support that has been developed to assist in building a vibrant and sustained VCS.

From April 2008 three year funding was introduced, for the majority of organisations, with the funding framework for advice and information starting in April 2009.

- 2.4. Given the current financial position that the Council finds itself in, there is recognition that the role of the voluntary and community sector is even more crucial in assisting with delivering quality services to local people. A decision was taken at Mayor and Cabinet contracts in December 2010 to extend the 2010/11 main grant programme allocations for a further 6 months to allow time for consultation on new criteria and programme themes to be completed. A set of draft proposals for the new main grants programme were consulted on. This involved sending the draft proposals to organisations on the Community Sector Unit's database, publicising it on VAL's e bulletin, and holding discussions with a range of stakeholders such as Safer Stronger Communities Select Committee, Stronger Communities Partnership Board, The Compact Group, Health and Social Care Forum, Children and Young Peoples Forum, Information and Advice Forum, Borough Deans and the Second Tier Strategy Group.
- 2.5. The new three year funding programme takes this into account and will aim to:
- reduce the impact of public sector spending reductions on citizens and communities.
 - harness the innovation of the sector to deliver solutions in priority service areas.
 - ensure a strong infrastructure for delivering social capital across the borough as a whole.
 - support those in greatest need around issues such as financial inclusion, accessing employment and legal advice
 - promote the value that third sector organisations provide by ensuring that organisations lever external funding, earned income and volunteering
- 2.6. The new funding will run to March 2014 and has reprioritised funding around 4 themes. In order to be eligible for funding from the main grants programme applications must:
- Be for activities or services that benefit Lewisham residents –the application should describe any specific target groups and how they will benefit from the proposed activity;
 - be from a constituted third sector organisation with charitable aims and objectives;
 - have a written Equal Opportunities policy that covers all equality strands;
 - demonstrate clear financial management procedures and arrangements which allow the management committee to ensure the effective use of resources.
 - Evidence a track record in securing external funding or the potential to attract external funding in the future
- 2.7. Lewisham will not fund:

- individuals;
- worship or activities that promote the views of a religious organisation (although religious groups may apply for non-religious activities);
- activities that promote the views of a political party;
- commercial or business related activities;
- spending that has already taken place.

2.8. In terms of general criteria for funding, applications must demonstrate:

Efficiency and effectiveness

- clearly defined services to deliver the outcomes of the proposed themes
- effective partnerships with other groups and agencies and the role of partners in the proposed delivery of services
- outputs that achieve value for money and outcomes that will make a tangible difference to Lewisham residents
- appropriate monitoring and evaluation systems to measure performance and review the effectiveness of services delivered

Governance and management

- strong management and active decision making in overseeing the delivery of services
- appropriate staffing to deliver quality services
- commitment to supporting paid and unpaid staff training and development

Excellence and innovation

- the ability to deliver high quality services through an appropriate quality standard

Reach

- a track record of delivering services for Lewisham residents
- a planned approach to addressing equalities and diversity issues to meet the needs of Lewisham residents

Financial sustainability

- a 3 year track record of financial stability
- robust financial controls
- a track record of securing funding from a diverse range of sources and evidence of the potential to secure funding in the future
- a realistic budget for the proposed service

In additional, other criteria are taken into account:

- the spread of provision across the Borough and the extent to which services duplicate other Lewisham based services
- the engagement and involvement of volunteers in the delivery of services

2.9. The four themes for funding are outlined below:

Building Social Capital

2.10. Organisations applying under this theme should seek to ensure that Lewisham has empowered local communities and strong third sector organisations. It is anticipated that there will be a number of key borough wide strategic organisations who are engaged in building local communities, a

network of community development and support organisations and developing volunteering opportunities. The strands within this theme are:

- A strong and vibrant voluntary and community sector infrastructure that can provide a wide and responsive range of high quality services. A vibrant voluntary and community sector which is capable of sustaining long-term service delivery and has a significant contribution to make towards improving the borough and engaging with its residents.
- Enable voluntary and community groups to assist the council in tackling inequality and supporting vulnerable people. Under the Equality Act 2010 there is the equality duty which consists of a general duty, which states that public bodies must have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between different groups; and foster good relations between different groups. The Council supports a range of initiatives and organisations that support the delivery of the equality duty and Lewisham's priorities in the area of Equalities and Human Rights.
- Support and develop volunteering opportunities, particularly around activities that support the four themes, especially social capital. This includes 2nd tier support to organisations that utilise volunteering. Volunteering is a powerful force for change, both for those who volunteer and for the wider community. While it is not solely undertaken within the voluntary and community sector, it is among the largest provider of volunteering opportunities. The Council and its partners recognise that volunteers are key in building social capital in the borough.
- Area based community development . In developing social capital, it is important to develop local communities on a neighbourhood level, and there is an important role for the voluntary and community in supporting this. Consultation on the grants programme has identified the need for a network of organisations operating on a sub-borough basis providing community development support that extends across the borough. These organisations will enable the sector to successfully deliver services and respond to local needs in the challenging times ahead. The area based community development would provide a mix of services such as volunteer support, coordination and delivery of locally based community activities, community premises management, and practical support to build local communities.

Gateway Services

- 2.11. Organisations applying under this funding stream will need to demonstrate how they are supporting those in greatest need in terms of access to advice, services, employment and financial inclusion.
- Access to legal advice and information services which ensures a distribution of services across the borough and priority areas being disabled people, older people and those with language needs.
 - Improving economic well-being and employability. This seeks to improve economic well-being and employability to those residents most in need. This would include young people, long-term health related benefit claimants, social housing tenants, BME communities and lone parents. Within this strand the Council is looking for new approaches to assisting

people, with a clear demonstration of how the activity adds value, and how it impacts on pathways to employment or more formal training. Collaboration amongst the providers is essential; therefore the organisations will need to demonstrate how it collaborates with other providers in the borough

Youth Programme

- 2.12. The Council specifically wishes to fund organisations that are able to deliver the following areas:
- Developing young people to become active citizens through volunteering opportunities, peer elevator and training opportunities with the aim of getting young people more involved in leading and developing activities. Within this section we will be looking for activities that engage young people in volunteering, particularly those who would not normally be involved positively with their local communities. Evidence of the sustainable impact that the activity has on the life of the young people, as well as the wider community will be required
 - Provision of universal youth activities, using different genres such as sports and arts. The pattern of provision within this strand will need to ensure a distribution of neighbourhood working across the borough, alongside work with young people who are less likely to access services, particularly disabled young people, young carers and young women. Activities that support young people, which in turn enables them to engage fully in leisure and education will be supported within this strand. Universal youth provision will need to show how they are building resilience - this includes attainment, friendship, basic skills, engagement and aspirations.
 - Support young people to engage with decision making within the different communities that they are part of and to strengthen the ambassadorial role of young people who contribute to their local community. This will include developing environments where young people can contribute to wider discussions around community issues and develop and take part in positive activities. Activities in this strand would need to demonstrate how they work alongside established engagement arenas, and do not duplicate these arenas

Communities That Care

- 2.13. Keeping adults active, healthy and engaged to prevent or delay them from needing to access adult social care services in the future, encouraging neighbourliness where individuals provide support to one another within a community and supporting the development of personalised services for individuals funding their own care and those with adult social care personal budgets.
- Keeping adults active, healthy and engaged to prevent or delay them from needing to access adult social care services in the future. The council is looking to fund a range of early intervention and preventative services for older people and all vulnerable adult client groups.

- Encouraging neighbourliness where individuals provide support to one another within a community. The council is looking to fund services that connect people within local communities to provide support. This could include informal networks, formal volunteering and timebanking.
- Development of personalised services for individuals funding their own care and those in receipt of a direct payment from adult social care as part of a personal budget. Applications are welcomed for start up funding from organisations wishing to develop services that could be purchased by adult social care clients with direct budgets or individuals who are self funding.
- Counselling, mediation & support groups for individuals. The council is looking to fund organisations that provide counselling, mediation services and support groups for individuals with particular needs such as carers, victims of crime and those unable to access these services through other means

2.14. Application forms and guidance notes were available to download from the council's website from 28 March 2011. There were two application forms one for applications of £10,000 and over and a simplified one for applications up to £10,000. The deadline for applications was 18 April 2011. 138 applications were received for a total of £8.3million. This was substantially more than the available budget of £4.5million. Each application was assessed by an officer using a standardised assessment process. The assessments and associated officer recommendation was then checked by another officer to ensure the consistency and quality of assessments in relation to the general criteria. The recommendations were considered by a lead officer for each theme with responsibility for providing an overview for the theme and checking the application's fit with the theme criteria. Recommendations for each theme were then presented to a senior officer group for approval before the recommendations were sent to individual organisations in the week commencing 23 May 2011. As part of the main grants process organisations were given the opportunity to appeal against officer's recommendations. They were invited to make a submission to be included in the report and were given the opportunity to address Mayor and Cabinet (Contracts) when the report was presented.

3. Previous scrutiny

- 3.1. The Public Accounts Select Committee undertook a review looking at Voluntary Sector Grant Funding in 2008 which considered how the new three year funding arrangements for the Council's voluntary and community sector main grants programme were working in practice and what benefits were being, or were expected to be, achieved. The review also examined the monitoring process which accompanied the new funding arrangements and assessed how accountable the new arrangements were and whether or not they provided value for money.
- 3.2. The review found that three year funding for the voluntary and community sector had been a positive step, had been welcomed by VCS organisations and had provided the stability required to allow VCS organisations to (a) undertake long-term and sustainable planning and (b) commit to long term service provision.
- 3.3. Significant improvements had been made to the application process as part of the introduction of three year funding (including revised forms and criteria); but the review found that the process could be further improved by making all the forms available online, holding all the information on VCS organisations electronically and strengthening the linkages between the Year One, Year Two and Year Three application forms.
- 3.4. It was identified that there was still work to be done on fully assessing the quality of the services being provided by VCS organisations in return for funding, to ensure that funding was achieving its objectives and making a difference. Therefore the review recommended that unit costs should be considered as part of the application process, wherever possible, to ensure that value for money is being achieved; monitoring visits should be more comprehensively and consistently recorded; the Safer Stronger Communities Select Committee should be provided with more information on the results of monitoring reviews and the outcomes achieved; and the level, purpose and objectives of the support offered to third sector organisations should be reviewed and a more explicit test of whether the level of support offered nullifies the benefits of providing services through the VCS introduced. In relation to this, the review suggested that the Mayor & Cabinet requests a comprehensive report on the types and level of support offered to VCS organisations, the duration of that support, the effect on the organisation and the improvement in services resulting from that support.
- 3.5. In terms of the benefits of three year funding for VCS organisations, organisations would benefit from earlier notification of grant awards and tapering levels and more flexibility in terms of staff pension contributions. If possible the Council should advise organisations of the decision to award funding, and the level of tapering for year 2 onwards if applicable, at an earlier stage.
- 3.6. In terms of the benefits of three year funding for the Community, it was felt that residents might benefit from a better spread and balance of services

provided by the VCS, informed by their feedback. PAC therefore recommend that (a) the Council should seek to identify gaps in the services currently provided in Lewisham and use the list of all the VCS organisations in the borough held by Voluntary Action Lewisham to plug any identified gaps in service provision; (b) the criteria for funding should be used more proactively by the Council to signal the services it wants provided by the third sector; (c) a formal mechanism to ensure that the Council captures feedback from users of the services provided by funded organisations should be developed; and (d) capturing feedback from service users (using a method appropriate to the organisation) should be a requirement placed on all VCS beneficiaries of Council funding.

- 3.7. In 2005 Nottingham City Council's Partnerships Task and Finish Panel looked at the Authority's relationship with the voluntary and community sector. The aim of the work was to improve the City Council's working arrangements in order to develop a better working relationship between the council and the voluntary sector. The panel identified many areas where there was good practice and a positive working relationship between the council and partners. However the review identified a lack of consistency across departments and the need to spread the good practice that exists to all areas of the council.
- 3.8. During the review, the panel found that a voluntary and community 'sector' does not exist and that a truer reflection is that there are a large number small, medium and large sized groups and organisations representing the citizens of Nottingham and the wider conurbation with a loose connection in that they provide services in a not-for-profit capacity. Therefore the 'one size fits all' approach often employed by the City Council and the notion of a voluntary and community 'sector' was one of the key issues that immediately came to light during this review, especially for smaller groups
- 3.9. The panel concluded that Nottingham City Council does not have as effective a relationship with the voluntary and community sector as it could and should. This can be attributed in part to financial pressure which has led to a reduced budget for voluntary and community organisations and the loss of funding for some groups. Evidence highlighted particular concerns relating to communication and consultation with the sector, leaving many groups feeling unsure of their role and suspicious of the City Council's intentions towards the sector as a whole. Trust was lost when the authority took a decision to reduce the amount of funding. The Compact, a document that is meant to define the authority's relationship with all voluntary and community groups, appears to have had little impact and is not currently in active use. The decision to cut funding was not the sole issue of concern to these groups; more significantly it was the manner in which it was done and the lack of consultation and communication which left many groups feeling isolated and unsure as to what the authority was planning next.
- 3.10. Bracknell Forest Borough Council carried out a review of Community & Voluntary Sector Grants in 2004 which found that the decision to directly contact groups about funding availability rather than to advertise in the media may have cut costs, but could be seen as being too exclusive and that there

should be a simplification of the grants process to ease the load on organisations.

- 3.11. Meanwhile, Oxfordshire's Social & Health Care Scrutiny Committee reviewed the Service Level Agreements and Grants With the Voluntary Sector in 2005. The aim was to evaluate the systems and processes underlying the funding of voluntary sector organisations by the Social & Health Care Directorate. This examined both grant-giving and contracting arrangements and identified good practice to support the voluntary organisations which provide vital services. The Oxfordshire Compact was identified as a positive step and stressed its role of supporting infrastructure development within voluntary organisations which could strengthen that sector as a whole.
- 3.12. However, the review highlighted concerns about the transparency and coherence of the systems in place for administering agreements and the systems for monitoring voluntary organisations' compliance with their contracts, as well as a lack of co-ordinated working between Directorates
- 3.13. In 2006, Bristol City Council's Sustaining Voluntary Sector Organisations Select Committee identified that a lack of a cross-council framework made the development and implementation of a strategic approach to funding and sustaining the voluntary and community sector less easy to achieve. The need to focus funding towards new council priorities or to new communities was therefore made more difficult and there was a lack of an overview of who is funding and working with which organisations in the council. The Committee noted that a well-developed framework, supported by a strong officers group and a Corporate Funding Unit, would enable the Council to more effectively align its' grant funding to corporate priorities and strategies. Streamlined and clearer funding criteria, the adoption of Lead Funder Principles, coupled with the implementation of Compact Plus across departments would assist the Council to meet its requirements. Such an approach would reduce bureaucracy for voluntary and community sector organisations, would make funding streams and requirements clearer and provide more effective support and advice. The Committee also recognised the importance to voluntary and community sector organisations of locally-based infrastructure organisations and the relationship between the council and infrastructure organisations should be strengthened, providing that voluntary sector organisations are in agreement with this.

4. Benefits of the community and voluntary sector

- 4.1. The Community and Voluntary Sector makes a significant and essential contribution to the wellbeing of Lewisham's residents and the Council would not be able to achieve all its aims without the contribution that the third sector makes. Voluntary and community organisations play a crucial role in providing a wide range of services that the Council cannot easily provide, often benefiting 'hard to reach' residents who sometimes feel excluded from mainstream services.
- 4.2. Lewisham is fortunate to have a strong and thriving third sector which ranges from very small organisations with no paid staff through to local branches of national charities. The third sector includes charities, not for profit companies limited by guarantee, faith organisations, civic amenity societies as well as social enterprises. What all these organisations have in common is their ability to bring significant additional value to the work that they do through voluntary support and raising funds from sources not available to other sectors such as charitable trusts
- 4.3. In Lewisham there are over 800 voluntary and community organisations, providing a wide range of services. Some VCS organisations funded by the Council make direct contributions to Council priorities through specific service provision, whilst others contribute more indirectly through providing network support to groups of specialist organisations or through contributions to strategic planning and development, playing a key role in strategic partnerships.
- 4.4. As well as being directly involved in delivering services to citizens in the borough, third sector organisations also provide the essential infrastructure to allow the sector as a whole to develop and support individual citizens to be able to play an active role within their local communities.
- 4.5. The massive changes to public service delivery that have begun and are anticipated over the next few years will inevitably have a major impact on the local third sector. The council has the ability to manage and influence how some of these changes impact such as the reduction to the council's general fund revenue budget but for others such as the cessation of specific grants to support targeted areas of the council's work or national policy changes the council has very little control. This uncertain and volatile climate further deepens the need for a grant aid programme to ensure some level of stability for the third sector.
- 4.6. The significant reduction in public spending power in the borough will require the council and the third sector to adapt and evolve their relationships. There will be a need to encourage a culture of sharing resources, sharing assets and working collaboratively to be better able to meet community needs. The council will be looking to develop strategic relationships with key third sector organisations in the management of assets, in growing and supporting smaller organisations and as strategic partners in a wider sense in relation to specific areas of work.

- 4.7. One area in which significant change is anticipated is the use of council assets. In order to release substantial revenue savings and therefore safeguard frontline service delivery, the council is looking to rationalise its public buildings. In doing this the council will be looking where possible to safeguard the community benefit of these assets, opening up opportunities for alternative uses for buildings where viable business cases can be developed.
- 4.8. The benefits of the community and voluntary sector, which can be hard to describe and prove as they provide bridging organisations between communities and people. They also contribute to the objectives of the council, in fact it is difficult to find a voluntary organisation that doesn't, so it is useful to find out what is it that local authorities are trying to achieve that can be done by voluntary and community bodies. The importance of the community sector and voluntary sector is that they support communities and community services by filling gaps. Smaller groups are the glue in the community, they can spring up between neighbours and become an organisation and act in a preventative role.
- 4.9. Community organisations provide services that the Council cannot easily provide and are often a means for people who have traditionally been excluded from services to access mainstream provision. Community organisations also offer the benefits of group membership, which social network theory validates as important. This importance lies not merely in the activities of the group, but in the fact that most group members will be members of other groups, so joining a group potentially provides access to numerous network bridges that would otherwise not have been available.
- 4.10. Monitoring can produce evidence and justification for the benefits that are gained from Community and Voluntary Organisations. There is a need for the accountability of public funds, but there is a question as to whether intensive monitoring is necessary. Questions should be asked about what is learnt from the monitoring, whether the funding made a difference, but smaller organisations shouldn't be burdened with monitoring and EU projects are covered in monitoring. Would independently audited accounts to prove fiscal responsibility be enough, or would there need to be more hands on and in-depth monitoring.

5. **Capacity of the community and voluntary sector**

- 5.1. As identified previously, there is a diverse and healthy community of community and voluntary organisations within Lewisham. Underpinning these and providing support for their capacity are what is known as 'infrastructure organisations'. Lewisham funds second tier organisations, which are a level up from those front line organisations delivering services, organising them into thematic groups, such as infrastructure support. These help to support and build up existing organisations.
- 5.2. There will be a profile here of three of the main infrastructure organisations within Lewisham as well as a pan-London funder.

Voluntary Action Lewisham

- 5.3. Voluntary Action Lewisham (VAL) is the Council for Voluntary Service (CVS) for Lewisham. There is a CVS in (almost) every London borough and in cities, metropolitan areas and counties across the country. VAL is affiliated to the National Association for Voluntary & Community Action and follows NAVCA's five work/service areas. These can be summarised under two main headings:
- Providing Support Services to voluntary & community organisations, including faith organisations and social enterprises.
 - Representation and Advocacy, which includes getting involved with Partnership Boards, working groups, etc. and publicising the achievements of Lewisham's voluntary and community sector organisations as well as advocating for the needs of Lewisham's voluntary and community sector organisations.
- 5.4. Martin Howie, Director of Voluntary Action Lewisham the spoke to the Committee about the services that VAL provides to all groups. VAL has a two-tier membership system. Full membership costs from £12 - £48 per year, depending on the size and income of the organisations; Full members receive discounts of up to 50% on VAL training course fees and other services. Associate membership is free, with a discount of approx 10% on training courses. All members receive a free copy of Grapevine, our monthly magazine.
- 5.5. VAL's Trustee Board (Executive Committee) has legal and financial responsibility for the organisation, and determines policy. There are 3 Honorary Officers, 12 ordinary members – all of whom are nominated & elected by member organisations – plus 2 Council representatives. The staff team currently comprises Director, 2 Asst Directors, 8 other FT staff and 4 part-time staff (total 15 people).
- 5.6. VAL's income in 2009-10 was approximately £750,000. This comes through grants and contracts with the Council and NHS, a major grant from the Big Lottery, some small grants from other funding bodies, and a modest income from membership fees, charges for services, bank interest, etc.

- 5.7. The need for infrastructure support is not always understood by those outside the sector. We are fortunate in Lewisham that LBL (Community Directorate) has a policy of “investing in the sector”. Some of this investment goes directly to frontline groups, but LBL also gives financial support to enable VAL and other infrastructure organisations to provide the support services that frontline organisations need.
- 5.8. The VCS in Lewisham – at least 1,000 organisations – is hugely diverse, with a multiplicity of needs. Infrastructure/ development issues include: setting up new organisations, charity registration, developing strong governance, fund-raising, financial management, staff (inc. volunteers) training, premises, I.T., legal compliance, health & safety, HR, information, understanding Government and local policy, partnership working and collaboration.
- 5.9. The Director of VAL highlighted the strong relationships between the Community Sector Unit and VAL, and between VAL and Lewisham Council generally, with Cllrs Best and Millbank on the VAL board. The voluntary sector appreciates that Lewisham are maintaining a grant programme as many other authorities across the country are not doing this. However, despite the size and diversity of the community and voluntary sector and its strength, there is still a lack of capacity to provide support and volume of support needed.
- 5.10. In addition there have been training sessions held across boroughs via the CVS network, (more specifically the East London Network made up of 10 London boroughs), and joint development of financial management services through ASSET, a community accountancy consortium linking Lewisham, Greenwich, Bexley and Southwark. Training in financial management has been popular and successful, but for the most part people have preferred to attend courses within their own borough

Lewisham Arts Education Network

- 5.11. Lewisham Education Arts Network (LEAN) champions arts education in Lewisham through empowering artist educators, those that work with them and strategic partners to foster high quality creative opportunities for children and young people. Jane Hendrie, Manager of Lewisham Arts Education Network (LEAN) spoke to the Committee about their work. LEAN has a long history in the borough, it started in 2000 as a result of the need for arts education support. In 2003, with LBL support, it became a limited company and in 2005 became a charity as well. LEAN has 700 members and works with 200 artists in the borough and is a small organisation, with 80% of what it does infrastructure type work. It supports arts organisations, teachers, community workers, youth workers, artists, provides specialist advice and guidance including 1 to 1 advice and support. It also disseminates information via meetings, information on the website, bulleting and network events. LEAN also brokers partnerships and is involved in lots of boards, supporting the wider voluntary and community sector, and has worked outside Lewisham.
- 5.12. Overall, LEAN works to:
- Advocate for arts education in the borough and beyond

- Network with other London based agencies
- Develop projects and training - with opportunities for artists, schools and teachers
- Inspire the greatest number of people to participate in arts education
- Broker partnerships between artists and schools and youth and community groups
- Support our members by providing information on the arts education sector

5.13. LEAN has three main aims:

- To empower and inspire artist educators, education, health and social care professionals to be highly skilled, experienced and innovative creative practitioners and promote working in partnership.
- To provide direction, practical support and guidance to all those in a position to initiate creative partnership working in order to generate and increase the frequency of high quality creative opportunities for children and young people.
- To work strategically with key investment partners and decision makers to lobby for and secure access to creative opportunities for children and young people.

5.14. LEAN encourages national organisations to invest in Lewisham, for example Southwark and Lambeth have large arts organisations based in their boroughs, LEAN encourages them to put money into schools and education. They have explored youth led action research, such as with Visual Art for Deptford X. In addition they developed the Speak Out project, which has 18 primary schools, 2 arts organisations and speech therapists working with pupils who have communication difficulties. The programme is about creative teaching and learning, providing speech and language therapy that isn't as expensive as therapists. The programme did a year's worth of work with 20 children per school, who showed significant improvement above what was to be expected, progress that was measured by speech and language therapists. Though cheaper than therapists it is still expensive, but funding has come from a variety of sources including the Arts Council, with total funding for the project approximately £180- 190k.

Volunteer Centre Lewisham

5.15. Volunteer Centre Lewisham is the volunteer development agency for the borough of Lewisham. Kay Kelleher, Chief Executive of Volunteer Centre Lewisham highlighted the 6 core functions:

- Development - Increase diversity and quantity of local volunteering opportunities
- Promotion - Promote benefits of volunteering to all sections of the community. Provide a variety of ways to find out about volunteering opportunities
- Brokerage - Offer guidance to individuals from all sections of the community and match their motivations to available volunteering opportunities

- Enabling Participation - Target assistance to people who face barriers to volunteering, inform volunteers about their rights and responsibilities and support volunteers in their voluntary work
- Information, Training, Research - Be a local source of information about relevant legislation, provide information and training on good practice in working with volunteers and undertake research into local issues relevant to the development of volunteering
- Commenting and Campaigning - Provide comment to decision-makers on the significance of volunteering in effecting positive change and improving the quality of life, campaign for better conditions for volunteers and against barriers to volunteering

5.16. In order to achieve these functions, Volunteer Centre Lewisham works with organisations and groups wishing to include volunteers in their work, individuals wanting to offer their time as volunteers and strategically locally and within London to ensure that volunteering is recognized in planning. They are involved in many local partnerships such as the local Compact agreement, Change-up, Lewisham Strategic Partnership and the Stronger Communities Board.

5.17. The Committee heard that role descriptions for volunteers are important as they allow volunteers to know what they are expected to do. Volunteers can get a lot out of volunteering but organisations need to make sure they have a good experience and are not taken advantage of. Often a volunteer manager will help this. The normal length of stay in a volunteer role can be a month or so but could be years, it depends on the needs of the volunteer and the need of the organisation. The typical profile of a volunteer, which tends to be 25-35, a characteristic which is static and not changing that much. In recent years there have been more unemployed signing up, as well as people offering different skills, such as marketing and finance. The nature of placements are changing too, with more fundraising roles. In addition there is a need for trustees who are skilled and able.

City Bridge Trust

5.18. For a wider context, Sandra Davidson of the City Bridge Trust provided a view from the point of a funder that operates across London. Most grants provided by the City Bridge Trust are revenue grants that provide 3 years of funding and look for sustainable projects to support. The average grant is provided is £70 000 and for any grants over £25 000 there needs to be a detailed proposal. The City Bridge Trust used to run a small grants programme, though this closed in 2008/09. The smaller grant scheme allowed growth for organisations and bridged across to larger grants as organisations became more stable. A recent project, Accessible London, used smaller grants and this had a high success rate.

5.19. City Bridge Trust is developing strategic initiatives that allows commissioning of services and research. They are also encouraging volunteers to be involved in the organisations they fund, something that the trustees of The City Bridge Trust are keen to see as well. They work with other funders, such

as councils, to make sure the Trust is not the sole funder for an organisation. They are keen for other funders to be involved and offer match-funding, but will not be the single largest funder of an organisation. The Trust is also a member of the Association of Community Foundations and encourage cross-working and collaboration.

- 5.20. The Trust provides capacity building support. The grants provided are not always 3 year grants and can be shorter if required. There is no small grants programme at the moment, but this is going to be reviewed next year. Formerly small grants were up to £5k and Members were keen for the small grants programme to be re-established. The Trust is the largest single funder in London and as such communicates a lot with other organisations to make sure they know what is happening, to consult and to bring information back to inform trustees. This allows for good strategic thinking and analysis of trends. Information about funding is posted online in order to get as much transparency as possible.
- 5.21. Sandra Davidson highlighted that The City Bridge Trust are very conscious of the economic situation and the impact it will have on people and organisations. However the first priority for the City Bridge Trust is always maintaining the bridges. The Trust funds organisations in Lewisham, and support Volunteer Centre Lewisham and Arts Opportunity Trust.

Other inputs on capacity

- 5.22. The Committee also heard from the RSA Connected Communities project, which is looking at relationships and the patterns of relationships in order to understand social networks. From the report it is possible to see the impact of voluntary groups, with community and voluntary groups acting as a connection generator. There are also areas of resilience and hubs that acts as bridges. Community Centres acted like this, as well as private sector institutions such as cafes, pubs and the local Sainsbury's. The nature of networks is often influenced by the practices and structures of community organisations. Networks of people who engage with community-based organisations are dependent on the practices and regulations of those organisations, including seemingly trivial protocols. For example, the way meetings were held, how often field trips were undertaken, the formality of language, and the extent to which users of the centre were able and encouraged to loiter, all influenced the availability of social capital and were often mechanisms for producing social inequality. Thus through imitation, there is a danger of perpetuating 'unhelpful' practices, particularly if their potential impact is not realised.
- 5.23. Peter Grant from the Cass Business School outlined to the Committee that there is a hierarchy in the community and voluntary sector and that umbrella organisations can be come almost a bureaucracy in themselves. There can also be a point at which charities become too big, with the most effective groups being user-led groups. He also pointed out that lots of the problems charity is trying to eliminate are problems that need subsidising or are

subsidised already by the state. Therefore there is an intrinsic link between state and voluntary sector.

- 5.24. Philippe Granger of Rushey Green Time Bank provided a perspective from the point of a voluntary organisation operating within the community. He emphasised that the situation is difficult at the moment as funding is increasingly difficult to obtain. Funders don't fund eternally and like to support new projects. However, new projects means new work. Because RGTB is 11 years old it is harder to attract money than a new time bank. Due to being constantly busy it is easy to miss things such as governance and insurance, HR and changes to legislation. Whereas in large organisations you would be able to consult and talk to other people, or go to the relevant department, small organisations are unable to do this.
- 5.25. Representatives from Lewisham Pensioners Forum spoke to the Committee about the work they carry out. They indicated that they had faced a general decline in funding, with competition for funding increasing. This included a cut in their funding from Lewisham, which would have covered 2 full time staff and administration costs. Because of the reduction they have had to top-slice staffing costs. They have looked at funding from different sources, though it is time consuming to apply for it.
- 5.26. Lewisham Pensioners Forum offer a strong network for older people in Lewisham. Current projects include a survey on sheltered housing, where they spoke to older people to gather information. It was felt the research had gone well, as it was pensioners talking to pensioners people felt more comfortable and able to open up. They received funding from the union UNITE to pay for it. They also provide advice services, such as signposting and helping to arrange appointments as well as offering advocacy services, including getting in high profile speakers to events.
- 5.27. Northbrook Park Community Group submitted information to the review, they are aiming to transform a rundown local park into a park for the whole community to enjoy. They receive money from grants as well as donations of money and materials as well as free labour from local companies. There are 8 volunteers with the group. They have gained advice and help from the Parks department of Lewisham Council and Groundwork London. Advice was helpful and easily gained. They are aware of other groups doing similar work and have occasional contact with them, mostly to share information.

6. Building the capacity of the community and voluntary sector

- 6.1. VAL established that there needs to be a match between the passion of wanting to help and the rational business side of it. The reality is that people like to have influence within their organisations, and that partnerships mean that people's own organisation could lose its identity. Members agreed that there can be fears of groups losing their identity, especially if the use or sharing of a resource such as a community centre is an issue.
- 6.2. However, Members felt that there should be a way to 'push' organisations together to co-operate. It was noted that there are occasions where new organisations are created that are carrying out similar activities to other organisations located nearby and that encouraging communication between them would be useful. VAL do try and pick this up in the early stages and avoid duplication where possible.
- 6.3. The RSA Connected Communities report highlighted that building connections is hard, but it can be done between people with similar experiences, though it is important that you don't reinforce preconceived notions and bring different people together in non-confrontational environments. In addition, it was pointed out that building and sustaining connections should be a factor in commissioning and funding community groups. The role that the council can play in promoting connectedness and social networks without imposing and overbearing. However, the nature of community engagement can be a challenge as it can be awkward to do and face dangers of people being overly suspicious or presenting a series of wish lists. The key seems to be that the council is aware of itself and its role. The council is not the social network, but can support what goes on. There is hidden wealth and assets that are already there and the council has a strategic overview that can identify areas of need and flag this up.
- 6.4. Support for community groups and empowering and wellbeing is needed to build capacity. Small groups are dependent on voluntary workers and there needs to be a balance between volunteerism and the voluntary and community sector which needs funding.
- 6.5. The public sector can foster a mutually reinforcing system pressures through funding requirements, processes and language. Imitation can drive the professionalisation of organisations within this system, but can also foster behaviours and practices that serve to exclude. Imitation is a powerful mechanism for the contagious spread of social phenomena that needs to be understood in the design of interventions, particularly those concerned with behaviour change and the development of the Big Society.
- 6.6. The key components of any strategy that seeks to build social capital are the effective use of existing social networks, and the shaping of new ones. At a minimum, use of existing networks requires understanding the connectivity of key nodes in that network, while the shaping of new networks requires skills of network weaving (deliberately building relationships and supporting

collaborations between people, and between people and organisations) and understanding the larger scale 'meta-networking'.

- 6.7. A perceived barrier to effective community networking was the way that funding is structured, what is classed as an outcome, and how these outcomes are measured, with the result that, as pointed out by a respondent in the RSA report, 'connecting people is not measured in the funding we get, maybe there needs to be more scope for things like this '.
- 6.8. Peter Grant of the Cass Business Schools highlighted that up to date and pertinent knowledge of the sector in an area is incredibly useful, but that there is always a danger of substituting the knowledge of your own and imposing it on the wider borough. Longer term and systematic trends are occurring right now. Support for the voluntary sector tends to decrease during times of recession. Structural and sectoral support is very important to smaller organisations and makes it easier for them to survive if they have that. Therefore umbrella and support bodies are very important. Major national charities are not going to disappear, but small community bodies that can have huge impacts at a local level are often in danger. LEAN highlighted this with regards to Arts funding, which often suffers from cuts in hard times. Arts funding is hit disproportionately and there is fierce competition for funding, with not as many opportunities for attracting philanthropic contributions. However, it is important to realise that creative industries need subsidised industries to generate the skills that can be then used in the private sector. Arts are of huge importance for a number of reasons, including changing behaviours/cultures, exploring emotion, building confidence and communication skills, promoting resilience, as well as bring fun to do.
- 6.9. While cross-pollination across organisations is useful, fresh new ideas are needed but hard to find in the voluntary sector. There is a tendency for a 'flavour of the month' approach to occur. There is innovation, but there is a problem in putting a badge on it. There are already effective ways of addressing age-old problems, that don't necessarily need brand new ones and brand new ones not necessarily more effective.
- 6.10. Sandra Davidson of City Bridge Trust expanded on the support on offer for smaller groups and how this can build capacity. There was a programme, aiming to improve services for older people programme. The programme found that groups often weren't knowledgeable about support on offer from organisations such as VCS. Many had no insurance, lacked knowledge of other projects or of how to recruit staff and volunteers. They often had very small, shoestring budgets and had never been visited by anyone. Despite their enthusiasm the organisations often needed handholding and support and very largely appreciative of hands on support. Some did struggle and felt threatened by more formal processes, but signed up for a package of support. Discussions focussed around what is coming for the organisation and thinking about the future helped organisations plan and develop. The outcome was that some obtained more funding and stabilised. The Trust acted as a 'reference' for applying for funding to other organisations.

- 6.11. What survival tactics small organisations can use to carry on and whether mergers will be necessary is a key question and is something the Trust has been asking about with organisations, with indications being that reducing staffing, either through hours or actual jobs is a possibility, as well as reducing activities or maybe even folding a service completely.
- 6.12. Philippe Granger of Rushey Green Time Bank highlighted the drawbacks of the small size of the organisation, which can hold it back as there can be a lack of relevant skills. They have a vision for the work they want to do in Lewisham and the scope to scale it up, but the gaps hold it back. Improved access to knowledge that is out there is important for smaller groups. Mentoring opportunities are useful as expertise of small organisations is limited, so there can be a need for some help and more knowledge or experience. There is also the difficulty in building reserves to invest in expansion as it isn't possible to use funding to build reserves. Also there is the importance of letting people know about what's out there in terms of voluntary organisations and support for them. This will help with feelings of trust and security for people coming to help.
- 6.13. Philippe Granger also identified the need to harness small organisations' passion and leadership by increasing the connection between organisations so people aren't on their own. There is a lot of passion and enthusiasm in Lewisham, but it may be better to join up enthusiastic people with existing organisations rather than just starting up new groups doing similar things. The prospect of mergers is something that many people could see happening, but that others don't want to as they have their own vision and their own project that they have developed themselves. A problem with this is new projects versus core-funding, and the tendency for funding to chase new ideas. There is a need to influence other funders, as well as Lewisham Council to make sure that new initiatives are a development of the core function and are sustainable, not just new for the sake of new. In addition this could protect the stable organisations in current situations. Those recognised as providing services and spinning services out to the voluntary sector via commissioning.
- 6.14. Cllr Millbank spoke to the Committee about the community and voluntary sector in general, explaining that when groups take on funding, premises or staff then it transforms them. People don't know to go to organisations like VAL or don't want to. Often there are organisations with new ideas that aren't new, they are simply unaware that its happening already elsewhere in the borough. The role of trustees is important and the Volunteer Centre is looking to promote this role.
- 6.15. VAL explained that it seeks to work closely with other infrastructure organisations, especially Volunteer Centre Lewisham, Lewisham LINK, LVSTN (Lewisham Voluntary Sector Training Network), and prior to its demise REAL. The ChangeUp Voluntary Sector Strategy Group, co-ordinated by VAL, provides a forum for organisations providing infrastructure services to come together. Further development is needed.

- 6.16. The independence of an organisation can often be jealously guarded, with people very resistant to mergers, this is valuable as it is an indicator of the passion and drive that exists within the community and voluntary sector. The commitment, time and effort makes organisations work and the fierceness of the way that people fight for their organisations is vital. Many organisations were founded to address a social or community need and sometimes this is in conflict with a rationalised business efficiency model. There is a balancing act to getting well run organisations that are efficient and maintaining passion and drive.
- 6.17. Partnerships between frontline organisations do exist but are not easily achieved. Partnerships are time-consuming, and volunteers often need or prefer to concentrate solely on maintaining their own organisation. Developing collaboration and partnership working also requires skills that may not be present in all organisations.
- 6.18. The Lewisham Pensioners Fund have a vibrant, diverse group that are involved and identified that they have been doing what the 'Big Society' is about all along. They did identify the need to support and encourage campaigners and advocates who are willing to stand up and offer criticism of the way things are run, something the Committee sympathised with. They also stressed that there needs to be good quality advice services and signposting towards these services.
- 6.19. The Northbrook Park Community Group would like to build capacity their capacity, such as having a bigger group to share the workload and volunteers to do specific tasks (such as feed the birds at lunchtime). They identified that support from an organisation like the Council would be useful to bring people in and help encourage volunteers to join groups. Improving access and awareness for people to get involved in volunteering. In addition, better access to information on funding streams and sharing Council knowledge with the community and voluntary sector would be vital. If this could be done online then people would have access outside office hours, which is when many of the group do work for it as they have full-time jobs.

Transforming Local Infrastructure.

- 6.20. Martin Howie spoke to the Committee about the Transforming Local Infrastructure project, which is funded from the Office for Civil Society with the Big Lottery Fund running the process. Infrastructure for the 3rd sector did not interest the new government to start off with, but after intense lobbying from national organisations it got on the agenda. The Office for Civil Society (OCS) has made up to £30 million available in short-term funding, to provide better support for front line civil society organisations by transforming local infrastructure services. Transforming Local Infrastructure will fund partnerships of local infrastructure organisations to rationalise and transform the support services which they provide to front line civil society organisations. The Fund will support activities such as:

- local collaboration and consolidation making efficiency savings and creating more effective organisations through asset consolidation, merger of back-office functions and shared services
- redesign and integration of services to meet the changing needs of groups and communities, so they are valued and supported locally, and play a crucial role in brokerage
- better links with local business; more peer to peer support within local voluntary sector, and stronger partnership with the local statutory bodies, particularly the relevant local authority
- sustainability in the long-term without ongoing support from central government.

6.21. The aims of it are:

- Frontline civil society organisations can access a wider range of high quality support, networking and volunteering brokerage opportunities and value them more highly.
- There is stronger local leadership for civil society organisations which contributes to better partnerships with local businesses and statutory sector.
- Infrastructure organisations, including volunteering infrastructure, are transformed so that they are more efficient, effective and are able to learn and grow with less dependence on state funding.

6.22. Lewisham will be bidding for money from this fund, with a bid of £385,000. This will create and deliver a wide-ranging and more accessible menu of support services to frontline organisations through a consortium of infrastructure organisations working as a co-operative unit. VAL have had 15 or 16 different infrastructure organisations involved, though 6 will be lead partners. These will include VAL, LEAN, VCL, Lewisham Disability Coalition, Lewisham Refugee Network and Pre-School Alliance. This will be an active consortium in charge of delivery of the programme. VAL have carried out engagement, including 12 or so pieces of research that organisations have done looking at frontline organisational needs. However, there is a need to develop new forms of engagement and community leadership. The funding is needed to address 2 main areas; bringing about changes across the infrastructure partnership to enable us to work together more closely and effectively (an internal process); and also to develop and pilot our collective service offer for front line organisations (an external service). The decisions on funding will be made by the end of January and funding will run to September 2013, with all the money having to be spent by then, which will be a challenge.

6.23. The outcomes from it will include:

- A dynamic consortium of local infrastructure organisations is created; the currently segregated support services are replaced by a co-ordinated programme of services that enables us to develop, support, influence and connect with frontline organisations more effectively.
- Frontline organisations have easier access to the type and level of support they need and value with multiple entry points to a collective offer provided by a consortium of local infrastructure organisations.

- Infrastructure and frontline civil society organisations have increased capacity to deliver services through volunteer involvement using recognised best practice.
- Infrastructure and frontline organisations will be stronger and more economically resilient through the maximisation of business relationships including employer supported volunteering programmes and corporate giving.

6.24. Having begun this task of working co-operatively together, it will continue irrespective of the funding outcome. However, it is very time-expensive process and without the additional resources the pace will be less intense.

7. The Future Role of the Community and Voluntary Sector

- 7.1. The RSA report on Connected Communities suggested that the use of 'familiar strangers' such as refuse collectors or park wardens, could promote social networks and connectedness by using word of mouth and getting messages out into the community. It was highlighted that there are problems in doing this due to the way that people work, especially the performance management culture. An example of refuse collectors was highlighted, whose performance doesn't take into account the full value of what the role is, it is simply the efficient collection of refuse rather than a community role.
- 7.2. Peter Grant of Cass Business School talked to the Committee about the future role of philanthropy in the current financial and funding climate. His view was that philanthropy will not be able to step in and fill the gap in funding and the of philanthropic giving is less now than in previous eras. This view was largely supported by Martin Howie of VAL. Also philanthropists spend their charitable money on opera houses or buildings with their names on or spend it on government-funded services like education . In terms of giving the UK is comparable to Canada, Australia or New Zealand and gives more than other countries in the EU. A future approach could be to change the ideas of giving and philanthropy, such as giving locally. Many people think of causes rather than communities or geographic locations. The concept of geographically based social impact bonds has been explored in places such as Peterborough and Essex.
- 7.3. Philippe Granger from Rushey Green Time Bank indicated to the Committee that there are increasing pressures to move to a social enterprise model and a high expectation that this approach is appropriate for many organisations. However it is not always relevant for organisations as organisations need business skills and there is not always a product to sell.
- 7.4. Philippe Granger did suggest that internships for people, especially young people, with voluntary and community sector organisations could give them vital work experience. This could be a win-win, giving needed skills and help to small groups while providing good experience. The issues would be how to organise this, how to advertise, connect and support, and whether this could be something to champion in Lewisham.
- 7.5. The Committee also discussed the roles that councillors play in community and voluntary sector organisations as active members of their local communities, as well as potential conflicts of interest that could arise from these roles. The Committee felt that there was a need for greater clarity and discussion in order to establish what was appropriate or not in terms of councillor involvement in these groups.
- 7.6. Northbrook Park Community Group believed that voluntary and community organisations could end up providing services in the future that the Council provides now. An advantage to this could be that groups would be able to access funding that a Council may not be able to.

- 7.7. The sharing of assets and whether more can be done with asset transfer is also a large concern for the future role of the community and voluntary sector. Asset transfer may be possible where organisations have assets, the issue within Lewisham is that businesses don't have assets. Faith-based organisations may have assets, while community centres have established users. This can lead to problems with sharing premises as organisations can understandably feel a deeply ingrained possessiveness over where they have traditionally been based. VAL haven't pursued the issue of assets with the transformational bid as there are other priorities ahead of this one. Lewisham Pensioners Forum felt that further help with seeking out and hiring venues would be useful as this can be expensive.
- 7.8. Generally, there are enormous pressures on the sector, including from the government's 'Big Society' agenda. Though Big Society has not been discussed in great detail during the review, it has been touched on and groups such as VAL feel that it is based on business private sector approach that doesn't necessarily understand how voluntary sector works. There is a need to balance efficiency against effectiveness.

Agenda Item 10

Mayor and Cabinet			
Report Title	Comments of Sustainable Development Select Committee on the Financial Exclusion Review		
Key Decision	No	Item No.	
Ward	All		
Contributors	Sustainable Development Select Committee		
Class	Part 1	Date	30 May 2012

1. Purpose

- 1.1 This report presents the final report and recommendations arising from the Sustainable Development Select Committee's Financial Exclusion Review, which is attached at Appendix A.

2. Recommendation

- 2.1 The Mayor is recommended to:

- (a) Note the views and recommendation of the Committee set out in the main report at Appendix A
- (b) Agree that the Executive Director for Customer Services and the Executive Director for Resources and Regeneration be asked to respond to the Review's recommendations.
- (c) Ensure that a response is provided to the Select Committee

3. Context

- 3.1 The review was scoped in May 2011 and three evidence gathering sessions were held in June, July, and December 2011. The Committee agreed the report and recommendations in March 2012.

4. Financial Implications

- 4.1 There are no financial implications arising out of this report per se, although the financial implications of accepting the Committee's recommendations will need to be considered.

5. Legal Implications

- 5.1 The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not including recess).

6. Equalities Implilcations

- 6.1 The Council works to eliminate unlawful discrimination and harassment, promote equality of opportunity and good relations between different groups in the community and recognise and take account of people's differences.

7. Crime and Disorder/Environmental Implications

- 7.1 There are no specific implications.

BACKGROUND PAPERS

If you have any queries on this report, please contact Andrew Hagger, Scrutiny Manager (0208 3149446), or Kevin Flaherty, Head of Business & Committee (0208 3149327).

Financial Exclusion Review

Report by the Sustainable Development Select Committee

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Foreword By the Chair

[to be completed]

Key Findings

- KF1. Financial exclusion can be identified as not having access to financial products and services that are appropriate for a person's needs as well as not having the knowledge and capability to make good use of them. This will then put them at risk of being socially excluded.
- KF2. Those that are financially excluded can often be identified as belonging to at least one or more 'at risk' groups. People who are financially excluded are often socially excluded. The financial issues they are having are often one factor out of many that they need to deal with.
- KF3. Having access to a bank account is increasingly important to be able to function within society. The rise in direct payments of benefits into bank accounts makes them vital. However, many of those on the fringes only have basic bank accounts, which do not provide phone or internet banking for easier use or direct debit or debit card facilities enabling savings on bills.
- KF4. There have been increased pressures for those who are financially excluded or on the verge of being financially excluded, including:
- Increased unemployment and lack of job opportunities
 - Increased costs of living
 - Increased rents, especially within the private rented sector
 - Rising energy bills
 - Changes to benefits system
- KF5. The government intends to abolish the Social Fund and devolve the responsibility for administering its function to local authorities, with funds not being ring-fenced. The fund makes grants or loans to families on benefits which can be used to purchase big ticket items and its withdrawal could force vulnerable people to go to high interest or unlicensed lenders.
- KF6. Credit unions such as Lewisham Plus play a vital role in communities, providing local and ethical financial services within the community. Lewisham's situation is unique as it has two credit unions, one a community based and another Council employee based one. Support for the Credit Union from Lewisham Council has generally been good.
- KF7. High interest lenders can often target those that are either financially excluded from mainstream lending or are close to being financially excluded. These lenders charge very high rates of interest on short-term loans.
- KF8. Financial and debt advice services are available in the borough, however demand constantly outstrips supply, with organisations such as CAB, Evelyn 190 Centre and 170 Centre New Cross unable to deal with all queries they receive.
- KF9. Good quality financial advice can greatly help people get their finances in order and get them access to benefits that they are entitled to. Increasing benefits claims for those entitled to them can also bring extra money into the borough. A preventative approach to debt can stop people getting into that

situation. Dealing with it at the last minute or when it gets bad can complicate issues

- KF10. Changes by Central Government to the way that benefits are structured and provided could have huge knock-on effects for those that are financially excluded and push those on the edge into poverty and financial exclusion.
- KF11. Employment Support Allowance is having a particularly devastating effect due to a rigid points based threshold of need approach, inappropriate assessment, high number of appeals to assessments which gives unpredictability for people with physical or mental disabilities. Many people who are genuinely too ill to work are losing their benefits with a particular effect on those with 'less visible' disabilities such as mental health issues. There is an identified need for more help with tribunal representation.
- KF12. Medical evidence is crucial in appeals related to ESA and GPs generally charge for these services. However advice agencies usually have no budget available to pay for reports so hindering the chances for people to appeal against decision and receive payments that they are entitled to.
- KF13. The provision of debt advice is threatened by cuts to the LSC Legal help Scheme and to the Financial Inclusion Fund. Existing advice agencies are overwhelmed with demand for face to face debt advice and the council should consider investing in extra capacity. The Committee heard evidence from Lewisham Homes and other Registered Housing providers who are doing a lot of work in these areas for their own tenants.
- KF14. Advice givers such as Evelyn 190 centre and 170 Centre New Cross can have difficulty accessing Council services directly, though there used to be a dedicated line to reduce waiting time.
- KF15. Consumer protection can play a large role in protecting those that are financially excluded. Licenses are required to operate a consumer credit business and credit related complaints are core to their work, such as with faulty 'big ticket' items that have been sold with dodgy credit agreements. However, much regulation of financial services is done at the national level.
- KF16. The Council's approach to debt collection is firm but tries to reach a balance between recognising that people may need support and assistance if they are unable to pay and pursuing those who are simply unwilling to pay.
- KF17. Staff are trained to identify vulnerable people and work closely with other arms of the Council such as social services to identify the issues people may have in being unable to pay. They also try to provide as much warning and advice to people as is practical, though there can be people who fall through the gaps.
- KF18. The Council uses bailiffs to collect payments where it is necessary, but they are given instructions not to collect from vulnerable people. However, the experience of being pursued for debt from organisations like the Council can be stressful and intimidating.

KF19. Housing associations are proactive in tackling financial exclusion and those with money issues, identifying vulnerable people before they go into arrears. This can prevent problems occurring by providing financial advice and assistance in order to develop sustainable tenancies. Tenants of social landlords appear to be better served in terms of advice and help to tackle financial exclusion than the private rental sectors or owner-occupiers.

KF20. Lack of access to digital technology or the ability to use it can further contribute to people being financially excluded.

KF21. Access to information and advice that can help financially excluded can often cost money, such as ringing a benefit helpline from a mobile phone.

Recommendations

After consideration of the evidence in the report and the agreed key findings, the Committee developed the following recommendations:

- R1. The council should continue to protect community sector budgets from cuts and consider where these budgets may be enhanced as necessary to support additional initiatives proposed in this review or by a FIP. An opportunity could be raised from the money that will be saved by the rebate of £300 000 from the London Councils Grants Scheme.
- R2. The Council should ensure that the monies associated with the devolved former Social Fund should be devoted towards assisting people on low incomes to purchase items they desperately need and that that transition should as seamless as possible to minimise the impact on those in need.
- R3. Officer reports to councillors currently report on legal, equalities and crime and disorder implications of any proposals or recommendations. In future they should identify also the financial inclusion implications of any proposals.

A Financial Inclusion Partnership

- R4. The council should establish a permanent Financial Inclusion Partnership (FIP) bringing together council departments such as Trading Standards, Community Sector Unit, Revenues and Benefits, Social Care, with partner organisations including Lewisham Homes, and other Registered Housing Providers, PCTs, advice agencies, Credit Unions, and other charities working with the vulnerable and financially and socially excluded. Responsibilities for an FIP would include overseeing and carrying out some of the actions recommended in this review, but would also have a life of its own and ensure that Financial Inclusion remained an ongoing priority in Lewisham. The Committee recommends that a Lewisham FIP should pursue the following issues:
 - Outreach work to promote awareness of financial services and products and increase financial literacy in the community.
 - Campaign to educate the public as to the dangers of high cost credit, whether by pay day loan companies, doorstep lenders, or others including comparisons with mainstream lenders and credit unions.
 - Build capacity within the advice sector to help with tribunal representation (for example with Employment Support Allowance applications and appeals)
 - Increase the capacity and accessibility of debt advice by sharing advice and information sessions across partner organisation (e.g. utilising spare capacity in training given by housing providers).
 - Encourage collaborative consumption through methods such as time banking and free cycle which will allow the mutual exchange of goods or services free of charge.
 - Encourage the growth of second hand furniture projects in the borough where persons on low incomes could access second hand furniture including reconditioned electrical items (this can involve the council's recycling and reuse centre as well as existing charities).

- Sharing of information about debtors that are being pursued by organisations within the FIP to minimise visits by bailiffs.
- Work closely with partner organisations (such as Social Care departments, DWP or Housing Providers) to refer individuals or families who are vulnerable and/or financially excluded to the FIP where they could receive intensive advice and assistance in accessing financial services such as bank accounts, contents insurance, affordable credit or debt advice or welfare benefits advice.
- Promoting the take-up of benefits by those who are entitled to them but have not claimed them, with a focus on Disability Living Allowance, Attendance Allowance and Pension Credit

Access to Financial Services

- R5. The council should encourage a merger between the council's staff credit union, Crownsavers, and the Lewisham Plus Credit Union, giving additional financial stability and sustainability to the Lewisham Plus Credit Union through increased employed savers. In addition, there should be increased support for a merged credit union in expanding its membership and branch network by encouraging it to become a staff credit union for other public and third sector organisations in Lewisham. Support in the form of premises at other locations in the borough would help to gain members and the council could consider allowing the credit union to take over the closed cash counter in Catford Town Hall.

Financial and Debt Advice

- R6. GPs should be encouraged to provide medical evidence to advice agencies in respect of benefit appeals. Medical evidence is crucial in such appeals and GPs generally charge for these services but advice agencies usually have no budget available to pay for reports. Local GPs and health services should not charge for these.

Debt Collection

- R7. Introduce a debt collection charter or protocol agreed between the council, and its partners and advice agencies identifying what steps debtors can expect the council and partners to take in collecting debts and in particular what steps the council and its partners will take to assist vulnerable debtors and others who are struggling to make ends meet.
- R8. The council should whenever possible use other methods of debt collections apart from bailiffs can be threatening and intimidating. Direct deductions from benefits or wages should be used where possible. Committal to prison or bankruptcy should be used only as a last resort.
- R9. Advice agencies should have direct access, via a dedicated telephone number, to managers in council departments and other partners collecting debts.

1. Introduction and Terms of reference

1.1. At the end of its 2010/11 work programme the Sustainable Development Select Committee decided that financial exclusion was an important issue that would gain in importance in the near future especially due to the economic situation nationally and within Lewisham.

1.2. At its meeting on 27 April 2011 the Sustainable Development Select Committee agreed that it would undertake a review looking at the issue of financial exclusion within seeking to address the following key themes and questions:

- What financial exclusion is and what it means
- Who are the financially excluded
- The accessibility of the financial infrastructure of the borough to those that are financially excluded
- Issues to do with consumer protection facing those that are financially excluded
- Financial and debt advice and the demand for this
- Financial literacy
- How financially excluded people can afford 'big ticket' items
- The Council's own approach to collection of debt
- Affordable credit and reputable lenders
- Credit unions
- Stigma of reporting debt problems and illegal money lending
- Changes to trading standards emerging from central government

1.3. It is further suggested that the aim of the review should be to (a) identify specific actions that might be taken by Lewisham Council and associated partners to further improve the services they offer; (b) consider whether further work should be undertaken by officers to ensure that issues surrounding financial exclusion are addressed; and (c) consider whether further work is required to investigate other aspects of financial exclusion.

2. What Is Financial Exclusion

- 2.1. Within the Joseph Rowntree Foundation - Financial Inclusion in the UK report, financial exclusion is defined as 'the inability, difficulty or reluctance of particular groups to access mainstream financial services'. The European Commission defined it in 2008 as people who 'encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong'. The second definition highlights the importance of the availability financial services that are appropriate and do not exclude people from taking part in society in general. Within this report the terms financial exclusion and financial inclusion will be frequently used. Financial exclusion will generally indicate those people who are themselves excluded, whereas financial inclusion will generally refer to the efforts by organisations to move people away from being financially excluded.
- 2.2. Financial inclusion can be seen as having two elements, as identified by the Joseph Rowntree Foundation. The first is good financial decision-making, including financial literacy, which means understanding of financial concepts, as well as financial capability, the skills and motivation to plan ahead, find information, know when to seek out advice and apply it to their own life. Poor financial decision-making can affect people who do not have low incomes, but those most affected are the people who suffer from a greater loss of welfare as a consequence of those decisions. Better-off people are more likely to have the advantage of a 'cushion' of financial assets and access to affordable credit, so do not need such good financial skills.
- 2.3. The second element is that people need to have access to products and services that are suitable for their needs. There are a number of products that can be difficult for people to access:
- Loans - exclusion from affordable loans leaves people who need a loan with no option but to use high-interest credit. This has knock-on effects on a person's mental wellbeing, as the consequences of problem debt can be stress, depression and a sense of insecurity
 - Insurance - lack of insurance and savings makes families vulnerable to financial crisis following unexpected events such as burglary or flooding. Lack of savings can lead to poverty in old age
 - Direct debit - not having a bank account with a direct debit facility excludes people from this method of paying bills. Since many of the utility suppliers charge more for using other methods of payment such as pre-payment meters, pay-point cards in convenience stores, postal orders or cash, the poor may well pay more in an increasingly cashless economy.
- 2.4. Some groups are particularly vulnerable to financial exclusion for reasons that are separate from or interact with having a low income. The 'Financial Inclusion in the UK' report identified a series of groups that could be vulnerable to financial exclusion. While being in one of these groups will not mean that an individual is financially excluded, membership of a number of groups is likely to increase the chances of individuals being financially excluded or at risk of being financially excluded. Financial exclusion

constitutes a complex set of often overlapping barriers, particularly for some vulnerable groups, and consequently there are many aspects that successful financial inclusion initiatives have to address. Financial exclusion might be one of several issues that a person is facing

2.5. Financial exclusion also reinforces social exclusion. It is not just an individual problem and whole communities can suffer from under-investment in financial services. Therefore financial inclusion initiatives can form part of a community renewal policy.

2.6. Within Lewisham, financial exclusion can take on many aspects. During evidence sessions the Committee heard from Citizens Advice Bureau, who identified a set of challenges that the people of Lewisham are facing. These include:

- The Government's radical changes across the whole field of social welfare, including the welfare benefits system, social housing, immigration and community care, is putting a huge amount of pressure on Lewisham's residents and on the local advice sector who are working at full stretch to support them.
- Lewisham has the 7th highest number of Incapacity Benefit claimants in London. The change from Incapacity Benefit to Employment and Support Allowance has led to many people failing the medical capability for work assessment. Advice are swamped with appeals. However, many people do not get advice so are left dealing with illness and disability in poverty.
- Increasingly complex cases, both because of the nature of circumstances and because the law is becoming more complicated.
- Rising unemployment. Cuts to public sector jobs will hit Lewisham due its high number of public sector workers, however many are losing jobs in the private sector.
- A shortage of specialist debt advice in the borough. The Legal Services Commission, who fund specialist debt advice through the Free Legal Advice And Help scheme (formerly Legal Aid), has awarded very few contracts in the borough. Lewisham will get less than half the money given to Kensington & Chelsea and only 19% of that awarded to Waltham Forest.

3. Access to financial services

- 3.1. Many factors can limit access to the financial infrastructure that many in society take for granted. These types of exclusion include:
- geographical exclusion, such as resulting from bank branch closures
 - condition exclusion, such as the failure to qualify because a minimum deposit is required, poor credit history or identity requirements
 - price exclusion, the relative cost of financial products and services such as unauthorised overdrafts
 - marketing exclusion, some less profitable groups of customers are not targeted by providers and so they are unaware of the financial services available
 - self-exclusion, cultural and psychological barriers, individuals may see financial services as 'not for people like us'.
- 3.2. Access to financial services can also vary between the housing situations of individuals. While 97 per cent of home-owners have a bank account, only 75 per cent of housing association tenants do. As many as 84 per cent of the financially excluded may be social housing tenants.

Bank Accounts

- 3.3. According to the Financial Inclusion in the UK report, the proportion of low-income households without a bank account has fallen over the last two decades, from 20–25 per cent in the mid-1990s to 6 per cent in 2005–06. In an increasingly cashless economy not having a bank account can lead to financial exclusion. However, many of those with bank accounts barely use their account with around half of basic bank account holders preferring to withdraw all their money each week and manage it as cash. Although basic bank accounts vary in what they offer, they have limited functionality, allowing the use of ATMs, direct payment of wages and social security benefits, and in some cases a debit card, direct debits and withdrawals at a post office. Because of this it is questionable whether holding a basic bank account constitutes true financial inclusion.
- 3.4. The importance of having a bank account is steadily increasing. The policy of paying social security benefits and state pensions directly into a bank account has provided a push to improve access to banking services. But policies that generally require people to have a bank account, such as direct payment for social services means that those with no bank account are increasingly on the margins of society. Branch closures by banks and post offices contribute to financial exclusion, especially as closures tend to be of less profitable branches in deprived or rural areas where people are more at risk of financial exclusion and can make people think that banking is not for them, as they do not see branches in their locality.
- 3.5. Access to services for people with disabilities is covered by the Disability Discrimination Act. Withholding goods or services from people as a result of their disability breaches the Disability Discrimination Act, as does offering a disabled customer a lower standard of service. Bank branches therefore need

to ensure that their staff are trained to recognise and be sensitive to the needs of customers who are disabled

Insurance

- 3.6. Households with no home contents insurance are more than three times as likely to be burgled as those with insurance, but half of the poorest households do not have home contents insurance, compared with one in five for households on average incomes. Ironically, insurance is least widespread among the population who are most vulnerable to risk. Not having adequate home insurance can leave a household in a crisis if they experience the damage or loss of property. Social housing providers and other social services might have to step in.
- 3.7. In addition, there is a potential clampdown on uninsured drivers, which could have an impact on financial exclusion as people are now more likely to need to pay for car insurance and may borrow money for this, potentially exposing them to further money issues.

Credit Unions

- 3.8. Credit unions offer an alternative to mainstream banking in some areas. Credit unions are best identified by their adherence to cooperative principles, especially related to membership and control and differ from banks and other financial institutions in that the members who have accounts in the credit union are the owners of the credit union. The Financial Services Authority define credit unions as any body corporate registered under the Industrial and Provident Societies Act 1965 as a credit union in accordance with the Credit Unions Act, which is an authorised person. As such, the FSA regulate credit unions. The first working credit union models sprang up in Germany in the 1850s and 1860s, and by the end of the 19th Century had taken root in much of Europe. They drew inspiration from cooperative successes in other sectors, such as retail and agricultural marketing, the work of the early mutual societies and the work of the co-operative pioneer, Robert Owen.
- 3.9. Members generally elect their board of directors in a democratic one-person-one-vote system regardless of the amount of money invested in the credit union. A credit union's policies governing interest rates and other matters are generally set by a volunteer Board of Directors elected by and from the membership itself. Credit unions offer many of the same financial services as banks, often using a different terminology; common services include: share accounts (savings accounts), share draft accounts (checking accounts), credit cards, share term certificates (certificates of deposit), and online banking.
- 3.10. Normally, only a member of a credit union may deposit money with the credit union, or borrow money from it. As such, credit unions have historically marketed themselves as providing superior member service and being committed to helping members improve their financial health. In the microfinance context, credit unions provide a broader range of loan and savings products at a much cheaper cost to their members than most microfinance institutions".

- 3.11. In the credit union context, 'not-for-profit' should not be confused with 'non-profit' charities or similar organizations. Credit unions are 'not-for-profit' because they operate to serve their members rather than to maximize profits. But unlike non-profit organizations, credit unions do not rely on donations, and are financial institutions that must turn what is, in economic terms, a small profit or surplus to be able to continue to serve their members.
- 3.12. A credit union's revenues (from loans and investments) need to exceed its operating expenses and dividends (interest paid on deposits) in order to maintain capital and solvency and credit unions use excess earnings to offer members more affordable loans, a higher return on savings, lower fees or new products and services.
- 3.13. Credit unions in the UK now offer a wide range of services to their members; from direct debits to payroll deductions, from being able to send standing orders from their accounts to paying members bills to providing cheaper insurance facilities. Life insurance is usually included with membership, while death benefits vary between unions, but commonly include lump sum payments, writing off of outstanding loans and doubling of savings.
- 3.14. The Committee heard from Lewisham Plus Credit Union about the work of the credit union. The credit union was originally founded by churches in the Sydenham and Forest Hill area and now covers the London Boroughs of Lewisham and Bromley in full. It has over 8,000 members (including Juniors), with over £1m both of savings and loans and offers a full range of services, including the credit union current account. The credit union can act as an alternative, safe, reliable source of financial services, as such it:
- Offers a place to save
 - Enables people to gain access to a current account in a setting many find more friendly and supportive than a Bank
 - Can be a source of general help and guidance on money and budgeting matters
 - Offers affordable loans to members, including those on low incomes, often at much better rates than available elsewhere
- 3.15. Interest rates on loans offered can vary from 12% to 26.8%, so a £500 loan over 1 year would cost £60. Lewisham Plus also offers the option for a save as you borrow loan, which uses savings diversion to move towards the stage where people don't need to get a loan. The credit union added 7000 users in 7 and a half years and 1100 people use the current account.
- 3.16. Lewisham Plus has a good relationship with Lewisham Council as a local authority as it has always been a supportive local authority, such as assisting in setting up initial premises at Kirkdale as well as with the Current Account. Council assistance was also vital in facilitating the rescue of Deptford and New Cross Credit Union. Lewisham Plus has assisted the Council in administering a number of special schemes and has a strong relationship with social housing providers. Support is also offered from Bromley Council, who have helped with grants and are mirroring schemes in Lewisham.

- 3.17. Lewisham Plus is a saving organisation and most people can save £1 or £2 a week, even if on benefits. Saving is the biggest way of promoting change in people's finances and the sense of empowerment from saving just £100 can produce changes and a feeling of stewardship and pride. This saving can then stop credit reliance, which stops interest payment which saves money. Lewisham Plus also offers one of the last credit union current accounts, which is structured very differently from others in that it charge 95p a week for the service, emphasising that it is a service that is paid for. However, compared to mainstream current accounts the extra charges (such as for overdrafts or bounced cheques) are very low, and it is these charges which can be unexpected and knock people over the edge who are on a tight budget, sometimes prompting a downward spiral into debt.
- 3.18. Lewisham Plus highlighted a number of issues including that they are facing, including the perceived availability of easy credit from the credit union, leading to the difficult task of turning people down and saying no to requests. This is often because it's not appropriate for those asking for money as it would not help and could trigger a downward spiral. There is also an important role the credit union plays in signposting people towards the appropriate place for advice or help (often this is the CAB).
- 3.19. The credit assessment system the credit union uses is different to mainstream banks as it will take into account benefits and housing tenure. However, there will be always be people who can't afford a loan, though about 80% of applicants are accepted, the money loaned is often below the level they initially wanted.
- 3.20. Lewisham is unusual in having two credit unions in Lewisham, Lewisham Plus and Crownsavers, which is the employee credit union. This can make it difficult for Lewisham Plus as an employee credit union can provide some stability and a wider range of savers. There is potential in merging the two credit unions, which could build the organisations so that there would be no need of outside support. Lewisham Plus put in a formal merger request a number of months ago and the process is ongoing.
- 3.21. The credit union is covering 70% of costs from its own income and feels it is sustainable. It has contracts from the department of work and pensions that supply the rest with a legacy fund that will keep the credit union running for four years. This legacy came from the growth fund, which enabled the credit union to offer loans to people who hadn't saved, though they are unsure of the long-term viability of this funding.
- 3.22. Lessons learnt from the collapse of the Deptford and New Cross Credit Union. The credit union there was very strong on the community aspect of the credit union but not as strong with the financial aspect. Successful credit unions need financial discipline, there was bad debt, it was a small credit union, it had poor assessment criteria and didn't offer a wide range of products. Attracting customers and savers in particular, which is largely done through word of mouth. There is a need for savers as the credit union can only lend what we have in the accounts. The types of customers, which

comes from a broad range of society, but the majority are in social housing and on benefit, female, and a lot are single mothers.

High interest credit

- 3.23. For many people, credit is a useful tool. Providing cheaper credit to people on low incomes has been described as probably the biggest challenge in tackling financial exclusion. There are a range of ways for obtaining credit, including:
- 'mainstream' ones such as credit card, bank loan, overdraft, building society as well sub-prime lenders, specialising in lending to those with poor credit histories;
 - Licensed home credit, store card, catalogue credit, 'cash before payday' services, pawnbrokers.
 - Not for profit or third sector, such as credit unions and CDFIs
 - Social Fund.
 - Informal, e.g. 'jam jar', arrears on utility bills, borrowing from friends and family.
 - Illegal private sector, i.e. 'loan shark'
- 3.24. People often use a combination of these services, such as a bank and home credit as well. However, there is a point at which borrowing can become unmanageable for individuals, especially if the terms of any loan are high-cost or if the interest rates charged start to rise.
- 3.25. According to information given by Stella Creasy MP, who has been campaigning about high interest lenders (sometimes called 'legal loan sharks'), approximately 5-7 million people in Britain are denied credit either because they do not have a bank account, or because they have no credit history. In recent years, personal insolvency in the UK has reached record highs. The latest figures show that, on average, in each constituency there are over 160 personal insolvencies a year – a dramatic increase from the beginning of the decade. Since the start of the recession, mainstream lenders such as high-street banks have been much less willing to lend money. This leaves more and more people with only the option of high-cost credit such as payday, doorstep and hire purchase lenders. Home credit is now used by around three million people in Britain, and a further two million people take out payday loans. In 2009, the payday lending industry was worth over £1.2bn, more than three and a half times larger than in 2006 and figures for 2010 obtained show that this figure has now risen to £1.9bn
- 3.26. Types of high interest credit include:
- Payday lending, which is a form of credit whereby the borrower either gives the creditor a cheque or authorisation to make an automatic withdrawal from their bank account. This is used as security for a short-term loan to be repaid, typically, on their next payday. Payday lending is an established form of lending in the US, but is a relatively new entrant to the high-cost credit market.
 - Home credit is the provision of credit, typically small sum cash loans, the repayments for which are collected in instalments (often weekly or fortnightly) by collectors who call for that purpose at the customer's home.

- Hire purchase is a method of buying goods through making instalment payments over time. Under a hire purchase contract, the buyer is leasing the goods and does not obtain ownership until the full amount of the contract is paid.
- 3.27. According to Stella Creasy MP, the high-cost credit market makes use of the fact that its customers lack access to other forms of mainstream credit. A quarter of the customers of high-cost credit companies cannot access any other form of credit. As consumers, therefore, they do not have the power to shop around for other forms of credit that are more acceptable to them and more manageable to pay back. The MP's suggestion to tackling this issue is that the Treasury could tackle "problem lending" by penalising companies that fail to meet certain standards of provision of consumer credit.
- 3.28. Lewisham Plus Credit Union did point out that organisations such as Provident Financial, who offer weekly home collections at a typical APR of around 270%, have 1.8m customers and a high customer satisfaction. It is a big business and is regulated by the Financial Services Authority. In addition, the acknowledged rate of illegal borrowing is less than half that of other countries. A reason for this is that the legal framework that allows high APRs also keeps illegal lenders out, so a cap on interest rate is not necessarily a solution. Lewisham's Trading Standards team noted that short term loans at a higher APR can be cheaper than a longer term loan from a mainstream lender, even though the APR could be worse.
- 3.29. The Committee heard from Trading Standards that an illegal money lending pilot project was set up in Autumn 2004 following a government commitment to tackle illegal money lending. Under the pilot, two dedicated teams based in the Trading Standards Departments in Glasgow and Birmingham were established, primarily to investigate offences of illegal money lending. The work of these teams contributed to raising awareness of the nature and impact of illegal lending, understanding how to best tackle the problem, knowing where there are likely to be concentrations of illegal lending; and understanding the need to provide victims of loan sharks with help to access affordable credit and other sources of credit. In December 2006 the Economic Secretary to the Treasury announced funding from the Financial Inclusion Fund to extend the illegal money lending pilot project until March 2008 and to expand it to 5 teams. The Government subsequently announced a national roll out of the project by the Department for BERR that occurred in November 2007.
- 3.30. The London team, until its dissolution, reported directly back to Central Government and was responsible for all 32 London Boroughs and the City of London. Key statistics up until its cessation are :-
- Over 850 calls to the Hotline
 - 7yrs 3 months in prison sentences
 - £5.1 million in illegal debt written off
 - over 1300 victims helped
 - 350 intelligence reports submitted
 - 132 investigations conducted
 - 36 loans sharks arrested

- 3.31. Following further review, the present government announced that the project was to be restructured from April 1, 2011 with one team each for England Scotland & Wales. The England team is hosted by Birmingham City Council who perform a dual function as they also act as the leadership and management hub for the entire national project.
- 3.32. Illegal money lending covers a range of activities, from persons that are actually licensed but are acting unlawfully, to the extreme of a person offering cash loans without being licensed at all (Loan Sharks). Loan Shark activity is characterised by deliberate criminal fraud and theft, with extortionate rates of interest on loans that mean borrowers face demands for payment of thousands of pounds more than they borrowed and can often never pay off the loans. Borrowers who fail to pay or refuse to pay have been known to be subjected to intimidation, theft, forced prostitution and other, extreme physical violence.
- 3.33. Whilst Lewisham Trading Standards does periodically receive complaints and enquiries related to debt collection, it is extremely rare to receive information alleging or indicating 'loan sharking' whether by consumer complaint or information referred by partner agencies [e.g. the police, Citizen's Advice]. Recent informal discussions with Lewisham Police indicate no intelligence reports within the past two years of such activity occurring locally. However it should not be assumed that this lack of information means that the practice is not occurring. It may not be reported for fear of repercussions or the means of recording such incidents may mean they are 'hidden'.
- 3.34. The most recent such matter drawn to the attention of Lewisham Trading Standards occurred in 2009 when a report was received from a Lewisham resident alleging intimidation by a debt collector. This was referred to the London Illegal Money Lending Team (LIML) as it transpired that the debt collector concerned was connected with a wider existing investigation. Clear examples prior to this and upon which Lewisham Trading Standards has been able to act are few and far between and occurred over 10 years ago. CAB have not come across illegal money-lending, but were aware that people wouldn't necessarily report it to them

4. Financial and Debt advice

- 4.1. Financial and debt advice can be provided from a number of different sources, the Financial Inclusion in the UK report identified a variety of these sources, including:
- Those taking place within the Citizens Advice Bureau (CAB) structure. These might take the form of an identified project or office, or might be a person who specialises in giving this sort of advice, or a time when specialist advice is available.
 - Those taking place within the structures of local government. The service is usually directed at take-up of benefits and payment of rent, as well as at giving money and debt advice.
 - Those taking place within a housing association. The service is usually directed mainly at reducing rent arrears.
 - Independent money advice projects.
 - Credit unions and CDFIs also offer advice.
 - Organisations for specific groups that also offer money and debt advice alongside other services.
 - Advice given by an independent financial adviser (IFA). The private sector cannot currently provide the solution to limited capacity in advice services because independent financial advisers are profit driven, so they do not offer advice to people seeking basic services.
 - Advice given by a private sector financial services provider in connection with its own services.
- 4.2. The need for money and debt advice and financial capability is high, especially given that need is currently 'hidden' by people not coming forward for help. Another important element of trust is to be non-judgemental about debt problems and to offer a confidential service.
- 4.3. During evidence sessions the Committee heard from a three different organisations that provide financial and debt advice.
- 4.4. Lewisham Citizens Advice Bureau exists to provide advice and information to all sections of the local community. Their aims are to provide the advice people need for the problems they face and to improve the policies and practices that affect people's lives.
- 4.5. The Co-Chief Executive of Lewisham CAB explained that their service is independent and free to everybody, regardless of race, gender, disability, sexual orientation, religion, age or nationality. Like all CABs, they are an independent, local charity. Funding comes from a number of sources, including Lewisham Council, Lewisham PCT, charitable trusts and through selling advice services and training to a number of other organisations. Lewisham CAB is a member of Citizens Advice, which provides the information we use to advise clients and also accredited training in advice work. All CAB advisors, paid and voluntary, undertake this training. Member bureaux must meet the quality assurance standards set out in the Membership Agreement and undergo regular audits by Citizens Advice to ensure that requirements in all areas of their work is met.

- 4.6. Lewisham CAB provides advice and information through two bureaux in Sydenham and Catford. Clients can attend one of 5 Gateway sessions a week, where they are given a diagnostic assessment interview. From there, clients are offered either information, an appointment with an adviser or an appropriate referral. They also run a weekday reception service providing information and telephone sessions 5 times a week. Specialist services include a substantial money advice team, immigration advice, an Older People's Project and a system of honorary legal advice sessions, where local solicitors offer their services voluntarily. We also run outreach sessions at a variety of venues, including GP Surgeries, Housing Associations and Social Services' Leaving Care team.
- 4.7. Last year, Lewisham CAB offered advice to over 10,000 clients and assisted information to more than 6,000 people. Of advice clients, 77% were from an ethnic minority background, 26% were disabled and 21% were over 50. Clients come from all over Lewisham, although services are targeted mainly in the central and southern part of the borough, as there are other advice agencies in New Cross and Deptford. In terms of the problems clients come to see CAB about, debt and welfare benefits generate the most enquiries, accounting for around 55% of issues raised. Housing, employment and immigration are also substantial areas of work.
- 4.8. Last year, Lewisham CAB recorded financial outcomes of £8,523,620. These include £2,801,527 in welfare benefits gained and £5,447,248 in debts resolved through means such as writing off, setting up affordable payment plans or challenging debts. Non-financial outcomes include preventing evictions, dealing with bailiffs and regularising clients' immigration statuses.
- 4.9. Research shows that providing advice is generally effective. For example:
- People who deal with their creditors with the help of money advisers get better results than those who don't.
 - People who are given advice obtain better results than the unadvised in a range of tribunals.
 - Getting debt advice helps people to maintain employment.
 - Access to advice greatly reduces the risk of homelessness, not only preventing misery to the families involved, but also saving local authorities money in the associated costs of rehousing them.
 - Debt has been recognised as a factor in criminality and debt counselling for released prisoners has been shown to reduce reoffending.
 - Studies show benefits beyond sorting the immediate problems, including preventing family breakdown, reduced stress and improved health. As there is a recognised link between debt and stress, advice has a substantial role to play here.
- 4.10. In addition, Lewisham CAB are working with Lewisham Advice Providers Consortium on a co-ordinated approach that will improve the quality of advice, increase capacity of the sector and provide training. Lewisham CAB is also working on aspects of social policy including a homelessness report and investigating systemic problems with Employment Support Allowance, where assessments of disabled people on their ability to work are being approached in an inherently wrong way.

- 4.11. The Co-Chief Executive also highlighted some key current issues for Lewisham CAB:
- Taking a preventative approach to debt, trying to stop people getting into a bad situation in the first place. Often CAB deals with 'priority debt' such as council tax, where the penalty for non-payment can be imprisonment.
 - Operating a 2nd tier enabling service, which helps to get people into work.
 - Criminality and the link between crime and people being in debt.
 - The work CAB does can also help the Council itself, where social services costs that are associated with breakdown of family due to debt and re-housing can be headed off through good advice and help.
 - Poor administration by organisations that those seeking help have to deal with, such as the Department for Work and Pensions. Approaches by organisations
 - (such as the Council) can sometimes be unhelpful, sending in the bailiffs is not always a good idea as an approach such as recouping money through a 'skim' on benefits can be more effective.
 - Banks can be very rigid in their processes, which is unhelpful for disabled people, particularly those with difficulties communicating.
 - The lack of debt advice in the borough, exacerbated by the cut in funding for the Law Society in the borough, which means there will not be much legal or debt advice from March 2012.
 - Continual operation at capacity, so there is little information on actual demand for CAB services as always the sessions offered are always full.
 - The 'officialness' of Lewisham CAB which can often put people off coming to speak to them.
- 4.12. Lewisham CAB identified that working collaboratively to improve administration and collection methods could improve the lives of those who are financially excluded, while help to get 'big ticket' items and schemes to help people share resources would also help. Financial education projects, build capacity in smaller organisations who provide financial and debt advice and involving the voluntary sector more could also help improve the situation.
- 4.13. Lewisham CAB highlighted that there are some places to go for advice if people cannot access CAB services, with CCCS as being a good organisation that CAB refer people to, although there are also some bad examples of private debt management companies where APRs offered are very high and there are substantial administration fees attached to loans.
- 4.14. CAB deals with priority debts more often than those owing sub-prime organisations as they are more serious and are the ones who tend to struggle more. There is also a perception that people are not in debt if they pay back payday loans every month.
- 4.15. There has been an increase in demand for CAB debt-related services from older people, which can be largely explained due to older people previously not using credit, but the current generation that is becoming older are used to borrowing money.

- 4.16. Lewisham CAB also work with housing associations in addressing early rent arrears. CAB is working with Phoenix and talking to London and Quadrant about helping out there as well. This would be a holistic approach to finance rather than focussing simply on what the housing association is concerned with and could include financial advice for those leaving school.
- 4.17. Lewisham CAB is working to get the message across that help is available, work that can done through community groups in an informal, low key way. It is also important to recognise that simple awareness is not always effective, you need the people there to then deal with the upsurge in demand and that if you don't have extra people then its not much use. CAB refer people on and provide advice through self-help packs that are available and information on the internet.
- 4.18. Another provider of financial and debt advice, Elona Elliott of Evelyn 190 Centre, spoke to the Committee about the role of the 190 Centre, highlighting that advice is given for employment, benefit, housing and debt but that that they do not offer legal aid type services. They operate under an appointment system, though they do try and accommodate emergencies as possible. At the moment it is not possible to keep up with demand, the waiting period is currently 4 weeks and then clients have to be referred on. While there are different aspects to what the centre does, the types of advice are interlinked.
- 4.19. The Centre has 7 paid staff and try to use volunteers as much as possible. However this is a rolling circle as the volunteers are trained up, get some experience which makes them more employable and they leave and get jobs. While this is a positive development it creates problems for the centre itself. The funding for the Evelyn 190 Centre, who receive their core funding from Lewisham Council. Demand is very high for services at the moment but one advisor's funding went in September. There is a build-up of caseload at the moment and when a post goes then the caseload shifts to other workers there. There are also problems of getting funding from new sources as funders like backing new projects rather than maintaining projects that are already running. The work that the centre does increases income for clients, it brings in a 'disability premium' where the number of disabled people leads to increased funding to provide support and can increase housing allowance.
- 4.20. The Evelyn 190 Centre have seen repossession go up, as well as multiple debts. The changes to the way that Employment Support Allowance (ESA) is allocated has also increased the demand for services, with many people launching new claims and appeals against decisions, which require help from the centre.
- 4.21. Under the new rules for the ESA, there is an assessing threshold for qualifying for support, with 15 points needed. Appeals to decisions can take up to 9 months and the number of appeals means there is a lot of pressure on the appeals service, with Saturday hearings introduced to reduce the backlog. This leads to stressed clients coming to the centre and stress on advisors as well. Is a very difficult time for people and the process can leave them with minimal benefits to live on. ATOS performs the assessments using nurses rather than GPs, strict guidelines are in place that focus on basic abilities to

carry out tasks, the problems for people with mental health issues which makes it difficult for nurses without mental health qualifications to properly assess them. People don't know how to fill in the test and tend to make light of their situations as they don't want to be negative about it. People often fail the test because they didn't fill it in properly.

- 4.22. Under the appeal process, clients can decide whether to appeal, then it is decided whether they qualify for a valid appeal. If this happens then benefits are reinstated until the appeal is heard. The DWP don't ask for benefit back if they are unsuccessful in their appeal, but appeals are not always accepted as valid and the claimant goes onto JobSeekers Allowance (JSA). There can be further complications in the benefit system as those receiving incapacity benefit don't always receive housing benefit (as that benefit counts as an income) so leading to further problems and the potential for arrears build up. The new process causes problems for those with mental health issues as people often can't cope and have difficulties in managing their finances so get into debt, meaning that debt advice as well as benefit advice is needed.
- 4.23. The Centre has seen an increase in unemployment and people losing jobs, which leads to them falling behind on mortgages and payments, especially as banks are not as lenient as they were. Also local authority tenants are in danger of repossession due to arrears mounting up. However, some banks are still ready to loan to people on benefit and there are also some loan sharks out there, there are occasional reports on these and Evelyn 190 centre have liaised with Trading Standards before about these issues, receiving support and had training from them.
- 4.24. Christine Speed from the 170 Centre on New Cross Road spoke to the Committee about the work the 170 Centre does they do in the borough, with advice provision as the core service. People can arrange appointments to seek advice but they also have drop in sessions. The 170 Centre often has people queuing up and they do have to turn people away. They offer a training project for IT skills, a domestic violence project providing support and advocacy and a healthy eating project. Legal aid services are not provided at the centre and are now going to large firms, with examples such as Duncan and Lewis of a firm that has entered the borough to provide services. The 170 Centre will refer people to the appropriate bodies. The centre receives funding from Lewisham Council, which then attracts funding from other areas.
- 4.25. Issues that face people in the borough who are financially excluded can cover not having things like insurance and there being less projects offering quality second hand furniture. In addition, deposits for rent in private sector housing can be difficult to raise and stop gap measures such as crisis loans will be more restricted and harder to get. Other issues include people only having Post Office accounts or basic bank accounts rather than current accounts which means they can't use phone or internet banking.
- 4.26. There is the problem of people getting to the point where they can't cope with their debt problems and simply avoid it. A 'last minute' approach is not the best way to do this, better to go through voluntary agencies at earlier dates,

especially as once people start speaking you see that there are multiple problems.

- 4.27. The 170 Centre can also have problems accessing Council services directly. There used to be a dedicated line with password access so that the waiting time was reduced, so volunteers and staff at the centre could get information quickly while waiting with clients. This has now stopped and the 170 centre and the Evelyn 190 Centre would welcome the resumption of this arrangement and the recognition that they are an official advice agency that requires quicker access.

5. Consumer protection

- 5.1. Officers from the Council's Trading Standards team gave evidence to the Committee, explaining from a trading standards viewpoint financial exclusion may expose certain consumers to particular risk to such consumers due to:
- Greater potential for being supplied products/services inappropriate to their needs – e.g. sale of payment protection insurance to persons with pre-existing medical conditions or to those self employed
 - Being especially vulnerable to attempted trading malpractice or at least being perceived as such – for example loan sharking
 - Having very restricted choice in the goods and services available to them – for example low cost imported electrical items may not meet basic safety standards
- 5.2. Lewisham Council, through its trading standards team, has enforcement responsibilities under the Consumer Credit Act 1974. These are shared with The Office of Fair Trading (OFT), who administer the consumer credit business licensing system, and the England illegal money lending team (EIML) based in Birmingham. This team investigates cross authority loan sharking cases and has recently replaced the previous regional team structure following government spending review.
- 5.3. A review of the national consumer protection 'landscape' is in progress and contains proposals which have implications for local trading standards services and for future controls on the consumer credit industry.
- 5.4. It should be noted that trading standards does not offer debt advice or counselling which is provided by organisations such as the National Debt-line and Citizens Advice. The Consumer Credit Act 1974 is one of a myriad of acts and regulations for which local authority trading standards teams have enforcement responsibility.
- 5.5. The Consumer Credit Act is based on a licensing system and all consumer credit and consumer hire businesses operating in the UK (with certain exemptions) must possess an appropriate licence issued by OFT who must be satisfied that an applicant for a Consumer Credit Licence is a fit and proper person before issuing that person with a licence to trade. Consumer credit law also requires affected businesses to set out credit and hire agreements in a particular way and ensure that they contain certain information. Unfair credit agreements can be challenged in the courts and there are also requirements on how agreements are entered into, the information that must be provided to consumers and how credit is advertised.
- 5.6. Typically Lewisham trading standards records 3,400 – 3,800 complaints and enquiries annually either received directly or via the Consumer Direct national advice network. Around 10% of these have a finance issue at the heart of the matter and these some 25 – 30% require active trading standards involvement. It is not always possible to identify if financial exclusion plays a part in each matter.

- 5.7. Examples of matters with which Lewisham trading Standards has dealt where financial exclusion may have played some part are set out below. These matters can often be very complex and time consuming to deal with. Where more appropriate, referral/signposting to other specialist agencies is undertaken
- 5.8. Research suggests that almost half of those in serious debt (43%) were almost too scared to take action because of the social stigma attached to it. The perceived reaction of their loved ones is one of the greatest fears revealed by those in debt, causing them to take longer to deal with it and often adding to their debt burden. One in seven people in serious debt (15%) do not talk to anyone about it and nearly a quarter of people in debt take over a year to seek help. People often come to Trading Standards with multiple problems, who are then signposted and referred on to other local agencies. A problem is that people do not always read or understand the agreements they sign up to and can then be hit by further charges.
- 5.9. To operate a consumer credit business without being licensed is a criminal offence and carries a maximum penalty of £5,000 and/or up to two years imprisonment. Licences can be revoked where it can be established that the licensee has acted inappropriately. Warnings and conditions can be added to the licence where necessary.
- 5.10. Officers explained that credit related complaints are core to their work and that complaints about faulty big ticket items often lead to investigations into the credit agreements for those items. Illegal lending such as loan sharks are rare in the borough, though these could be hidden as no-one is willing to report them. At the moment there are few prosecutions for credit related complaints and people often return using different fronts to carry on.
- 5.11. In the future, the Government are proposing and consulting upon, significant changes of relevance to consumer protection and trading standards and these may be considered to have the potential to especially impact upon those experiencing financial exclusion, there are 3 main elements to this:
- Institutional changes for providing consumer information, advice, education, advocacy & enforcement
 - Reform of the national financial regulatory structure
 - Reform of consumer credit regulation
- 5.12. As part of a wider reform of the national financial regulatory structure the government has announced the creation of a Consumer Protection & Markets Authority [CPMA]. This organisation will have two main roles: protecting consumers and promoting confidence in the integrity and efficiency of the UK markets. Its markets division will regulate conduct within the wholesale markets and also represent the country at the new European Securities and Markets Authority.
- 5.13. In terms of financial consumer protection, it would regulate and supervise companies providing financial services and act as a 'consumer champion', with a dedicated focus on proper conduct. In addition it would oversee the

Financial Ombudsman Service, the Financial Services Compensation Scheme and the Consumer Financial Education Body.

- 5.14. The Financial Services Authority (FSA), the independent body that regulates the financial services industry in the UK, will be abolished and the CPMA would be one of the new bodies created to take responsibility for its current duties. The Government believes that consumers buying retail products have not been receiving the protection they need or expect under the current system. It says it is impractical for the FSA to deal with issues as wide-ranging as the soundness of global investment banks and the treatment of customers at a high street level. It intends that the CPMA will be able to focus more effectively on its two roles – customer protection and market regulation – which will hopefully mean greater stability in the financial markets.
- 5.15. There is a further proposal to transfer the regulation of consumer credit from OFT to the CPMA on the basis that there would then be one regime for all retail financial products. It is understood that the preferred option is a regime based on the model in the Financial Services & markets Act 2000 [a 'rule book' approach] but concerns exist that such a change would be extremely costly, disrupt and deregulate an existing system to the detriment of consumers.

6. Collection of debt by organisations

- 6.1. The Head of Public Services at Lewisham Council spoke to the Committee about the collection approach taken by Lewisham, which tries to promote direct debit, which helps collection rates and is cheaper to operate for the organisation. It also steers people towards the rebates and reductions that are available, making sure people get what they're entitled to in terms of benefit and housing. Use payment plans to ensure customers are informed so they know where they are with payments. The current rate of collection, which is at 94%, is a low rate. However, process times are among the best in the UK for Council Tax benefit. The budget is set with a 96.5% in it, which will be achieved, but not in the calendar year. Possible reasons for this is that there are a lot of people in low income employment, above the benefit threshold but struggling. Also there is a group who don't pay and won't pay until someone is knocking on the door
- 6.2. The approach taken is a firm one, but fair. There is a balance between the need to collect Council tax and looking to help where possible. It is a difficult balance for staff, who need to make decisions on whether there is a genuine inability to pay and to pursue collection where it is felt people can pay. Council tax staff work closely with adult social care teams to find out more about people and see if they have some sort of need and get information on means savings, benefit levels in order to understand why they haven't or can't pay.
- 6.3. The use of bankruptcy to collect Council tax is rarely done. Officers indicated that no people were served orders this year, though it has been done in the past. It is unlikely that the Council will pursue bankruptcy as it quite an extreme approach, the ombudsman has described it as a sledgehammer to crack a nut. However, issuing a threat usually elicits the payment and if further measures are taken those people have typically avoided contact and avoided paying. There has been a case of someone being imprisoned for non-payment, again this person had ignored court orders and all the help on offer.
- 6.4. If using bailiffs then there is generally little scope for negotiation, bailiffs are told to collect as much as they can as quickly as they can as they are expensive to use and the Council does not want to have to send them back. Bailiffs are used in hundreds of cases and they can charge substantial add-ons to cover their costs, though these are regulated and limited by statute. Bailiffs are under clear instructions not to collect from vulnerable people and though a visit from a bailiff is often stressful and possibly distressing it needs to be stressed that people getting bailiffs visit have had a lot of notice to pay. All casework is seen and recent casework indicates a small percentage of errors in terms of pursuing those who are vulnerable and those who simply don't want to pay. While places such as the 170 Centre and the Evelyn 190 Centre hadn't had many complaints from people they identified that bailiffs can be aggressive and that an approach emphasising negotiation before bailiffs are involved would be good. Other approaches such as offering regular payments, direct deductions, extending timeframes for repayment or some help with understanding financial management would also, in the eyes

of advice givers such as the 170 Centre and the Evelyn 190 Centre, help those that are financially excluded. In addition, computer generated letters can confuse things for people, while a 'pre-threatening letter' can scare people. This is a dilemma recognised by officers at Lewisham, the problem of how to approach the first contact. Currently the first reminder is very clear on what they need to do and some may feel threatened if they weren't expecting it. It is about striking the balance of 'just missed a payment' and the consistent offenders. Generally a letter is not sent until after 10-12 days, giving them a chance to pay if they have merely 'forgotten'. In addition, repeat offenders can be identified and targeted.

- 6.5. Scott McKinven of Affinity Sutton provided evidence to the Committee about the work they do do. Affinity Sutton are a housing association with 60 000 properties and around 1000 properties in Lewisham. Within Affinity Sutton there is a Community Investment team that has three main areas of focus, including looking at jobs, education and community, taking up financial services, debt advice, help for young people and offering advice at the right time
- 6.6. Around 2000 residents a year are helped to do this, an example is that 600 residents Affinity Sutton residents are members of Lewisham Plus Credit Union. There is a welfare benefits team who can help get people the benefits they're entitled to. In addition, Affinity Sutton are trying to get more of their tenants online (currently 50% of Affinity Sutton residents have access, against the 71% national average) as this is a good way of getting more savings on things they need as well as better access to services.
- 6.7. The main current and upcoming challenges that Affinity Sutton have identified for their tenants include increased general cost of living, rising gas and electricity bills and changes in the benefit system.
- 6.8. Peter Richardson of Hyde also provided evidence to the Committee. Hyde has 40 000 houses, with many of these in South East London. They have one of the largest in-house debt advice services in the country and offer debt advice, money guidance and fuel poverty and energy help. They sit within the regeneration arm of the business and aim to embed social investments into the physical investments. The general approach is a holistic one with early intervention as the key. The team has helped 1100 people in 8 months and a monetary measure of their impact shows close to £820 000 gain for the residents, which translates to £293 000 for the business itself. Hyde has helped with the national financial exclusion tool, uses a credit index and works closely with partners such as credit unions. Hyde have offered match funding to promote saving amongst their tenants.
- 6.9. Lewisham Homes gave evidence from their Director Of Housing, Kevin Jones. Lewisham Homes promote financial inclusion as a way to sustain homes and develop thriving neighbourhoods. It can help improve the ability of individuals to access employment. Lewisham Homes work with Lewisham Plus Credit Union to provide tenancy sustainment loans and have helped 774 bank accounts be opened with the credit union. Bank accounts are increasingly important as few people had bank accounts previously and these

will be important when the changes to benefits come in. In addition, Lewisham Homes have tried to promote employment among their tenants, such as training which has resulted in 18 residents gaining employment and 43 trained. In addition 11 apprenticeships came through Lewisham Homes contractors, tying in to the Mayors Apprentice Scheme.

- 6.10. The housing associations are generally proactive in tackling financial exclusion and people with money issues, the approach is to identify people before they go into arrears. Affinity Sutton have an incomes team and try to be proactive, including educating people. Early intervention pays off, if £100 is invested in debt advice then you can get £122 back. Money advice helps also, more of this leads to less arrears and can help support and sustain tenancies. There tends to be a holistic review of the tenant involved, looking at the situation and if necessary speak to other bodies involved. Establishing vulnerability can be difficult but pre-tenancy support can identify factors early on and target it, which will produce sustainable tenancies, the goal of any housing provider. This is not just about rent arrears.
- 6.11. The impact of the new universal benefit set to be introduced, which will come in the form of a lump sum, will have an impact on those that aren't very financially capable.
- 6.12. Encouraging access to the internet, which are approached in different ways. Affinity Sutton are part of a digital inclusion housing partnership and offer eco-computers, recycled computers, to residents. There seems to be a genuine need for this and an approach is training residents to be digital champions. In addition, access to broadband can be expensive and a social housing provider can access deals for tenants. Access to computers and the internet is important as most things are now digital by default. Lewisham Homes has a high rate of access, with 70% of residents connected. They encourage residents to take up the BBC 1st click sessions, which seem to work well.
- 6.13. The extent to which engagement with tenants is difficult, as they are the landlord. Housing associations have done research looking at it, and found that many don't mind receiving advice as it is help. The advice is confidential and impartial and people see the benefit of it, though there are a small number who will see the social housing provider as the 'big bad landlord'.
- 6.14. How people who are outside social housing, especially those in the expanding private housing sector, get help. Committee members suggested there could be an opportunity for social housing provider training and advice to be used to fulfil this, if there is spare capacity, with those needing assistance referred by the Council

Agenda Item 11

MAYOR & CABINET		
Report Title	Exclusion of the Press and Public	
Key Decision	No	Item No.
Ward		
Contributors	Chief Executive (Head of Business & Committee)	
Class	Part 1	Date: 30 May 2012

Recommendation

It is recommended that under Section 100(A)(4) of the Local Government Act 1972, the press and public 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 paragraphs 3, 4 and 5 of Part 1 of Schedule 12(A) of the Act, as amended by the Local Authorities (Executive Arrangements) (Access to Information) (Amendments) (England) Regulations 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information:-

12. Housing Issues
13. Removal of Governor
14. Lewisham Gateway Proposed Loan

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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of the Local Government Act 1972.

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