



AGENDA

MAYOR AND CABINET

**Date: WEDNESDAY, 10 FEBRUARY 2016 at 6.00 pm,
or upon the rising of Mayor & Cabinet Contracts,
whichever is the later.**

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

**Enquiries to: Kevin Flaherty 0208 3149327
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Email: kevin.flaherty@lewisham.gov.uk**

MEMBERS

Sir Steve Bullock	Mayor	L
Councillor Alan Smith	Deputy Mayor - Growth & Regeneration	L
Councillor Chris Best	Health, Well-Being & Older People	L
Councillor Kevin Bonavia	Resources	L
Councillor Janet Daby	Community Safety	L
Councillor Joe Dromey	Policy and Performance	L
Councillor Damien Egan	Housing	L
Councillor Paul Maslin	Children & Young People	L
Councillor Joan Millbank	Third Sector and Community	L
Councillor Rachel Onikosi	Public Realm	L

Members are summoned to attend this meeting

**Barry Quirk
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: Thursday, 11 February 2016**



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.

ORDER OF BUSINESS – PART 1 AGENDA

Item No		Page No.s
1.	Declaration of Interests	1 - 4
2.	Minutes	5 - 12
3.	Matters Raised by Scrutiny and other Constitutional Bodies	13 - 16
4.	Outstanding Scrutiny Matters	17 - 18
5.	Annual Pay Statement	19 - 32
6.	Council Budget 2016-17	33 - 130
7.	Consultation Results and Waste Regulations Assessment for Proposed Changes to Waste and Recycling Service	131 - 292
8.	Response to SDSC on Publishing Viability Assessments	293 - 298
9.	OSC Referral Key Planning Issues	299 - 330
10.	Exclusion of Press and Public	331
11.	Estate Cleansing and Bulky Waste Collection Services on Lewisham Homes Estates	332 - 338
12.	Catford Stadium Redevelopment - Funding of Additional Footbridge Costs	339 - 354



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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- only focus cameras/recordings on councillors, Council officers, and those members of the public who are participating in the conduct of the meeting and avoid other areas of the room, particularly where non-participating members of the public may be sitting; and
- ensure that you never leave your recording equipment unattended in the meeting room.

If recording causes a disturbance or undermines the proper conduct of the meeting, then the Chair of the meeting may decide to stop the recording. In such circumstances, the decision of the Chair shall be final.

MAYOR & CABINET		
Report Title	Declarations of Interests	
Key Decision	No	Item No. 1
Ward	n/a	
Contributors	Chief Executive	
Class	Part 1	Date: February 10 2016

Declaration of interests

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

1 Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct :-

- (1) Disclosable pecuniary interests
- (2) Other registerable interests
- (3) Non-registerable interests

2 Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person* for profit or gain
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.

- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member’s knowledge, the Council is landlord and the tenant is a firm in which the relevant person* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:-
 - (a) that body to the member’s knowledge has a place of business or land in the borough; and
 - (b) either
 - (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
 - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

(3) Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council
- (b) Any body exercising functions of a public nature or directed to charitable purposes , or whose principal purposes include the influence of public opinion or policy, including any political party
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

(4) Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members’ Interests (for example a matter concerning the closure of a school at which a Member’s child attends).

(5) Declaration and Impact of interest on members' participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.
- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.
- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

(6) Sensitive information

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

(7) Exempt categories

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (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)

Agenda Item 2

MAYOR AND CABINET		
Report Title	Minutes	
Key Decision		Item No.2
Ward		
Contributors	Chief Executive	
Class	Part 1	Date: February 10 2016

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 January 13 2015 (copy attached) be confirmed and signed as a correct record.

Public Document Pack

MINUTES OF THE MAYOR AND CABINET

Wednesday, 13 January 2016 at 6.00 pm

PRESENT: Sir Steve Bullock (Mayor), Alan Smith, Chris Best, Kevin Bonavia, Janet Daby, Joe Dromey, Damien Egan, Paul Maslin, Joan Millbank and Rachel Onikosi.

ALSO PRESENT: Councillor Alan Hall and Councillor James-J Walsh.

327. Declaration of Interests

Councillor Bonavia declared a personal interest in Item 8 as a Ward Councillor who had previously not expressed a view on the proposals.

Councillor Bonavia declared a personal and prejudicial interest in Item 9 as Chair of the Blackheath Joint Working Party which had already expressed a view on the proposals. He withdrew from the meeting during consideration of this item.

The Chief Executive declared an interest in Item 9 as a local resident and withdrew from the meeting during consideration of the item.

328. Minutes

RESOLVED that the minutes of the meeting held on December 9 2015 be confirmed and signed as a correct record.

329. Outstanding Scrutiny Matters

The Mayor observed there had been no slippage and that one response would appear ahead of schedule.

RESOLVED that the report be noted.

330. Matters Raised by Scrutiny and other Constitutional Bodies

Matter Referred by Overview & Scrutiny Business Panel - Decisions made at Mayor and Cabinet on 9 December 2015 – Revenue Budget Savings – L6 Libraries and Information Service

Having received a presentation by the Chair of the Overview & Scrutiny Business Panel, Councillor Alan Hall who stated the Business Panel wished to see a formal resolution pertaining to consultation on libraries with particular regard to Catford, the Mayor indicated he was happy to formally reconfirm his commitment on consultation as previously reported.

RESOLVED that the recommendation made by Safer Stronger Communities Select Committee that officers engage with the public including via the relevant Local Assemblies to ensure the public's contributions and its commitment to libraries are included in the development of more detailed plans for the libraries, be endorsed.

Matter Referred by Overview & Scrutiny Business Panel Decisions made at Mayor and Cabinet on 9 December 2015 – Revenue Budget Savings – Trade Union Secondments

Having received a presentation by the Chair of the Overview & Scrutiny Business Panel, the Mayor:

RESOLVED that the final decision on Trade Union Secondments be taken at Mayor and Cabinet.

Comments of the Public Accounts Select Committee on the Select Committee Work Programme Report

Having considered an officer report the Mayor:

RESOLVED that the views of the Public Accounts Select Committee as set out be received and the Executive Director for Resources and Regeneration be asked to prepare a response for Mayoral approval and reporting to the Select Committee.

Matters referred by Sustainable Development Select Committee – High Streets Review - Report and Recommendations

Having considered an officer report, the Mayor:

RESOLVED that the views and recommendations of the Committee set out be received and the Executive Director for Resources and Regeneration be asked to prepare a response to the review's recommendations for Mayoral consideration prior to reporting to the Sustainable Development Select Committee.

331. Council Tax Base 2016 17

Having considered an officer report, and a presentation by the Cabinet Member for Resources, Councillor Kevin Bonavia, the Mayor, for the reasons set out in the report:

RESOLVED that:

- (1) the Council Tax Base calculation for 2016/17, as set out in the annual Council Tax Base government return, be noted;
- (2) Council be recommended to agree at its meeting on 20 January 2016, a Council Tax Base of 78,528.58 band D equivalent properties for 2016/17;
- (3) Council be recommended to agree a budgeted Council Tax collection rate of 96.0%;
- (4) Council be recommended to agree that the existing policy of a 0% discount for second homes for 2015/16 be continued for 2016/17;

(5) Council be recommended to agree that the existing policy of a 0% discount for empty homes Class A (an empty property undergoing structural alteration or major repair to make it habitable) be continued;

(6) Council be recommended to agree that the existing policy of a 100% discount awarded for a period of four weeks and then a 0% discount thereafter, for empty homes – Class C (a substantially empty and unfurnished property) be continued;

(7) Council be recommended to agree that the existing policy of an empty homes premium of 50% in respect of long term empty properties be continued.

(8) Council be recommended to agree the proposed National Non Domestic Rate (NNDR) estimated net yield of £49.143m, based on the NNDR3 for 2014/15, and

(9) Council be recommended to agree consistent with the approach taken in 2015/16, to implement the Council Tax Reduction Scheme (CTRS) where 3.0% is passed onto working age CTRS recipients.

332. Gambling Act Policy 2016-2019

Having considered an officer report, and a presentation by the Cabinet Member for the Public Realm, Councillor Rachel Onikosi, the Mayor, for the reasons set out in the report:

RESOLVED that the Gambling Act Policy for 2016-2019 should be presented to the Council for formal determination and publication.

333. Gypsy and Traveller Local Plan

Having considered an officer report and a presentation from the Deputy Mayor, Councillor Alan Smith, the Mayor, for the reasons set out in the report:

RESOLVED that:

(1) the consultation procedure on the preparation of a Gypsy and Traveller Site(s) Local Plan be approved (including the scoping and search parameters, site selection criteria and timetable for identifying a site or sites) as set out in the Regulation 18 Consultation Report together with the consultation on the associated Sustainability Appraisal Scoping Report and recommend the Council do the same; and

(2) authority be delegated to the Executive Director for Resources and Regeneration to make any minor alterations to the consultation document prior to the start of the formal consultation.

334. Lee Neighbourhood Plan

Having considered an officer report and a presentation from the Deputy Mayor, Councillor Alan Smith, the Mayor, for the reasons set out in the report:

RESOLVED that:

- (1) the designation of the Lee Neighbourhood Area as set out be approved;
- (2) the designation of the Lee Neighbourhood Forum be approved; and
- (3) the Executive Director for Resources and Regeneration be authorised to undertake the required publicity to the designations.

335. Parks Events Policy

The item was introduced by Councillor Onikosi who acknowledged receipt of a late representation from the company OnBlackheath. She advised the Mayor that she believed the proposed policy was in line with those of other boroughs. She asked officers to speak to the company further about their concerns.

The Executive Director for Customer Services representative acknowledged that altering tariffs with only 8 months notice might have an impact on long term planned commercial events. He said he believed the overall strategy was correct but it would be reasonable to delay for a year to allow those affected to plan appropriately. He added the Council was open to negotiations but that in the current financial climate it could not afford to undersell its assets.

The Mayor agreed that a delay in implementation could be appropriate.

Councillor Best received agreement that Section 4.4 on Stakeholder Engagement in both parts of the policy be amended to add a reference to Ward Councillors.

Having considered an officer report, a written representation from OnBlackheath and a presentation by the Cabinet Member for the Public Realm, Councillor Rachel Onikosi, the Mayor, for the reasons set out in the report:

RESOLVED that:

- (1) the Lewisham Events Policy 2016-2020 be adopted as outlined, subject to the inclusion of Ward Councillors in the Stakeholder Engagement segments; and
- (2) the Blackheath Events Policy 2016-2020 be adopted as outlined, subject to the inclusion of Ward Councillors in the Stakeholder Engagement segment

336. Music Service

Councillor Maslin introduced the report viewing it as an exciting project which presented a huge opportunity to produce a new vision and new direction.

Councillor Millbank agreed with the proposals saying the Music Service was starting from a position of strength and that as long as the spin off was

genuine there was every prospect of success.

Having considered an officer report, and a presentation by the Cabinet Member for Children & Young People, Councillor Paul Maslin, the Mayor, for the reasons set out in the report:

RESOLVED that:

(1) the proposal for the future provision of music education services for young people in Lewisham and the background to the proposed changes as set out be noted;

(.2) officers advice be accepted that the best option is to spin out the Music Service into a charitable trust in order to safeguard music education for young people in Lewisham; and

(3) a consultation on the proposal to spin out the Music Service be approved and that officers bring the outcome of the consultation, a business case, budget and governance plans to the Mayor for a decision in May 2016.

337. Heathside and Lethbridge Demolition Notice

Having considered an open officer report, and a presentation by the Cabinet Member for Housing, Councillor Damien Egan, the Mayor, for the reasons set out in the report:

RESOLVED that:

(1) the progress of the Heathside and Lethbridge regeneration scheme be noted;

(2) Initial Demolition Notices be served on all secure tenants within Phases 5 and 6 in order to suspend the requirement for the Council to complete right to buy applications for as long as the Notices remain in force; and

(3) Final Demolition Notices be served on all secure tenants within Phases 5 and 6 once the proposed demolition date is known, in order to render all existing right to buy applications ineffective and prevent any further right to buy applications being made.

338. Management Arrangements Shared Communications Service

Having considered an officer report, and a presentation by the Cabinet Member for Policy and Performance, Councillor Joe Dromey, the Mayor, for the reasons set out in the report:

RESOLVED that:

(1) The appointment of an interim joint head of communications with Lambeth Council on a fixed-term contract be approved; and

(2) Officers to Investigate further a fully shared communications service with

Lambeth Council.

339. Management Report

Having considered an officer report, and a presentation by the Cabinet Member for Policy and Performance, Councillor Joe Dromey, the Mayor:

RESOLVED that the Management Report be noted.

340. Response to SDSC Sec 106 and CIL funds

Having considered an officer report and a presentation from the Deputy Mayor, Councillor Alan Smith, the Mayor:

RESOLVED that the responses from the Executive Director for Resources and Regeneration be approved and reported to the Sustainable Development Select Committee.

341. Public Spending in Lewisham Working Group response

Having considered an officer report, and a presentation by the Cabinet Member for Resources, Councillor Kevin Bonavia, the Mayor:

RESOLVED that the proposed responses to the recommendations of the Public Spending in Lewisham Working Group as set out be approved and reported to the Overview & Scrutiny Committee.

342. Instrument of Government Kilmore Primary School

Having considered an officer report, and a presentation by the Cabinet Member for Children & Young People, Councillor Paul Maslin, the Mayor, for the reasons set out in the report:

RESOLVED that the Instrument of Government for Kilmore Primary School be made by Local Authority order.

343. Local Authority Governor Nomination

Having considered an officer report, and a presentation by the Cabinet Member for Children & Young People, Councillor Paul Maslin, the Mayor:

RESOLVED that

(1) the person set out below be nominated as a Local Authority governor;

Annabel Walker - Baring Primary

(2) the information concerning the recommended nominated governor be noted.

344. Modern Roads Review Report

Having considered an officer report, the Mayor:

RESOLVED that the views of the Sustainable Development Select Committee as set out be received and the Executive Director for Resources and Regeneration be asked to prepare a response for Mayoral approval and reporting to the Select Committee.

345. Exclusion of Press and Public

This item was not considered.

346. Catford Stadium Redevelopment Funding of Footbridge Additional Costs

Item was withdrawn.

The meeting closed at 7.06pm

Agenda Item 3

MAYOR AND CABINET		
Report Title	Report Back On Matters Raised By The Overview and Scrutiny Business Panel or other Constitutional bodies	
Key Decision	No	Item No.
Ward		
Contributors	Head of Business & Committee	
Class	Open	Date: February 10 2016

Purpose of Report

To report back on any matters raised by the Overview and Scrutiny Business Panel following their consideration of the decisions made by the Mayor on January 13 2016 or on other matters raised by Select Committees or other Constitutional bodies.

MAYOR AND CABINET		
Report Title	Call-in of Mayor & Cabinet Decision – Management Arrangements Shared Communications Service	
Key Decision	Yes	Item No.
Ward	All	
Contributors	Chair of Overview and Scrutiny Business Panel	
Class	Part 1	Date: 10 February 2016

1. Summary

This report informs the Mayor and Cabinet of a call-in and associated comments agreed by the Overview & Scrutiny Business Panel on 2 February 2016 in accordance with Paragraph 14 of the Overview and Scrutiny Procedure Rules.

2. Purpose of the Report

To inform the Mayor of the reasons agreed for the call-in and to ask him to reconsider a decision made on “Management Arrangements Shared Communications Service”.

3. Recommendation

The Mayor is requested to respond to the call-in made by the Overview & Scrutiny Business Panel as described in paragraph 5 below.

4. Background

- 4.1 At a meeting of the Mayor & Cabinet held on 13 January 2016, the Mayor & Cabinet considered a report entitled “Management Arrangements Shared Communications Service”. The Mayor & Cabinet considered an officer report and in accordance with the Constitution, this decision was notified to all members of the Business Panel within 2 days of being made.

5. Overview & Scrutiny Business Panel – Reasons for Call-in

- 5.1 The Overview and Scrutiny Business Panel considered the Mayor & Cabinet decision, and the original officer report.
- 5.2 Following the presentation from the Head of Strategy, Business Panel resolved to call in the Mayor’s decision asking him to consider the issues described below:

- i. Business Panel have specific concerns as outlined below about the implementation of any arrangement under 3.1 of the Mayor's decision;

"the appointment of an interim joint head of communications with Lambeth Council on a fixed-term contract".
- ii. Business Panel was informed the Mayor's original decision was taken without full legal implications being provided to him.
- iii. Business Panel believes further advice on the practical implications of proceeding to appoint an interim joint Head of Communications was inadequate as it did not consider crucial aspects such as potential conflict of interest between the two boroughs.
- iv. Business Panel had previously raised concerns about the Council's Communication Service with the Mayor and had received assurances from him that the Communications Service would equally serve both the executive and non-executive arms of the Council. The Business Panel requests that consultation with non-executive Councillors takes place before any changes to the Communication Service are progressed.
- v. Business Panel would like the Mayor to ask the Chief Executive to review this arrangement taking into consideration the legal and practical implications.
- vi. Business Panel would like the Mayor to ask officers to ensure all the issues of having a full shared service as outlined in paragraph 3.2 of the report are resolved prior to a decision being made. That paragraph stated that officers were to investigate further a fully shared communications service with Lambeth Council.

6. Legal Implications

- 6.1 The Council's Constitution provides that where the Overview & Scrutiny Business Panel requests that the Mayor & Cabinet reconsider a decision it shall not become effective until it has been done. There may be no further call-in of the decision.
- 6.2 It is essential that a decision is made on consideration of all relevant information and ignoring irrelevancies. On this basis a decision must not be one which no reasonable authority could come to.

7. Financial implications

- 7.1 The report to Mayor and Cabinet on 13 January 2016 stated a shared service with Lambeth could achieve savings of £45,000 pro rata. The Business Panel was advised by the Head of Strategy that any alternative decision to appoint a sole Head of Communications for Lewisham could only achieve a saving by downgrading the salary level of the existing post.

BACKGROUND PAPERS

If you have any queries on this report, please contact Olga Cole Senior Committee Manager, 0208 314 8577 or Kevin Flaherty, Head of Business and Committee, 0208 314 9327

Agenda Item 4

MAYOR & CABINET		
Report Title	Outstanding Scrutiny Matters	
Key Decision	No	Item No. 3
Ward		
Contributors	Head of Business and Committee	
Class	Part 1	Date: 10 February 2016

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 date of the items shown in the table below be noted.

Report Title	Responding Author	Date Considered by Mayor & Cabinet	Scheduled Reporting Date	Slippage since last report
Overview & Scrutiny Committee – London Fire Brigade	ED Community	11 November 2015	17 February 2016	No
Overview & Scrutiny Committee - Devolution	ED Res & Regen	11 November 2015	17 February 2016	No
Sustainable Development Select Committee – Publishing Viability Assessments	ED Res & Regen	11 November 2015	17 February 2016	Yes (positive)
Public Accounts Select Committee – Income Generation	ED Res & Regen	11 November 2015	2 March 2016	No

Sustainable Development Select Committee – Modern Roads Review	ED Res & Regen	13 January 2016	23 March 2016	No
Public Accounts Select Committee –Work Programme	ED Res & Regen	13 January 2016	23 March 2016	No
Sustainable Development Select Committee – High Streets Review	ED Res & Regen	13 January 2016	23 March 2016	No

BACKGROUND PAPERS and AUTHOR

Mayor & Cabinet minutes 11 November 2015 and 13 January 2016 available from Kevin Flaherty 0208 3149327.

<http://councilmeetings.lewisham.gov.uk/ieListMeetings.aspx?CId=139&Year=0>

**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 type="checkbox"/> Part 2 <input type="checkbox"/> Key Decision <input type="checkbox"/>		

Date of Meeting	10 February 2016
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Title of Report	Pay Policy Statement 2016/17
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Originator of Report	Andreas Ghosh	47519
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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)	X	
Reason for Urgency (as appropriate)		

Signed:  Executive Member

Date: 2/2/16

Signed:  Head of Service

Date 2-2-16

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	Pay Policy Statement		
Key Decision	Yes	Item Number	
Ward	n/a		
Contributors	HR Division		
Class	Open	Date	10 February 2016

1. **Introduction**

In compliance with Section 38(1) of the Localism Act 2011, the Council is required to publish a Pay Policy Statement, which sets out the Council's policies relating to the pay of its workforce for the next financial year 2016/17.

2. **Background**

The Localism Act requires each local authority to publish a statement which identifies the Council's approach to pay and in particular sets out pay arrangements for the chief officer posts i.e. heads of service, executive directors and the chief executive. Subsequent guidance introduced two new requirements. The first additional requirement is for local authorities with directly elected mayors. The guidance sets out an expectation that the Council would involve the directly elected mayor and have regard to any proposals that the mayor may have before the statement is considered and approved. The second requirement is that the pay policy statement should include a requirement that full council is required to vote in relation to any severance packages of over £100,000 (including redundancy pay, holiday pay and pension entitlements).

A draft copy of the 2016/17 pay policy statement has been provided in accordance with the new guidance. The guidance requires the Council to have regard to the Mayor's proposals.

3. **Recommendation**

To note and comment on the pay policy statement.

4. **Report**

The Pay Policy Statement provides an overview of the Council's pay strategy.

The Council's approach to pay is to:

- ensure pay levels are right to provide the right levels of reward and motivation; and

- ensure pay levels are affordable by the Council

It is set in the wider context of a remuneration policy focussed on:

- employee roles
- employee development
- benefits (including pension)
- salary

The statement sets out the levels of remuneration for the Council's chief officers as well as Council's general approach to pay i.e. it identifies how jobs are evaluated, graded and the relationship between roles. The report explains the position of additional payments and identifies the relevant terms and conditions as required by statute.

Once agreed by the Council, the Pay Policy Statement will form the basis on which the Council remunerates employees particularly those at the chief officer level, as required by Section 41 of the Localism Act 2011

5. Independent Executive Remuneration Panel

The Council has set up an Independent Executive Remuneration Panel (IERP), the terms of reference of the panel are:

- To advise the Council's appointments panel on the appropriate pay framework and pay structure relating to the chief executive.
- To advise the chief executive on the appropriate pay framework and pay structure relating to executive directors and heads of service.
- To consider and commission reports on pay levels relevant to heads of service, executive director and chief executive roles.
- To consider how individual pay anomalies should be addressed.
- To provide a sounding for consultation on national pay issues.

With the publication of the pay statement the Council will be compliant with nearly all aspects of the Hutton Fair Pay Code. The panel meets at a minimum on a yearly basis to make any recommended changes to the statement.

The IERP has agreed the proposed pay statement for 2016/17.

6. Summary of changes from 2015/16

The text of the Pay Policy Statement is due to be presented to full Council on 30th March 2016. Mayor and Cabinet are invited to comment on the statement prior to this.

As there have been no increases in local government pay for Chief Officers since the last statement, the figures in the statement largely reflect those of the previous year. However, as there is a pay award for 2016/17 pending, if this is agreed prior to the statement being reported to Council, the figures in the statement will be updated accordingly.

As in previous years, it is not proposed to include reference to severance payments in the pay policy statement as outlined in the legal implications.

Changes in the statement include the following:

- The salary for the lowest paid employee has been amended to reflect the pay award of 1% paid to non chief officers in 2015
- The statement also includes reference to a Memorandum signed by most London Councils which restricts children's agency worker rates as well as a figure for the differential in pay by gender.

Additional Payments

Currently, the chief executive has discretion to make additional salary payments up to the value of three increments (£7,443). It is proposed to increase this to five increments (i.e. a total of £12,405) in order to provide greater flexibility to recruit and retain senior staff.

Currently these increments are awarded to three staff in cases where exceptional additional accountability is required or where there is market evidence to suggest the council will fail to recruit staff.

Payments on ceasing office

The pay policy statement allows for payments to be made to staff on redundancy and voluntary severance

The government has consulted on capping such payments and proposed a cap, which might come into force in the course of 2016/17. Draft regulations have been published to cap payments at a threshold of £95,000 to include redundancy payments, voluntary exit payments and any other payment made as a consequence of, in relation to, or conditional upon, loss of office whether under a contract of employment or otherwise. Although April 2016 is likely to be the earliest date for such proposed changes, some commentators consider October 2016 to be more realistic to allow for Parliamentary process of the Enterprise Bill.

In addition draft regulations have been published aimed at recovering exit payments from individuals earning over £80,000 who leave the public sector and then return to work for the same sector within 12 months.

The implications of the regulations if and when finalised will be incorporated by way of amendment to the pay statement and reported to a subsequent panel if necessary.

7. Legal Implications

The pay policy statement attached to this report complies with the requirements of Section 38 of the Localism Act 2011 which required all local authorities to prepare a pay policy statement for the financial year 2012 -2013 and every financial year thereafter. Chapter 8 of the Localism Act 2011 sets out the information which a pay policy statement must contain. Section 40 of the Act also requires the Council to have regard to any guidance issued or approved by the Secretary of State. Guidance under Section 40 was issued in February 2012 and the attached pay policy statement takes account of this guidance.

A pay policy statement must be approved by a resolution of the Council before it comes into force, and the Council complied with the requirement to have a statement in force and approved before the end of 31st March 2012. Each subsequent statement must be prepared and approved before the end of 31st March immediately preceding the financial year to which it relates. Again, the Council complied with the requirement to have its 2014/15 statement prepared and approved before the end of 31st March 2014 and before 31 March 2015 for the 2014/2015 statement. The statement for 2016/17 must be in force and approved before the 31st March 2016.

Additional guidance under Section 40 of the Localism Act was issued in February 2013. As with the earlier guidance, the Council is required under Section 40 to have regard to this guidance when preparing its pay policy statement. This new guidance included commentary on how local authorities had complied with the original guidance. The new guidance also introduced two new requirements. The first requirement is for local authorities with directly elected mayors. The guidance sets out an expectation that the Council would involve the directly elected mayor and have regard to any proposals that the mayor may have before the statement is considered and approved. The second requirement is that the pay policy statement should include a requirement that full council is required to vote in relation to any severance packages of over £100,000 (including redundancy pay, holiday pay and pension entitlements).

The Mayor will be provided with a draft copy of the 2016/17 pay policy statement in accordance with the new guidance. The guidance requires the Council to have regard to the Mayor's proposals.

With regard to the guidance on severance payments this states that the Council should consider putting a requirement in place that full Council should be given an opportunity to vote before large severance packages (which the guidance recommends should be defined as over £100,000) are provided to staff leaving the organisation. The guidance states that it considers that a severance package will include a number of potential components, including redundancy compensation, pension entitlements and holiday pay.

There are likely to be a number of difficulties with this requirement. Firstly, a number of the elements of the "severance package" are likely to be contractual and/or statutory entitlements, such as redundancy compensation, pension entitlements and holiday pay. If the Council decided not to approve payments of this type then this is likely to result in the Council being in breach of contract and/or statute. It is feasible that a member of staff's pension and redundancy compensation alone could take them above the £100,000 threshold without any further payments being made to them. Secondly, the requirement to hold a vote at full Council could delay the making of any payments, again this has the potential of placing the Council in a position where it may be in breach of contract and/or other legislation. A delay could also fetter the Council's ability to effectively settle any potential claims against the authority, particularly in situations where a timely settlement may be the most cost effective resolution. Thirdly, where the Council enters into settlement of potential claims, it is often a term of any settlement agreement that the settlement remains confidential. This can be of benefit to the Council as well as to the employee. If a vote at full Council was required then it

may be difficult for the Council to provide the confidentiality required by these agreements. If the confidentiality requirement of an agreement was breached this could lead to further claims against the Council and it may be difficult for the Council to provide evidence that confidentiality had definitely not been breached when details of the potential settlement had been distributed to full Council.

As set out above, the Localism Act 2011 requires the Council to have regard to the guidance. This does not require the Council to follow the guidance in circumstances where it has considered the requirements of the guidance but where the Council considers that it has good reasons for not following the guidance.

The draft pay policy statement attached to this report does not include a requirement that full council is required to vote before large severance packages are provided to staff leaving the organisation, this is consistent with the position set out in the previous years pay policy statement. This report recommends that the Council approve the draft pay policy statement for the reasons set out above.

Once a pay policy statement is in force, any decision of the authority made after 1st April 2016 and relating to remuneration or other terms and conditions of chief officers must comply with the pay policy statement in force at the time. An authority may amend its pay policy statement by resolution.

In the event that the Council wished to adopt a pay policy that does not reflect the current contractual arrangements in place for the employment of officers, then this may give rise to employment law implications.

8. Financial Implications

The cost of appointing and remunerating members of the Independent Remuneration Panel will be contained within existing budgets. Adopting the proposed pay policy statement does not in itself give rise to any other direct financial implications, although in due course recommendations from the IERP, if adopted, may have direct financial implications.

**London Borough of Lewisham
Pay Policy Statement
2016/17**

1. Introduction

The Council seeks to be a fair and good employer of choice and in doing so deliver effective services in the borough. It seeks to engage talented people at all levels of the organisation and to benefit from the exercise of these people's talents. To this end it sets its pay (and reward packages generally, including pensions, etc) in accordance with a fair pay policy and with regard to national and regional pay policy. In doing so it has regard to changing conditions in differing occupational labour markets. The Council's people management strategy recognises the need for a committed and engaged workforce which is rewarded fairly for its motivation, adaptability, innovation and achievement.

Whatever their role, the Council seeks to ensure that every member of staff is valued and remunerated on a fair and just basis – taking into account the burden of personal responsibility their job requires, the delivery expectations placed upon them, as well as any requirements for the exercise of any particular expertise or speciality. The Council wants people to do valuable work and it wants the work to be of value to the workers performing the roles. It is for this reason that the Council has decided that it will conform to the London Living Wage and wherever it is lawful to do so, requires payment of the London Living Wage by its contractors.

The Council's pay strategy is designed to ensure that its pay structures are fair, support a sustainable management structure and foster managerial accountability and effectiveness and provide value for money to the tax payer.

The Council's approach to pay is to:

- ensure pay levels are right to provide the right levels of reward and motivation; and
- ensure pay levels are affordable by the Council

It is set in the wider context of a remuneration policy focussed on:

- employee roles
- employee development
- benefits (including pension)
- salary

The Council's management arrangements continue to be reviewed to optimise the effectiveness of management while reducing its overall cost (by a process of reducing managerial overheads and by reviewing managerial layers as well as spans of managerial control).

2 Remuneration of chief officers

The definition of chief officers including Executive Directors and Service Heads appears in paragraph 22. Chief officers are all graded as Heads of Service or higher depending on their responsibilities.

The Council pays its chief officers on the following scales shown with pay rates for 2015/16. Some of these pay rates have been increased for the first time in 5 years, whereas those earning more than £100K have had no rises in this time period. In the course of 2016/17 these figures may be increased by a maximum of any increase negotiated by the appropriate negotiating body. Generally post holders are not remunerated at a higher level than the position they report to.

Employees	Scale	From	To
Heads of Service (JNC4)	3 points	£75,627	£80,589
Heads of Service (JNC3)	3 points	£91,776	£96,738
Director of Public Health	8 points	£75,249	£101,451
Directors (JNC2)	3 points	£102,678	£107,538
Executive Directors (JNC1)	3 points	£135,867	£141,123
Chief Executive	Fixed point	£192,387	

Pay points for chief officers and the Chief Executive are determined following independent pay expert advice. The remuneration for chief officers on these pay points is determined by reference to Hay job evaluation advice, save where chief officers have transferred to the Council under statutory provisions which entitle them to retain their pre transfer pay scales. The Council's levels of pay for chief officers are regularly benchmarked against other London Councils. These benchmarking exercises show that Lewisham's pay levels for Executive Directors and Heads of Service fall at the 71st and 47th percentile respectively amongst London Councils.

The salary paid to chief officers is inclusive of all hours worked and no additional payments are paid to chief officers apart from those specifically set out in any of the following paragraphs. Since July 2011 the Chief Executive has been engaged on a part-time (0.6) basis and is remunerated pro rata to the fixed point referred to in the table above.

An Independent Executive Remuneration Panel (IERP) has been established since 2011 to advise on the appropriate pay framework and structure for chief officer positions. In fulfilling this role the Remuneration Panel:

- supports the achievement of the Council's aims,
- takes account of wider public sector pay policy and good practice,
- ensures their decisions are proportionate, fair and equitable and support equal pay principles, including having regard to the "Fair Pay" code published by the Review of Fair Pay in the Public Sector,
- takes account of appropriate pay differentials, including relationship and multiples between chief officers and all employees,
- develops pay policies which attract, retain and motivate senior managers of the right quality and talent,
- takes account of the resources required in transitioning to any revised arrangements.

3 Remuneration of employees who are not chief officers

The majority of employees who are not chief officers are appointed on NJC for Local Government terms and conditions. This will remain the case for 2016/17.

Remuneration for posts below chief officer will normally be determined by either the Greater London Provincial Council job evaluation scheme or the Hay job evaluation scheme. In both cases they are designed to ensure fairness and reward, making

assessments based on objective criteria. In 2016/17 salary levels for employees who are not chief officers will range from £17,055 per annum (see below) to £68,505 per annum.

Apprentices within the Council are paid the equivalent of the National Living Wage, regardless of their age, during the first year of their apprenticeship and the equivalent of the LLW in their final year.

Save for apprentices who are excluded from the London Living Wage Scheme, in 2016/7 the Council will not pay below point 8 (currently £17,055 of the Greater London pay spine) and has adopted a policy of not paying below the current level of the London Living Wage (LLW), calculated on an annual basis (i.e. after any pay awards for that year have been agreed and implemented). Because of this, for the purposes of this Pay Policy Statement the Council defines its lowest paid employee as an employee earning the full time equivalent salary for the LLW, without any additional payments. This is to enable a pay multiple to be calculated against the Chief Executive's full time equivalent salary. The Council has agreed a maximum pay multiple of 13 to 1. In 2015/16 had the Chief Executive worked on a full time basis he would have earned not more than 11.3 times that of the lowest paid employee. In effect, the 2015/16 pay multiple was below the maximum figure.

Council policy is to pay chief officers in accordance with pay scales set by reference to the Hay job evaluation scheme and non chief officers in accordance with the pay scales set by reference to the Greater London Provincial Councils (GLPC) job evaluation scheme. This does not apply to chief officers who have transferred to the Council under statutory provisions which entitle them to remain on their pre-transfer levels of pay. The Hay Scheme remunerates employees above the levels of the GLPC scheme. As at January 2016 the median average of the pay of chief officers is 3.2 times that of all non chief officer posts (excluding apprentices). The IERP have endorsed the current senior pay structure and believe that this has served the Council well, particularly in the context of the changes to public services. The IERP has been requested to keep this relationship under review to ensure it is fair and appropriate.

4. Performance related pay

As with chief officers, the Council does not pay bonuses or performance related pay to any of its employees.

5 Market supplements

In a limited number of cases the Council currently makes market supplement payments to employees. During 2016/17, the Council may make such market supplement payments where market conditions dictate that this is necessary to recruit or retain suitable staff where it would otherwise be unable to do so. Market supplements are not currently and normally will not be paid to any chief officers.

6 Approach to remuneration on recruitment

New employees, including chief officers, are normally appointed to the bottom of the particular pay scale applicable for the post. If the employee's existing salary falls within the pay scale for the post, the employee is normally appointed to the nearest point on the scale which is higher than their existing salary. In cases where the existing salary is higher than all points on the pay scale for the new role, the employee is normally appointed to the top of pay scale for the role.

7 Appointment to new posts paid in excess of £100,000 per annum

Where it is proposed to appoint to a post which is not in existence at the time of the publication of this pay policy statement, and the proposed remuneration is more than £100,000 per annum the appointment may not be made unless the Council has agreed to the level of remuneration attaching to the position. This provision does not apply to any roles which transfer to the Council through either TUPE or any other equivalent or similar statutory transfer process. This requirement does not apply to roles arising out of restructures to which the Council is obliged to match existing employees to or conduct a ring fenced recruitment exercise.

8 Increments and pay awards

For all employees the Council's usual policies on incremental progression and application of appropriate pay awards will apply.

9 Additional salary payments

Council policy allows for an additional salary payment to be made to employees to reflect duties of an exceptional nature that are required to be undertaken which are over and above the normal requirements of the employee's post.

In accordance with Council policy, additional salary payments may be agreed for all employees, in the case of chief officers this is made up to the value of five increments (currently a maximum of £12,405). No additional salary payments of this nature are currently made to Executive Directors or the Chief Executive and this will remain the case in 2016/17.

However, the post of Director of Public Health is entitled to receive additional payments of £8,917 in respect of a director supplement. Medical Consultants are able to submit an application for either a local or national Clinical Excellence Award for specific projects/work. If successful an award is made which becomes a permanent element of pay. Awards can be made at 12 levels ranging from £2,957 to £75,796.

Employees within the School Improvement team and Educational Psychologists are entitled to receive additional payments of up to 3 pay points on the Soulbury pay scale. Employees are able to submit an application which takes into account certain criteria, including length in post and contribution to the development of the service. If successful an award is made which becomes a permanent element of pay. Awards for strategic leaders, the most senior posts, will be at 3 levels, with the award for each level (the equivalent of 1 pay point) at an average of £1,103.

10 Resilience for emergencies: disaster/incident recovery, command and control

The Council is required to have measures in place to respond to any major incident in the borough. There is an emergency plan in place which is supported by a team of senior officers within the Council, led by the Chief Executive. Responding to incidents so as to ensure adequate recovery requires 24/7 management coverage by those senior managers who are able to perform these emergency incident roles. The Chief Executive and Executive Directors do not receive any additional payment for undertaking this role which is incorporated into their contracts of employment. Other senior staff, including other chief officers, who undertake a role in emergency planning and disaster recovery for the borough and participate in the emergency rota receive an additional payment. In the case of roles covered by chief officers, other than Executive Directors, this payment is £2,000 per annum.

11 Terms and Conditions of employment

The terms and conditions of employment for Council employees (excluding those who have transferred under specific statutory provisions) are as negotiated nationally by the relevant Negotiating Body for Local Authority Employees and supplemented/amended by any policies or procedures agreed.

The negotiating bodies which apply to employees include:

- The National Joint Council for Local Government Employees, commonly known as the Green Book, applicable to most non-teaching professional and support staff in the Council.
- The Joint Negotiating Committee for Chief Executives of Local Authorities
- The Joint Negotiating Committee for Chief Officers of Local Authorities
- The National NHS Staff Council
- The Soulbury Committee

The employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. The Council's employment policies and procedures are reviewed on a regular basis in the light of service delivery needs and any changes in legislation etc.

The Council reached an Agreement with the local trade unions on 1 April 2008, known as Single Status, which applies to most of its employees up to Chief Officer level. This included the introduction of a single pay and grading structure together with a new job evaluation scheme (the GLPC scheme). The Agreement also sets out the Council's working arrangements and the payments to be made to employees for working outside normal working hours including overtime, and call out payments.

12 Interim and Consultant engagements

Any temporary or short term engagement should be made through REED. In exceptional circumstances where it becomes necessary to engage a specialist interim or consultant to cover a PAYE position the individual is required to complete a HMRC questionnaire which is then processed through the HMRC website to establish whether the individual is self employed or an employee and they are then paid accordingly.

If the Council is engaging a company the contract is with the company and not the individual. The contract should have a start and end date and specify the work to be undertaken. This work should not be work that is covered by a Council JD as this is the work of 'an employee'.

13 Election Fees

At any election time, approximately 500 – 600 Council staff will be employed on election duties of varying types. The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties they undertake. All election fees paid are additional to Council salary and are subject to normal deductions for tax.

Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections/ referendums are paid in accordance with the appropriate Statutory Fees and Charges Order/Guidance from London Councils.

In 2016, the election for the Mayor of London and the members of the London Assembly is due to take place in May. Fees for this election will be fixed by reference to the amounts reimbursed by the Greater London Returning Officer. There may also be a national

referendum relating to membership of the European Union, but there is as yet no certainty on this point. If it takes place in this year, fees will be paid in accordance with the relevant Charging Order.

14 Pensions

All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed. Teachers and NHS staff have their own pension schemes.

15 Payments on ceasing office

The general position

Employees who leave the Council, including the Chief Executive and chief officers, are not entitled to receive any payments from the Council, except as detailed below.

Retirement

Employees who contribute to the Local Government Pension Scheme who elect to retire at age 55 or over are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme on grounds of permanent ill-health at any age.

The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs. Approval is conditional upon the employee agreeing to reduce their hours/pay by not less than 40%. Benefits closely reflect those permitted by Regulation 18 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007/1166.

Redundancy

Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. In addition the Council has a policy for the payment of further compensation, of an amount based on statutory limits. This scheme may be amended from time to time in accordance with the Council's Constitution.

Voluntary Severance

Voluntary Severance payments may be made where it is in the Council's best interests to do so; such payments should comply with any applicable legislation and the Council's Voluntary Severance scheme at the time.

Settlement of potential claims

Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of compromise agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the departure of an Executive Director or the Chief Executive it will only be made following external legal advice that it would be legal and reasonable to pay it.

Payment in lieu of notice

In exceptional circumstances, where it suits the Council's service needs, payment in lieu of notice is made to employees on the termination of their contracts.

Other payments

There may be exceptional circumstances not envisaged by the pay policy, where payments may be made, provided they are in the Council's best interests, comply with applicable statutory requirements and with Council policy.

16 Re-employment

Employees who have left the Council on grounds of redundancy will not normally be re-employed for a period of one year and for 2 years in the case of voluntary severance.

Applications for employment from employees who have retired from the Council or another authority or who have been made redundant by another authority will be considered in accordance with the Council's normal recruitment policy. However like many authorities, Lewisham operates an abatement policy which means that any pension benefits that are in payment could be reduced on re-employment in local government.

17 Memorandum of Co-Operation

The Council has signed up to a Memorandum along with other London Councils, which attempts to address recruitment and retention issues for children's social workers. The Memorandum includes a cap on agency worker rates, which the Council will comply with.

18. Gender Pay Differentials

The Council considers it good practice to publish information on gender pay differentials by comparing the differences in the median level of earnings between female and male employees. The median earnings for female employees stands at £32,930 and male median earnings at £27,879. The Council therefore has a gender pay differential of 1:0.85.

19. Exceptional circumstances

The provisions of this pay policy are designed to set out the Council's normal approach to remuneration and to provide transparency for the public about its policies relating to remuneration. However exceptional circumstances may occasionally arise where it would be appropriate to depart from the detailed provisions set out in this policy where Council service needs demand. This pay policy authorises such payment if appropriate specialist external advice is that it would be appropriate to make an exception in any particular case, in which case the Council may act in accordance with that advice

20. Publication of and access to information relating to remuneration

The Council will publish details of all chief officer positions. This will be published at the same time as the Council's statement of accounts.

21 Publication and amendment

The Council will publish this Pay Policy Statement on its website and may amend it at any time during 2016/17 if it is of the opinion that it is appropriate to do so. Any amendments to it will also be published on the Council's website.

22 Definition of chief officers

Within this Pay Policy Statement, chief officer includes the following roles: the Council's Chief Executive, Monitoring Officer and those fulfilling statutory chief officer roles as set out in section 2(6) of the Local Government and Housing Act 1989. It also includes non-statutory chief officers as set out in section 2(7) of that Act, which includes all officers for whom the Chief Executive is directly responsible, those who report directly or are directly accountable to the Chief Executive and those who are directly accountable to the Council itself or any committee or sub-committee.

Within this Pay Policy Statement, the term chief officer also includes those who are a deputy to a statutory or non-statutory chief officer referred to above (i.e. those who report directly or are directly responsible to a statutory or non-statutory chief officer, as set out in section 2(8) of that Act). It does not include those employees who report to the Chief Executive or to a statutory or non-statutory chief officer but whose duties are solely secretarial or administrative.

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 checked="" type="checkbox"/>

Date of Meeting	10 February 2016
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Title of Report	Annual Budget Report 2016/17
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Originator of Report	Executive Director for Resources and Regeneration	
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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	✓	
Environmental Implications	✓	
Equality Implications/Impact Assessment (as appropriate)	✓	
Confirmed Adherence to Budget & Policy Framework	✓	
Risk Assessment Comments (as appropriate)	✓	
Reason for Urgency (as appropriate)		N/A

Signed:  _____ Executive Member

Date: 2 February 2016 _____

Signed:  _____ Director/Head of Service

Date 2 February 2016 _____

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 & CABINET			
REPORT TITLE	2016/17 Budget		
KEY DECISION	Yes	Item No.	
WARD	All		
CONTRIBUTORS	Executive Director for Resources & Regeneration		
CLASS	Part 1	Date	10 February 2016

1. EXECUTIVE SUMMARY

1.1 This report sets out the range of budget assumptions which Council is required to agree to enable it to set a balanced budget for 2016/17. These include the following:

- The proposed Capital Programme (General Fund and Housing Revenue Account) budget for 2016/17 to 2019/20 of £337.2m, of which £129.2m is for 2016/17;
- The proposed rent decrease of 1.0% (an average of £0.99 per week) in respect of dwelling rents, 1.0% (average £0.39 per week) in respect of hostels, and a range of other proposed changes to service charges. The proposed annual expenditure for the Housing Revenue Account is £167.6m, including the capital and new build programme, for 2016/17;
- The provisional Dedicated Schools Grant allocation of £283.5m and a separate Pupil Premium allocation expected to be £18.0m for 2016/17.
- In respect of the General Fund, the assumed net revenue expenditure budget of £236.218m. This is made up of provisional Settlement Funding from government of £146.691m (grant and business rates), forecast Council Tax receipts including an increase in Council Tax of 3.99% (based on the government's assumption for calculating local government resources that authorities will use their tax raising potential to the full), and a surplus from growth in the Council Tax base and on collection of Council Tax in previous years from the Collection Fund.
- The changes to the prior year General Fund position to meet the 2016/17 net revenue budget of £236.218m are proposed on the basis of the following assumptions:
 - £6.462m of revenue budget savings have been previously agreed for 2016/17;
 - £10.752m of revenue budget savings are proposed for 2016/17;
 - £1.000m of savings in calculation of Minimum Revenue Provision (MRP) and from debt restructuring measures;
 - £7.500m is provided for budget pressures in 2016/17 of which it is being recommended that £3.750m of specific identified budget pressures be funded now and £3.750m be set aside for identified, but as yet un-quantified risks;

- £5.0m use of the New Homes Bonus reserve for revenue purposes for one year with the position to be reviewed for 2017/18;
- An assumed 3.99% increase in Band D Council Tax for Lewisham's services for 2016/17; including the 2% increase announced in the Local Government Finance Settlement for Social Care, along with the withdrawal of the Government's freeze grant of £1.0m; and
- Once-off reserves are used to fund the current savings shortfall of £5.942m for 2016/17 to balance the budget, pending further proposals from the Lewisham Future Programme in 2016/17 to make this up.

1.2 The report also looks to the medium term financial outlook and notes the prospects for the budget in 2017/18, savings required, and the continued work of the Lewisham Future Programme to meet identified potential budget shortfalls in future years. These are estimated at circa £15m for each of the three years 2017/18 to 2019/20.

1.3 The report updates the Council's Treasury Management strategy for both borrowing and investments. The proposed approach and levels of risk the Council takes in its treasury functions remain broadly the same. However, there are proposed changes to amend the Minimum Revenue Provision Policy, continue to explore the opportunity and timing to undertake debt restructuring to reduce balance sheet risk, and explore the business case for investing for more than one year in pooled funds with a view to increasing return on investments.

2. PURPOSE

2.1 The purpose of this report is to set out the overall financial position of the Council in relation to 2015/16 and to set the Budget for 2016/17. This report allows for the Council Tax to be agreed and housing rents to be set for 2016/17. It sets the Capital Programme for the next four years and the Council's Treasury Strategy for 2016/17.

2.2 The report also provides summary information on the revenue budget savings proposals that were presented at Mayor & Cabinet on 30 September 2015. The approval and successful delivery of these savings are required in order to help balance the budget for 2016/17 and to address the budget requirement for 2017/18.

3. RECOMMENDATIONS

3.1 It is recommended that the Mayor considers the comments of the Public Accounts Select Committee of 27 January 2016.

3.2 That, having considered the views of those consulted on the budget, and subject to consideration of the outcome of consultation with business ratepayers, and subject to proper process and consultation, as required, the Mayor:

Capital Programme

3.3 notes the 2015/16 Quarter 3 Capital Programme monitoring position as set out in section 5 of this report;

3.4 recommends that Council approves the 2016/17 to 2019/20 Capital Programme of £337.2m, as set out in section 5 of this report and attached at Appendices W1 and W2;

Housing Revenue Account

- 3.5 notes and asks Council to note the consultation report on service charges to tenants' and leaseholders in the Brockley area, presented to area panel members on 17th December 2015, and subsequent postal consultation, as attached at Appendix X2;
- 3.6 notes and asks Council to note the consultation report on service charges to tenants' and leaseholders and the Lewisham Homes budget strategy presented to area panel members on 17th December 2015, as attached at Appendix X3;
- 3.7 recommends that Council sets a decrease in dwelling rents of 1.0% (an average of £0.99 per week) – as per the requirements from government as presented in section 6 of this report;
- 3.8 recommends that Council sets a decrease in the hostels accommodation charge by 1.0% (or £0.39 per week), in accordance with Government requirements;
- 3.9 recommends that Council approves the following average weekly increases for dwellings for:
- 3.9.1 service charges to non-Lewisham Homes managed dwellings (Brockley);
- caretaking 1.80% (£0.06)
 - grounds 1.80% (£0.03)
 - communal lighting 1.80% (£0.01)
 - bulk waste collection 1.80% (£0.02)
 - window cleaning 1.80% (£0.09)
 - tenants' levy -30.0% (-£0.03)
- 3.9.2 service charges to Lewisham Homes managed dwellings:
- caretaking 1.20% (£0.07)
 - grounds 68.0% (£0.66)
 - window cleaning No increase
 - communal lighting -10.7% (-£0.13)
 - block pest control -4.3% (-£0.07)
 - waste collection No change
 - heating & hot water 23.1% (£1.85)
 - tenants' levy -30.0% (-£0.03)
 - bulk waste disposal new service (£0.81)
 - sheltered housing new service (£23.62)
- 3.10 recommends that Council approves the following average weekly percentage changes for hostels and shared temporary units for;
- service charges (hostels) – caretaking etc.; 2.90% (£2.09)
 - no energy cost increases for heat, light & power; 0.0% (£0.00)
 - water charges decrease; -5.26% (£0.01)
- 3.11 recommends that Council approves an increase in garage rents by Retail Price Inflation (RPI) of 0.80% (£0.09 per week) for Brockley residents and 0.80% (£0.09 per week) for Lewisham Homes residents;

- 3.12 notes and asks Council to note that the budgeted expenditure for the Housing Revenue Account (HRA) for 2016/17 is £167.6m which includes the capital and new build programmes;
- 3.13 agrees and asks Council to endorse the HRA budget strategy savings proposals in order to achieve a balanced budget in 2016/17, as attached at Appendix X1;

Dedicated Schools Grant and Pupil Premium

- 3.14 agrees to recommend to Council, subject to final confirmation of the allocation, that the provisional Dedicated Schools Grant allocation of £283.5m be the Schools' Budget for 2016/17; and
- Notes the consultation with schools on the changes to the funding arrangements for High Needs Pupils as set out in paragraph 7.12;
 - Notes the level of pupil premium anticipated for 2016/17 of £18.0m

General Fund Revenue Budget

- 3.15 notes and asks Council to note the projected overall variance against the agreed 2015/16 revenue budget of £6.9m as set out in section 8 of this report and that any year-end overspend will have to be met from reserves;
- 3.16 endorses and asks Council to endorse the previously approved revenue budget savings of £6.462m for 2016/17 and budget savings proposals of £10.752m as per the Mayor and Cabinet meeting of the 30 September 2015, as set out in section 8 of the report and summarised in Appendix Y1 and Y2;
- 3.17 agrees and asks Council to agree the transfer of £5.0m in 2016/17 from the New Homes Bonus reserve to the General Fund for one year to meet funding shortfalls and that the position be reviewed again for 2017/18;
- 3.18 agrees and asks Council to agree the use of £5.942m reserves to meet the budget gap in 2016/17;
- 3.19 agrees and asks Council to agree to fund budget pressures in the sum of £3.750m in 2016/17;
- 3.20 agrees and asks Council to agree to create a fund in respect of as yet un-quantified revenue budget risks in the sum of £3.750m in 2016/17, allowing the Executive Director for Resources & Regeneration to hold these resources corporately in case these pressures emerge during the year, and authorises the Executive Director for Resources and Regeneration to allocate these funds to meet such pressures when satisfied that those pressures cannot be contained within the Directorates' cash limits;
- 3.21 agrees to recommend to Council that a General Fund Budget Requirement of £236.218m for 2016/17 be approved, based on a 3.99% increase in Lewisham's Council Tax element. This will result in a Band D equivalent Council Tax level of £1,102.66 for Lewisham's services and £1,378.66 overall. This represents an overall increase in Council Tax for 2016/17 of 1.72% and is subject to the GLA precept for 2016/17 being reduced by 6.44% from its existing level, in line with the GLA's draft proposal;

- 3.22 notes and asks Council to note the Council Tax Ready Reckoner which for illustrative purposes sets out the Band D equivalent Council Tax at various levels of increase. This is explained in section 8 of the report and set out in more detail in Appendix Y3;
- 3.23 asks that the Executive Director for Resources & Regeneration issues cash limits to all Directorates once the 2016/17 Revenue Budget is agreed;
- 3.24 notes that the Chief Financial Officer's Section 25 Statement will be presented in the Budget Update Report on the 17 February for approval;
- 3.25 agrees the draft statutory calculations for 2016/17 as set out at Appendix Y5;
- 3.26 notes the prospects for the revenue budget for 2017/18 and future years as set out in section 9;
- 3.27 agrees that officers continue to develop firm proposals as part of the Lewisham Future Programme to help meet the forecast budget shortfalls;

Other Grants (within the General Fund)

- 3.28 notes the adjustments to and impact of various specific grants for 2016/17 on the General Fund as set out in section 8 of this report;

Treasury Management Strategy

- 3.29 agrees and recommends that Council approves the prudential indicators and treasury limits, as set out in section 10 of this report;
- 3.30 agrees and recommends that Council approves the 2016/17 treasury strategy, including; the potential for debt restructuring and opportunity to invest for longer than one year in pooled property funds, along with the investment strategy and the credit worthiness policy, as set out at Appendix Z3;
- 3.31 agrees and recommends that Council approves the revised Minimum Revenue Provision (MRP) policy as set out in section 10 of this report.
- 3.32 agrees and recommends that Council agrees to delegate to the Executive Director for Resources & Regeneration authority during 2016/17 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;
- 3.33 agrees and recommends that Council approves the credit and counterparty risk management criteria, as set out at Appendix Z3, the proposed countries for investment at Appendix Z4, and that it formally delegates responsibility for managing transactions with those institutions which meet the criteria to the Executive Director for Resources & Regeneration; and
- 3.34 agrees and recommends that Council approves a minimum sovereign rating of AA- ;
- 3.35 agrees and recommends that Council approves a change to the yellow and purple durational investment bands from 1 to 2 years in the credit worthiness policy.

4. STRUCTURE OF THE REPORT, POLICY CONTEXT, AND BACKGROUND

4.1 The 2015/16 Budget Report is structured as follows:

Section 1	Executive Summary
Section 2	Purpose
Section 3	Recommendations
Section 4	Structure of the Report, Policy Context, and Background
Section 5	Capital Programme
Section 6	Housing Revenue Account
Section 7	Dedicated Schools Grant and Pupil Premium
Section 8	General Fund Revenue Budget, Savings, and Council Tax
Section 9	Other Grants and Future Years' Budget Strategy
Section 10	Treasury Management Strategy
Section 11	Consultation on the Budget
Section 12	Financial Implications
Section 13	Legal Implications
Section 14	Human Resources Implications
Section 15	Crime and Disorder Implications
Section 16	Equalities Implications
Section 17	Environmental Implications
Section 18	Conclusion
Section 19	Background Documents and Further Information
Section 20	Appendices

POLICY CONTEXT

4.2 The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy. The Council's vision "together, we will make Lewisham the best place in London to live, work and learn" was adopted by the Lewisham Strategic Partnership as part of the Sustainable Community Strategy, along with six over-arching priorities:

Sustainable Community Strategy

- **Ambitious and achieving:** where people are inspired and supported to their potential.
- **Safer:** where people feel safe and live free from crime, antisocial behaviour, and abuse.
- **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.

- **Healthy, active and enjoyable:** where people can actively participate in maintaining and improving their health and well-being.
- **Dynamic and prosperous:** where people are part of vibrant communities and town centres, well connected to London and beyond.

Corporate Priorities

The Council's ten 'enduring' priorities were agreed by full Council and are the principal mechanism through which the Council's performance is reported and through which the impact of saving and spending decisions are assessed. The Council's priorities also describe the Council's contribution to the delivery of Lewisham's Sustainable Community Strategy priorities.

- **Community Leadership and Empowerment:** developing opportunities for the active participation and engagement of people in the life of the community.
- **Young people's achievement and involvement:** raising educational attainment and improving facilities for young people through partnership working.
- **Clean, green, and liveable:** improving environmental management, the cleanliness and care for roads and pavements, and promoting a sustainable environment.
- **Safety, security, and a visible presence:** partnership working with the police and others to further reduce crime levels and using Council powers to combat anti-social behaviour.
- **Strengthening the local economy:** gaining resources to regenerate key localities strengthen employment skills and promote public transport.
- **Decent Homes for all:** investment in social and affordable housing to achieve the decent homes standard, tackle homelessness, and supply key worker housing.
- **Protection of children:** better safeguarding and joined up services for children at risk.
- **Caring for adults and older people:** working with health services to support older people and adults in need of care.
- **Active, healthy citizens:** leisure, sporting, learning, and creative activities for everyone.
- **Inspiring efficiency, effectiveness, and equity:** ensuring efficiency and equity in the delivery of excellent services to meet the needs of the community.

Values

4.2 Values are critical to the Council's role as an employer, regulator, securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers, and members, between the council and partners and between the council and citizens. In taking forward the Council's Budget Strategy, we are guided by the Council's four core values:

- We put service to the public first.
- We respect all people and all communities.
- We invest in employees.
- We are open, honest, and fair in all we do.

- 4.3 A strong and resilient framework for prioritising action has served the organisation well in the face of austerity and on-going cuts to local government spending. This has meant, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone. This joint endeavour continues to secure investment in the borough: new homes, school improvements, regenerating town centres, new and renewed leisure opportunities and improvement in the wider environment, including award winning work on our river corridors. This work has done much to improve life chances and life opportunities across the borough through improved education opportunities, skills development and employment. And there is still much more that can be done to realise our ambitions for the future of the borough, ranging from our work to bring the Bakerloo Line extension here, with other transport improvements through to our nationally recognised programmes of care and support to some of our most vulnerable and troubled families.
- 4.4 However, it is clear that the Council cannot do all that it once did, nor meet all those expectations that might once have been met, for we are in a very different financial position than just a few years ago. Very severe financial constraints have been imposed on Council services with cuts to be made year on year on year, and this on-going pressure is addressed here in this report, incorporating further budget savings for 2016/17.

BACKGROUND

- 4.5 The requirement to rebalance the public finances and the financial outlook for the Council and the public sector as a whole remains extremely challenging.
- 4.6 The Office for Budget Responsibility (OBR) provides independent analysis of the UK's public finances. The most recent forecasts, released in November 2015, are for the period to 2020/21. The forecast growth in Gross Domestic Product (GDP) has remained unchanged from earlier in the year at 2.4% for 2015, with a slight increase to 2.4% from 2.3% in 2016, and from 2.4% to 2.5% in 2017. The average forecast for Consumer Price Index (CPI) inflation in the fourth quarter of 2015 has fallen in recent months, mainly reflecting falls in commodity prices. CPI inflation is forecast to be below target in 2015 and to remain below the 2% inflation target before returning gradually to 2.0% in 2019.
- 4.7 The OBR expect Public Sector net borrowing to fall by 1.3% of GDP in 2015/16, and 1.4% in 2016/17, reaching 2.5% of GDP. Looking further ahead, the OBR expects the deficit to fall each year and to reach a small surplus by 2019/20, (2018/19 previously).
- 4.8 In the Autumn Statement, the Chancellor of the Exchequer announced further efficiency savings of £21.5bn for the public sector from unprotected departments over the four year period to 2019/20. It is expected that this will have a further detrimental effect on the Council's funding in the years to come.
- 4.9 The provisional Local Government Finance Settlement was announced on 17 December 2015, with the final settlement expected in early February 2015. The Settlement figures were higher than anticipated in the earlier years but reductions still apply over the period to 2019/20.
- 4.10 In the November 2015 Spending Review, the Government announced the creation of a social care precept to give local authorities who are responsible for social care the ability to raise new funding to spend exclusively on Social Care. The precept will work by

giving local authorities the flexibility to raise council tax in their area by up to 2% above the existing threshold. For Lewisham this will provide additional funding of £1.66m in 2016/17 for Social care.

- 4.11 In the provisional local government finance settlement assumptions of December 2015, the government has assumed that Councils will use their tax raising powers to raise a further 1.75% in addition to the social care precept to help meet funding pressures. In this context, an increase in Council Tax (additional to the social care precept) of 1.75% will provide funding of £1.46m in 2016/17.
- 4.12 The Finance Settlement also confirmed the withdrawal of the Council tax freeze grant which contributed to Lewisham freezing its Council tax over the last five years. The freeze grant received for all these years, with the exception of 2012/13, has been rolled into the Settlement Funding Assessment. The 2012/13 freeze grant was a one-off grant in that year only and no longer features. For 2016/17 this represents a loss of £1m.
- 4.13 There were also a number of other changes announced to the finance regime for local government that will impact, subject to consultation, in future years. In particular, the introduction of a new definition for 'core spending power' based on different assumptions for allocating resources to tiers of council services impacting how Revenue Support Grant will be phased out, changes to the Business Rates regime in anticipation of this being 100% devolved to local government by 2020, sharpening of New Homes Bonus arrangements and incentives, a new element of Better Care Fund for local government to support integration work, use of capital receipts to fund revenue costs of transforming services, and the expectation that local government will take on new responsibilities going forward (e.g. pensioner housing benefit, attendance allowance).
- 4.14 Leaving all other previous assumptions (from the July 2015 Medium Term Financial Strategy) unchanged, the provisional estimate is that the forecast savings required in 2016/17 is now at £29.2m (before measures).
- 4.15 The Medium Term Financial Strategy was reported to Mayor and Cabinet in July 2015. This set out that an estimated £83m worth of savings was required from 2016/17 to 2019/20. After the Settlement announcement in December 2015, this was revised to £76m.
- 4.16 The Lewisham Future Programme Board was established to determine and progress cross-cutting and thematic reviews to deliver the savings required. The Council has already made savings of £121.2m to meet its revenue budget requirements since May 2010 and is proposing further savings of £17.2m (£10.7m of new proposals and £6.5m of previously agreed savings) in 2016/17.
- 4.17 The total savings package proposed for 2016/17 to 2017/18 so far is £34.2m. A £1m saving from a review of MRP (minimum revenue provision) and debt is also proposed in 2016/17.
- 4.18 Assuming the measures proposed and the 2016/17 budget as set out in this report are agreed, it is expected that the Council will need to identify further savings of circa £15m for the following three years 2017/18 to 2019/20.
- 4.19 This report sets out the position of the financial settlements as they impact on the Council's overall resources:
- Capital Programme for 2016/17 to 2019/20;
 - Housing Revenue Account and level of rents for 2016/17;

- Dedicated Schools Grant for 2016/17;
- General Fund Revenue Budget for 2016/17;
- Other Grants for 2016/17;
- Council Tax level for 2016/17; and
- Treasury Management Strategy for 2016/17.

5 CAPITAL PROGRAMME

5.1 In considering the Council's overall financial position, the Capital Programme is considered first. This is to ensure that any revenue implications of capital decisions are taken into account. The Capital Programme budget for 2016/17 to 2019/20 is proposed at £337.2m, of which £129.2m is for 2016/17.

5.2 This section of the report is structured as follows:

- Update on 2015/16 Capital Programme
- Proposed Capital Programme 2016/17 to 2019/20

Update on 2015/16 Capital Programme

5.3 Progress in delivering the 2015/16 Capital Programme has been reported to Mayor & Cabinet and the Public Accounts Select Committee regularly throughout the year. The latest forecast projection was that the revised budget allocated for the year of £116.2m, and reported to Mayor and Cabinet on 11th November 2015, would be delivered this year. However, at this stage, the revised budget shows a slight increase of £1.9m to the last reported budget figure, mainly due to the inclusion of the 2016 Schools Minor Works Programme and re-profiling of budgets on major schemes such as the Primary Places Programme and the Lewisham Homes – Property acquisition Project.

5.4 The capital programme for 2015/16 has seen a number of schemes progress well with the main areas of capital spend involving the provision of school places and housing.

Proposed Capital Programme 2016/17 to 2019/20

5.5 The Council's proposed Capital Programme for 2016/17 to 2019/20 is currently £337.2m, as set out in Table A1:

Table A1: Proposed Capital Programme for 2016/17 to 2019/20

	15/16	16/17	17/18	18/19	19/20	4 Year Total
	£m	£m	£m	£m	£m	£m
General Fund						
Building Schools for the Future	8.6	1.2	0.0	0.0	0.0	1.2
Schools – Primary Places and other Capital Works	36.8	7.4	1.2	1.2	1.2	11.0
Highways, Footways and Bridges	7.4	6.0	3.5	3.5	3.5	16.5
Major Regeneration Schemes	10.6	11.7	6.1	0.0	9.0	26.8
Town Centres and High Street	0.5	3.6	0.0	0.0	0.0	3.6

Improvements						
Asset Management Programme	1.1	3.1	3.0	3.0	0.0	9.1
Other Schemes	14.3	10.1	2.4	2.4	2.3	17.2
	79.3	43.1	16.2	10.1	16.0	85.4
Housing Revenue Account	38.8	86.1	89.6	37.6	38.5	251.8
Total Programme	118.1	129.2	105.8	47.7	54.5	337.2

- 5.6 The resources available to finance the proposed Capital Programme are as set out in Table A2 below:

Table A2: Proposed Capital Programme Resources for 2016/17 to 2019/20

	15/16	16/17	17/18	18/19	19/20	4 Year Total
	£m	£m	£m	£m	£m	£m
General Fund						
Prudential Borrowing	10.5	14.7	0.0	0.0	9.0	23.7
Grants and Contributions	46.4	11.0	0.6	0.6	0.0	12.2
Specific Capital Receipts	6.3	4.4	6.1	0.0	2.3	12.8
General Capital Receipts / Reserves / Revenue	16.1	13.0	9.5	9.5	4.7	36.7
	79.3	43.1	16.2	10.1	16.0	85.4
Housing Revenue Account						
Prudential Borrowing	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	2.1	2.0	0.0	0.0	4.1
Specific Capital Receipts	6.3	48.7	27.2	0.0	0.0	75.9
Reserves / Revenue	32.5	35.3	60.4	37.6	38.5	171.8
	38.8	86.1	89.6	37.6	38.5	251.8
Total Resources	118.1	129.2	105.8	47.7	54.5	337.2

- 5.7 Members will note that the General Fund resources available to finance capital projects decrease over the term of the Programme. This reflects the Council's prudent approach to long-term planning, with grants for later years not taken into account until they have been confirmed, and capital receipts only being taken into account when they have been received or are reasonably certain of being received. The Council avoids entering into long-term expenditure commitments until there is more certainty as to how they can be financed.
- 5.8 The Highways and Footways programme of £3.5m per year, agreed by Mayor & Cabinet, has been included. A full list of changes to the Programme is shown in Appendix W2.
- 5.9 No changes are proposed at this stage to the existing General Fund revenue contributions to capital (CERA) of £2.0m per year from the General Fund and £1.2m per year contribution from schools. The revenue funding line also includes amounts

transferred to reserves in previous years for schemes which at that time, had not been delivered.

- 5.10 The Capital Programme will be further updated to include future grants, once these are known and will also include the year-end outturn expenditure and resourcing. This is expected to be reported to Members before the summer recess and will not impact on delivery of the Programme for 2016/17.

Summary

- 5.11 The proposed 2016/17 to 2019/20 Capital Programme totals £337.2m (General Fund £85.4m and HRA £251.8m) and includes all the Council's capital projects. It sets out the key priorities for the Council over the four year period and will be reviewed regularly. The Capital Programme is set out in more detail in Appendices W1 and W2.

6. HOUSING REVENUE ACCOUNT

- 6.1 This section of the report considers the Housing Revenue Account (HRA). The budgeted expenditure for the HRA in 2016/17 is £167.6m, including the capital and new build programme.
- 6.2 It is structured as follows:
- Update on the HRA financial position for 2015/16
 - Update on the HRA Business Plan
 - Future Years' Forecast

Update on the HRA financial position for 2015/16

- 6.3 The HRA is budgeted to spend over £100.0m in 2015/16. The latest forecast on the HRA for 2015/16, is that net expenditure can be contained within budget by the year end. There are currently minimal reported pressures, which can, if necessary, be mitigated by the use of once off contingencies, reserves and revenue working balances. Expenditure against repairs & maintenance budgets is expected to be contained within the sums allocated.

Update on the HRA Business Plan

- 6.4 The Housing self-financing system was implemented on 1 April 2012 when the HRA subsidy scheme was abolished. A 30 year financial model has been developed based on current management arrangements & rental income estimates, updated for efficiency savings, and cost pressures. In addition, policy objectives such as sheltered housing and new build plans are incorporated into the modelling.
- 6.5 The plan is currently undergoing a major revision following the Government's intention, announced in the July 2015 budget statement, to legislate for a 1% reduction in social rents to be applied each year for the next four years from 2016/17. This is expected to be passed within legislation within the next few months.
- 6.6 The impact of the change in policy is a total reduction of forecast rental income within the business plan of £1.90m for 2015/16. The expected cumulative rent reduction over

the next four years is £25.0m, with £374.0m being lost over the life of the 30 year business plan.

- 6.7 As the Government's proposals are to be enacted by legislation, the authority has no choice other than to implement the rent reduction. In order to protect the business plan to provide the same level of investment and services, the reduction in income will need to be off-set though increased efficiencies and reprioritisation of investment requirements.
- 6.8 A review of current investment needs and priorities is being undertaken, based on updated surveys and inflation estimates. This includes assumptions on future liabilities, programmes, savings, and other requirements. These assumptions will be used to inform the resource need and identify potential gaps in funding and opportunities for additional income and grants.
- 6.9 The plan has also contains costs associated with new build units and a target of 500 additional units by the end of the Mayor's current term. Table B1 provides an illustration of the expected HRA budget for the next 5 years, which includes the current 1% rent reduction estimates.

Table B1: HRA Income and Expenditure Estimates

HRA Income & Expenditure Estimates - 5 year Forecast	2016/17	2017/18	2018/19	2019/20	2020/21
	£M's	£M's	£M's	£M's	£M's
Income					
Rental income	-71.7	-69.9	-68.7	-69.8	-71.1
Tenants service charge income	-5.9	-6.0	-6.0	-6.1	-6.2
Leasehold service charge income	-4.0	-4.1	-4.2	-4.3	-4.4
Hostel charges and grant income	-1.3	-1.3	-1.4	-1.4	-1.4
Major Works recoveries	-5.3	-5.6	-5.8	-6.0	-7.4
Other income	-2.0	-2.0	-2.1	-2.1	-2.0
Interest earned on balances	-0.7	-0.5	-0.4	-0.3	-0.3
Total Income	-90.9	-89.4	-88.6	-90.0	-92.8
Expenditure					
Management costs	34.9	35.3	35.6	35.9	36.2
Repairs & maintenance	15.3	15.4	15.6	15.9	16.0
PFI Costs	5.6	6.1	6.5	7.1	7.5
Interest & other finance costs	4.3	3.9	3.8	3.8	4.1
Depreciation	30.4	30.8	31.2	31.6	32.0
Revenue Contribution to Capital	6.1	1.5	6.4	6.5	-3.1
Total Expenditure	96.6	93.0	99.1	100.8	92.7
Surplus/(deficit)	-5.7	-3.6	-10.5	-10.8	0.1
Opening HRA reserves	32.3	26.6	23.0	12.5	1.9
Drawdown from reserves	-5.7	-3.6	-10.5	-10.6	0.1
Closing HRA Reserves	26.6	23.0	12.5	1.9	2.0
Forecast Capital Programme & Funding	2016/17	2017/18	2018/19	2019/20	2020/21
	£M's	£M's	£M's	£M's	£M's

Capital programme (including decent Homes)	35.2	36.8	37.5	38.0	39.8
New Build construction & on-going costs	35.8	-4.5	0.1	0.5	0.5
Total Capital Expenditure	71.0	32.3	37.6	38.5	40.3
Capital Programme Funded By:					
MRR Opening Balance	-34.5	0.0	0.0	0.0	0.0
Revenue Contribution to Capital	-6.1	-1.5	-6.4	-6.5	3.1
Depreciation	-30.4	-30.8	-31.2	-31.6	-32.0
Borrowing	0.0	0.0	0.0	-0.4	-11.4
Total Capital Funding	-71.0	-32.3	-37.6	-38.5	-40.3
Capital shortfall	0.0	0.0	0.0	0.0	0.0
HRA - Actual Debt Level (Forecast)	74.8	74.8	74.8	75.2	86.6
HRA Self-financing Settlement Debt Level	127.3	127.3	127.3	127.3	127.3

- 6.10 As can be seen from the above table, the expected total expenditure, before financing, for the HRA in 2016/17 is £167.6m, comprising 96.6m operational costs & £71.0m capital and new build costs.
- 6.11 The Council continually considers how best to respond to the challenges and opportunities of the HRA self-financing system. The combination of the new system and the significant housing pressures may, in due course, cause the Council to adopt new management arrangements in order to optimise delivery of policy objectives.

Future Years' Forecast

- 6.12 The key purpose of the proposed HRA budget is to ensure that there are sufficient resources to support lifecycle works, such as; repairs and maintenance, the Decent Homes programme and delivery of new homes in the borough.
- 6.13 The HRA is budgeted to spend £167.7m in 2016/17. Officers have examined budgets to identify savings opportunities to deliver services for improved value for money. These savings are included in the proposed budget for 2016/17. Overall Savings of £1.0m in Repairs & Maintenance budgets for 2016/17 were identified and put before Tenants Panels in December 2015. An explanation of the savings is set out in more detail in Appendix X1. Should all of these proposals be agreed for 2016/17, they could be used for investment needs currently identified by the HRA Business Plan, or to partly off-set reductions in rental income following the government's announcement to reduce rents by 1% for each of the next four financial years.
- 6.14 Separate reports which set out in detail the proposals relating to service charges for Brockley and Lewisham Homes residents are attached at Appendix X2 and Appendix X3, respectively.

Rental Income and allowances

- 6.15 The average weekly rent is currently £98.42 in 2015/16.

- 6.16 Due to the requirements to comply with Government legislation, rents are expected to reduce by 1% each year for the next 4 years.
- 6.17 A 1% reduction in average rents for 2016/17 will equate to an average decrease of £0.99 over a 52 week period. This will reduce the full year average dwelling rent for the London Borough of Lewisham from £98.42 to £97.43pw. The proposed decrease will result in a loss of £0.743m of rental income to the HRA against 2015/16 income levels.
- 6.18 The decrease was not anticipated within the HRA financial modelling, which assumed an increase in line with estimated September CPI + 1.0% (forecast CPI @ 2.0%). Therefore the total reduction of forecast rental income within the business plan for 2016/17 is £1.90m. The expected rent loss due to this initiative over the next 4 years is £25.0m, with £374.0m being lost over the life of the 30 year business plan.
- 6.19 Table B2 below illustrates the impact the 4 year rent reduction has on the HRA account.

Table B2: Impact the 4 year rent reduction

	2015/16	2016/17	2017/18	2018/19	2019/20
*Original Business Plan Forecast Rental Income	£73.3m	£73.4m	£74.6m	£76.0m	£77.4m
Revised Business Plan Forecast Rental Income	£73.3m	£71.5m	£69.8m	£68.3m	£66.8m
Change	-	-£1.9m	-£4.8m	-£7.7m	-£10.6m
Revised Forecast Average rent	£98.42	£97.43	£96.46	£95.50	£94.55
Change in average Rent	-	-£0.99	-£0.97	-£0.96	-£0.95

* The original business plan forecast for rental increases was based on CPI @ 2.0% + 1.0% as per government guidelines issued in May 2014.

- 6.20 It is not yet clear what rent regime will be in place once the rental contraction requirements have been completed. However, for the purpose of business and financial planning, it is assumed that rental charges will be increased in line with prior Government guidance of CPI + 1%. Any variation to this could put additional pressure on the financial forecasts for the HRA.
- 6.21 A rent rise higher than the limit rent calculation, set by Government, will result in additional recharges to the HRA via the Housing Benefit (HB) subsidy limitation charges. Any rise above this level will be lost through additional limitation recharges and therefore result in no benefit to the HRA.

- 6.22 Tenants were asked to provide comments and feedback on the proposed rent changes and illustration for inclusion in the Mayor & Cabinet budget report at meetings held with Brockley PFI and Lewisham Homes tenants.
- 6.23 The main concern raised by tenants at the Lewisham Homes meeting in respect of the rent reduction was the likelihood of a period of “catch-up” to make up for the loss of income after the 4 years period was over. It was explained that, whilst it is not possible to predict what the Government’s position would be at this time, a period of catch up was unlikely.
- 6.24 Tenants also raised concerns about the level of charges for repairs and maintenance, communal heating and the new grounds maintenance and lumber collection services. It was explained that the charges quoted are an overall average charge based on estimated costs and that tenants would get charged actual costs for services that they used.
- 6.25 Poor attendance at the Brockley meeting resulted in a written consultation taking place. No comments were received from tenants by the end of the consultation period.
- 6.26 No comments were received from tenants in hostels or from the Excalibur TMO.
- 6.27 Details of the options for the rent & service charge changes for 2016/17 were presented to the Housing Select Committee on 1 December 2015. Members expressed concern about the loss of revenue for the Council to build affordable homes due to the Government’s policies.
- 6.28 Having regard to the consultation held in December 2015, the Mayor is asked to make a recommendation to full Council that a rent decrease be agreed to accord with Government requirements. The new average rent for 2016/17 is likely to be in the region of £97.43pw, a reduction of approximately £0.99pw from 2015/16 levels.

Other Associated Charges

- 6.29 There are a range of other associated charges. These include: garage rents, tenants levy, hostels, Linkline, private sector leasing, heating and hot water. These charges and any proposed changes to them for 2016/17 are set out in detail in Appendix X4.

Summary

- 6.30 The gross budgeted expenditure for the HRA in 2015/16 is £167.6m. The Mayor is asked to make a recommendation to full Council for a rent decrease having considered Government requirements and tenant’s feedback following consultation held in December 2015. The current average weekly rent is £98.42 in 2015/16. This will reduce to £97.43pw in 2016/17.

7. DEDICATED SCHOOLS GRANT AND PUPIL PREMIUM

7.1 This section of the report considers the Dedicated Schools' Grant (DSG) and level of Pupil Premium for 2016/17. This grant is formula based, calculated by the Government with the Council passing it onto schools. The respective budgets for 2016/17 are £283.5m and £18.0m.

7.2 It is structured as follows:

- Update on 2015/16 Dedicated Schools' Grant
- Dedicated Schools' Grant for 2016/17
- Pupil Premium

Update on 2015/16 Dedicated Schools' Grant

7.3 The level of the Dedicated Schools' Grant (DSG) for 2015/16 is £279.4m. This will be revised later to take account of the pupil count which for early years children is undertaken in January 2016.

7.4 The only current budget pressure in the DSG arises from children with Special Educational Needs (SEN) statements / Education, Care and Health plans within the High Needs block of the grant, which is forecast to overspend by £2.9m. This can be met from a previous year carry forward put aside for this purpose and the contingency held by the Schools Forum. With these measures the grant is expected to be balanced at the year end.

Dedicated Schools' Grant for 2016/17

7.5 The DSG for 2016/17 has provisionally been set by the Department for Education (DfE) at £283.5m, although this will change during the year to reflect updated pupil numbers. The DSG is now £47m (or 20%) larger than the Council's Net General Fund budget.

7.6 In comparison with last year, there is a £4.1m increase (1.5%) in the DSG. This increase is due to the following:

- An increase of £3.6m driven by the estimated increase in pupil numbers, largely in the primary age group, while the amount per pupil has been frozen in cash terms.
- Nationally an extra amount of £92.5m has been added to the High Needs Block. Lewisham will receive an extra £0.5m or 1.1% of this extra amount.

7.7 Once inflation including the cost pressures on salaries and wages budget of 2.8% for the year is taken into account, this funding represents a real terms reduction of 1.3%. It will be for individual schools to manage their budgets in line with this reduced level of funding.

7.8 Individual Schools' Budgets (ISBs) vary year on year mainly due to changes to pupil numbers. The DfE's schools' Minimum Funding Guarantee (MFG) has been set at a negative figure of minus 1.5%, which relates to the funding level per pupil (i.e. the per-pupil funding in a school cannot fall by more than 1.5%).

7.9 Under the regulations the Schools Forum decides:

- Whether some elements of funding given to schools should no longer be delegated but instead managed centrally. This includes contingency funds, the administration of free meals, supply cover, and insurance.
 - The budget level of central spend which includes growth funds, early years expenditure, admissions, and capital expenditure from revenue. The budget of the latter, under the funding regulations, is capped at the 2015/16 level.
- 7.10 The Council has to consult the Schools Forum on arrangements for SEN children. The Forum's powers extend to giving a view but the final decision lies with the Council.
- 7.11 The projection for 2016/17 is an overspend of £4.1m on the High Needs Block if no action is taken.
- 7.12 The Schools Forum set up a task group to review the High Needs Pupils costs in 2013. This group made a number of recommendations to the Forum which met on the 10 December 2015 to consider them. The Forum agreed savings of £2.0m but asked officers to consult schools on a number of possible ways to manage the shortfall of £2.1m.
- 7.13 Since the Schools Forum meeting in December the DfE has sent Local Authorities the data they must use to calculate each school's funding allocation. This is a national requirement and the Schools Forum cannot change the data but it can set the funding rates to apply to the data in order to calculate the ISBs.
- 7.14 The funding Lewisham receives for the schools block within the DSG is based on pupil numbers only. Lewisham receives £5,966 per pupil. There are 36,579 pupils which equates to schools block funding of £218.237m. The changes in the data such as free meals and the Income Deprivation Affecting Children Index (IDACI) does not influence the funding we receive. It does however alter the funding a school receives in its funding allocation through the formula. If the number of free meals decreases then the amount Schools Forum allocates to schools decreases but the level of the DSG stays the same. There has been a significant drop in the deprivation led data which means that for 2016/17 the funding formula will allocate £1.2m less to schools than in 2015/16. It is proposed to move this undistributed resource to the High Needs block to fund that spending pressure.
- 7.15 The consultation with schools ended on 15 January and was reported back to the Forum on the 19 January 2016. The proposals considered were:
- i) That the additional funding of £0.5m for high needs block and the reduced deprivation allocation of £1.2m are applied to the high needs block;
 - ii) That a £0.2m reduction in National Non Domestic Rates (NNDR) as a result of the change in status of two schools be applied to fund the high needs block;
 - iii) That £0.2m of the collaborative funding is applied to the high needs block to secure a balance of funding and projected pressures in 2016/17;
 - iv) That the balance of collaborative funding is applied to the ISB formula funding of schools – a sum of £1.8m – on the same basis as the current calculation where possible to offset the fall in the deprivation data.

v) To increase the lump sum for all schools to £0.14m

7.16 The proposals in i), ii), and iii) above increase the High Needs Block by £2.1m and reduce the schools block by £1.2m. The proposal in iv) transfers the collaborative funding to the schools block.

7.17 The responses to the consultation were largely positive and, having considered them on the 19 January, the Schools Forum concluded they were sufficient for them to agree the proposals as the basis for setting the DSG budget for 2016/17.

Pupil Premium

7.18 In addition to the DSG, schools will continue to receive the pupil premium. The pupil premium in 2015/16 was allocated to schools on the basis of the number of children who were entitled to a free school meal in the past six years to January 2016.

7.19 In 2016/17 the rate of funding is set at the same level as 2015/16. This is £1,320 per primary child, £935 per secondary child and £1,900 per child in Looked After Care. The DfE no longer provide forecasts of the total pupil premium. Officer's calculations are for £18.0m for 2016/17, which compares with the current forecast for 2015/16 of £18.2m.

8 GENERAL FUND REVENUE BUDGET AND COUNCIL TAX

8.1 This section considers the General Fund revenue budget and Council Tax. The General Fund budget for 2016/17, assuming a Council Tax increase of 3.99%, is £236.218m. Details of the savings anticipated for 2016/17 are provided at Appendices Y1 and Y2

8.2 It is structured as follows:

- Update on 2015/16 Revenue Budget
- The Budget Model
- Saving proposals
- Council Tax for 2016/17
- Overall Budget Position for 2016/17.

Update on 2015/16 Revenue Budget

8.3 The Council's revenue budget for 2015/16 was agreed at Council on 25 February 2015. The general fund budget requirement was set at £246.224m.

8.4 During the financial year, monthly monitoring is undertaken by officers and these monitoring reports have been presented quarterly to Mayor and Cabinet and scrutinised by the Public Accounts Select Committee. Significant attention continues to be directed towards volatile budget areas. These are those areas where small changes in activity levels can drive large cost implications. These include, for example: Looked After Children, No Recourse to Public Funds; Nightly Paid Accommodation; and Adult Social Care. These areas of activity are also informed by risk assessments which are continually reviewed.

8.5 Budget holders have been challenged to maintain tight control on spending throughout the year through the continuation and strengthening of Directorate Expenditure Panels (DEPs). In addition to this, a Corporate Expenditure Panel (CEP) was introduced in late October 2014. The Chief Executive and the Executive Director for Resources and

Regeneration sit on this panel and it has served to provide an additional layer of scrutiny and challenge to existing DEPs.

- 8.6 An initial projected overspend of £8.6m was reported at the end of May 2015. Since this position was first reported, to avoid a Directorate overspend of the scale experienced for the first time in many years in 2014/15, significant management attention has been given to containing costs and, where possible, accelerating service changes to reduce costs. A series of measures and management actions have been employed over the course of the financial year and this has helped to alleviate some of the pressure with the latest projected forecast of £6.9m being reported to the end of November 2015. This is still a significant overspending projection, although there are signs the various management actions continue to help bring the projected overspend down.

Directorates

- 8.7 Table C1 sets out the latest forecast budget variances on the General Fund by Directorate.

Table C1: Forecast outturn for 2015/16 as at end of November 2015

Directorate	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend November 2015
	£m	£m	£m	£m
Children & Young People	68.9	(17.8)	51.1	6.9
Community Services	172.1	(75.3)	96.7	(1.2)
Customer Services	91.8	(48.2)	43.6	3.6
Resources & Regeneration	43.4	(13.8)	29.6	(2.4)
Directorate Totals	376.2	(155.2)	221.0	6.9
Corporate Items	25.2	0.0	25.2	0.0
Net Revenue Budget	401.4	(155.2)	246.2	6.9

Corporate Financial Provisions

- 8.8 Corporate Financial Provisions are budgets that are held centrally for corporate purposes, which do not form part of the controllable expenditure of the service directorates. They include Capital Expenditure charged to the Revenue Account (CERA), Treasury Management budgets such as Interest on Revenue Balances (IRB) and Debt Charges, Corporate Working Balances and various provisions for items such as early retirement and voluntary severance. The spend on Corporate Financial Provisions is expected to be contained within budget by the year-end.
- 8.9 Consideration is now being given to employing the use of corporate measures to balance the budget at year end. It is proposed to meet any 2015/16 budget overspend from reserves.

The Budget Model

8.10 This section of the report sets out the construction of the 2016/17 base budget. This section is structured as follows:

- Budget assumptions, including: Savings, Council Tax, and Inflation
- New Homes Bonus
- Budget pressures to be funded
- Risks and other potential budget pressures to be managed

Budget assumptions, including: Savings, Council Tax, and Inflation

8.11 The Council has made substantial reductions to its expenditure over the last four years. On all credible economic forecasts, it will continue to need to make further reductions for at least the next four to five years. This section of the report summarises a series of proposals that would enable the Council to set a balanced budget for 2016/17 as part of a sustainable financial strategy to 2019/20.

Council Tax

8.12 The assumption used in the model for preparing the 2016/17 budget, subject to confirmation by Council, is for the maximum 3.99% Council Tax increase (a 2% for the new social care precept and a 1.99% increase under the referendum principle) and no receipt of the Council Tax freeze grant from Government. This is consistent with the government's financial models for local government funding to 2019/20.

8.13 If Council choose to set a different Council Tax increase they will need to be mindful that any increase below this recommendation will result in additional budget pressures, resulting in a higher savings requirement. And any increase above this recommendation would require support in a local referendum due to the limit set by the Secretary of State. Further information on the options for Council when setting the Council Tax is set out in more detail towards the end of this section.

Inflation

8.14 The Government's inflation target for the United Kingdom is defined in terms of the Consumer Price Index (CPI) measure of inflation which excludes mortgage interest payments. Since April 2011, the CPI has also been used for the indexation of benefits, tax credits, and public service pensions.

8.15 On 23 December 2015, the Office for National Statistics (ONS) reported that the rate of Gross Domestic Product (GDP) growth in the economy was greater than 2% with CPI inflation in the UK at 0.1% for the year to November. The November Office of Budget Responsibility forecasts for inflation are a rise from 0.1% in 2015 to 1.0% in 2016 and before returning to near the UK target of 2% annually thereafter with GDP growth remaining above 2% throughout this period.

8.16 For financial planning purposes, the Council has previously assumed an average pay inflation of 1% per annum, which equates to approximately £1.1m. In December 2015, a final offer was made to the unions of a 1% pay award for 2016/17 and 2017/18 by the National Joint Council (NJC) for Local Government Services, with staff on very low pay being offered increases that will bring them up to the new National Living Wage (NLW)

introduced by the government in 2015. The NLW is currently set at £7.20/hr from April 2016. Lewisham's lowest pay band well exceeds this amount and therefore a provision of 1% per annum for the next two years has been made.

- 8.17 The Council currently applies a non-pay inflation rate of 2.5% per annum. This is close to the growth rate of the economy and better reflects underlying commitments in Council contracts. This equates to approximately £2.5m per annum (net). This figure was put forward as an efficiency saving for three years starting from 2015/16.

New Homes Bonus

- 8.18 The New Homes Bonus (NHB) sits alongside the Council's planning system and is designed to create a fiscal incentive to encourage housing growth. The Department for Communities and Local Government (DCLG) is paying the NHB as an un-ringfenced grant to enable local authorities to decide how to spend the funding. The scheme design sets some guidance about the priorities that spend should be focused on, in that it is being provided to 'help deliver the vision and objectives of the community and the spatial strategy for the area and in line with local community wishes'.
- 8.19 The NHB is paid each year for six years. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.
- 8.20 The provisional allocation for 2016/17 in Lewisham, including on-going payments, is £9.731m with the allocation for Year 6 (2016/17) delivery being £1.889m.
- 8.21 The cumulative nature of the NHB is set out in summary in Table C6 below.

Table C6 – New Homes Bonus Allocation Profile

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Yr 1	0.706	0.706	0.706	0.706	0.706	0.706
Yr 2		0.958	0.958	0.958	0.958	0.958
Yr 3			2.150	2.150	2.150	2.150
Yr 4				2.629	2.629	2.629
Yr 5					1.399	1.399
Yr 6						1.889
Total Allocation	0.706	1.664	3.814	6.443	7.842	9.731
Less London LEP Top slice	0	0	0	0	-2.218	0
Lewisham Total	0.706	1.664	3.814	6.443	5.624	9.731

- 8.22 The government launched a consultation on refining the scheme from 2017/18 with views being sought on the following options:
- proposals for reductions in the number of years for which the Bonus is paid from the current six years to four years
 - withholding the Bonus from areas where an authority does not have a Local Plan in place;
 - abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal; and
 - adjusting the Bonus to reflect estimates of deadweight.

- 8.23 The impact of the government's preferred options for NHB outlined in the consultation is estimated to reduce the NHB received by the Council per property by at least one third.
- 8.24 As set out in the annual Council Tax Base report, officers are focused on bringing empty homes back into use and reducing the number of long term empty properties in the Borough. In recent years the number of empty properties in the borough has fallen. The number brought back in to use in 2013/14 and 2014/15 was 176 and 435 respectively.
- 8.25 The Council produces an Annual Monitoring Report (AMR) which assesses the level of development which has taken place and reviews the performance on plan making and related steps being undertaken to progress the regeneration of the borough.
- 8.26 A significant amount of planned growth for the borough is yet to come. The AMR provides an update on the progress of strategic sites within the regeneration and growth areas, including Deptford and New Cross, Lewisham Town Centre and Catford Town Centre. Overall, strategic sites are progressing well and are generally being constructed within anticipated timescales, with no significant barriers or major blockages to delay the development of these sites in the future. The AMR also provides a housing trajectory and identifies the anticipated amount of residential development over the coming years.
- 8.27 In view of the planned growth in housing and associated infrastructure in the borough in future years it was agreed to commit £0.65m of the NHB allocation per annum to provide delivery support for this. This represents a year-on-year commitment for the Council. Given the planned growth in the Lewisham over the coming years, the funding would be used to improve the borough's town centres, increase the number of jobs in the borough, provide improved transport links to the rest of London, and build upon the necessary infrastructure such as schools, health facilities, and open spaces.
- 8.28 While initially being held with a view to funding future capital works, a review of the NHB has been conducted consistent with the government's commitment that NHB will continue (albeit at a reduced level) for the remainder of the parliament and the expectation that councils use their reserves. Given the pressures on the overall budget, and as in 2015/16, it is now proposed to use some of the NHB for revenue funding shortfalls. This will be effected by releasing £5.0m of the accumulated reserve balance from the NHB scheme to the General Fund for 2016/17 only.

Budget Pressures to be funded

2015/16

- 8.29 As in previous years, £7.5m of funds are set aside in the budget model to meet specific identified budget pressures and identified potential budget risks. Of this £7.5m in the 2015/16 budget £4.3m was allocated to services to fund quantified pressures, leaving £3.2m unallocated and held by the Executive Director for Resources and Regeneration against identified risks.
- 8.30 In respect of the £3.2m unallocated, it is evident from the financial monitoring reported to members through 2015/16 that despite the measures taken by officers there remain two areas of persistent budget pressure – No Recourse to Public Funds and Temporary Accommodation. It is therefore proposed to adjust the base budgets for these two areas for 2016/17 using the unallocated corporate funds held back in 2015/16. This will be done by allocating £1.2m to the No Recourse to Public Funds and £2.0m to the Temporary Accommodation budget.

8.31 In addition, an element of the £4.3m allocated to pressures in 2015/16 included £2.2m provided to Community Services to cover the anticipated costs of sector wide practice changes for travel time and to pay the London Living Wage. In the event, following the retendering of the relevant care contracts in 2015/16 not all of these costs arose. The £0.5m in respect of travel time did arise. The additional £1.7m of Living Wage costs did not but is expected to do so in future years. It is therefore proposed to transfer £1.7m from Community Services back to the corporate funds in 2015/16.

2016/17

8.32 The budget pressures anticipated in 2016/17 have been reviewed by the Executive Director for Resources & Regeneration and it is recommended that a number of these specific identified pressures are funded now.

8.33 In terms of accounting for these, it is proposed that the Executive Director for Resources & Regeneration allocate these to corporate provisions and the relevant Directorates when determining the cash limits.

8.34 Table C2 provides a summary of the budget pressures that are being recommended to be funded.

Table C2: Summary of 2016/17 budget pressures to be funded

Description	£m	£m
Pressures to be set against 2016/17 risk budget		
• Actuarial Valuation	1.00	
• Changes to National Insurance Contributions	2.00	
• Highways and footways pressure	0.35	
• New Licensing Arrangements	0.20	
• Concessionary Fares	0.20	
Total - pressures recommended to be funded		3.75

Actuarial Valuation – £1.00m

8.35 An actuarial valuation of the Pension Fund was carried out as at 31 March 2013. This calculated the funding level at 71.4% and set employer's contribution rates until 31 March 2017. This represented a deterioration of 4.0% from the position at the 2010 valuation which assessed the funding level at 75.4%. The deterioration is attributable to changes in the Fund's portfolio along with other financial and demographic changes.

8.36 The actuary has applied a stabilisation mechanism which restricts movements in employer's contributions within a 1% increase and 2% decrease range to recognise both affordability issues and the potential improvement in investment returns in the inter-valuation period from 2014 to 2017. In line with the actuary's recommendations, additional stabilisation funding of £1.0m will be provided for 2016/17.

Changes in the Employer's National Insurance Contributions - £2m

- 8.37 The State Pension is changing for people who reach State Pension age on or after 6 April 2016. These changes will help people clearly understand what they will get from their State Pension so they can plan for retirement.
- 8.38 As Lewisham sponsors a salary related workplace pension, employees are “contracted-out” of the additional State Pension. As a result both Lewisham and its employees may pay National Insurance contributions at a lower rate because of a National Insurance rebate. Three-quarters of people reaching State Pension age in the first two decades of the new State Pension will have been contracted-out at some point. The new State Pension will replace the existing basic and additional State Pension and end contracting-out and the National Insurance rebate.
- 8.39 From April 2016, both the Council and its employees will pay the standard rate of National Insurance contributions instead of the contracted-out rate.
- 8.40 For employers, the standard rate of National Insurance is 13.8% of all earnings above the secondary threshold for all employees, Lewisham will no longer get the 3.4% National Insurance rebate (on a proportion of earnings). This is estimated to cost the £2m in 2016/17.

Highways and Footways pressure – £0.35m

- 8.41 The ten year investment programme for the resurfacing of highways and footways in the Borough came to an end in 2013/14 and future funding arrangements had to be established. In 2014/15 it was agreed that an ongoing highways resurfacing budget of £3.0m be established over a ten year period. In the first year, this was funded by a combination of pressures funding, reserves, and the release of existing prudential borrowing budgets as debt was repaid.
- 8.42 Corporate funding of £0.3m for 2016/17 will be provided with an additional £0.3m being added to the budget until 2020/21 and a balance of £0.1m in 2021/22. Therefore, the total allocation over the period is £2.2m, although this will eventually be offset by £0.8m of released budget arising from repaid prudential borrowing over the period 2024/25 to 2033/34.
- 8.43 It was also agreed in 2014/15 to create an ongoing budget of £0.5m for the replacement of footways over a ten year period 2014/15 until 2023/24. For 2016/17, a budget allocation of £0.05m will be needed with an additional £0.05m being added to the budget for each of the years to 2023/24.

Additional Licensing Scheme £0.20m

- 8.44 On 15 July 2015 Mayor and Cabinet received a detailed report on the business case for introducing an “additional” licensing scheme in Lewisham, to improve conditions of private rented flats above commercial premises (primarily over shops) across the borough. This proposal was supported by the Housing Select Committee at its meeting on 19 May 2015.
- 8.45 The in-principle case for introducing “additional licensing” of private rented flats above commercial premises was accepted and officers were asked to undertake statutory public consultation on the proposals as presented, in line with the current statutory requirements and to report back the findings of the consultation later in the year.

8.46 The Mayor received the full report on the 13 January 2016 with the results of the consultation and approved the recommendation at a cost of £1.0m over five years.

Concessionary Fares – £0.20m

8.47 London Councils have advised of Lewisham's Freedom Pass costs for 2016/17. The figure is £0.2m higher than 2015/16.

Risks and other potential budget pressures to be managed

8.48 Following the review of budget pressures within Directorates, there are a number of other risks and issues which, although difficult to quantify with absolute certainty, could prove significant should they materialise.

8.49 Officers continue to undertake work to fully assess and monitor these risks. These risks and other potential budget pressures are discussed in more detail below:

- Demographic Pressures
- Looked After Children
- Business Rate appeals
- Child Sexual Exploitation
- National / London Living Wage
- Redundancy
- Unachieved savings

Demographic pressures

8.50 The population of the Borough is forecast to increase by a net 3,000 annually for the foreseeable future. This is driving the need for additional school places and housing with all the associated services (environment, health and care) such growth brings.

8.51 For example, there is an increase in the transfer of high cost packages and placements for young people with a learning disability from the Children & Young People's directorate to Adult Social Care. Increases in other client groups are lower but the number of the most elderly in the borough appears to be increasing too, along with their needs. Additional provision also has to be made for a few new physical disability placements a year (brain injuries and other accidents).

Looked After Children

8.52 The Looked After Children service provides social work support to all the children who are looked after by the London Borough of Lewisham. It performs all the statutory functions, including care planning and ensuring that their health and education needs are met. At the start of 2010, the number of Looked After Children peaked and then they started to decline. This continued until the summer of 2011 from when numbers were fairly stable. However, the numbers started to rise again in April 2013. Even though the budget pressure is being managed down in 2014/15 through effective and economic placement decisions, overall spend on these services remains a risk.

8.53 The current demographics indicate that the pupil population is growing by 2.5% which, all other things being equal, roughly projects to an increase in the Looked After Children of one a month creating a potential budget pressure.

Business Rate appeals

- 8.54 The Valuation Office continues to hear appeals on valuations from the 2010 list. Any of these that are upheld will require the Council to return the backdated overpayment and reduce the ongoing level of rates to be collected. This cost can be amortised over five years. At the same time new businesses may be starting and additional rates collected. Given these uncertainties it is not possible to fully evaluate the risk at this time.

Child Sexual Exploitation

- 8.55 This is a risk area across London which may, if the number of cases locally grows significantly, become a pressure in the future. At present the service is managing this risk by refocusing existing resources within their current budget and expects to be able to do through 2016/17. Given these uncertainties it is not possible to fully evaluate the risk at this time.

National / London Living Wage

- 8.56 In 2015 the Chancellor announced the obligation for all employers to pay at least a national living wage. The Council has for some years now ensured it pays the London Living Wage to staff and contractors where this has been possible to contract for. However, there have remained some areas where this has not always been possible – for example; sub-contractors on some facilities contracts and contracting for some care services. New European procurement rules and the introduction of the national living wage go some way to closing this remaining gap to ensure all employees are paid a fair wage.
- 8.57 The budget impact of these changes is a risk of additional costs to the Council. These will vary according the contract and areas of spend depending on past practice and how suppliers elect to pass on some or all of these costs. The risk cannot therefore be easily quantified at this time.

Redundancy

- 8.58 The Council will seek to minimise the impact of savings on services and jobs. However, a significant proportion of the Council's budget goes on staff salaries and wages, so it will not be possible to make significant savings over the next four years without an impact on jobs. The cost of redundancy depends on age, seniority, and length of service of the individuals affected, and it is not possible to calculate the overall financial impact at this stage.

Unachieved savings

- 8.59 For those savings agreed there is a risk, as the detailed work to implement them progresses, of delay or changes to the proposals in response to consultations or other factors. These changes may impact the value of the saving that can be achieved, either in total or more often in terms of achieving a full year's financial impact.
- 8.60 Such pressures cannot be easily quantified at this stage, although it is estimated that it could be up to £1.7m or 10% on the current proposals of £17.2m for 2016/17. Should these pressures arise in the year and not be able to be contained with Directorate budgets, they could be met from the risk fund or become an additional call on reserves.

Summary of Budget Pressures

- 8.61 In conclusion, it is a matter of good budgeting to make a general allowance for risk and uncertainty, particularly at such a time of rapid change in the local government sector.
- 8.62 There are some pressures to be funded, which can be quantified within a reasonable range. There are also a number of other risks and potential budget pressures to consider which are less easy to quantify with any certainty.
- 8.63 After allowing for allocations of £7.5m, as summarised in Table C2 above, an unallocated balance of £3.75m would remain. It is proposed that the Executive Director for Resources & Regeneration hold this fund corporately. This fund would be used to allocate resources to fund emergent budget pressures during the year, which at this moment in time, cannot be quantified with certainty.

Saving proposals

- 8.64 On the 30 September the Mayor:
- Endorsed previously agreed savings proposals from the 2015/16 budget of £6.46m for 2016/17;
 - Delegated £11.07m of savings proposals, of which £6.01m relates to 2016/17, to Executive Directors to consult on if necessary, agree and implement;
 - Declined for 2016/17 a proposed reduction in the road sweeping budget of £1.00m, and a 2017/18 saving of £1.20m relating to a reduction in the supporting people budget. Officers to revisit in future years;
 - Rejected the saving proposal for the reduction of the freedom pass budget of £0.20m in 2016/17 and the alternative proposal of a reduction of £0.02m in each year of 2016/17 and 2017/18.
 - Requested that £6.96m savings, of which £2.91m related to 2016/17, be re-submitted to Scrutiny with the further information requested and then back to Mayor and Cabinet if there were any referrals;
 - Agreed for consultation and further work to proceed on £5.39m of savings proposals, of which £1.84m are for 2016/17. The results of this work, as was the case for following the libraries consultation in December 2015, will be presented in separate savings reports in due course, for the Mayor's decision.
- 8.65 As anticipated in the Medium Term Financial Strategy (July 2015) and following the provisional Local Government Finance Settlement in December 2015, the Executive Director for Resources & Regeneration has been considering options to bridge a budget shortfall in order to balance the budget for 2016/17. The options involve using of a mixture of on-going and once-off resources. These include:
- Use, as was done in 2015/16, of £5.0m of the New Homes Bonus reserve in 2016/17.
 - Updating the assumptions for accounting for property, plant and equipment and the associated financing of these to better reflect how they are used via the Minimum Revenue Provision policy and related prudential borrowing calculations.
- 8.66 In total, and assuming all the savings proposals for 2016/17 are delivered, the above means a shortfall of £5.94m of once-off resources is required to balance the 2016/17 budget. This will be a call on the Council's reserves for 2016/17.
- 8.67 Estimates for Revenue Support Grant in 2017/18 to 2019/20 have been provided by the Government which has offered to provide a four year settlement on Revenue Support

Grant up to 2019/20. This offer comes with caveats and the government has yet to set out the full terms (benefits and risks) for authorities to take such a four year settlement. These conditions are expected to be set out with a timetable agreeing with the final local government finance settlement expected in early February. What is known is that it will relate to Revenue Support Grant only (but not the firm amounts yet), will be subject to the government approving a four year efficiency plan (probably for the whole budget not just Revenue Support Grant) for each authority, and require to be confirmed annually following the usual consultation as part of setting the other elements of the local government finance settlement. The prospects for future years' budgets based on the provisional settlement figures are set out in more detail in section 9 of this report.

Council Tax for 2016/17

- 8.68 In setting the Council's annual budget, Members need to make decisions in respect of the Council Tax.

Collection Fund

- 8.69 Collection Fund surpluses or deficits reflect whether the Council over or under achieves its Council Tax collection targets. Therefore, this requires a calculation to be made of how much the Council has already received for the Council Tax in the current and past years and how much of the outstanding debt it expects to collect.
- 8.70 The statutory calculation was carried out for the 15 January (date prescribed by the relevant statutory instrument). This calculation showed there is an estimated surplus on the Collection Fund in respect of Council Tax, for the years 1994/95 to 2015/16 of £3.754m.
- 8.71 This surplus is shared with the precepting authority, the Greater London Authority (GLA), in proportion to relative shares of budgeted Council Tax income in the current financial year. This means that £2.937m of the £3.754m surplus has to be included in the calculation of Lewisham's Council Tax. The remaining balance of £0.817m will be allocated to the GLA.
- 8.72 Members should note that the Council agreed on the 20 January 2016 to pass on 3% of the percentage reduction in 2016/17 settlement funding assessment, use the small anticipated in-year surplus from 2015/16 and reduce the Council Tax Reduction Scheme (CTRS) accordingly.

Council Tax Levels

- 8.73 The current position is still that Council Tax may not be increased by 2% or more (inclusive of levies) without a referendum. In addition, there is also the opportunity to increase Council Tax by up to a further 2% under the new social care precept introduced for 2016/17. As noted above the government's assumptions in the local government financial settlement to 2019/20 include the raising of both Council Tax and the social care precept in each and every year to meet the recognised funding pressures faced by the sector.
- 8.74 In the November 2015 Spending Review, the Government announced the creation of a social care precept to give local authorities who are responsible for social care the ability to raise new funding to spend exclusively on social care. The precept will work by giving local authorities the flexibility to raise council tax in their area by up to 2% above the existing referendum threshold. In Lewisham this will provide additional funding of £1.665m ring fenced for adult social care spend in 2016/17. If implemented this charge

has to be identified on the face of the Council Tax bill and made clear in the accompanying guidance for rate payers.

- 8.75 At the same time a general increase in Council Tax of 1.99% (i.e. within the limit of the 2% referendum threshold) would also provide additional funding of £1.657m.
- 8.76 In considering savings proposals and the level of Council Tax, Members make political judgements, balancing these with their specific legal responsibilities to set a balanced budget for 2016/17 and their general responsibilities to steward the Council's finances over the medium term.
- 8.77 In 2015/16, the Band D Council Tax in Lewisham is £1,355.35 on a base of 75,526 Band D equivalent properties. Of this, £295 relates to the activities of the GLA which the Council pays over to them on collection.
- 8.78 The GLA is consulting on a precept of £276 for 2016/17, a reduction of £19, or approximately 6.4% and a final decision is expected from them on or before the 24 February 2016. The majority of this reduction reflects the removal of a significant proportion of the £20 Olympic charge.
- 8.79 Table C3 below shows, for illustrative purposes, the Council Tax payable by a resident in a Band D property in 2016/17 under a range of possible Council Tax increases, and the financial implications of this for the Council. A full Council Tax Ready Reckoner is attached at Appendix Y3.
- 8.80 The starting point is for an assumed 3.99% increase in Council for 2016/17. Any reduction from this level of increase will reduce the level of income the Council collects and will increase the draw on reserves for 2016/17 and the savings gap in future years.

Table C3 – Band D Council Tax Levels for 2016/17

Change in Council Tax	Amounts payable by residents – Band D				Lewisham
	Lewisham element	GLA element	Total	Change in total	Annual income forgone
	£	£	£	%	£m
3.99% increase	1,102.66	276.00	1,378.66	+1.72%	0.00
3.50% increase	1,097.46	276.00	1,373.46	+1.34%	-0.41
3.00% increase	1,092.16	276.00	1,368.16	+0.95%	-0.82
2.50% increase	1,086.86	276.00	1,362.86	+0.55%	-1.24
2.00% increase	1,081.56	276.00	1,357.56	+0.16%	-1.65
1.50% increase	1,076.26	276.00	1,352.26	-0.23%	-2.07
1.00% increase	1,070.95	276.00	1,346.95	-0.62%	-2.49
Council Tax Freeze	1,060.35	276.00	1,336.35	-1.40%	-3.32

- 8.81 Were Council to agree a Council Tax freeze, the Council will not get the freeze grant of approximately £1.0m in 2016/17 as the government has withdrawn this grant.

Overall Budget Position for 2016/17

- 8.82 For 2016/17, the overall budget position for the Council is an assumed General Fund Budget Requirement of £236.218m, as set out in Table C4 below.

Table C4 - Overall Budget Position for 2016/17

Detail	Expenditure/ (Income) £m	Expenditure/ (Income) £m
Settlement Funding Assessment (SFA) for 2016/17	(146.691)	
Council Tax 2016/17 at 3.99% increase	(86.590)	
Surplus on Collection Fund	(2.937)	
Assumed Budget Requirement for 2016/17		(236.218)
Total Resources available for 2016/17		
Base Budget for 2015/16	246.224	
Plus: Reversal of reserves drawn in 15/16 (once off)	6.959	
Plus: additional Pay inflation	0.623	
Plus: Non-pay Inflation	2.663	
Plus: Grant adjustments for changes 15/16 to 16/17	1.405	
Plus: Budget pressures to be funded from 16/17 fund	3.750	
Plus: Risks and other potential budget pressures	3.750	
Less: MRP and debt adjustment measures	(1.000)	
Less: Previously agreed savings for 2016/17	(6.462)	
Less: New savings for 2015/16	(10.752)	
Less: Use of New Homes Bonus reserve	(5.000)	
Less: Once off use of provisions and reserves	(5.942)	
Total		236.218

Use of Provisions and Reserves

- 8.83 Should all the above proposals be agreed, then this would leave a remaining gap of some £5.942m to be funded by the once off use of reserves in 2016/17. This has been set out in the Table C4 above.
- 8.84 If the need should arise to balance the budget for any in-year pressures using reserves, the Executive Director for Resources & Regeneration advises that on going measures should be identified to rectify this position as quickly as possible and in any event, by the following year. The use of once off resources is therefore just delaying the need to make an equivalent level of saving in the following year.

9 OTHER GRANTS AND FUTURE YEARS' BUDGET STRATEGY

- 9.1 This section of the report considers three other funding streams which the Council currently receives and implications for future years. These other funding streams are Public Health, Better Care Fund, and various other grants. This section of the report is structured as follows:
- Better Care Fund 2016/17
 - Public Health Grant 2016/17
 - Various other grants 2016/17 – reduced with net impact £1.4m
 - Future Years' Budget Strategy 2016/17 onwards

Better Care Fund

- 9.2 The national Better Care Fund (BCF) was announced by the Government in the June 2013 Spending Round, to support transformation and integration of health and social

care services to ensure local people receive better care. The BCF is a pooled budget that shifts resources into social care and community services for the benefit of the NHS and local government. The Better Care Fund does not represent an increase in funding but rather a realignment of existing funding streams with new conditions attached.

- 9.3 For Lewisham the value in 2015/16 is £21.842m out of a national total of £3.8bn. The local plan was approved by NHS England and the 2016/17 plan is currently being developed. In particular, the 2016/17 plan will take into account those service areas where spend has been lower than expected in 2015/16, with funds redirected to areas of greater need. Individual allocations have not yet been announced but as the national total, £3.9bn, is little different from last year's only a small local increase is expected.
- 9.4 The Fund must be used in accordance with our final approved plan and through a section 75 pooled fund agreement which is approved annually by Mayor and Cabinet in May 2015 (with final details delegated to officers). The full value of the element of the Fund linked to non-elective admissions reduction target is to be paid over to Lewisham Clinical Commissioning Group (CCG) at the start of the financial year. However, the CCG may only release the full value of this funding into the pool if the proposed admissions reduction target is met. If the target is not met, the CCG may only release into the pool a part of that funding proportionate to the partial achievement of the target. Any part of this funding that is not released into the pool due to the target not being met must be dealt with in accordance with NHS England requirements. Contingency arrangements to address this risk were put in place for 2015/16 and will be continued into 2016/17.

Public Health Grant

- 9.5 At the start of 2015/16, the Council was awarded a £20.1m Public Health Grant. This was subject to an in-year reduction of £1.5m during the current financial year. During the year current financial year responsibility and an annual budget of £7.4m for health visiting was also transferred to local government as part of public health funding.
- 9.6 While the individual allocations have not yet been announced, further average reductions of 3.9% are expected over the next four years on the total public health funding. The grant remains ring-fenced and the agreed commitment of these funds will therefore need to be reviewed annually and rebalanced to ensure the reductions are met and funds are directed to those services and activities with the greatest public health benefit.

Other Grants and Levies

- 9.7 Certain specific grants have been reduced or stopped in 2016/17 reducing funding by approximately £1.405m. The main change is in respect of the Council Tax Freeze Grant of approx. £1m. The Education Support Grant has been reduced by 9.4% to £3.5m for 2016/17 and is expected to be phased out over the following three years. The Lead Local Flood grant £0.078m has been rolled in to the Settlement Funding Assessment (SFA) from 2016/17.
- 9.8 The government has also rolled in to the SFA funding for the Care Act, which previously had a net nil effect on the budget. This funding totals £1.5m in 2016/17, rising to £2.4m by 2019/20 in their projections.

- 9.9 It is expected that, as the funding on specific grants reduces, the related cost of service provision will also reduce as the Directorates manage their activities within the available resources.
- 9.10 The Council is also required to levy monies totalling in the region of £1.6m for other bodies, in addition to the Council Tax collected on behalf of the GLA (see Collection Fund). These bodies are the London Pension Fund Agency, Lee Valley Regional Park, and Environment Agency. At present the final amounts for 2016/17 have yet to be confirmed and it is therefore assumed these will stay at their 2015/16 levels which are set out in Appendix Y5. Any variations will be absorbed in the corporate provisions and corrected for the following year.

Future Years' Budget Strategy 2016/17 onwards

Revenue Budget

- 9.11 The Medium Term Financial Strategy was reported to Mayor & Cabinet in July 2015. This set out that an estimated £72m of savings required from 2016/17 to 2019/20 over and above £11m savings already agreed at that time. This position has been superseded by the savings proposals submitted to Mayor and Cabinet in September and the provisional local government finance settlement announced in December 2015.
- 9.12 The revised profile for savings required is now broadly;
- £29m for 2016/17 (of which £17m has been identified with the balance being met from once off resources),
 - £22m for 2017/18 (of which £17m has been identified)
 - £13m for 2018/19, and
 - £12m for 2019/20
- 9.13 If the budget for 2016/17 as set out in this report is agreed the expected additional savings required are circa £15m per year for each of the three years 2017/18 to 2019/20. The Lewisham Future Programme (LFP) was established to carry out cross-cutting and thematic reviews to deliver these savings. The savings report received by the Mayor in September 2015 alongside this budget report presents the LFP work to date. This continues and further savings proposals will be brought forward in 2016/17 to close the budget gaps identified above.

10. TREASURY MANAGEMENT STRATEGY

- 10.1 This section sets out the Council's Treasury Management Strategy for 2015/16 and is structured as follows:
- Capital Investment Plans
 - Prudential Indicators
 - Minimum Revenue Provision (MRP) Policy
 - Borrowing Strategy including Treasury Indicators
 - Debt Rescheduling
 - Annual Investment Strategy
 - Credit Worthiness Policy
 - Prospects for Investment Returns
- 10.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Department for Communities and Local Government guidance on

Minimum Revenue Provision (MRP) and Investments and the CIPFA Treasury Management Code. The Council uses Capita Asset Services as its external treasury management advisors. The Council recognises that responsibility for Treasury Management decisions remain with the Council at all times and will ensure that undue reliance is not placed upon external service providers.

Capital Investment Plans

- 10.3 The Treasury Management Strategy for 2016/17 incorporates the capital plans of the Council, as set out in section 5 of this report.
- 10.4 The Council's cash position is organised in accordance with the relevant professional codes to ensure that sufficient funds are available to meet its obligations. This involves both the organisation of the cash flow and, where capital plans require, the arrangement of appropriate borrowing facilities.
- 10.5 The Council's expected treasury portfolio position at 31 March 2016, with forward projections is summarised below. Table D1 compares the actual external debt against the Capital Financing Requirement (CFR) which is the underlying capital borrowing need. This table illustrates over/(under) borrowing.

Table D1 – External Debt Projections

	2014/15 Actual £m	2015/16 Expected £m	2016/17 Forecast £m	2017/18 Forecast £m	2018/19 Forecast £m
External Debt at 1 April	195.4	190.4	191.3	190.9	191.9
Change in External Debt	(5.0)	0.9	(0.4)	1.0	(9.0)
Other Long-Term Liabilities	247.8	245.0	241.9	236.3	228.3
Gross Debt at 31 March	438.1	436.3	432.8	428.2	411.2
Capital Financing Requirement at 31 March*	478.5	483.0	484.0	476.0	465.6
Borrowing – over / (under)	(40.4)	(46.7)	(51.2)	(47.8)	(54.4)

*The Capital Financing Requirement includes the prudential borrowing figures shown in Table A2 of Section 5 - Capital Programme.

Prudential Indicators

- 10.6 The prudential indicators comprise two parameters of external debt, the operational boundary, and authorised limits, which ensure that the Council operates its activities within well defined limits. The Council needs to ensure that its gross debt does not exceed the total of the CFR in the preceding year, plus the estimates of any additional CFR for the current and following two financial years. This allows some flexibility for limited early borrowing for future years and ensures that borrowing is not undertaken for revenue purposes.
- 10.7 The Executive Director for Resources and Regeneration reports that the Council has complied with this prudential indicator in the current year to date and does not envisage any difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report. The operational boundary and the authorised limits for external debt are described in further detail in the following paragraphs.

The Operational Boundary for External debt

- 10.8 This is the limit which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR, but may be lower depending on the levels of actual gross debt anticipated. The Council's operational boundary is set out in Table D2.

Table D2: Operational Boundary

	2015/16 Expected £m	2016/17 Forecast £m	2017/18 Forecast £m	2018/19 Forecast £m
Maximum External Debt at 31 March	200.1	209.8	214.0	208.0
Other Long-Term Liabilities	245.0	241.9	236.3	228.3
Operational Boundary for Year	445.1	451.7	450.3	436.3

The Authorised Limit for External Debt

- 10.9 This key prudential indicator represents a constraint on the maximum level of borrowing and is a statutory limit determined under Section 3(1) of the Local Government Act 2003. The Government retains the power to control either the total of all Councils' plans, or those of a specific Council.
- 10.10 This is the limit beyond which external debt is prohibited and needs to be set by full Council. It represents the level of external debt which, while not desired, could be afforded in the short-term (i.e. up to one month), but is not sustainable in the longer term. The Council is asked to approve the following authorised limits as set out in Table D3.

Table D3 – Authorised Limits

	2015/16 Expected £m	2016/17 Forecast £m	2017/18 Forecast £m	2018/19 Forecast £m
Operational Boundary for Year	445.1	451.7	450.3	436.3
Provision for Non Receipt of Expected Income	56.0	56.0	56.0	56.0
Authorised Limit for Year	501.1	507.7	506.3	492.3

- 10.11 In addition, the Council is also limited to a maximum Housing Revenue Account (HRA) CFR by the DCLG through the self-financing regime. Table D4 sets out this limit:

Table D4 – HRA Debt Limit

	2015/16 Expected £m	2016/17 Forecast £m	2017/18 Forecast £m	2018/19 Forecast £m
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HRA Debt "Cap" (Statutory)	127.3	127.3	127.3	127.3
HRA Debt (CFR) at 31 March	(74.8)	(74.8)	(74.8)	(74.8)
HRA Borrowing "Headroom"	52.5	52.5	52.5	52.5

Minimum Revenue Provision (MRP) Policy

- 10.12 A proportion of the Council's capital expenditure is not immediately financed from its own resources. This results in a debt liability which must be charged to the Council Tax over a period of time. This repayment, the Minimum Revenue Provision (MRP) must be determined by the Council as being a prudent provision having regard to the CIPFA Prudential Code for Capital Finance.
- 10.13 The MRP is the amount the Council charges to the revenue account and does not correspond to the actual amount of debt repaid, which is determined by treasury related issues. Historically the Council has applied a consistent MRP policy which comprises prudential borrowing being repaid over the useful life of the asset concerned and previous borrowing being repaid at the rate of 4% (equivalent to 25 years) of the outstanding balance.
- 10.14 For 2016/17 it is proposed to change this policy to reflect the useful lives of the specific asset classes on the Council's balance sheet. It is proposed to move to:
- A straight line MRP of 14% equivalent to seven years for plant and equipment (such as IT and vehicles).
 - A straight line MRP of 2.5% equivalent to forty years for property (such as land and buildings).
- 10.15 As the majority by value of the Council's assets is property, the impact of these changes, subject to agreement with the Council's external auditors, will be a reduction in the annual debt servicing charge to the general fund. As part of this exercise the assumed prudential borrowing attached to these assets will also be reviewed. While these changes are not expected to breach the levels as currently set, once completed, an updated CFR will be prepared and reported to members in the next Treasury update.

Borrowing Strategy (including Treasury Indicators)

- 10.16 The Council's external debt as at 31 March 2016, gross borrowing plus long term liabilities, is expected to be £436m. The Council's borrowing strategy is consistent with last year's strategy. The Council is currently maintaining an under-borrowed position in that the CFR is not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as an alternative funding measure. In the current economic climate, this strategy is considered prudent while investment returns are low, counterparty risk is higher than historic averages, and borrowing rates are still relatively high.
- 10.17 The Executive Director for Resources and Regeneration will continue to monitor interest rates in the financial markets and adopt a pragmatic and cautious approach to changing circumstances. For instance, if it was felt that there was a significant risk of a sharp fall in medium to long-term interest rates (e.g. due to a marked increase of risks around a relapse into recession or risks of deflation in the economy), then long term borrowings will be postponed and potential rescheduling from fixed rate funding into short-term borrowing considered. Any such decisions would be reported to Mayor & Cabinet and subsequently Council, at the next available opportunity.

10.18 Alternatively, if it was felt that there was a significant risk of a sharp rise in medium to long-term interest rates than currently forecast (perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases or in world economic activity driving inflation up), then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn, whilst interest rates are still lower than forecast. Once again, any such decisions would be reported to Mayor & Cabinet and subsequently Council, at the next available opportunity.

10.19 Members should note that the Council's policy is not to borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within the approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Treasury Indicators

10.20 There are three debt related treasury activity limits which restrain the activity of the treasury function within certain limits. The purpose of these is to manage risk and reduce the impact of any adverse movement in interest rates. These limits need to be balanced against the requirement for the treasury function to retain some flexibility to enable it to respond quickly to opportunities to reduce costs and improve performance.

10.21 The debt related indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

10.22 Council is asked to approve the following treasury indicators and limits:

Table D5: Treasury Indicators and Limits

Interest rate exposures	2015/16	2016/17	2017/18
	Upper	Upper	Upper
Limits on fixed interest rates:			
• Debt only	100%	100%	100%
• Investments only	80%	80%	80%
Limits on variable interest rates			
• Debt only	15%	15%	15%
• Investments only	75%	75%	75%
Maturity structure of fixed interest rate borrowing 2016/17			
		Lower	Upper
Under 12 months		0%	1%
12 months to 2 years		0%	0%

2 years to 5 years	0%	6%
5 years to 10 years	0%	4%
10 years to 20 years	0%	13%
20 years to 30 years	0%	5%
30 years to 40 years	0%	20%
40 years to 50 years	0%	51%
Maturity structure of variable interest rate borrowing 2016/17		
	Lower	Upper
30 years to 40 years	0%	60%
40 years to 50 years	0%	40%

The maturity structure guidance for Lender Option Borrower Option (LOBO) loan defines the maturity date as being the next call date.

Debt Rescheduling

- 10.23 In the current economic environment and for the foreseeable future, shorter term borrowing rates are expected to be lower than longer term fixed interest rates. As a result, there may be potential opportunities to generate savings by switching debt from long term to shorter term (principally by using internal balances). However, any such savings need to be considered in the light of the current treasury position and the cost of debt repayment.
- 10.24 The Council has £112 m of LOBO loans (Lender's Option Borrower's Option) of which £53m will be in their call period in 2016/17. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also the option of repayment of the loan without penalty.
- 10.25 The Council currently holds balances which are invested and has borrowing, for capital purposes. The Council continuously reviews the debt position to optimise its cashflow. Consideration is therefore being given to rescheduling of debt which will be reported to Mayor & Cabinet and subsequently to Council at the earliest meeting following its action.

Annual Investment Strategy

Introduction: changes to credit rating methodology

- 10.26 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

- 10.27 In keeping with the agencies' new methodologies, the rating element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.
- 10.28 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. This authority understands the changes that have taken place, and is now proposing to specify a minimum sovereign rating of AA- (previously AA). This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background no longer has as significant an influence on the ratings of a financial institution.
- 10.29 It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.
- 10.30 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return. Investment instruments identified for use in the financial year are listed in Appendix Z3, under the 'specified' and 'non-specified' investments categories. The proposed counterparty limits for 2015/16 are presented to Council for approval in this same appendix.
- 10.31 In accordance with guidance from the Department for Communities and Local Government and CIPFA, and in order to minimise the risk to investments, officers have clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. This has been set out at Appendix Z3. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published information by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency.
- 10.32 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support

should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes

- 10.33 Furthermore, officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. Officers continue to engage with the Council's treasury management advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors in producing its colour codings which show the varying degrees of suggested institution creditworthiness. This has been set out in more detail at Appendix Z3.
- 10.34 Other information sources used include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 10.35 The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoid a concentration of risk.

Credit Worthiness policy

- 10.36 The Council's Treasury Management Team applies the creditworthiness service provided by its treasury management advisors Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies, Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies;
 - CDS spreads to give early warning of likely changes in credit ratings;
 - sovereign ratings to select counterparties from only the most creditworthy countries.
- 10.37 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:
- Yellow 2 years *
 - Purple 2 years
 - Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
 - Orange 1 year
 - Red 6 months
 - Green 100 days
 - No colour not to be used

**for UK Government debt, or its equivalent, constant net asset value money market funds and collateralised deposits where the collateral is UK Government debt*

The Council's creditworthiness policy has been set out at Appendix Z3.

Country limits

- 10.38 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix Z4. This list will be added to, or deducted from, by officers should country ratings change in accordance with this policy.

Part nationalised banks

- 10.39 In the 2013/14 mid year strategy it was agreed that the maximum deposit limits with part nationalised banks be increased to £65m from £50m. This was reduced to £40m from April 2015 as the government began reducing their support for these banks.
- 10.40 This scale back is as a result of the following recent events:
- The results of the 2014 Bank of England (BoE) Stress tests
 - The Government's intention to complete the sale of its shareholdings in Lloyds Banking Group and extend the reduction of their stage in the Royal Bank of Scotland (RBS) Group.

In the 2015 Summer Budget the Chancellor confirmed this process will continue.

Investment Policy

- 10.41 Investments will be made with reference to the core balances and cashflow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 24 months). In order to maintain sufficient liquidity, the Council will seek to utilise its instant access call accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest. The remainder of its investments will be placed in fixed term deposits of up to 24 (previously 12 months) months to generate maximum return. The Council will not invest in any fixed term deposit facility exceeding 2 years.
- 10.42 This increase from 1 to 2 years is as a result of improved bank regulation and stability following stronger recent UK and European stress testing which the banks have passed.
- 10.43 In the light of the continued predictions for low savings rates for sometime to come, the Council, with support from its advisors, is assessing the potential risk and return offered by investing for longer (five or more years) in pooled asset funds. This policy is set with regard to the Council's liquidity requirements and to reduce the risk of a forced sub-optimal early sale of an investment.
- 10.44 The Treasury Policy is therefore amended to enable this type of investment to be entered into if, within the forecast cashflow for the Council, it would meet the objectives of the policy for security, liquidity and return.

Prospects for Investment Returns

- 10.45 The Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 1.00%
- 2017/18 1.75%
- 2018/19 2.00%

10.46 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

- 2016/17 0.90%
- 2017/18 1.50%
- 2018/19 2.00%
- 2019/20 2.25%
- 2020/21 2.50%
- 2021/22 3.00%
- 2022/23 3.00%
- Later years 3.00%

10.47 The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk. A more extensive table of interest rate forecasts for 2015/16, including Public Works Loan Board (PWLB) borrowing rate forecasts is set out in Appendix Z1.

Summary

10.48 This section, in accordance with statutory requirements, sets out the Council's Treasury Management Strategy for 2016/17. The approach remains broadly the same with the following changes proposed:

- A change to the MRP policy to split property and plant & equipment assets and apply a straightline percentage of 2.5% and 14.3% respectively to each and a review of the levels of associated prudential borrowing.
- Note the proposed consideration of the opportunity for reducing risk and making savings in the short term (the next five years) by running down investment balances by repaying some of the PWLB debt prematurely.
- Change the minimum sovereign rating to AA-.
- Increase the yellow and purple durational bands from 1 to 2 years.
- Inclusion of the option to invest for more than one year in pooled property asset funds in the future.

10.49 At the end of the financial year, the officers will report to the Council on investment activity for the year as part of its Annual Treasury Report (included in the Council's outturn report).

11 CONSULTATION ON THE BUDGET

11.1 In setting the various budgets, it is important to have extensive engagement with citizens to consider the overarching challenge facing public services in Lewisham over the next few years.

To this end, the Council has undertaken a range of engagement and specific consultation exercises. The specific consultation exercises were:

Rent Setting and Housing Panel

- 11.2 As in previous years, tenants' consultation was in line with Residents' Compact arrangements. This provided tenant representatives of Lewisham Homes with an opportunity in December 2015 at the joint Housing Panel meeting to consider the positions and to feedback any views to Mayor & Cabinet. Tenant representative of Brockley convened their Brockley Residents' Board in December 2015 to hear the proposals and fed back.
- 11.3 Details of comments from the residents' meetings have been set out in Appendix X2.
Business Ratepayers
- 11.4 Representatives of business ratepayers are being consulted online on Council's outline budget between 21 January and 4 February 2015. The results of this consultation will be made available in the Budget Report Update presented to Mayor and Cabinet on 17 February 2015.

12. FINANCIAL IMPLICATIONS

- 12.1 This entire report deals with the Council's Budget. Therefore, the financial implications are explained throughout.

13. LEGAL IMPLICATIONS

- 13.1 Many legal implications are referred to in the body of the report. Particular attention is drawn to the following:

Capital Programme

- 13.2 Generally, only expenditure relating to tangible assets (e.g. roads, buildings or other structures, plant, machinery, apparatus and vehicles) can be regarded as capital expenditure. (Section 16 Local Government Act 2003 and regulations made under it).
- 13.3 The Local Government Act 2003 introduced a prudential system of financial control, replacing a system of credit approvals with a system whereby local authorities are free to borrow or invest so long as their capital spending plans are affordable, prudent, and sustainable. Authorities are required to determine and keep under review how much they can afford to borrow having regard to CIPFA's Prudential Code of Capital Finance in Local Authorities. The Code requires that in making borrowing and investment decisions, the Council is to take account of affordability, prudence, and sustainability, value for money, stewardship of assets, service objectives, and practicality.
- 13.4 Section 11 Local Government Act 2003 allows for regulations to be made requiring an amount equal to the whole or any part of a capital receipt to be paid to the Secretary of State. Since April 2013 there has been no requirement to set aside capital receipts on housing land (SI2013/476). For right to buy receipts, the Council can retain 25% of the net receipt (after taking off transaction costs) and is then entitled to enter an agreement with the Secretary of State to fund replacement homes with the balance. Conditions on the use of the balance of the receipts are that spending has to happen within three years and that 70% of the funding needs to come from Council revenue or borrowing. If

the funding is not used within three years, it has to be paid to the Department for Communities for Local Government, with interest.

Housing Revenue Account

- 13.5 Section 24 of the Housing Act 1985 provides that a local authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Council must review rents from time to time and make such charges as circumstances require.
- 13.6 Under the Local Government and Housing Act 1989, the Council is obliged to maintain a separate HRA (Section 74) and by Section 76 must prevent a debit balance on that account. Rents must therefore be set to avoid such a debit.
- 13.7 By Schedule 4 of the same Act where benefits or amenities arising out of a housing authority functions are provided for persons housed by the authority but are shared by the community, the Authority must make such contribution to the HRA from their other revenues to properly reflect the community's share of the benefits/amenities.
- 13.8 The process for varying the terms of a secure tenancy is set out in Sections 102 and 103 of the Housing Act 1985. It requires the Council to serve notice of variation at least four weeks before the effective date; the provision of sufficient information to explain the variation; and an opportunity for the tenant to serve a Notice to Quit ending their tenancy.
- 13.9 Where the outcome of the rent setting process involves significant changes to housing management practice or policy, further consultation may be required with the tenants' affected in accordance with section 105 of the Housing Act 1985.
- 13.10 Part 7 of the Localism Act 2011 abolished HRA subsidy and moved to a system of self financing in which Councils are allowed to keep the rents received locally to support their housing stock. Section 174 of the same Act provides for agreements between the Secretary of State and Councils to allow Councils not to have to pay a proportion of their capital receipts to the Secretary of State if he/she approves the purpose to which it would be put.

Balanced Budget

- 13.11 Members have a duty to ensure that the Council acts lawfully. It must set and maintain a balanced budget each year. The Council must take steps to deal with any projected overspends and identify savings or other measures to bring the budget under control. If the Capital Programme is overspending, this may be brought back into line through savings, slippage, or contributions from revenue. The proposals in this report are designed to produce a balanced budget in 2016/17.
- 13.12 In this context, Members are reminded of their fiduciary duty to the Council Tax payer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of Council funds.

An annual budget

- 13.13 By law, the setting of the Council's budget is an annual process. However, to enable meaningful planning, a number of savings proposals for 2016/17 were anticipated in the

course of the budget process. They were the subject of full report at that time and they are now listed in Appendix Y1 and Appendix Y2. Members are asked now to approve and endorse those reductions for this year. This report is predicated on taking all of the agreed and proposed savings. If not, any shortfall will have to be met through adjustments to the annual budget in this report.

- 13.14 The body of the report refers to the various consultation exercises (for example with tenants' and business) which the Council has carried out/is carrying out in accordance with statutory requirements relating to this budget process. The Mayor must consider the outcome of that consultation with an open mind before reaching a decision about his final proposals to Council. It is noted that the outcome of consultation with business rate payers will only be available from the 5 February 2016 and any decisions about the Mayor's proposals on the budget are subject to consideration of that consultation response.

Referendum

- 13.15 Sections 72 of the Localism Act 2011 and Schedules 5 to 7 amended the provisions governing the calculation of Council Tax. They provide that if a Council seeks to impose a Council Tax increase in excess of limits fixed by the Secretary of State, then a Council Tax referendum must be held, the results of which are binding. The Council may not implement an increase which exceeds the Secretary of State's limits without holding the referendum. Were the Council to seek to exceed the threshold, substitute calculations which do not exceed the threshold would also have to be drawn up. These would apply in the event that the result of the referendum is not to approve the "excessive" rise in Council Tax. Attention is drawn to the statement of the Secretary of State that the Council may impose a precept of 2% on the Council Tax, ring-fenced for social care provision, and may impose an additional increase of less than 2% without the need for a referendum. The maximum proposed Council Tax increase is 3.99% and therefore below the combined limit.
- 13.16 In relation to each year the Council, as billing authority, must calculate the Council Tax requirement and basic amount of tax as set out in Section 31A and 31B of the Local Government Finance Act 1992. These statutory calculations appear Appendix Y5.

Robustness of estimates and adequacy of reserves

- 13.17 Section 25 of the Local Government Act 2003 requires, when the authority is making its calculations under s32 of the Local Government Finance Act 1992, the Chief Finance Officer to report to it on:-
- (a) the robustness of the estimates made for the purposes of the Calculations; and
 - (b) the adequacy of the proposed financial reserves.
- 13.18 The Chief Financial Officer's section 25 statement will be appended to the Budget Report update to Mayor & Cabinet on 17 February 2015.

Treasury Strategy

- 13.19 Authorities are also required to produce and keep under review for the forthcoming year a range of indicators based on actual figures. These are set out in the report. The

CIPFA Treasury Management Code of Practice says that movement may be made between the various indicators during the year by an Authority's Chief Finance Officer as long as the indicators for the total Authorised Limit and the total Operational Boundary for external debt remain unchanged. Any such changes are to be reported to the next meeting of the Council.

- 13.20 Under Section 5 of the 2003 Act, the prudential indicator for the total Authorised Limit for external debt is deemed to be increased by an amount of any unforeseen payment which becomes due to the Authority within the period to which the limit relates which would include for example additional external funding becoming available but not taken into account by the Authority when determining the Authorised Limit. Where Section 5 of the Act is relied upon to borrow above the Authorised Limit, the Code requires that this fact is reported to the next meeting of the Council.
- 13.21 Authority is delegated to the Executive Director for Resources & Regeneration to make amendments to the limits on the Council's counterparty list and to undertake Treasury Management in accordance with the CIPFA Treasury Management Code of Practice and the Council's Treasury Policy Statement.

Constitutional provisions

- 13.22 Legislation provides that it is the responsibility of the full Council to set the Council's budget. Once the budget has been set, save for those decisions which he is precluded from, it is for the Mayor to make decisions in accordance with the statutory policy framework and that are not wholly inconsistent with the budget. It is for the Mayor to have overall responsibility for preparing the draft budget for submission to the Council to consider. If the Council does not accept the Mayor's proposals it may object to them and ask him to reconsider. The Mayor must then reconsider and submit proposals (amended or unamended) back to the Council which may only overturn them by a two-thirds majority.
- 13.23 For these purposes the term "budget" means the "budget requirement (as provided for in the Local Government Finance Act 1992) all the components of the budgetary allocations to different services and projects, proposed taxation levels, contingency funds (reserves and balances) and any plan or strategy for the control of the local authority's borrowing or capital expenditure." (Chapter 2 statutory guidance).
- 13.24 Authorities are advised by the statutory guidance to adopt an inclusive approach to preparing the draft budget, to ensure that councillors in general have the opportunity to be involved in the process. However it is clear that it is for the Mayor to take the lead in that process and proposals to be considered should come from him. The preparation of the proposals in this report has involved the Council's select committees and the Public Accounts Select Committee in particular, thereby complying with the statutory guidance.

Statutory duties and powers

- 13.25 The Council has a number of statutory duties which it must fulfil by law. It cannot lawfully decide not to carry out those duties. However, even where there is a statutory duty, the Council often has discretion about the level of service provision. Where a service is provided by virtue of a Council power rather than a duty, the Council is not bound to carry out those activities, though decisions about them must be taken in accordance with the decision making requirements of administrative law. In so far as this report

deals with reductions in service provision in relation to a specific service, this has been dealt with in the separate savings report that accompanies this budget report.

Reasonableness and proper process

- 13.26 Decisions must be made reasonably taking into account all relevant considerations and ignoring irrelevancies. Members will see that in relation to the proposed savings there is a summary at Appendix Y2. If the Mayor decides that the budget for that service must be reduced, the Council's reorganisation procedure applies. Staff consultation in accordance with that procedure will be conducted and in accordance with normal Council practice, the final decision would be made by the relevant Executive Director under delegated authority.

Staff consultation

- 13.27 Where proposals, if accepted, would result in 100 redundancies or more within a 90 day period, an employer is required by Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 as amended, to consult with the representatives of those who may be affected by the proposals. The consultation period is at least 45 days. Where the number is 20 or more, but 99 or less the consultation period is 30 days. This requirement is in addition to the consultation with individuals affected by redundancy and/or reorganisation under the Council's own procedure.

Best Value

- 13.28 Under section 3 of the Local Government Act 1999, the Council is under a best value duty to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. It must have regard to this duty in making decisions in relation to this report.

Integration with health

- 13.29 Members are reminded that provisions under the Health and Social Care Act 2012 require local authorities in the exercise of their functions to have regard to the need to integrate their services with health.

14 HUMAN RESOURCES IMPLICATIONS

- 14.1. There are no specific human resources implications arising from this report. Any such implications were considered as part of the revenue budget savings proposals presented to Mayor & Cabinet on 30 September 2015. A summary of the savings proposals are attached at Appendix Y2 to this report.

15. CRIME AND DISORDER

- 15.1. Section 17 of the Crime and Disorder Act 1998 requires the Council when it exercises its functions to have regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.
- 15.2. There are no specific crime and disorder implications arising from this report.

16. EQUALITIES

- 16.1. The Equality Act 2010 (the Act) introduced the public sector equality duty (the equality duty or the duty). It 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.
- 16.2. 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.
- 16.3. The 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. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which the Council can demonstrate that they have had ‘due regard’.
- 16.4. The Equality and Human Rights Commission issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with services and public functions. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 16.5. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
 2. Meeting the equality duty in policy and decision-making
 3. Engagement and the equality duty
 4. Equality objectives and the equality duty
 5. Equality information and the equality duty
- 16.6. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties, and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>
- 16.7. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. It appears at Appendix Y6 and attention is drawn to its contents.

- 16.8. Assessing impact on equality is not an end to itself and it should be tailored to, and be proportionate to, the decision being made. Whether it is proportionate for the Council to conduct an Equalities Analysis Assessment of the impact on equality of a financial decision or not depends on its relevance to the Authority's particular function and its likely impact on people from protected groups, including staff.
- 16.9. Where savings proposals are anticipated to have an impact on staffing levels, it will be subject to consultation as stipulated within the Council's Employment/Change Management policies, and services will be required to undertake an Equalities Analysis Assessment (EAA) as part of their restructuring process.
- 16.10. It is also important to note that the Council is subject to the Human Rights Act, and should therefore, also consider the potential impact their particular decisions could have on human rights. Where particular savings have such implications, they are dealt with in relation to those particular reports.

17. ENVIRONMENTAL IMPLICATIONS

- 17.1. Section 40 of the Natural Environment and Rural Communities Act 2006 states that: 'every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity'. No such implications have been identified in relation to the reductions proposals.
- 17.2. There are no specific environmental implications arising from this report.

18. CONCLUSION

- 18.1. This report sets out the information necessary for the Council to set the 2016/17 budget. Updates will be made to this report at Mayor & Cabinet on 17 February 2016. Final decisions will be taken at the meeting of full Council on 24 February 2016.

19. BACKGROUND DOCUMENTS AND FURTHER INFORMATION

Short Title of	Date	Location	Contact
Medium Term Financial Strategy	14 July 2015 (M&C)	5th Floor Laurence House	David Austin
Savings Proposals for 2015/16	30 September (M&C) 9 December 2015 (M&C)	5th Floor Laurence House	David Austin
Setting the Council Tax Base & Discounts for Second Homes and Empty Properties	20 January 2016 (Council)	5th Floor Laurence House	David Austin

For further information on this report, please contact:

Janet Senior

Executive Director for Resources & Regeneration on 020 8314 8013

David Austin

Head of Corporate Resources on 020 8314 9114

Shola Ojo

Principal Accountant, Strategic Finance on 020 8314 7778

20. APPENDICES

Capital Programme

W1 2015/16 to 2019/20 Capital Programme – Major Projects

W2 Proposed Capital Programme – Original to latest Budget

Housing Revenue Account

X1 Proposed Housing Revenue Account Savings 2016/17

X2 Leasehold and Tenants charges consultation 2016/17

X3 Leasehold and Tenants charges and Lewisham Homes Budget Strategy 2016/17

X4 Other associated housing charges for 2016/17

General Fund

Y1 Summary of previously agreed budget savings for 2016/17 and 2017/18

Y2 Summary of Proposed Revenue Budget savings 2016/17 and 2017/18

Y3 Ready Reckoner for Council Tax 2016/17

Y4 Chief Financial Officer's Section 25 Statement – *To follow M&C 17th February 2016*

Y5 Council Tax and Statutory Calculations

Y6 Making Fair Financial Decisions

Treasury Management

Z1 Interest Rate Forecasts 2016 – 2019

Z2 Economic Background

Z3 Credit Worthiness Policy (Linked to Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management)

Z4 Approved countries for investments

Z5 Requirement of the CIPFA Management Code of Practice

APPENDIX W1: 2015/16 to 2019/20 Capital Programme – Major Projects

APPENDIX W1

2015/2016 TO 2019/2020 CAPITAL PROGRAMME - MAJOR PROJECTS

Major Projects over £2m	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
GENERAL FUND						
BSF - Sydenham (D&B)	4.9	1.2				6.1
Schools - Primary Places Programme	28.2	6.0				34.2
Schools - Other Capital Works	8.6	1.4	1.2	1.2	1.2	13.6
Highways & Bridges - TfL	3.9	2.0				5.9
Highways & Bridges - LBL	3.5	4.0	3.5	3.5	3.5	18.0
Catford TC (inc Broadway & Milford Towers) Regeneration	0.4	8.5				8.9
Asset Management Programme - Non Schools	1.1	3.1	3.0	3.0		10.2
Kender and Excalibur Regeneration	2.6	0.6	1.1		1.5	5.8
Heathside & Lethbridge Regeneration	0.3	2.3	5.0			7.6
Lewisham Homes – Property Acquisition	7.0	4.0			9.0	20.0
Ladywell Pop-Up Village	2.8	1.5			.8	5.1
Disabled Facilities Grant	0.7	0.7	0.7	0.7		2.8
Private Sector Grants and Loans	0.6	0.6	0.6	0.6		2.4
Other Schemes	14.7	7.2	1.1	1.1		24.1
	79.3	43.1	16.2	10.1	16.0	164.7
HOUSING REVENUE ACCOUNT						
Customer Services	6.8	51.3	53.2	.4	.5	112.2
Lewisham Homes	32.0	34.8	36.4	37.2	38.0	178.4
	38.8	86.1	89.6	37.6	38.5	290.6
TOTAL PROGRAMME	118.1	129.2	105.8	47.7	54.5	455.3

APPENDIX W2: Proposed Capital Programme – Original to latest Budget

APPENDIX W2

PROPOSED CAPITAL PROGRAMME - ORIGINAL TO LATEST BUDGET

	Total £000	Total £000
GENERAL FUND		
Original Budget (Feb 2015)		120,619
New Schemes during the year		
2016 Schools Minor Works Programme	2,750	
Grove Park Streetscape Improvements	1,223	
Loan to CRPL (Brookdale)	1,175	
Catford Enterprise Hubs and Creative Workshop Centre	546	
CRM Upgrade (ICT Roadmap Programme)	350	
Thurston Road Industrial Estate – Bust Stop Accessibility & Footway Imp.	223	
Church Grove Group Self –Build Housing	125	
Borough Wide 20 MPH Zone	110	
New Homes , Better Place – Besson Street Development	75	
Deptford Southern Sites Regeneration	75	
Reintegration & Aftercare Lewisham (REAL) Service	51	
Bus Stop Accessibility – Heathside & Lethbridge Estate	24	
Bus Stop Accessibility – Conington Road	21	6,748
19/20 Rolling Programmes		
LBL Highways	3,500	
Schools AMP	1,200	4,700
19/20 New Scheme		
Kender New Build Grant: Phase 3 South (NDC)-		1,485
Approved variations on existing schemes		
14/15 Underspends on various schemes	14,900	
Primary Places Programme – Additional funding	5,983	
Ladywell Pop-up Village – Transferred from HRA	2,460	
TfL Highways programme – Additional Grant	2,192	

Heathside & Lethbridge - Partnership Works (Phase 6) - Additional funding	1,087	
Surrey Canal – NLL (S106 Funded) – Additional Grant	976	
Ladywell Pop-up Village – Additional Budget	800	
Heathside & Lethbridge - Partnership Works (Phase 5) - Additional funding	797	
Cycle Quietway 1 (S 106 Funded) - Additional Grant	482	
Tackling Empty Homes – Rounds 1& 2 – Additional Grant	324	
Drumbeat 6 th Form School (Brockley Site) – Phase 3 – Additional funding	220	
Sydenham Park Footbridge – Additional funding	150	
Monson (HTG) School - Additional funding	100	
Folkestone Garden Improvements – Additional Grant	76	
Deptford High Street Major Scheme – Additional Grant	57	
Other variations	504	31,108

Latest Budget		<u>164,660</u>
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HOUSING REVENUE ACCOUNT

Original Budget (Feb 2015)		303,670
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Re-phasing Budgets and addition of 19/20 Budgets		
- LH Underspend	2,466	
- Lewisham Homes	6,387	
- Other HRA schemes including Housing Matters Programme	<u>-19,370</u>	-10,517
Ladywell Pop-Up Village – Transferred to GF		-2,460

Latest Budget		<u>290,693</u>
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Overall Budget		<u>455,353</u>
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APPENDIX X1: Proposed Housing Revenue Account Savings 2016/17

- X1.1 The HRA strategy and self-financing assessments are continually updated and developed with the view to ensuring resources are available to meet costs and investment needs and are funded for 2016/17 and future years.
- X1.2 Savings and efficiencies delivered in the 2016/17 budget can be re-invested to off-set constrained rent rises or to help bridge any investment gap identified. As a prudent measure the original financial model was developed with no savings identified. Subsequently, discussions have taken place regarding appropriate savings and 'target' management and maintenance costs per unit. For example, there is already an assumed reduction in the Lewisham Homes fee in 2016/17 to reflect stock losses through Right to Buy Sales. The savings and growth below are part of the process to reduce costs to enable reinvestment in priority areas. The package of savings proposed by way of this report can mostly be delivered through efficiencies in back office services.
- X1.3 Officers, together with Lewisham Homes, have already identified a saving of £1m arising from a reduction in Repairs and Maintenance allocations. This budget has under spent by at least this amount in the last financial year and is expected to do so again in the current year. This is as a result of the Decent Homes improvements carried out over the last four years.
- X1.4 Further savings are expected once a review of other asset investment priorities is completed in January 2016.
- X1.5 An update of the HRA Strategy, Savings Proposals, proposed rent & service charge increases and comments from consultation with tenant representatives will be reported to Mayor & Cabinet as part of the HRA Rents and budget strategy report. Mayor & Cabinet will make the final budget decisions in the new year.

APPENDIX X2: Leasehold and Tenants Charges Consultation 2016/17

Committee	Brockley Residents Board	Item No	
Report Title	Leasehold and Tenant Charges Consultation		
Contributor	Regenter Brockley Operations Manager		
Class	Decision	Date	December 2015

1 Summary

- 1.1 The report sets out proposals to increase service charges to ensure full cost recovery in line with Lewisham Council's budget strategy.
- 1.2 The report requests Brockley Residents Panel members to consider the proposals to increase service charges based on an uplift of 1.8% for 2016/17 on specific elements. This is based on full cost recovery in line with previous years' proposals.

2 Policy Context

- 2.1 The policy context for leasehold and tenant service charges is a mixture of statutory and Council Policy.
- 2.2 The Council's Housing Revenue Account is a ringfenced revenue account. The account is required to contain only those charges directly related to the management of the Council's Housing stock. This requires that leaseholder charges reflect the true cost of maintaining their properties where the provision of their lease allows. This prevents the situation occurring where tenants are subsidising the cost of leaseholders who have purchased their properties.

3. Recommendations

- 3.1 The Brockley Residents Panel is requested to consider and comment on the proposals contained in this report and the feedback from the residents will be presented to Mayor and Cabinet as part of the wider rent setting report.

4. Purpose

- 4.1 The purpose of the report is to:
 - outline the proposals for increases in service charges in line with the contract arrangements for leaseholders and tenants to recover costs incurred for providing these services

5. Housing Revenue Account Charges

- 5.1 There are a number of charges made to residents which are not covered through rents. These charges are principally:
- Leasehold Service Charges
 - Tenant Service Charges
- 5.2 A service charge levy is applied to Tenants for caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning. Tenants also pay a Tenants Fund Levy which is passed onto the Tenants Fund as a grant.
- 5.3 The key principles that should be considered when setting service charges are that:
- The charge should be fair and be no more or less than the cost of providing the service
 - The charge can be easily explained
 - The charge represents value for money
 - The charging basis allocates costs fairly amongst those receiving the service
 - The charge to all residents living in a block will be the same
- 5.4 The principle of full cost recovery ensures that residents pay for services consumed and minimises any pressures in the Housing Revenue Account in providing these services. This is in line with the current budget strategy.
- 5.5 In the current economic environment it must however be recognised that for some residents this may represent a significant financial strain. Those in receipt of housing benefit will receive housing benefit on increased service charges. Approximately 50% of council tenants are in receipt of housing benefit.

6. Analysis of full cost recovery

- 6.1 The following section provides analysis on the impact on individuals of increasing charges to the level required to ensure full cost recovery. The tables indicate the overall level of increases.

Leasehold service charges

- 6.2 The basis of the leasehold management charge has been reviewed and externally audited this summer to reflect the actual cost of the service. In line with best practice in the sector this is now a fixed cost rather than a variable cost. The management charge is £53.00 for street properties and £145.31 for blocks.

- 6.3 The uplift in leaseholder charges should reflect full cost recovery for the type of service undertaken. It is proposed that any uplift is applied at 1.8% (RPI (September 2015) +1%).
- 6.4 The following table sets out the average weekly increase for the current services provided by Regenter Brockley:

Service	Leasehold No.	Current Weekly Charge	New Weekly	Weekly Increase	% Increase
Caretaking	371	£3.55	£3.61	£0.06	1.80%
Grounds Maintenance	368	£2.00	£2.04	£0.04	1.80%
Lighting	389	£0.74	£0.75	£0.01	1.80%
Bulk Waste	362	£1.21	£1.23	£0.02	1.80%
Window Cleaning	221	£0.09	£0.09	£0.00	0.00%
Resident Involvement	532	£0.24	£0.24	£0.00	0.00%
Customer Services	532	£0.35	£0.35	£0.00	0.00%
Ground Rent	532	£0.19	£0.19	£0.00	0.00%
General Repairs	237	£0.54	£0.55	£0.01	1.80%
Technical Repairs	400	£0.32	£0.33	£0.01	1.80%
Entry Phone	139	£0.05	£0.05	£0.00	0.00%
Lift	235	£0.30	£0.30	£0.00	0.00%
Management Fee	532	£1.65	£1.65	£0.00	0.00%
Total		£11.22	11.38	0.15	1.80%

Tenant service charges

- 6.5 Tenant service charges were separated out from rent (unpooled) in 2003/04, and have been increased by inflation since then. RB3 took over the provision of the caretaking and grounds maintenance services in 2007/08. Both tenants and leaseholders pay caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning service charges.
- 6.6 In addition, tenants pay a contribution of £0.13pw to the Lewisham Tenants Fund. At present there are no plans to increase the Tenants Fund charges.
- 6.7 In order to ensure full cost recovery, tenant's service charges for caretaking, grounds maintenance and other services should be increased in line with the percentage increase applied to leaseholder service charges. Overall, charges are suggested to be increased by an average of £0.78pw which would move the current average weekly charge from £7.72 to £8.50.
- 6.8 The effect of increases in tenant service charges to a level that covers the full cost of providing the service is set out in the table below.

Service	Current Weekly Charge	New Weekly Charge	Weekly Increase	% increase
	£	£	£	%
Caretaking	3.55	4.18	0.63	1.80
Grounds Maintenance	2.00	2.03	0.03	1.80
Communal Lighting	0.74	0.75	0.01	1.80
Bulk Waste	1.21	1.23	0.02	1.80
Window Cleaning	0.09	0.18	0.09	1.80
Tenants fund	0.13	0.13	0.00	0.00
Total	7.72	8.5	0.78	1.80

- 6.13 The RB3 Board is asked for their views on these charges from April 2016 to March 17. Results of the consultation will be presented to Mayor and Cabinet for approval in February 2016

7. Financial implications

The main financial implications are set out in the body of the report.

8. Legal implications

- 8.1. Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Authority must review rents from time to time and make such changes as circumstances require. Within this discretion there is no one lawful option and any reasonable option may be looked at. The consequences of each option must be explained fully so that Members understand the implications of their decisions.
- 8.2 Section 76 of the Local Government and Housing Act 1989 provides that local housing authorities are under a duty to prevent a debit balance in the HRA. Rents must therefore be set to avoid such a debit.
- 8.3 Section 103 of the Housing Act 1985 sets out the terms under which secure tenancies may be varied. This requires –
- the Council to serve a Notice of Variation at least 4 weeks before the effective date;
 - the provision of sufficient information to explain the variation;
 - an opportunity for the tenant to serve a Notice to Quit terminating their tenancy.
- 8.4 The timetable for the consideration of the 2016/17 rent levels provides an adequate period to ensure that legislative requirements are met.
- 8.5 Part III of Schedule 4 of the Local Government and Housing Act 1989 provides that where benefits or amenities arising out of the exercise of a Housing Authority's functions, are provided for persons housed by the authority, but are shared by the community as a whole, the authority shall make such contribution to their HRA from their other revenue accounts to properly reflect the community's share of the benefits or amenities.
- 8.6 Where as an outcome of the rent setting process, there are to be significant changes in housing management practice or policy, further consultation may be required with the tenants affected in accordance with section 105 of the Housing Act 1985.

9. Crime and disorder implications

There are no specific crime and disorder implications in respect of this report paragraph.

10. Equalities implications

The general principle of ensuring that residents pay the same charge for the same service is promoting the principle that services are provided to residents in a fair and equal manner.

11. Environmental implications

There are no specific environmental implications in respect of this report.

12. Conclusion

12.1 Revising the level of charges ensures that the charges are fair and residents are paying for the services they use.

12.2 The additional resources generated will relieve some of the current pressures within Housing Revenue Account and will contribute to the funding of the PFI contract which is contained within the authorities Housing Revenue Account.

If you require any further information on this report please contact

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Maxeene.mcfarlane@pinnacle-psg.com

APPENDIX X3: Leasehold and Tenants Charges and Lewisham Homes Budget Strategy 2016/17

Meeting	Area Panel		Item No.	
Report Title	Leasehold and Tenant Charges 2016/17			
Report Of	Director of Resources – Adam Barrett			
Class	Decision	Date	17 th December 2015	

1. Purpose of the Report

This report sets out proposals for residents service charges in 2016/17.

2. Recommendations

That the Area Panel:

- 2.1 Comment on the proposed service charges for 2016/17.
- 2.2 Note the average increase in weekly tenant service charge from £7.71 in 2015/16 to £8.75 for 2016/17.
- 2.3 Note the average increase in weekly leasehold service charge from £13.80 in 2015/16 to £14.76 for 2016/17.
- 2.4 Note that Lewisham’s average tenant service charges at £8.75 per week for 2016/17 remain below the estimated average charge for London Boroughs (£9.30).

3. Background of the Report

- 3.1 One of Lewisham Homes core objectives is sustainability and this includes ensuring that there is a focus on providing improved services to tenants that are affordable without compromising quality.
- 3.2 The Lewisham Homes budget process has identified net efficiency savings of £326,000, and these have been passed on to residents and contributed to the proposed 2016/17 charges.
- 3.3 Lewisham Homes has now taken over responsibility for grounds maintenance. We have invested in new equipment and launched the

improved service which, alongside our continued investment in residents' properties, will improve the look, feel and quality of our neighbourhoods.

- 3.4 The Council's Housing Revenue Account is a ring-fenced account. The account can only contain those charges directly related to the management of the Council's housing stock. By implication leaseholders must be charged the true cost of maintaining their properties, where the provision of their lease allows. This prevents tenants subsidising the cost to leaseholders, who have purchased their properties.

4 Tenant and Leasehold service charges 2016/17

The table below sets out the proposed 2016/17 charges as compared with 2015/16.

Table 1

Services	Tenant (T)/ Leaseholders (LH)	Estimate (per week charge)		Change (Inc/- Dec)
		2015/16	2016/17	
		£	£	£
Caretaking	T & LH	5.82	5.89	0.07
Ground Maintenance	T & LH	0.97	1.63	0.66
Repairs and Maintenance - Building	LH	1.56	2.67	1.11
Repairs and Maintenance Technical	LH	1.06	1.12	0.06
Lifts	LH	2.65	2.62	-0.03
Entry Phone	LH	0.27	0.65	0.38
Block Pest Control	T & LH	1.63	1.56	-0.07
Ground Rent	LH	0.19	0.19	0.00
Sweeping	LH	0.88	0.77	-0.11
Management	LH	3.34	2.89	-0.45
Window Cleaning	T & LH	0.06	0.06	0.00
Bulky House Hold Waste Collection Service	T & LH	0.48	0.48	0.00
Bulk Waste Disposal	T & LH	0.00	0.81	0.81
Insurance	LH	0.87	1.16	0.29
Total excluding energy charges		19.78	22.50	2.72
Communal Lighting	T & LH	1.21	1.08	-0.13
Communal Heating and Hot Water	T & LH	8.01	9.86	1.85
Total energy charges		9.22	10.94	1.72
Grand Total		29.00	33.44	4.44

T & LH – Service Charges to Tenants and Leaseholders

LH – Service Charges to Leaseholders only

5. Analysis of impact due to changes in Service Charges for Tenants

5.1 There is an overall increase of £1.04 for the average tenant service charges from £7.71 to £8.75 per week.

This increase is largely as a result of changed/additional services:-

Grounds Maintenance - enhanced service: £0.51 (average)

New charge - Bulk Waste disposal: £0.60 (average)

5.2 Other charges reflect the estimated actual costs of services, such as energy costs, and will vary year on year according to consumption and price fluctuations.

5.5 Table 2, below sets out the impact of the propose charges for Tenants. 75% of tenants will receive an increase of between £0 and £2.00 in 2016/17.

Table 2

Bands of Decrease/Increase	Number of Tenants	% of Total Income 16-17	
Dec - 3.00 plus	126	1%	14,470
Dec - £2.01 to £3.00	11	0%	1,800
Dec - £1.01 to £2.00	35	0%	9,786
Dec - 0 to 1.00	315	2%	177,624
Inc - 0 to 1.00	4,306	33%	840,640
Inc - £1.01 to £2.00	5,544	42%	2,847,530
Inc - £2.01 to £3.00	1,494	11%	994,010
Inc - 3.00 plus	1,369	10%	1,062,730
Grand Total	13,200	100%	5,948,589

6.0 Analysis of Impact due to changes in Service Charges for Leaseholders

6.1 There is an overall increase of 96p for the average leasehold service charges from £13.80 to £14.76 per week. The increase is largely as a result of the enhanced Grounds Maintenance charge (51p average) and the new charge for Bulk Waste disposal (60p average).

6.2 Table 3 below sets out the impact of the changes for leaseholders with 23% of leaseholders receiving an increase of over £3.00 per week for 2016/17.

Table 3

Bands of Decrease/Increase	Number of Leaseholders	% of Total	Income 16-17
Dec - 3.00 plus	207	4%	112,980
Dec - £2.01 to £3.00	167	4%	116,110
Dec - £1.01 to £2.00	324	7%	208,440
Dec - 0 to 1.00	948	20%	557,620
Inc - 0 to 1.00	826	17%	587,700
Inc - £1.01 to £2.00	735	15%	611,840
Inc - £2.01 to £3.00	470	10%	424,281
Inc - 3.00 plus	1,083	23%	1,147,260
Grand Total	4,760	100%	3,766,231

7. Tenant Service Charge Benchmarking

7.1 Accurate service charge benchmarking data is not currently available as it is no longer published by CIPFA until later in the year.

7.2 Using prior years charges as an estimate, the average London Boroughs' tenant charge is £9.30 per week compared with Lewisham Homes proposed 2016/17 charge of £8.75 per week.

If you require further information on this report please contact Adam Barrett on 020 8613 7697 or email adam.barrett@lewishamhomes.org.uk

APPENDIX X4: Other Associated Housing Charges for 2016/17

Garage Rents

1. Allowance has been made for a 0.80% inflationary increase to all garage rents across all managed areas, based on the RPI rate at September 2015. This equates to an average increase of £0.09 per week and raises the average basic charge from £11.56 to £11.65 per week.
2. Garage rents for the Brockley PFI managed area will therefore increase from an average of £8.89 per week to £8.96 per week. This is a change of £0.07 per week.
3. Garage rents for the Lewisham Homes managed area will therefore increase from an average of £11.93 per week to £12.03 per week. This equates to an increase of £0.10 per week.
4. The authority will be commissioning a review into rental values across the garage stock, with a view to reporting to Mayor & Cabinet sometime in the next year recommending rental values to take forward in the longer term. Any changes are likely to be consulted on and implemented for financial year 2017/18 onwards

Tenants Levy

5. As part of the budget and rent setting proposals for 2005/6, a sum of £0.13 per week was 'unpooled' from rent as a tenants service charge in respect of the Lewisham Tenants Fund. There was no increase in charges for the period 2009/10 to 2013/14 following consultation with Housing Panels.
6. Lewisham Tenants Fund (LTF) put forward proposals to reduce the levy from £0.13 for 2015/16 to £0.10pw for 2016/17. These were submitted to Housing Panels and agreed. Therefore, the levy for 2016/17 will reduce by £0.03pw to £0.10 per property per week.

Hostel charges

7. Hostel accommodation charges are set based on current Government requirements and will reduce by around 1.0% (£0.39 per week).
8. Hostel services charges are set to achieve full cost recovery, following the implementation of self-financing. For 2016/17, the charge for Caretaking/management and Grounds Maintenance are proposed to be increase by 2.90% or £2.09 per week to reflect inflationary increases. This will move the average charge from £72.99 per unit per week to £75.08 per unit per week.

9. In addition, the charge levied for Heat, Light & Power (Energy) and Water Charges will not be increased due to further analysis on consumption patterns and communal area assumptions, which is now included within the service charge value noted in item 6 above. The charge for Heat, Light & Power will therefore remain the same at £5.24pw. Water charges will decrease from £0.19 to £0.18 a decrease £0.01pw. The charge for Council Tax will be based on the total recharged received from Council Tax section. All charges will be based on the total number of hostel units after being reconfigured resulting in a small increase in the total number of units.
10. Hostel residents were consulted on these proposals via individual letters. Officers also invited hostel residents to meet them to discuss the changes and how these may affect them. However, no comments or representations were received.
11. Lewisham Homes will be introducing an enhanced sheltered housing management service in April 2016 for residents in the councils sheltered housing schemes. Extensive consultation has been undertaken with the residents affected, in order to keep residents fully informed and to shape the service going forward. The new service be introduced at a cost of £23.62 per week, which will be service charged and is eligible to be covered by Housing Benefits. Consequently, the current support charges will be removed and replaced by this new service charge.

Linkline Charges

10. It is proposed to increase Linkline charges for 2016/17 by 2.5%, based on information received from the service provider. Charges will therefore increase from its current level of £5.29 per week to £5.42 per week, an increase of £0.13 per week. There are no proposals to increase the maintenance charge, which will remain at £0.94 per week.

Private Sector Leasing (PSL)

11. Rent income for properties used in the Private Sector Leasing (PSL) scheme is a General Fund resource. Following consultation, the Department for Work and Pensions (DWP) announced that the threshold for 2016/17 for housing benefits subsidy allowances will be based on the January 2011 Local Housing Allowance, less 10%, plus a management fee of £40 per property, subject to a maximum capped amount of £500 per week. It is recommended that rents for private sector leased properties are kept within the 2011/12 weekly threshold, as set out in Table B3 below.

Table B3 - Local Housing Allowances for 2016/17 (used for PSL purposes)

Bed Size	Total LHA Inner Lewisham	Total LHA Outer Lewisham
1 Bed	£211.34	£180.19
2 Bed	£268.47	£211.34
3 Bed	£310.00	£246.66
4 Bed	£413.84	£310.00
5 Bed	£500.00	£393.08

Heating & Hot Water Charges

12. As part of last year's rent setting process the Mayor agreed to continue with the current formula methodology for calculating increases in Heating & Hot Water charges to tenants and leaseholders. This formula was originally approved by Mayor & Cabinet in December 2004.
13. The current charging methodology allows a limited inflationary price increase plus a maximum of £2 per week per property increase on the previous years charge. Consumption levels are also updated and included in the formula calculation.
14. A new corporate contract for the supply of electricity and gas was re-let on 1st January 2014. This was a fixed price contract for a 3 year term. Consumption patterns remain under review and form part of the variable element of the contract.
15. The proposal for 2016/17 is for an increase of 23.10% or £1.85 per week for energy usage for communal heating. The increase is a result of a updated energy consumption/usage rates and current purchase prices. This will move the current average charge from £8.01pw to £9.86pw.
16. The proposal for communal lighting is a decrease of 10.75% or £0.13 per week. This will move the current average charge from £1.21pw to £1.08pw. The decrease is due stable energy prices and updated consumption rates. Officers will review the costs and actual energy usage in 2015/16 as part of the monitoring regime for 2016/17 financial year and recommendations brought forward as part of the 2017/18

APPENDIX Y1: Previously agreed budget savings for 2016/17 and 2017/18

Ref	Lewisham Future Work Strand	Amount £'000	
		16/17	17/18
B1	Supporting People	1,174	
D1	Efficiency Review	2,500	2,500
E2	Asset Optimisation	305	670
E3	Asset Optimisation		200
E4	Asset Optimisation	445	100
E5	Asset Optimisation	10	15
F1	Centralisation of business support services		1,000
K1	Crime Reduction	30	
L1	Culture and Community	375	
M1	Non housing stock transfer from the HRA to GF	200	100
O3	Public Services	200	
Q1	Safeguarding and Early Intervention	255	
Q1	Safeguarding and Early Intervention	968	
Q1	Other CSC Budgets		111
	Total proposed savings towards 16/17 General Fund budget requirement	6,462	4,696

APPENDIX Y2: Proposed revenue budget savings 2016/17 and 2017/18

Saving Proposals delegated on 30 September 2015 - Summary by Thematic Review

Ref	Description	Amount £'000	
		16/17	17/18
A12	Reducing costs of staff management, assessment and care planning	500	200
A16	Prescribed Medication	130	
A16	Dental Public Health	20	
A16	Health Protection		23
A16	Obesity/Physical Activity	232	
A16	Health Inequalities	100	
A16	Workforce development	25	
A16	Redesign through collaboration		580
A17	Sexual Health Transformation		500
F2a	Improve our online offer, starting with environmental services.	148	
F2b	Pushing customers to self-serve online wherever possible.		52
F3	Customer Service Centre reorganisation.	130	43
G2a	Commercial Opportunities: Increase advertising income	300	
G2b	Wireless Concessions: Explore potential to install wireless connections in street furniture using a concession licence in exchange for income.	200	
G2c	Review of regulatory restrictions for the HRA, DSG and Capital Programme and review of treasury management	300	
G2d	Increase sundry debt collection.	250	
I2a	Policy, performance, service redesign and intelligence		180
I2b	Senior management executive support	100	
I2c	Governance		75
I4a	Review of Programmes in Strategy and Mayor and Cabinet Office	150	
I4b	Restructure of Communications after voluntary redundancies	60	
I5	Commissioning and Procurement: undertake base lining of current	500	500

	activity and focus time only on value add activities.		
I6	Insurance and Risk: review liabilities and re-charge premiums to ensure they are contributing for the whole risk, not just direct costs.	300	
I7	Finance non-salary budget and vacancies review	100	150
I8	Minor reorganisation of Legal Services to incorporate Procurement function	50	
I9a	HR support	20	200
I9c	Graduate Schemes	40	
I9d	Social Care Training		100
I10a	Revising infrastructure support arrangements and Contract, systems and supplies review	1,000	1,000
J2c	Schools Infrastructure: Schools Strategic IT support to be traded or withdrawn.	60	58
J2d	Educational Psychologists: Service reorganisation and further trading where possible.	5	
J2e	Estates Management: Service re-organisation, improved coordination with property services, and reduced provision for property consultancy services.	220	
J2f	Free School Meals Eligibility: Service transfer to Customer Services financial assessments team.	17	
J2g	Management Restructure of the Standards and Achievement team.	50	
K4	Reducing the length of time that methadone (Heroin substitute) is prescribed, re-procurement of the main drug and alcohol service, and greater use of community rehabilitation	50	340
M2a	Review of funding streams across housing strategy, development and partnership functions	140	
M2b	Reduction in premises costs	60	
N6	To develop our Trade Waste customer base, improve efficiency and increase income. To negotiate an increased share of income from Parks Events.	250	250
O4	Financial Assessments: Introduce standardisation and efficiencies in	100	

	approach to financial assessments.		
P2a	Restructure of Development Management team and restructure and amalgamation of the Conservation, Urban Design and Planning Policy teams.	185	
P2b	Substitution of part of base budget by alternative funding sources (S.106 and fee income).	45	
P2c	Further increase in charges and changes to funding coupled with savings achievable from a corporate approach to and restructure of employment services.		305
P2d	Review of Statement of Community Involvement (SCI) on the way in which the service consults on planning applications. Efficiency savings based on paper, printing and postage costs.		20
Q3d	Occupational Therapy – management reorganisation	50	
Q3f	Review of MAPP portage with increased health contribution.	120	
Q3g	Joint commissioning with efficiencies through reorganisation and better planning of work.	50	
Q4a	Social care supplies and services reduced spend.	130	240
Q4b	Social care financial management through continued cost control on all areas of spend.	50	50
Q4c	Placements: continuing strategy to use local authority foster placements where possible.		200
	Total proposed savings towards 16/17 General Fund budget requirement	6,005	5,066

Saving Proposals returning to Mayor & Cabinet following 30 September 2015 - Summary by Thematic Review

Ref	Description	Amount £'000	
		16/17	17/18
A11	Managing and improving transition plans	200	300
A13	Alternative Delivery Models for the provision of care and support services, including mental health	1,100	700
A14	Achieving best value in care packages	600	500
A15	New delivery models for extra care – Provision of Contracts	100	900
A16	Obesity/Physical Activity (Part of L7)	232	
G2e	Parking: Review service level arrangements.		250
H2	Further reductions in Crime, Enforcement and Regulation and Environmental Health		1,200
I3	Reorganisation of how Complaints are managed across the Council.	50	
I9b	TU Secondments	40	
I9e	Realign Schools HR Recharge	100	
I10b	Committee Papers: move to digital access only	100	
J2a	Schools SLA: Apply an above inflation 2.5% increase to schools SLAs.	100	
J2b	Attendance and Welfare: We currently deliver our core statutory offer plus some traded services within this area. A further restructure and increase in traded services could result in further savings.	150	
L5	Reduce the level of grant funding to the voluntary sector by £1,000,000 from 1 April 2017/18. This is the final year of the current main grants programme and will require the reduction/removal of funding from a range of organisations currently receiving funding.		1,000
L6	Library and Information Service: 1. Creation of three Hub Libraries – Deptford Lounge, Lewisham and Downham Health & Leisure Centre – which will carry an enhanced role for face to face contact between the Local Authority and the public to support the digital by default agenda.	400	600

Ref	Description	Amount £'000	
		16/17	17/18
	<p>2. The extension of the Lewisham Community Library Model to Forest Hill, Torridon, and Manor House, in partnership with other council services and community organisations. And the integration of the library provision into the repurposed ground floor space within the Catford complex (Laurence House).</p> <p>3. The regrading of front line staff to include new functions through the re-training and enhancement of front line roles.</p>		
L7	Change in contractual arrangements relating the leisure services		1,000
N3	Review of Lewisham's Waste Services (Doorstep collection & disposal) Transfer of estates Bulky Waste disposal costs to Lewisham Homes	600	500
N5	Review of Lewisham's Passenger Transport Service.	500	500
Q3a & b	Sensory Teachers (a and b)	250	
Q3c	Educational Psychologists: Further reduction in staffing through not replacing staff	35	
Q3e	Reduce Carers funding	40	
Q5	Youth Service: accelerate tapering of support to Youth Service to statutory minimum (will follow decision on creation of a mutual).	150	150
	Total proposed savings towards 16/17 General Fund budget requirement	4,747	7,600

Summary of Saving Proposals contributing to the General Fund Budget

Ref	Description	Amount £'000	
		16/17	17/18
All	Previously agreed for 2016/17	6,462	4,696
	Sub Total	6,462	4,696
All	Delegated to officers on 30 September 2015	6,005	5,066
All	Returning to M&C in due course for decision	4,747	7,600
	Sub Total	10,752	12,666
	Total proposed savings towards 16/17 General Fund budget requirement	17,214	17,362

APPENDIX Y3: Ready Reckoner for Council Tax 2016/17

Ready Reckoner for Council Tax 2016/17						
	Budget Requirement	Council Tax (Band D)	Increase / (Decrease)	GLA Precept (Band D)	Total Council Tax (Band D)	Increase / (Decrease)
	£'M	£	%	£	£	%
2015/16	246.224	1,060.35		295.00	1,355.35	
Recommended	236.218	1,102.66	3.99%	276.00	1,378.66	1.72%
	235.810	1097.46	3.50%	276.00	1373.46	1.34%
	235.394	1092.16	3.00%	276.00	1,368.16	0.95%
	234.977	1086.86	2.50%	276.00	1362.86	0.55%
	234.561	1081.56	2.00%	276.00	1,357.56	0.16%
	234.145	1076.26	1.50%	276.00	1352.26	(0.23%)
	233.728	1070.95	1.00%	276.00	1346.95	(0.62%)
	232.896	1,060.35	0.00%	276.00	1,336.35	(1.40%)

APPENDIX Y4: Chief Financial Officer’s Section 25 Statement

To follow

APPENDIX Y5: Council Tax and statutory calculations

Council Tax Calculation

As part of the Localism Act 2011, Council Tax may not be increased by 2% or more (inclusive of levies) without triggering an automatic referendum of all registered electors in the borough. In addition, there is also the opportunity to increase Council Tax by up to a further 2% under the new social care precept introduced for 2016/17. This means, for 2016/17, an automatic referendum will now be triggered when the Council Tax increase is 4% or above. The statutory calculation for whether the Council is required to hold a referendum is based upon the 'relevant basic' amount of Council Tax, which under accounting regulations, includes levies. Any final recommendations on Council Tax levels will need to meet statutory requirements.

To date, Lewisham has received no formal provisional notification from its levy bodies for 2016/17. The Environment Agency, the LPFA and the Lee Valley levies have been estimated for 2016/17 (it is assumed they will not change). Formal final notifications are expected to be received week commencing 8th February 2016.

Council Tax and Levies

'Relevant Basic' Amount of Council Tax	2015/16	2016/17
Council Tax Base	75,526.1	78,528.58
Council Tax Requirement with Levy (£)	80,084,100	86,590,324
Basic Amount of Council Tax (£)	1,060.35	1,102.66
Increase in basic amount of Council Tax (%)		3.99%

Levy bodies for Lewisham	2015/16 £	2016/17 £	Change £
LPFA (estimated)	1,231,690	1,231,690	0
Lee Valley Regional Park (estimated)	226,676	226,676	0
Environment Agency (estimated)	172,889	172,889	0
Total Levies	1,631,255	1,631,255	0

The term "relevant basic amount of council tax" is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the Local Audit and Accountability Act 2014).

Statutory Calculations

- 1) It be noted that at its meeting on 20 January 2016, the Council calculated the number of **78,528.58** as its Council Tax base for 2016/17 in accordance with the Local Authorities (Calculation of Taxbase) Regulations;
- 2) The following amounts be now calculated by the Council for the year 2016/17 in accordance with the Local Government Finance Act 1992:
 - a. **£977,472,136** being the aggregate of the amounts which the Council estimates for gross expenditure, calculated in accordance with Section 32(2)A of the Act;
 - b. **£741,254,007** being the aggregate of the amounts which the Council estimates for income, calculated in accordance with Section 32(3)A of the Act;
 - c. **£236,218,129** being the amount by which the aggregate of 2(a) above exceeds the aggregate of 2(b) above, calculated by the Council, in accordance with Section 32A(4) of the Act, as its General Fund budget requirement for the year;
 - d. **£146,690,805** being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the Settlement Funding Assessment.
 - e. **£89,527,324** being the residual amount required to be collected from Council Tax payers. This includes the surplus on the Council's Collection Fund of **£2,937,000**.
 - f. **£1,102.66** being the residual sum at (e) above (less the surplus on the Collection Fund), divided by the Council Tax base of **78,528.58** which is Lewisham's precept on the Collection Fund for 2016/17 at the level of Band D;

Band	Council Tax (LBL)
	£
A	735.11
B	857.62
C	980.14
D	1,102.66
E	1,347.69
F	1,592.73
G	1,837.76
H	2,205.32

Being the amounts given by multiplying the amount at (f) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

3) It be noted that for the year 2016/17, the Greater London Authority is currently consulting on the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 (as amended), for each of the categories of dwellings shown below:-

Band	GLA Precept £
A	184.00
B	214.67
C	245.33
D	276.00
E	337.33
F	398.67
G	460.00
H	552.00

4) Having calculated the estimated aggregate amount in each case of the amounts at 2) (f) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, assumed the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings shown below:-

Band	Total Council Tax (LBL & GLA) £
A	919.11
B	1,072.29
C	1,225.47
D	1,378.66
E	1,685.02
F	1,991.40
G	2,297.76
H	2,757.32



Making fair financial decisions

Guidance for decision-makers

3rd edition, January 2015

B Introduction

With major reductions in public spending, public authorities in Britain are being required to make difficult financial decisions. This guide sets out what is expected of you as a decision-maker or leader of a public authority responsible for delivering key services at a national, regional and/or local level, in order to make such decisions as fair as possible.

The public sector equality duty (the equality duty) does not prevent you from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it stop you from making decisions which may affect one group more than another group. The equality duty enables you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on people with different protected characteristics .

Assessing the impact on equality of proposed changes to policies, procedures and practices is not just something that the law requires, it is a positive opportunity for you as a public authority leader to ensure you make better decisions based on robust evidence.

1B What the law requires

Under the equality duty (set out in the Equality Act 2010), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The law requires that public authorities demonstrate that they have had 'due regard' to the aims of the equality duty in their decision-making. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had 'due regard'.

It is also important to note that public authorities subject to the equality duty are also likely to be subject to the Human Rights Act 1998. We would therefore recommend that public authorities consider the potential impact their decisions could have on human rights.

2B Aim of this guide

This guide aims to assist decision-makers in ensuring that:

- The process they follow to assess the impact on equality of financial proposals is robust, and
- The impact that financial proposals could have on people with protected characteristics is thoroughly considered before any decisions are arrived at.

We have also produced detailed guidance for those responsible for assessing the impact on equality of their policies, which is available on our website at www.equalityhumanrights.com

3B The benefits of assessing the impact on equality

By law, your assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Such assessments do not have to take the form of a document called an equality impact assessment. If you choose not to develop a document of this type, then some alternative approach which systematically assesses any adverse impacts of a change in policy, procedure or practice will be required.

Assessing impact on equality is not an end in itself and it should be tailored to, and be proportionate to, the decision that is being made.

Whether it is proportionate for an authority to conduct an assessment of the impact on equality of a financial decision or not depends on its relevance to the authority's particular function and its likely impact on people with protected characteristics.

We recommend that you document your assessment of the impact on equality when developing financial proposals. This will help you to:

- **Ensure you have a written record of the equality considerations** you have taken into account.
- **Ensure that your decision includes a consideration of the actions that would help to avoid or mitigate any impacts on particular protected characteristics.** Individual decisions should also be informed by the wider context of decisions in your own and other relevant public authorities, so that people with particular protected characteristics are not unduly affected by the cumulative effects of different decisions.
- **Make your decisions based on evidence:** a decision which is informed by relevant local and national information about equality is a better quality decision.

Assessments of impact on equality provide a clear and systematic way to collect, assess and put forward relevant evidence.

- **Make the decision-making process more transparent:** a process which involves those likely to be affected by the policy, and which is based on evidence, is much more open and transparent. This should also help you secure better public understanding of the difficult decisions you will be making in the coming months.

- **Comply with the law:** a written record can be used to demonstrate that due regard has been had. Failure to meet the equality duty may result in authorities being exposed to costly, time-consuming and reputation-damaging legal challenges.

4B When should your assessments be carried out?

Assessments of the impact on equality must be carried out at a **formative stage** so that the assessment is an integral part of the development of a proposed policy, not a later justification of a policy that has already been adopted. Financial proposals which are relevant to equality, such as those likely to impact on equality in your workforce and/or for your community, should always be subject to a thorough assessment. This includes proposals to outsource or procure any of the functions of your organisation. The assessment should form part of the proposal, and you should consider it carefully **before** making your decision.

If you are presented with a proposal that has not been assessed for its impact on equality, you should question whether this enables you to consider fully the proposed changes and its likely impact. Decisions not to assess the impact on equality should be fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as authorities may need to rely on this documentation if the decision is challenged.

It is also important to remember that the potential impact is not just about numbers. Evidence of a serious impact on a small number of individuals is just as important as something that will impact on many people.

5B What should I be looking for in my assessments?

Assessments of impact on equality need to be based on relevant information and enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

As with everything, proportionality is a key principle. Assessing the impact on equality of a major financial proposal is likely to need significantly more effort and resources dedicated to ensuring effective engagement, than a simple assessment of a proposal to save money by changing staff travel arrangements.

There is no prescribed format for assessing the impact on equality, but the following questions and answers provide guidance to assist you in determining whether you consider that an assessment is robust enough to rely on:

- **Is the purpose of the financial proposal clearly set out?**

A robust assessment will set out the reasons for the change; how this change can impact on protected groups, as well as whom it is intended to benefit; and the intended outcome. You should also think about how individual financial proposals might relate to one another. This is because a series of changes to different policies or services could have a severe impact on particular protected characteristics.

Joint working with your public authority partners will also help you to consider thoroughly the impact of your joint decisions on the people you collectively serve.

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel. Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable. This combined impact would not be apparent if the decisions were considered in isolation.

- **Has the assessment considered available evidence?**

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to have an impact on. A lack of information is not a sufficient reason to conclude that there is no impact.

- **Have those likely to be affected by the proposal been engaged?**

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help you to improve the equality information that you use to understand the possible impact on your policy on different protected characteristics. No-one can give you a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

- **Have potential positive and negative impacts been identified?**

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected characteristics are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

- **What course of action does the assessment suggest that I take? Is it justifiable?**

The assessment should clearly identify the option(s) chosen, and their potential impacts, and document the reasons for this decision. There are four possible outcomes of an assessment of the impact on equality, and more than one may apply to a single proposal:

Outcome 1: No major change required when the assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

Outcome 2: Adjustments to remove barriers identified by the assessment or to better advance equality. Are you satisfied that the proposed adjustments will remove the barriers identified?

Outcome 3: Continue despite having identified some potential for adverse impacts or missed opportunities to advance equality. In this case, the justification should be included in the assessment and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact, as discussed below.

Outcome 4: Stop and rethink when an assessment shows actual or potential unlawful discrimination.

• Are there plans to alleviate any negative impacts?

Where the assessment indicates a potential negative impact, consideration should be given to means of reducing or mitigating this impact. This will in practice be supported by the development of an action plan to reduce impacts. This should identify the responsibility for delivering each action and the associated timescales for implementation. Considering what action you could take to avoid any negative impact is crucial, to reduce the likelihood that the difficult decisions you will have to take in the near future do not create or perpetuate inequality.

Example: A University decides to close down its childcare facility to save money, particularly given that it is currently being under-used. It identifies that doing so will have a negative impact on women and individuals from different racial groups, both staff and students.

In order to mitigate such impacts, the University designs an action plan to ensure relevant information on childcare facilities in the area is disseminated to staff and students in a timely manner. This will help to improve partnership working with the local authority and to ensure that sufficient and affordable childcare remains accessible to its students and staff.

• Are there plans to monitor the actual impact of the proposal?

Although assessments of impact on equality will help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known once it is introduced. It is therefore important to set out arrangements for reviewing the actual impact of the proposals once they have been implemented.

6B What happens if you don't properly assess the impact on equality of relevant decisions?

If you have not carried out an assessment of impact on equality of the proposal, or have not done so thoroughly, you risk leaving yourself open to legal challenges, which are both costly and time-consuming. Legal cases have shown what can happen when authorities do not consider their equality duties when making decisions.

Example: A court overturned a decision by Haringey Council to consent to a large-scale building redevelopment in Wards Corner in Tottenham, on the basis that the council had not considered the impact of the proposal on different racial groups before granting planning permission.

However, the result can often be far more fundamental than a legal challenge. If people feel that an authority is acting high-handedly or without properly involving its service users or employees, or listening to their concerns, they are likely to be become disillusioned with you.

Above all, authorities which fail to carry out robust assessments of the impact on equality risk making poor and unfair decisions that could discriminate against people with particular protected characteristics and perpetuate or worsen inequality.

As part of its regulatory role to ensure compliance with the equality duty, the Commission monitors financial decisions with a view to ensuring that these are taken in compliance with the equality duty and have taken into account the need to mitigate negative impacts, where possible.

APPENDIX Z1: Interest Rate Forecasts 2016 - 2019

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Capita's central view.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2016	0.50	2.00	3.40	3.20
Jun 2016	0.50	2.10	3.40	3.20
Sep 2016	0.50	2.20	3.50	3.30
Dec 2016	0.75	2.30	3.60	3.40
Mar 2017	0.75	2.40	3.70	3.50
Jun 2017	1.00	2.50	2.70	3.60
Sep 2017	1.00	2.60	3.80	3.70
Dec 2017	1.25	2.70	3.90	3.80
Mar 2018	1.25	2.80	4.00	3.90
Jun 2018	1.50	2.90	4.00	3.90
Sep 2018	1.50	3.00	4.10	4.00
Dec 2018	1.75	3.10	4.10	4.00
Mar 2019	1.75	3.20	4.10	4.00

APPENDIX Z2: Economic Background

The UK. Economy

Growth Performance

UK GDP growth rates of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 of 2015 was weak at +0.4%, although there was a short lived rebound in quarter 2 to +0.7% before it subsided again to +0.5% (+2.3% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure.

Employment and wages

The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.3%. The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February.

Inflation

The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK. Bank of England Governor Mark Carney has set three criteria that need to be met before he would consider making a start on increasing Bank Rate. These criteria are patently not being met at the current time, (as he confirmed in a speech on 19 January):

- Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.
- Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.
- Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted, and that further economic growth will fuel inflationary pressures.

There is considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. There are, therefore, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The Eurozone

Growth and inflation

In the Eurozone, in January 2015 the ECB unleashed a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and looks as if it may maintain this pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece

During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

USA

The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then weakened again to 1.5% in quarter 3. The downbeat news in late August and in September about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision at its September meeting to pull back from a first rate increase. However, the nonfarm payrolls figure for growth in employment in October was very strong and, together with a likely perception by the Fed. that concerns on the international scene have subsided, has now firmly opened up the possibility of a first rate rise in December.

China

As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market during the summer. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, concerns about whether the Chinese economy could be heading for a hard landing, and the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September, remain a concern.

Japan

Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.3% after a short burst of strong growth of 1.0% during Q1. Japan has been hit hard by the downturn in China during 2015. This does not bode well for Japan as the Abe government has already fired its first two arrows to try to stimulate recovery and a rise in inflation from near zero, but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

Capita Asset Services Forward View

Economic forecasting remains difficult with so many external influences weighing on the UK. Capita Asset Services undertook its last review of interest rate forecasts on 19 January 2016. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 4 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. At some

future point in time, an increase in investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently to the downside, given the number of potential headwinds that could be growing on both the international and UK scene. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

APPENDIX Z3: Credit Worthiness Policy (Linked to Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management)

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating (AAA) by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society)

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is as described below.

Non-Specified Investments: These are any investments which do not meet the specified investment criteria. The Council does not currently invest in non-specified investments. However, in the light of the continued predictions for low savings rates for some time to come, the Council is considering investing in pooled asset funds for periods of over one year. The Council will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

These factors are weighted and combined with an overlay of Credit Default Swap CDS spreads. The end product is a series of ratings (colour coded) to indicate the relative creditworthiness of counterparties. These ratings are used by the Council to determine the suggested duration for investments.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
UK Government gilts	UK sovereign rating	£20m	1 year
UK Government Treasury bills	UK sovereign rating	£60m	6 months
Money market funds	AAA	£30m	Liquid
Local authorities	N/A	£10m	1 year
Term deposits with banks and building societies	Yellow* Purple Blue Orange Red Green No Colour	£30m £25m £40m £20m £15m £10m 0	Up to 2 years Up to 2 years Up to 1 year Up to 1 year Up to 6 Months Up to 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£40m £20m £15m £10m 0	Up to 1 year Up to 1 year Up to 6 Months Up to 100 days Not for use

Call accounts and notice accounts	Yellow* Purple Blue Orange Red Green No Colour	£30m £25m £40m £20m £15m £10m 0	Liquid
Pooled asset funds		£50m	At least 5 years

**for UK Government debt, or its equivalent, constant net asset value money market funds and collateralised deposits where the collateral is UK Government debt*

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Executive Director of Resources and Regeneration, and if required new counterparties which meet the criteria will be added to the list. Any fixed term investment held at the time of the downgrade will be left to mature as such investments cannot be broken mid term.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

APPENDIX Z4: Approved countries for investments

This list is based on those countries which have sovereign ratings of AA- or higher and also, (except - at the time of writing - for Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Capita Asset Services credit worthiness service.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar

AA-

- Belgium

APPENDIX Z5: Requirement of the CIPFA Management Code of Practice

Treasury management scheme of delegation

(i) Full Council

- budget consideration and approval;
- approval of annual strategy.
- approval of/amendments to the organisation's treasury management policy statement

(ii) Public Accounts Committee

- receiving and reviewing reports on treasury management policies, practices and activities;

The treasury management role of the section 151 officer

The S151 (responsible) officer

- Recommending treasury management policy for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- approval of the division of responsibilities;
- approving the organisation's treasury management practices;

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 checked="" type="checkbox"/>

Date of Meeting	10 February
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Title of Report	'Let's Talk Rubbish' Consultation Results & Waste Regulations Assessment for Proposed Changes to Waste & Recycling Service
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Originator of Report	Nigel Tyrell	x46041
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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: 2/2/16

Signed:  Director/Head of Service

Date: 2/2/16

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 & CABINET

Report Title	'Let's Talk Rubbish' Consultation Results & Waste Regulations Assessment for Proposed Changes to Waste & Recycling Service		
Key Decision	Yes		Item No.
Ward	All		
Contributors	Executive Director Customer Services		
Class	Open	Date: 10 February 2016	

1. Summary

- 1.1. This paper reports back the results of two pieces of work that have been undertaken over the past few months. The first sections looks at the results from the 'Let's Talk Rubbish' consultation and later sections look at potential service scenarios against environmental performance, financial implications and operational deliverability and the likely compliance with The Waste (England and Wales) (Amendment) Regulations 2012. Any potential changes to the waste and recycling services will be to kerbside properties in the first instance, i.e. those typically who use a wheelie bin for their refuse and recycling collections. Services provided to estates will be looked at in later phases.

2. Purpose

- 2.1. The purpose of this report details the findings of the 'Let's Talk Rubbish' consultation and the Necessity and TEEP (Technical, Environmental & Economic Practicability) Assessment, which tests compliance with the Waste Regulations 2012. Recommendations are then proposed as to the potential future development of Lewisham's Waste & Recycling Services for kerbside properties, i.e. those that typically have wheelie bin collections for refuse and recycling.

3. Recommendations

The Mayor is recommended to:

- 3.1 Note the results of the 'Let's Talk Rubbish' consultation and Waste Regulations (TEEP) Assessment;
- 3.2 Introduce a subscription garden waste service from June 2016 at an annual fee of £60 p.a.;
- 3.3 Introduce a weekly food collection service and reduce refuse collections to fortnightly (earliest implementation date of Autumn 2016);
- 3.4 Keep a weekly comingled recycling service whilst options to share services and contracts with neighbouring boroughs are further explored.

4. Policy Context

- 4.1. Engagement activity is a core part of the Council's business. It is a tool through which policy and decision making can better reflect the priorities and aspirations of citizens, and services are better positioned to meet the needs of all users. In light of the recent years of government budget restrictions it is also a device to understand how difficult decisions can be made with the least detrimental impact caused. This culture of providing more, from less resourcing will continue to be a part of what local authorities are required to do going forward.

- 4.2. This is set against the Government having stretching recycling targets: to recycle and compost 50% by 2020. Further, there is an increasing requirement to improve the quality as well as the quantity of recycling, and this is partly being facilitated through the Waste Regulations 2012. From 1st January 2015, this piece of legislation required local authorities to separately collect paper, glass, plastics and metal unless it is not necessary to do so, or it is technically, environmentally or economically impractical to do so.
- 4.3. The findings of the 'Let's Talk Rubbish' consultation and the TEEP Assessment have taken into account the above, and they also contribute towards delivering the council's corporate and sustainable community priorities, especially in respect of 'clean, green and liveable' and 'inspiring efficiency, effectiveness and equity'.

5. Background

- 5.1. Previous reports have detailed the drivers for a potential change in Lewisham's waste & recycling services, but an outline of what these are, are detailed below.
- Improved environmental performance – Lewisham's recycling rate is the lowest in the country and by changing the services that are offered could have a significant impact on reducing waste in the first instance, increasing the amount that is recycled or composted and reducing the carbon footprint of waste and recycling collected and disposed of.
 - Financial – the waste & recycling services have had an efficiency review undertaken against the backdrop of identifying savings moving forward given the current climate of austerity. Further, the Council could face fines from Central Government if contribution to the 50% target is not improved upon.
 - Legislative – the key legislative drivers are ensuring compliance with the Waste Regulations, which include applying the Waste Hierarchy (Regulation 12) and separately collecting paper, glass, metals and plastics (Regulation 13). There is a further requirement that the authority contributes to the London and national recycling targets.
 - Future waste planning – The SELCHP Energy from Waste (EfW) contract ends in early 2024. The contract prices for EfW tend to be much higher than other forms of disposal and with a growing population producing more waste and recycling, it is necessary to explore all options for managing waste and recycling effectively and efficiently.
- 5.2. Resulting from this the Council has modelled a number of potential service scenarios which include looking at organics collections, changing the frequency of collections and either keeping a comingled recycling service or opting to collect some or all materials separately.
- 5.3. To see if these options comply with the Waste Regulations 2012 an Assessment has been carried out using the Route Map approach developed by local authorities and industry experts. The results of which are detailed in Section 8 below.
- 5.4. In addition to this it was important to seek the views of our residents who are the people who would be using the service. The approach and results of the consultation with our residents and stakeholders are detailed in the next section.

6. 'Let's Talk Rubbish' Consultation Approach

- 6.1. Mayor & Cabinet granted permission to go out to consultation in July 2015. The aim of the consultation was to garner residents' views about how Lewisham might change the way in

which waste & recycling services are collected from houses and flats in houses (i.e. all households that typically have collections from a wheelie bin).

- 6.2. Given the possible extent of service changes, the consultation necessitated a considered and well-managed approach.
- 6.3. 'Let's Talk Rubbish' was a programme of public engagement activities that ran for 8 weeks between 21st August and 18th October 2015.
- 6.4. Questions were devised to gain people's views in the following areas:
 - Appetite for recycling more and what their priorities are;
 - Appetite for helping improve the quality of our recycling;
 - Appetite for weekly food waste collections with fortnightly refuse;
 - Appetite for a subscription garden waste service;
 - Views on any special arrangements.
- 6.5. The main method of consultation was by an online survey using uEngage. This online survey was accompanied by a video which clearly set out the issues in an animated format.
- 6.6. Other methods of consultation included:
 - *Citizen's Forum* – A Citizen's Forum full day deliberative event was attended by 50 residents who were diverse and broadly representative of the borough's population profile, as well as having a mix of opinions with regards to recycling. The event took place on a Saturday in September and was organised and facilitated by the consultancy, Ricardo E&E.
 - Focus Groups – Participants were selected by household type, particularly those that could present operational difficulties when delivering the proposed service changes, and potentially where residents may have more resistance to change. Invitations were sent to households with very minimal or no frontage, were accessed by steps or were multiple occupancy flats. Five, two hour sessions took place in 3 different venues located in close proximity of the targeted households and was attended by 22 Lewisham residents.
 - Ward Assemblies – 16 out of the 18 ward assemblies were visited during the consultation period to promote the online survey and the video. Some of the assemblies had a presentation, whilst at others the 'Let's Talk Rubbish' consultation was an information item. The animated video was shown at the majority of the assemblies. Sixteen of the ward assemblies had information on the consultation in their Door to Door leaflets. For those residents who didn't have access to the internet a short poll was available for completion, the results of which are detailed in section 7 below.
 - Presentations & Workshops – a series of presentations were undertaken with various stakeholders. These included presentations to staff members and unions, an all member briefing and ten workshops were undertaken with the refuse and recycling operatives.
- 6.7. The online survey was heavily promoted through a variety of means, the most successful was through Lewisham Life and the Lewisham Life e-zine. To ensure that particular groups were targeted a number of outreach activities were undertaken including library pop in sessions and attending events such as at the Lewisham Disability Coalition and Young Advisors Meeting. Further, over 100 community groups and organisations were also contacted to promote participation in the survey.

7. 'Let's Talk Rubbish' Consultation Results

7.1. The results of the online consultation, the Citizen's Forum and the short polls are detailed below. The full results of the consultation can be found in Appendix 1.

'Let's Talk Rubbish' Online Survey

7.2. The online survey was the most popular online survey the Council has undertaken to date. The survey achieved 5,884 responses, with 3,519 additional comments in the free text box of the survey. The animated video was viewed over 1,500 times.

7.3. It should be remembered that this is a self-selecting survey and responses received are the views of respondents 'top of mind' rather than informed through awareness of the issues.

7.4. Of those that responded to the survey and provided the relevant information:

- *Over three-quarters (78%, 4,424) were of White ethnicity (63% were White British)*
- *Six out of ten (60%, 3,413) were female*
- *Over half (51%, 2,971) were aged between 30-49 years*
- *415 (7%) considered themselves to be disabled*

7.5. The key point here is that the survey isn't representative of Lewisham's demographic as per the 2011 Census, which is 54% White (42% White British). Further the response by people who consider themselves to be disabled is lower than the Census return of 15%. However, the response from white females in the 30-49 age bracket is typical of a self-selecting survey.

7.6. With regards to the property types that the potential service changes will be targeting, typically those who live in a house with a wheelie bin and properties with gardens, the response rate was high.

- *The vast majority were Lewisham residents (99%, 5,668)*
- *Over four-fifths (85%, 4,939) lived in a house, or converted house, with a wheelie bin*
- *Over four-fifths (83%, 4,835) had a garden*

7.7. The main findings from the online survey are below.

7.8. *Priorities* - The two top priorities were making it easier for residents to recycle and reducing our impact on the environment. The bottom priorities were meeting recycling targets to avoid fines, although 94% felt that we should try to recycle more, and saving money.

7.9. *Separate Collection of Paper* - Nearly three quarters agreed that paper should be separately collected for an income, and eight out of ten respondents said that they would be prepared to separate out the paper into a separate box.

7.10. *Food Waste Collections* - Over two thirds agreed with the introduction of a weekly food waste service.

7.11. *Frequency of Collections* - When asked about fortnightly refuse with weekly food waste collections the results were mixed across the board with 46% in agreement and 41% in disagreement.

7.12. *Garden Waste Collections* - Majority agree with introducing a garden waste service (70%), with just over two fifths not agreeing with a charge. Only half answered the question about the level of charge but of those that answered and had a garden, two thirds would pay £80.

7.13. *Exemptions* - Nearly half agree properties should be exempt from additional containers, but over four fifths believe that those properties should still be offered a food waste service and three quarters stated that those properties should share bins.

7.14. Full analyses of the survey results are available upon request (see 'Further Information' section at the end of the report).

Citizen's Forum

7.15. As this was a deliberative event the results are qualitative, and key findings are as follows:

- Discussing the issues resulted in people being more open to changing the service, and increasing and improving recycling was seen as a priority;
- The success of any service change is dependent on residents playing their part effectively – there needs to be clarity on what goes where and there must be minimal 'hassle';
- Different collection frequencies should be explored, as it was felt that this leads to behaviour change resulting in more recycling and less residual waste;
- There was widespread support for a weekly food waste collection service;
- An annual subscription garden waste service with a charge of £80 to £120 would be very unpopular;
- It was felt that there should be no exemptions if there were service changes, the Council should be creative about how to make it work;
- Having had discussions and therefore gaining a better knowledge about service pressures and performance made people more open to changing it.

7.16. A full report of the Citizen's Forum undertaken by Ricardo E&E is available upon request.

Short Polls

7.17. A short poll was featured in the Lewisham Life magazine, the intention of which was to capture the views of people without access to the internet or of those not wishing to complete the longer online survey. A total of 397 responses were received. The same short poll was also distributed at the ward assemblies, whereby a further 129 responses were received. The results of both are detailed below.

7.18. The short poll was returned via Lewisham Life or the Ward Assemblies and in both instances the majority of respondents think that it is very important / important to recycle more and making it easy to recycle and reducing our impact on the environment are the most important factors the Council should consider when making changes to the waste and recycling services.

8. Waste Regulations Assessment

8.1. Regulation 13 of the Waste Regulations states that from 1 January 2015, waste collection authorities must collect waste paper, metal, plastic and glass separately. This duty is to ensure that recyclate is of a high quality and that the quantity of recyclate collected is improved. The duty is subject to two tests:

- The Necessity Test: This is to ensure that waste undergoes recovery operations to facilitate or improve recovery, which tests if the material is of a sufficiently high quality. If it is of sufficiently high quality, then it is not necessary to collect the materials separately from each other.
- The Practicability or TEEP Test: Is it Technically, Environmentally or Economically Practicable (TEEP) to collect the materials separately from each other? If one of

these is not the case, then it is not necessary to collect the materials separately from each other.

8.2. The Assessment has been carried out using an accepted 'Route Map' developed by local authorities and other industry representatives, and is considered by The Environment Agency as a best practice approach, to assess compliance with the Waste Regulations. The main findings considering Lewisham's proposed options are outlined below.

- **Technical** - The lack of a Waste Transfer Station makes the separate collection of recyclables and twin stream options technically impracticable currently;
- **Environmental** - Greenhouse Gas modelling does not provide evidence that comingled or twin stream options would lead to substantially better performance than the kerbside sort option;
- **Economic** - The costs for the separate collection option are excessive compared to the current budget, and the savings required moving forward;

8.3. Given the above and Lewisham's current circumstances, namely not having access to a waste transfer station, the comingled recycling is the best option. However, Lewisham will need to ensure that materials are managed and handled in a way that retains and maximises their value.

8.4. Potentially there may be better options for the future but further discussion and negotiation with potential local authority partners and private contractors would be needed to try and secure a facility to make other options feasible. Discussions have already begun with Bromley, Bexley, Greenwich and Southwark.

9. Proposed Future Options

9.1. Ten potential options have been explored through the Efficiencies Review (final report November 2014) and subsequent work. Additional options have evolved following the Efficiency Review, and eight options have been assessed for their improved environmental performance, operational deliverability and financial implications against the current service.

9.2. In looking at the key drivers of cost, improving environmental performance, compliance with legislation as well as the ability to operationally deliver each of the options, it can be seen in the table below that options 2,3,4 & 6 are marked 'Dark Grey' as they are not operationally deliverable at this current time (the Council doesn't have access to a waste transfer station to make separate collections or twin stream recycling viable). In addition, in the case of option 6 the costs are excessive compared to the current cost of the service, and savings required moving forward.

9.3. Option 1 is highlighted 'Mid Grey' as although the Council could deliver the service, and this option costs less, the improvement in environmental performance is not as great as the remaining options highlighted in 'Light Grey', numbers 5, 7 & 8.

9.4. The options that can be delivered within the Council's current circumstances are Options 5, 7 & 8.

- Option 5 delivers financial savings, is operationally deliverable and improves performance, but will be more challenging to deliver;
- Option 7 – whilst the worst case is more costly than current service, this option does improve performance and is operationally deliverable with minimal disruption;

- Option 8 provides a middle ground option, being within the current budget, improves performance and is operational deliverable.

9.5. Option 7 & 8 will allow the Council to develop its waste strategy over time, enabling discussions to be had with neighbouring authorities to determine whether sharing services and contracts are possibilities in the future.

9.6. It is recommended that Option 8 be delivered.

	Financial	Improved Environmental Performance	Operational Deliverability
Current: Refuse Weekly; Recycling Comingled Weekly; Garden On Request	£7.8 - £8.2m	18.69%	Yes
Option 1: Current + Subscription Garden Waste	£7.1 - £7.6m	23.92%	Yes
Option 2: Refuse Fortnightly; Recycling Twin (paper separately) Fortnightly; Food & Subscription Garden Waste Weekly	£6.2 - £7.3m	34.25%	Not currently
Option 3: Refuse Weekly; Recycling Twin (paper separately) Fortnightly; Subscription Garden Waste Fortnightly (No food)	£6.3 - £7.4m	23.92%	Not currently
Option 4: Refuse Fortnightly; Recycling Twin (paper separately) Fortnightly; Food Weekly; Subscription Garden Fortnightly	£6.1 - £7.3m	34.25%	Not currently
Option 5: Refuse Fortnightly; Recycling Comingled Fortnightly; Food Weekly; Subscription Garden Waste Fortnightly	£6.2 - £7.3m	34.25%	Yes
Option 6: Refuse Fortnightly; Recycling Kerbside Sort Weekly; Food & Subscription Garden Weekly	£9.3 - £10.3m	34.25%	Not currently
Option 7: Refuse Weekly; Recycling Comingled Weekly; Food and Garden Waste Weekly	£7.7 – £8.7m	28.9%	Yes
Option 8: Refuse Fortnightly; Recycling Comingled Weekly; Food and Garden Waste Weekly	£7.1 - £8.2m	34.25%	Yes

9.7. Given the extent of the refuse, recycling and food service proposals a change programme will have to be devised and it's likely that implementation won't start until Autumn 2016 at the earliest. A garden waste service could be implemented in the summer.

10. Financial Implications

10.1. As can be seen from the table in section 9 above, the cost of providing the current service is between £7.8m and £8.2m, depending on the recycling market, a volatile market that is difficult to predict.

10.2. The proposed service, shown as option 8 in the table is estimated to cost between £7.1 and £8.2m, applying the same assumption on recycling disposal costs as used in calculating the costs of the current service.

10.3. This gives a potential saving to the Council of up to £0.7m in a full year. It should be noted that the level of saving is also dependent on the take up of the garden waste service.

10.4. Should the take up of the garden waste service be lower than estimated, the costs of providing the service set out in option 8 can still be met from existing budgets. It is only the level of savings that will be reduced.

11. Legal Implications

- 11.1. The revised Waste Framework Directive (2008/98/EC) (“The Directive”) requires EU member states to set up separate waste collection where necessary and practicable. Where waste paper, metal, plastic or glass has been collected separately all reasonable steps must be taken to keep that stream separate from other waste streams wherever this is necessary to provide high quality recyclables.
- 11.2. Article 4 of The Directive sets out five steps for dealing with waste, ranked according to environmental impact – the ‘waste hierarchy’. The ‘waste hierarchy’ has been transposed into UK law through The Waste (England and Wales) Regulations 2011 (as amended by the Waste (England and Wales) (Amendment) Regulations 2012). Consequently, from 1st January 2015, waste collection authorities, (LB Lewisham as a Local Authority is defined as a “waste collection authority”,) must collect waste paper, metal, plastic and glass separately. It also imposes a duty on waste collection authorities, from 1st January 2015, when making arrangements for the collection of such waste, to ensure that those arrangements are by way of separate collection.
- 11.3. The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It 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.
- 11.4. 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.
- 11.5. The 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.
- 11.6. The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 11.7. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
 2. Meeting the equality duty in policy and decision-making
 3. Engagement and the equality duty
 4. Equality objectives and the equality duty
 5. Equality information and the equality duty

11.8. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

12. Equalities Implications

12.1. An Equalities Analysis Assessment has been conducted relating to the potential changes to the waste & recycling services.

12.2. The protected characteristics that are most affected by the potential service changes are 'Age', 'Disability', 'Ethnicity' and 'Pregnancy & Maternity'.

12.3. In analysing the data, research and equalities monitoring from the Let's Talk Rubbish survey, and having due regard to Equality Duty, the following action plan has been developed:

Possible Issues	Protected Characteristic Affected	Assessment of Potential Impact (+/-): High, Medium, Low, Neutral	Actions to be Taken	Expected Outcome
Physical ability to handle additional containers.	Age Disability	Medium (-)	Promote the Assisted Collections service so that those in need can access the service.	Assisted Collection service will be used by those in need.
Mental ability to understand a new collection system, especially if additional containers or frequency of collection changes.	Age Disability	Medium (-)	Ensure communications are in plain English and use alternative formats such as showing information pictorially and producing collection calendars so households can identify their collection dates. Engage with amenity groups and target organisations who can assist people in understanding the services. Consideration will be taken to make the service as easy to use by residents as is possible.	The service will be understood and utilised by those that may have difficulties in understanding a more complex system.
Impact of additional containers obstructing the pavement	Age Disability Pregnancy & Maternity	Medium (-)	The size and visibility of bins will be given consideration when designing new services. Education as to the appropriate storage of bins will be given to householders. Consideration will be given to certain property types as	Containers will be placed out and stored in the correct way.

Possible Issues	Protected Characteristic Affected	Assessment of Potential Impact (+/-): High, Medium, Low, Neutral	Actions to be Taken	Expected Outcome
			to whether they will receive certain services and in what type of containers.	
Volume of wastes for certain households if collection frequencies lessened e.g. nappies, bins becoming too heavy	Pregnancy & Maternity Age Disability	Low (-)	Consideration will be given to additional bins for householders who may produce additional waste due to circumstance. Promote the Assisted Collections service so that those in need can access the service.	Assisted Collection service will be used by those in need and temporary assisted collections may be provided if the need is justified.
Ability to understand information about services and how to access or utilise them	Age Disability Ethnicity	Medium (-)	Ensure communications are in plain English and use alternative formats such as showing information pictorially. Engage with amenity groups and target organisations who can communicate service changes with their communities.	Any changes to the service will be understood and will ensure high levels of participation.
Whilst bins for garden waste are seen as a positive for ease of use, the cost of garden waste service could be seen as too expensive	Age Disability	Low (-)	Benchmarking with other authorities will be undertaken and consideration for reducing the annual fee from that which was set out in the consultation will be given.	Engagement in the use of the garden waste service.

13. Environmental Implications

13.1. Environmental considerations have been taken into account in the main body of this report.

14. Crime & Disorder Implications

14.1. There are no direct crime and disorder implications.

15. Conclusion

15.1. Waste management is a large service area that affects all Lewisham residents and as such a programme of consultation has been undertaken.

15.2. The aim of the consultation was to find out people's views about how the Council might change the way we collect waste and recycling from houses and flats in Lewisham (those that typically have collections from a wheelie bin).

15.3. Residents felt that it should be made easy for them to recycle, whilst we should also be reducing our impact on the environment. Respondents seemed supportive of separately collecting paper, should the need be required. Whilst respondents were supportive of weekly

food waste collections there was mixed support as to whether there should be fortnightly refuse collections alongside weekly food. Finally, whilst the majority of respondents felt that a garden waste service should be introduced there was negative feeling towards it being a charged for service.

- 15.4. With regard to compliance with legislation, namely the Waste Regulations 2012 and the requirement to separately collect materials unless it is not necessary or technical, environmentally or economically impractical to separate collect, operating a comingled recycling service would be the preferred option. The reason for this is the Council's current circumstances in not having access to a waste transfer station. However, the Council will need to ensure that materials are managed and handled in a way that retained and maximised their value.
- 15.5. To further improve the Council's environmental performance a weekly food waste service and subscription garden waste service could also be implemented. Refuse collections would become fortnightly to help shift people's behaviours towards the food waste service. Recycling collections would remain comingled and weekly.
- 15.6. Given the legislative and economic pressures that are facing the Council, and a desire to improve its environmental performance, waste and recycling services have been reviewed to be more efficient and effective, at the same time as identifying savings moving forward. A recommended approach for delivering against these pressures and drivers is set out in Section 3.

16. Background Papers and Further Information

16.1. Background papers include:

- a) Consultation on Potential Waste & Recycling Service Collections, Mayor & Cabinet Report, July 2015
- b) Let's Talk Rubbish Focus Group Report, October 2015
- c) Lewisham Citizen Forum Project Report, Ricardo E&E, October 2015
- d) Waste Regulations (TEEP) Assessment of Kerbside Collection Options, Anthesis, November 2015
- e) Equalities Analysis Assessment, November 2015

16.2. For further information relating to the report, please contact Sam Kirk, Strategic Waste & Environment Manager on 020 8314 2076 or email sam.kirk@lewisham.gov.uk.

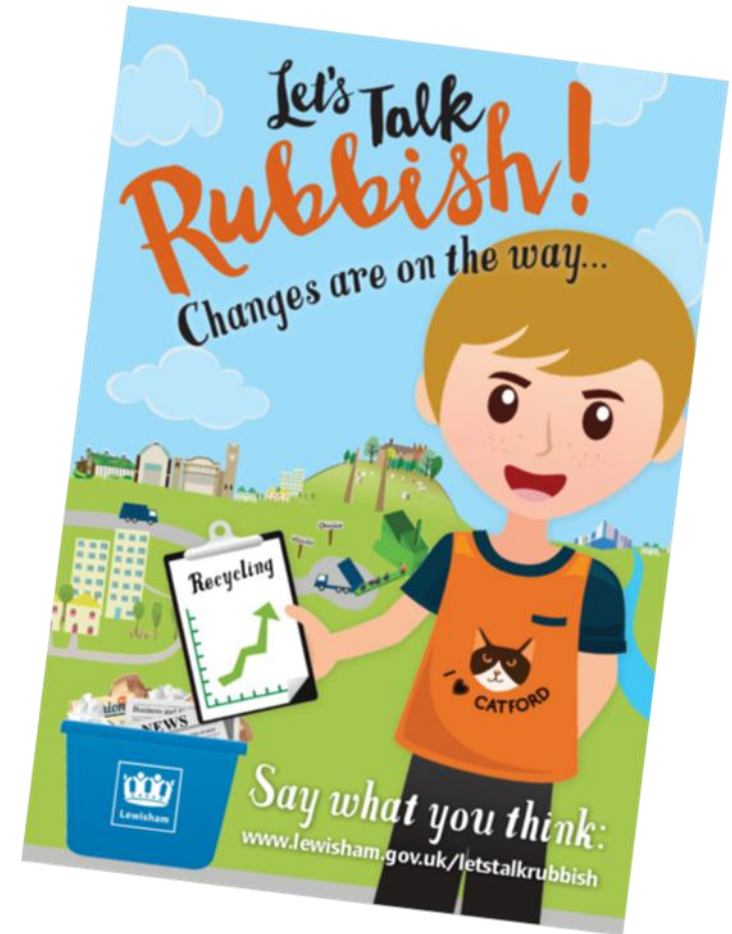
Appendix 1

Let's Talk Rubbish Consultation Results

Appendix 'Let's Talk Rubbish'

Consultation

Page 144



- ➔ Let's Talk Rubbish was a programme of public engagement activities that ran for 8 weeks between August and October 2015
- ➔ The aim was to find out people's views about how the Council might change the way we collect waste and recycling from houses and flats in Lewisham (those that typically have collections from a wheelie bin)
 - ➔ Appetite for recycling more and what their priorities are
 - ➔ Appetite for helping improve the quality of our recycling
 - ➔ Appetite for weekly food waste collections with fortnightly refuse
 - ➔ Appetite for a subscription garden waste service
 - ➔ Views on any special arrangements

➔ *Let's Talk Rubbish* was a programme of public engagement activities that ran for 8 weeks between August and October 2015

➔ The aim was to find out people's views about how the Council might change the way we collect waste and recycling from houses and flats in Lewisham (those that typically have collections from a wheelie bin)

➔ Questions asked around:

Page 146

➔ Your priorities

➔ Separate collection of paper

➔ Food Waste

➔ Garden Waste

➔ Frequency of collections

➔ Special arrangements

➔ Main method of consultation was an online survey accompanied by an animated video

➔ In addition:

➔ Citizen's Forum

➔ Focus Groups

➔ Workshops and presentations

➔ Ward Assemblies

➔ Library pop in sessions

- ➔ Lewisham x 2
- ➔ Catford x 2
- ➔ Deptford x 2
- ➔ Downham x 2
- ➔ Lee Green x 2
- ➔ Manor House
- ➔ Sydenham & Crofton Park (during opening hours)

➔ Events

- ➔ SELCHP Open Day
- ➔ Headstart Health & Wellbeing Event for 10-16 year olds
- ➔ Lewisham Disability Coalition – drop in session
- ➔ Lewisham Disability Coalition – borough wide meeting
- ➔ Young Advisors Meeting
- ➔ Stall at Young Mayor Election Results
- ➔ Promotion at Goldsmiths University lecture (including through social media to approx 1,000 students)

➔ Presentations

- ➔ Unions
- ➔ Back office Environmental Services staff
- ➔ 10 x Crews workshops
- ➔ All member briefing

Page 148

➔ Fact Sheets

- ➔ Staff on News for You
- ➔ Ward Assembly Co-ordinators
- ➔ Call Centre Staff
- ➔ Councillors
- ➔ MP's

Survey Responses

Page 149

Survey Responses



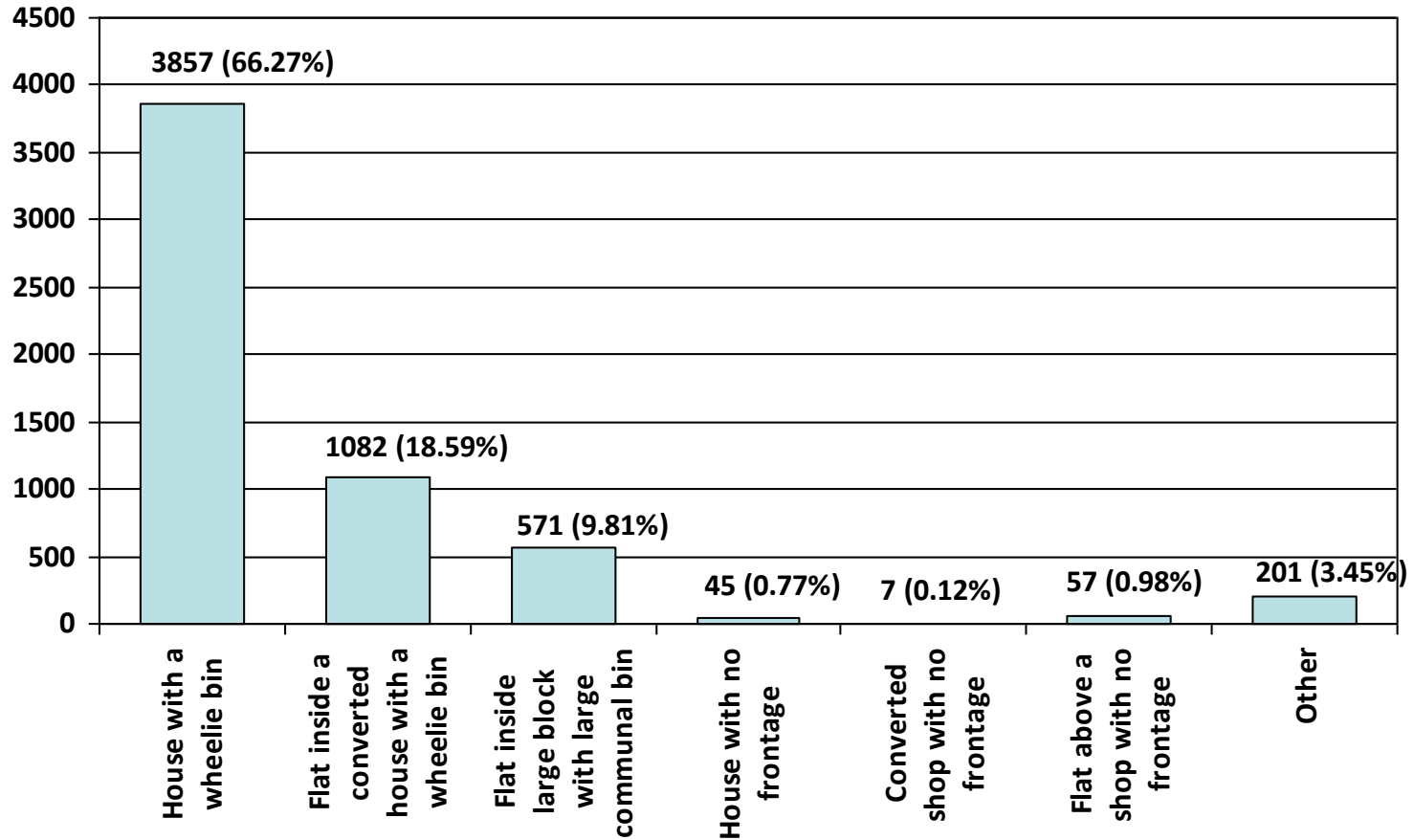
- ➔ Most popular online survey that the Council has undertaken to date
- ➔ 5,884 responses
- ➔ 3,519 additional comments

Of those that responded to the survey and provided the relevant information:

- ➔ The vast majority were **Lewisham residents** (99%, 5,668)
- ➔ Two-thirds (66%, 3,857) lived in a **house with a wheelie bin**
- ➔ Over four-fifths (85%, 4,939) lived in a house, or converted house, with a wheelie bin
- ➔ Over four-fifths (83%, 4,835) had a **garden**
- ➔ Over three-quarters (78%, 4,424) were of **White ethnicity**
- ➔ Six out of ten (60%, 3,413) were **female**
- ➔ Over half (51%, 2,971) were aged between **30-49 years**
- ➔ 415 (7%) considered themselves to be **disabled**

Question: In what property type do you live?

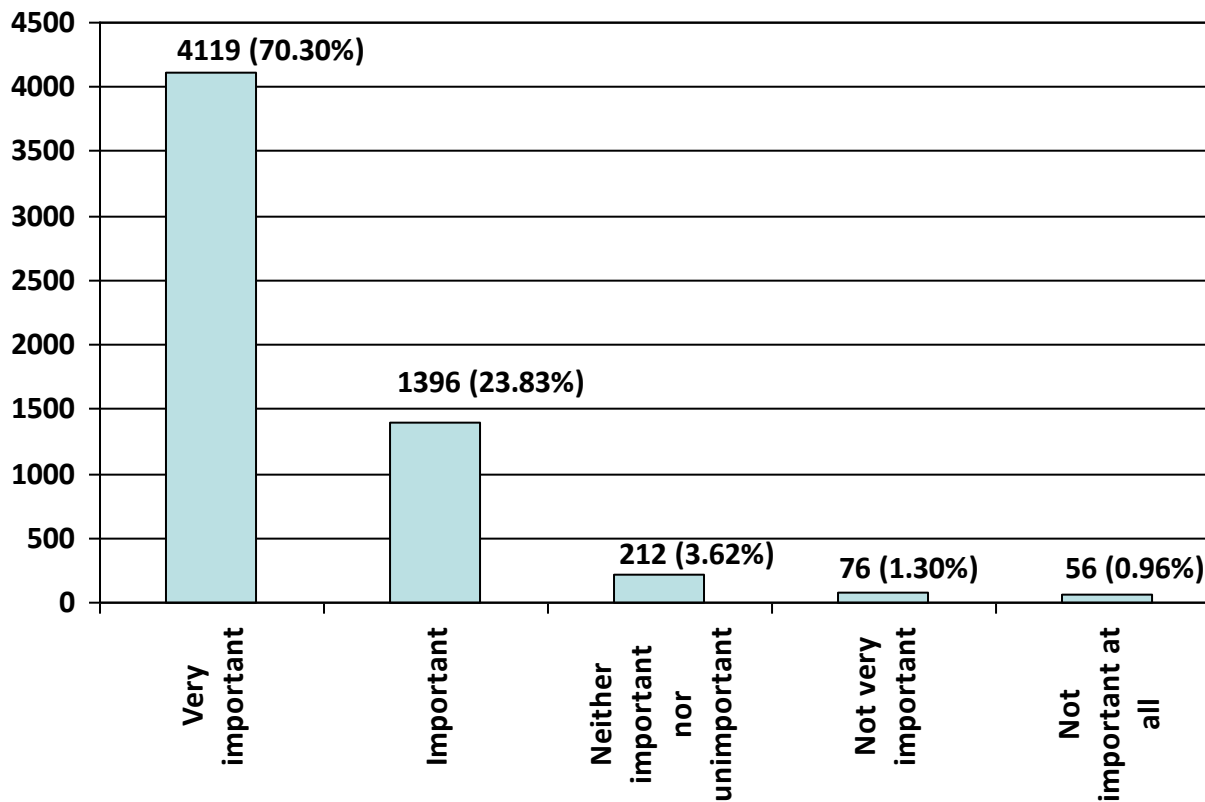
Page 151



Of those that responded to the question, **66.27%** (3,857) live in a house with a wheelie bin.

Question: How important to you is it that we try to recycle more?

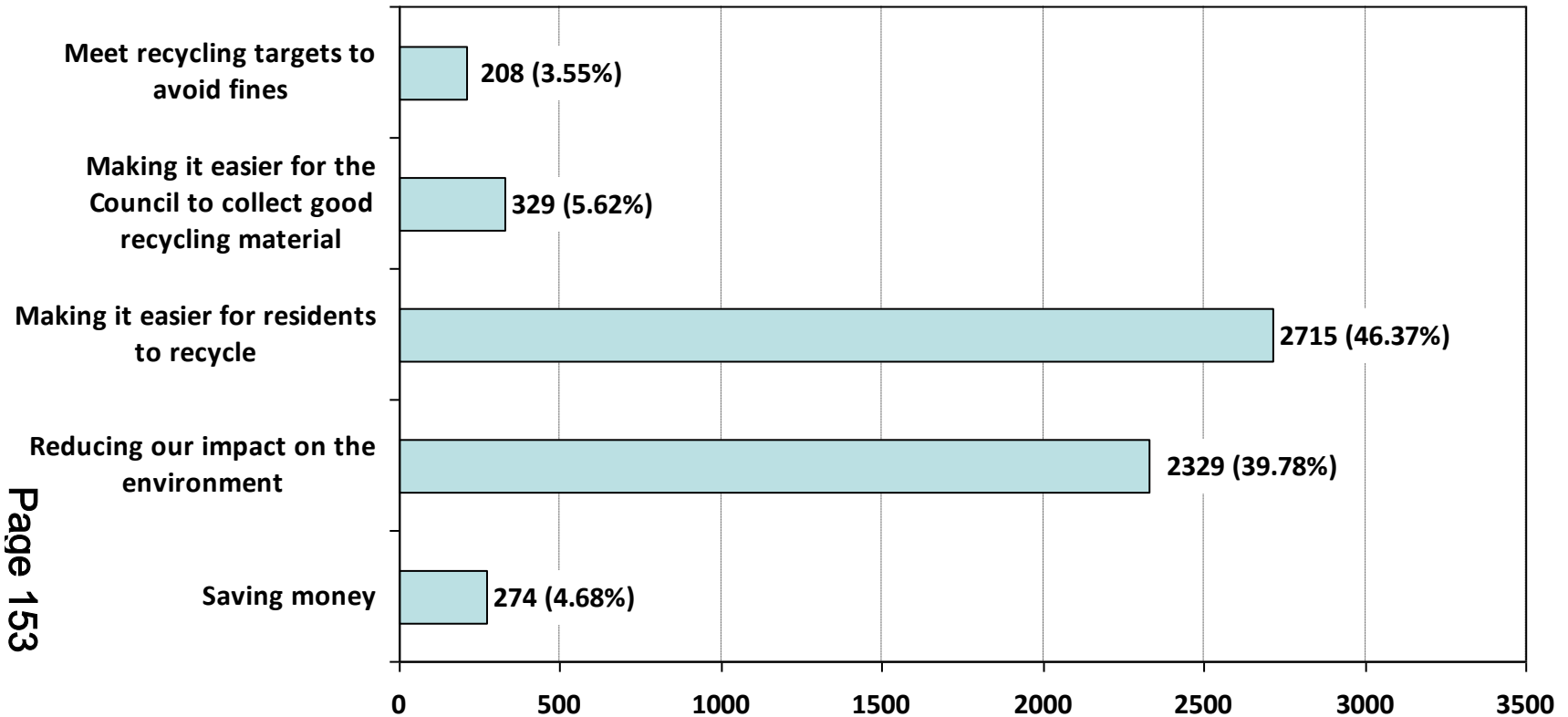
Page 152



Of those that responded to the question, **94.13%** (5,515) felt that it was important/very important that we try to recycle more.

Importance of recycling

Question: When the Council makes changes to its waste and recycling services, what do you think is most important?



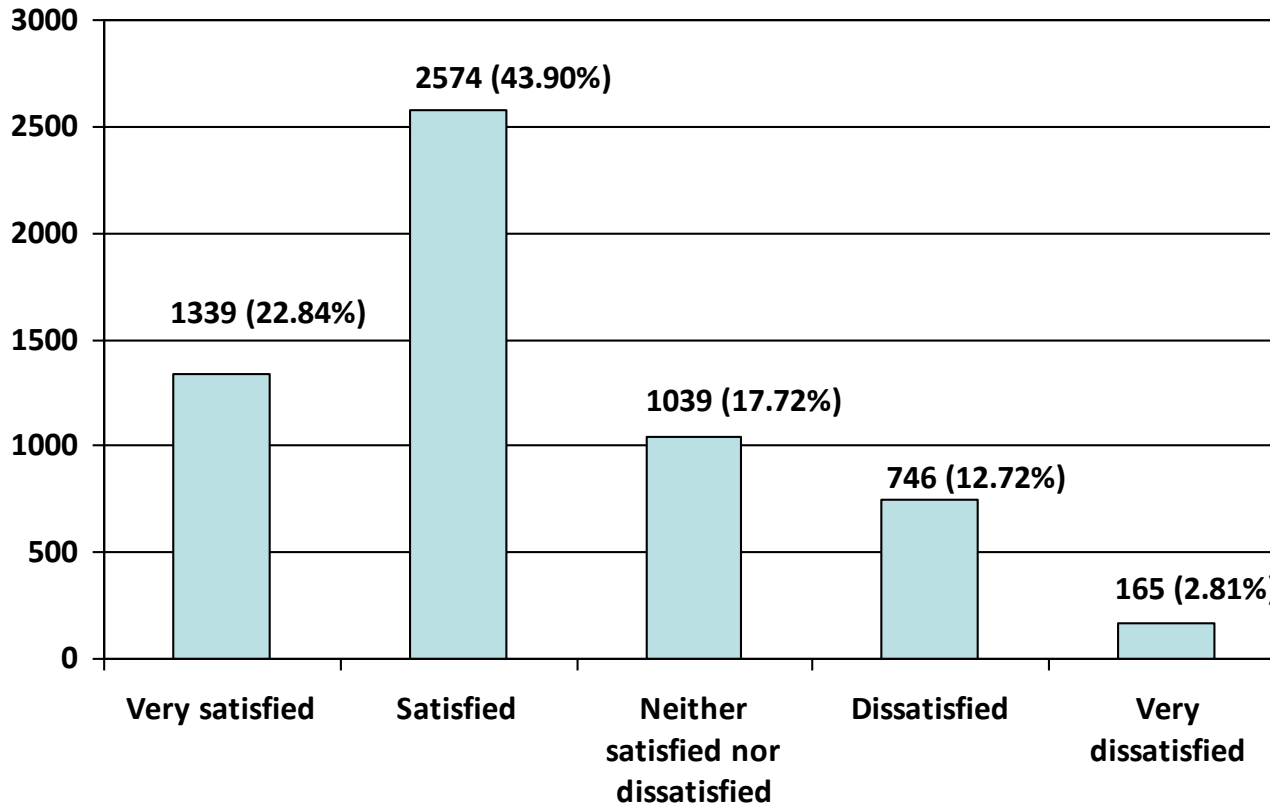
Page 153

Of those that responded to the question, **46.37%** (2,715) think that **making it easier for residents to recycle** is the most important consideration when making changes to the Council's waste and recycling service.

Reasons for service change

Question: How satisfied or dissatisfied are you with the current waste and recycling collection services in Lewisham?

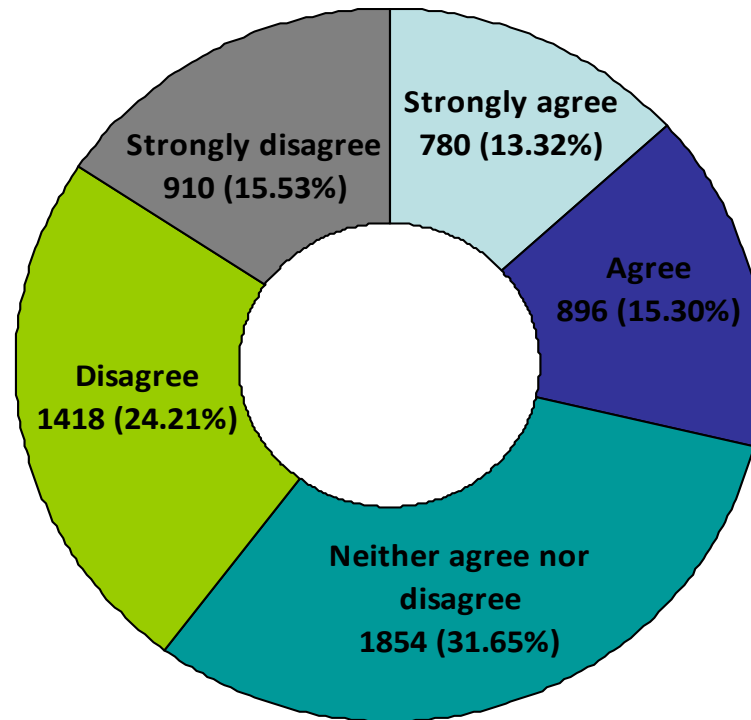
Page 154



Of those that responded to the question, **66.74%** (3,913) are either satisfied/very satisfied with the current waste and recycling collection services in Lewisham. Dissatisfaction levels are highest amongst converted shops with no frontage 71.43% (5) and houses with no frontage 37.78% (17), though sample sizes for both are very small.

Current satisfaction levels

Question: To what extent do you agree or disagree with the following statement - Separating paper from glass, metal and plastics would encourage me to recycle more?

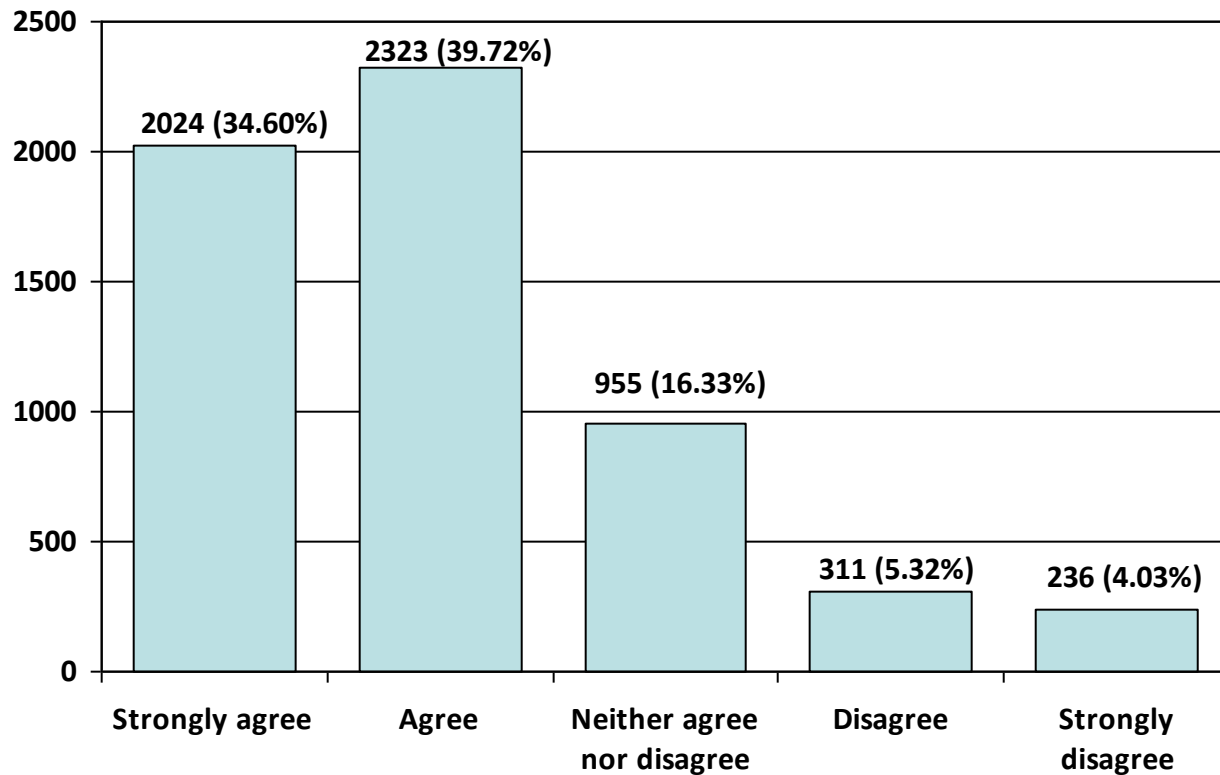


Page 155

Of those that responded to the question, **39.74%** (2,328) disagree/strongly disagree that **separating paper from glass, metal and plastics** would encourage them to recycle more. However, almost one-third of respondents (31.65%) neither agreed nor disagreed with the statement.

Question: To what extent do you agree or disagree with the following statement - The Council should collect paper separately from other materials so that it is able to sell the paper? The income from this would be used to reduce the cost of delivering the service.

Page 156



Of those that responded to the question, **74.32%** (4,347) agree/strongly agree that the Council should collect paper separately from other materials so that it is able to sell the paper.

Sale of paper to reduce service costs

Question: To what extent do you agree or disagree with the following statement – I would be prepared to separate my paper out into an additional small recycling box?

Property type	Agree/strongly agree	Disagree/strongly disagree
House with a wheelie bin	80.22% (3,094)	13.69% (528)
Flat inside a converted house with a wheelie bin	82.62% (894)	11.92% (129)
House with no frontage	73.33% (33)	22.22% (10)
Converted shop with no frontage	85.71% (6)	14.29% (1)

Page 157

Of those that responded to the question, **81.44%** (4,770) agree/strongly agree that they would be **prepared to separate their paper** out into an additional small recycling box. Rates of agreement/disagreement by key property types can be found in the table above.

New recycling box for paper



Question: To what extent do you agree or disagree with the following statement –
The Council should introduce a weekly food waste service?

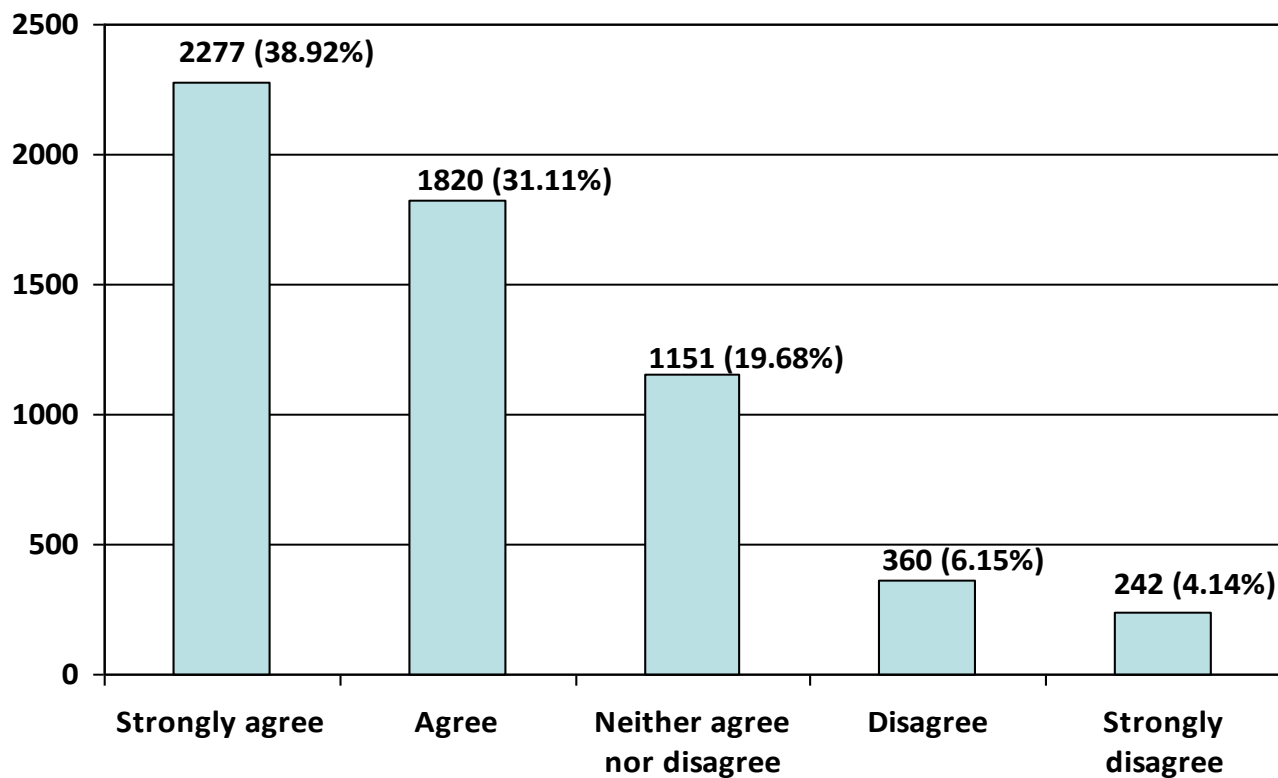
Page 158

Property type	Agree/strongly Agree	Disagree/strongly disagree
House with a wheelie bin	64.25% (2,478)	19.55% (754)
Flat inside a converted house with a wheelie bin	69.59% (753)	15.99% (173)
House with no frontage	60% (27)	24.44% (11)
Converted shop with no frontage	100% (7)	0% (0)

Of those that responded to the question, **66.59%** (3,898) agree/strongly agree that the Council should **introduce a weekly food waste service**. Rates of agreement/disagreement by key property types can be found in the table above.

Weekly food waste service

Question: To what extent do you agree or disagree with the following statement –
The Council should introduce a garden waste collection service?



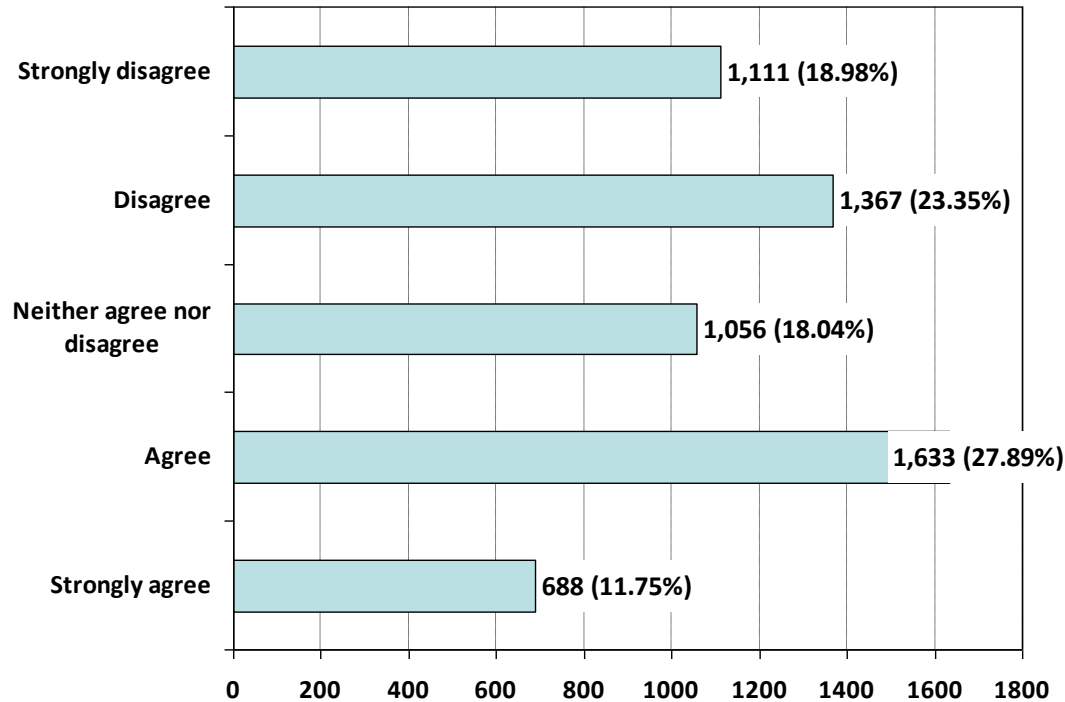
Page 159

Of those that responded to the question, **70.03%** (4,097) agree/strongly agree that the Council should introduce a garden waste collection service.

Garden waste collection service

Question: To what extent do you agree or disagree with the following statement – The Council should make a charge for the garden waste collection service as it is not a service that everybody can benefit from.

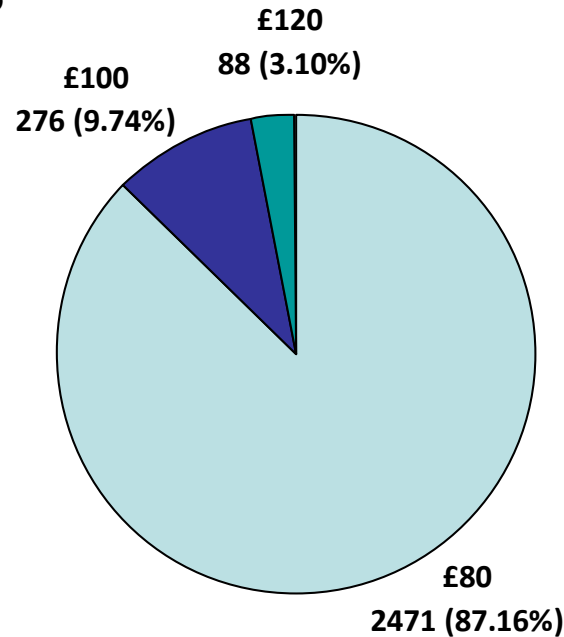
Page 160



Of those that responded to the question, **42.33%** (2,478) disagree/strongly disagree that the Council should **make a charge for the garden waste service**. Those respondents with a garden were more likely to be in disagreement at 45.85% (2,217) compared to those without a garden at 23.87% (237).

Charging for garden waste

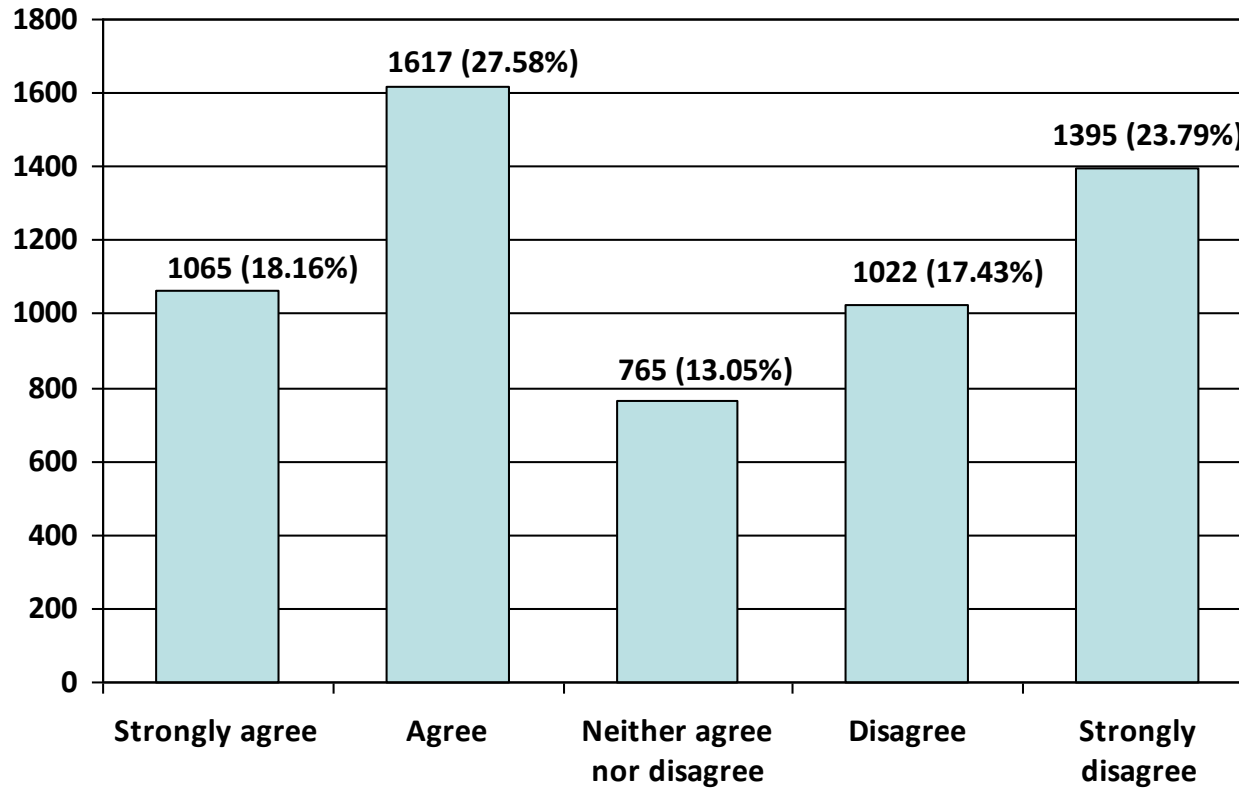
Question: How much would you be prepared to pay for an annual subscription to a garden waste collection service?



Of those that responded to the question, **87.16%** (2,471) would be prepared to pay **£80 for an annual subscription** to a garden waste service. However, it should be noted that **over half** (51.82% or 3,049) of total survey respondents chose to provide no response to this particular question.

For those respondents that have both a garden and were in agreement that the garden waste collection service should be charged for, the majority (63.66% or 1,155) were prepared to pay £80 for an annual subscription.

Question: To what extent do you agree or disagree with the following statement – The Council should introduce a fortnightly refuse service, with weekly food waste collections?



Page 162

Of those that responded to the question, **45.74%** (2,682) agree/strongly agree that the Council should **introduce a fortnightly refuse service, with weekly food waste collections**. However, it should also be noted that almost one-quarter of respondents strongly disagree. Those that tend to strongly disagree live in property types that have no frontage (33).

Collection frequency

The following table identifies respondents that agreed the Council should introduce a weekly food service but disagreed with the fortnightly refuse service / weekly food waste collection proposal. This data is displayed by key property types:

	House with a wheelie bin	Flat inside a converted house with a wheelie bin	House with no frontage	Converted shop with no frontage
<p><u>Agree/strongly agree:</u> The Council should introduce a weekly food service</p> <p>BUT</p> <p><u>Disagree / strongly disagree:</u> The Council should introduce a fortnightly refuse service, with weekly food waste collections</p>	17.81% (687)	18.67% (202)	15.56% (7)	42.86% (3)

Question: To what extent do you agree or disagree with the following statement – Properties without sufficient front garden space should be exempt from any new arrangements that require additional containers.

Page 164

Property type	Agree/strongly agree	Disagree/strongly disagree
House with a wheelie bin	42.96% (1,657)	31.55% (1,217)
Flat inside a converted house with a wheelie bin	46.58% (504)	30.04% (325)
House with no frontage	53.33% (24)	31.11% (14)
Converted shop with no frontage	57.14% (4)	42.86% (3)

Of those that responded to the question, **45.06%** (2,635) agree/strongly agree that properties without sufficient front garden space should be exempt from any new arrangements that require additional containers. Rates of agreement/disagreement by key property types can be found in the table above.

Exemptions for additional containers

Question: To what extent do you agree or disagree with the following statement – Properties without sufficient front garden space should still be offered a weekly food waste collection service if they want one.

Property type	Agree/strongly agree	Disagree/strongly disagree
House with a wheelie bin	79.54% (3,068)	6.51% (251)
Flat inside a converted house with a wheelie bin	84.38% (913)	5.45% (59)
House with no frontage	73.33% (33)	6.67% (3)
Converted shop with no frontage	85.71% (6)	0% (0)

Page 165

Of those that responded to the question, **81.24%** (4,755) agree/strongly agree that properties without sufficient front garden space should still be offered a weekly food waste service if they want one. Rates of agreement/disagreement by key property types can be found in the table above.

Food waste for exempt properties

Question: To what extent do you agree or disagree with the following statement – Some properties that are divided into multiple flats should share bins to reduce the number of containers in their front gardens.

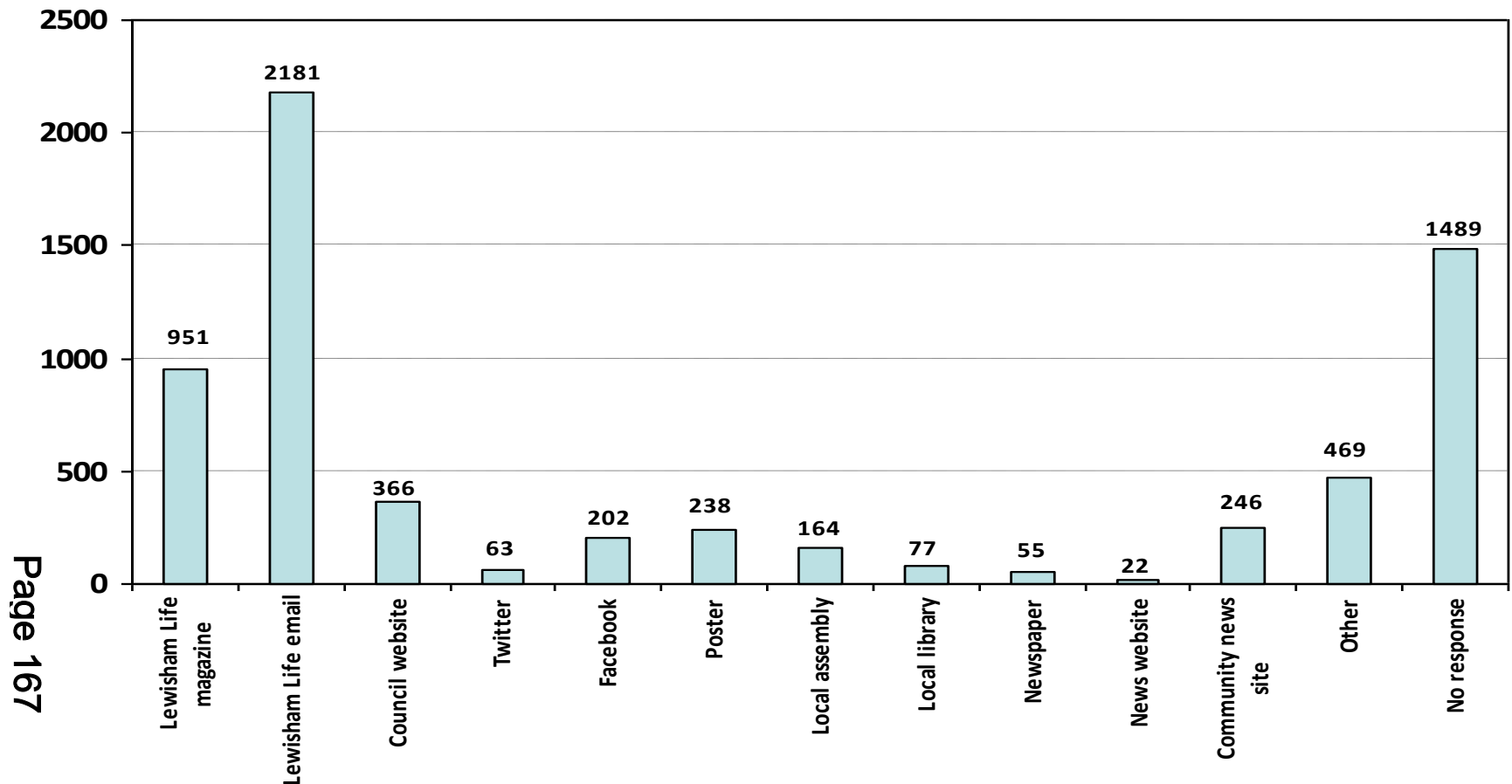
Page 166

Property type	Agree/strongly agree	Disagree/strongly disagree
House with a wheelie bin	74.23% (2,863)	7.57% (292)
Flat inside a converted house with a wheelie bin	75.42% (816)	15.80% (171)
House with no frontage	80% (36)	11.11% (5)
Converted shop with no frontage	71.43% (5)	14.29% (1)

Of those that responded to the question, **75.25%** (4,407) agree/strongly agree that some properties that are divided into multiple flats should share bins to reduce the number of containers in their front gardens. Rates of agreement/disagreement by key property types can be found in the table above.

Bin sharing for multiple flats

Question: Please tell us where you heard about this consultation?

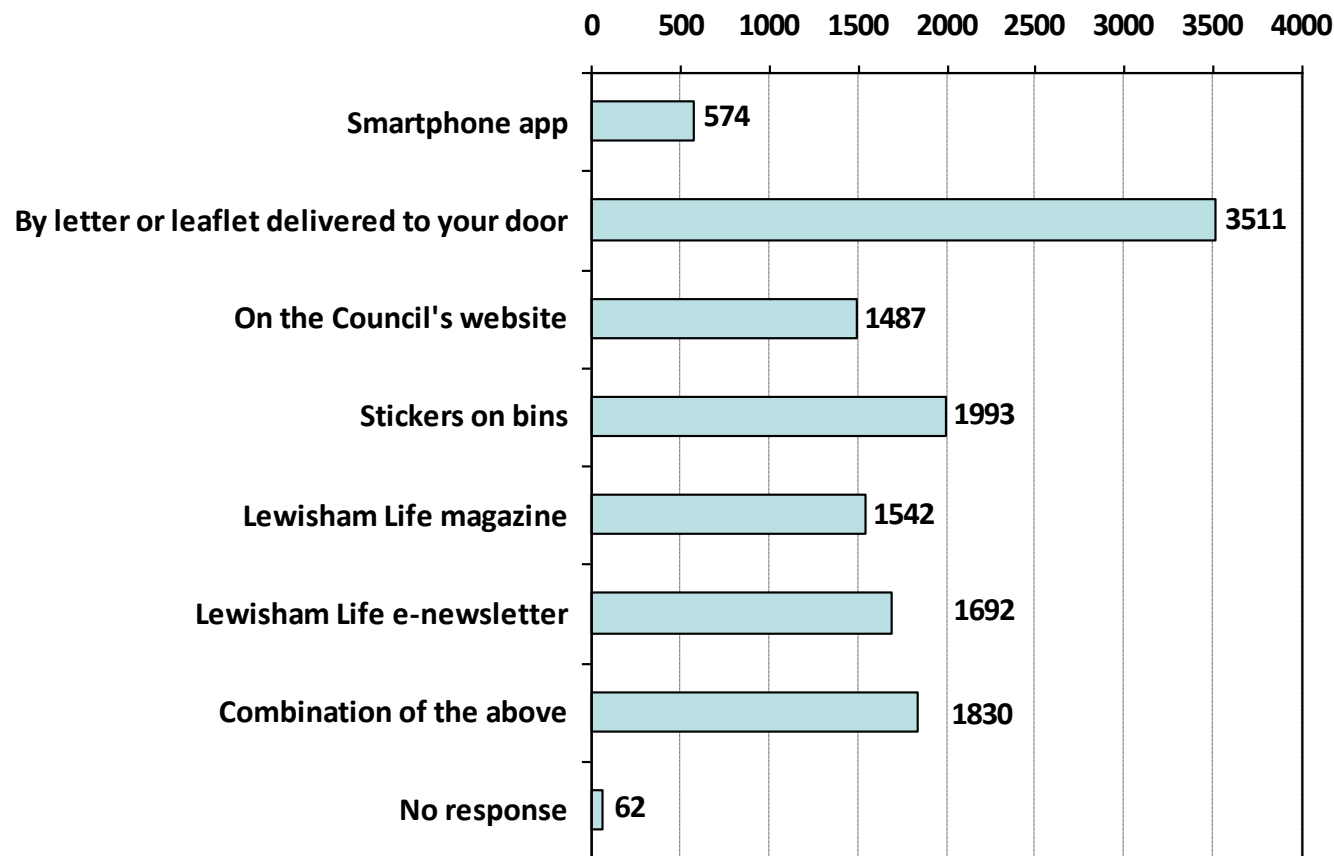


Page 167

Of those that responded to the question, **43.33%** (2,181) heard about the consultation via an email from Lewisham Life and 18.89% (951) from Lewisham Life magazine. 22.83% (1,489) of total survey respondents did not respond to this question.

Awareness of consultation

Question: If the Council makes changes to your waste and recycling services, how would you like to receive information about this? Please tick all that apply.



The single most popular method of receiving further information about changes to waste and recycling services was by **letter or leaflet delivered to the door**. Six out of ten respondents (3,511) selected this option.

Consultation Theme	Sub Theme	Count	Key Issues
Your Priorities	How important is it we try to recycle more	20	
	Priorities	175	
	Service satisfaction / dissatisfaction	402	Keep it as it is
Separate Collections	Separating out paper	131	No more bins
	Willing to separate paper into a separate box	148	
Food Waste	Food waste positive	327	Positive comments, lived in other boroughs with food waste, good but must be weekly
	Food waste negative	150	Foxes, would use if twice a week, two many containers
Garden Waste	Should introduce a garden waste service positive	147	Lack of service inferior to other boroughs, would prefer a bin to the current bags
	Should introduce a garden waste service negative	63	Like the current service, space for containers,
	Garden waste charging	722	Too much, no option to choose less than £80, stick with current service, free in other boroughs, alternatives £40-60
Frequency of collection	Fortnightly with weekly food positive	74	Mostly food in black bin , not much in black bin, as long as weekly food, fortnightly refuse ok, others authorities do it
	Fortnightly with weekly food negative	552	Volume of waste left for 2 weeks, nappies, pet waste, fly tipping, large families, too much recycling for fortnightly, fox issue, kitchens too small for storage, recycling should be weekly, pay council tax
Special Arrangements	Properties should be exempt if have insufficient space	3	
	Should still be offered food waste	1	
	Converted flats should share bins	55	Not a good idea, no responsibility, contaminations issues, why not have bigger communal bins, should be more recycling than refuse
Communications		198	Clear comms as to the what & why, invest in motivating and educating people, clearer about contamination
Other issues		807	Should recycle more, fine people, bulky waste collections, incentives, composting, RRC in South of borough, garden waste satellite sites, bins on pavement

Protected Characteristic	Count	Key Issues
Age	27	Confusion, ability to move bins, separate out different materials may be difficult, bins on streets
Ethnicity	0	
Gender	0	
Disability	38	Bins on streets, unable to lift or move containers, possible confusion as to what to do if separate collections
Religion & Belief	0	
Sexual Orientation	0	
Pregnancy & Maternity	3	Bins on streets, additional bins for nappy waste

Citizen's Forum

Page 171

Citizen's Forum



- ➔ Organised and facilitated by Ricardo E&E
- ➔ Deliberative event (including design own service)
- ➔ 50 'best fit' Lewisham Residents
- ➔ Mix of opinions towards recycling
- ➔ Street level properties
- ➔ Day event 19th September

- ➔ Mainly satisfied - simple 2 bin system, each collected weekly. Requires little effort from residents
- ➔ But some confusion about what can be put in the recycling bin...more information please...(= recurring theme)
- ➔ Garden waste - lack of knowledge or objections to charges. Result is some use of residual waste bin
- ➔ Recognition that residual and recycling balance needs to change – this grew during the Forum
- ➔ Recycling seen as important – for the environment, not for Council savings
- ➔ Recycling needs to be simple...beware of ‘hassle’ factors regarding any service changes

- ➔ The 5 priorities confuse process and outcomes?
- ➔ Saving money and meeting recycling targets seen as outcomes which will be achieved by getting a good process in place
- ➔ Making it easier for residents to recycle should be the main focus
- ➔ Collecting good quality recycling material is important, but not a top priority
- ➔ Overarching aim from residents' perspective is to reduce our impact on the environment

Citizen's Forum - What the Council's priorities be?

- Discussion focused on a separate paper collection
- Residents open to this idea
- To manage space would prefer a separate insert that sits inside their main recycling bin
- Generating an income is okay, if residents benefit from it
- There should not be any exemptions to service changes

- Widespread interest in there being a food waste collection service...provided it is at least weekly
- Clear link made between this and reducing residual waste
- Some concerns:
 - Would plastic bags for internal caddy be free?
 - Would larger families be allowed more than one internal caddy?
 - Would a service be provided to clean external bins?
 - Would external bins be secure enough to deter vermin?
 - Showing residents what the collection bins look like reassures them

- ➔ Most felt that this should be a free service
- ➔ Small number felt it was not a universal service and therefore should be chargeable
- ➔ Low awareness of the existing service, but people preferred on request to annual subscription
- ➔ Lack of support for £80, £100 and £120 suggest annual subscription rates – too high
- ➔ Impact – limited sign-up with waste being put in residual bin
- ➔ When pushed...£10 to £50

- ➔ Desire for a food waste weekly collection service
- ➔ Widespread changes in collection frequencies to encourage recycling
- ➔ Some suggestions that there should be more than just a separate paper collection
- ➔ Varied garden waste service suggestions – on request and seasonal (with lower charge)
- ➔ There should not be any exemptions to service changes

How important is recycling to you?

How important is it that the Council recycles more?

Do you think the Council should change its refuse and recycling service?

Page 179
→ At the start most people said 'fairly' or 'very' important to the first 2 questions, and 'agree' or 'strongly agree' to the third question

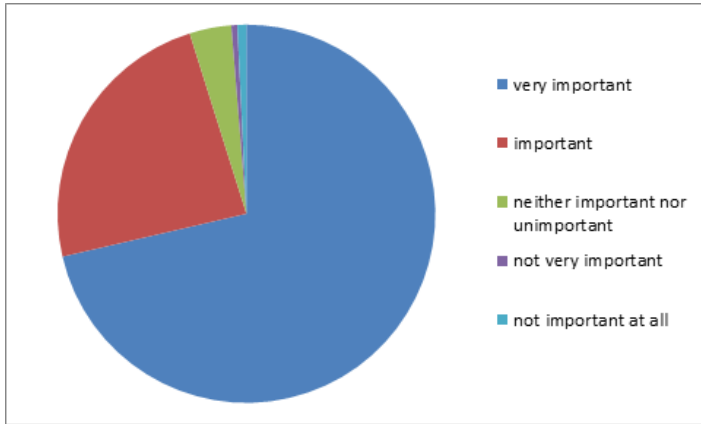
→ At the end, more people moved into the 'very important' and 'strongly agree' categories

Citizen's Forum - Start & end of Forum opinion changes

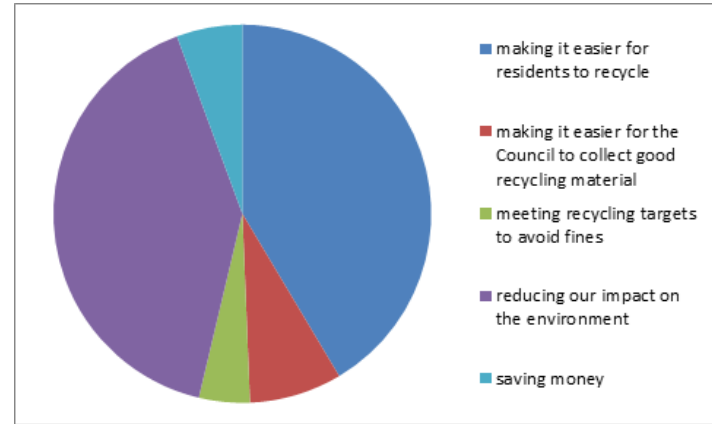
- ➔ Discussing the issues resulted in people being more open to changing the service – increasing and improving recycling is a priority
- ➔ Success is dependent on residents playing their part effectively – needs to be clear what goes where and there must be minimal ‘hassle’
- ➔ Different collection frequencies should be explored – leads to behaviour change resulting in more recycling and less residual waste
- ➔ Widespread support for a weekly food waste collection service
- ➔ Annual subscription garden waste service with a charge of £80 to £120 would be very unpopular
- ➔ No exemptions if there are service changes – be creative about how to make it work
- ➔ Knowledge about service pressures and performance makes people more open to changing it

➔ Lewisham Life (397)

How important to you is it that we recycle more?

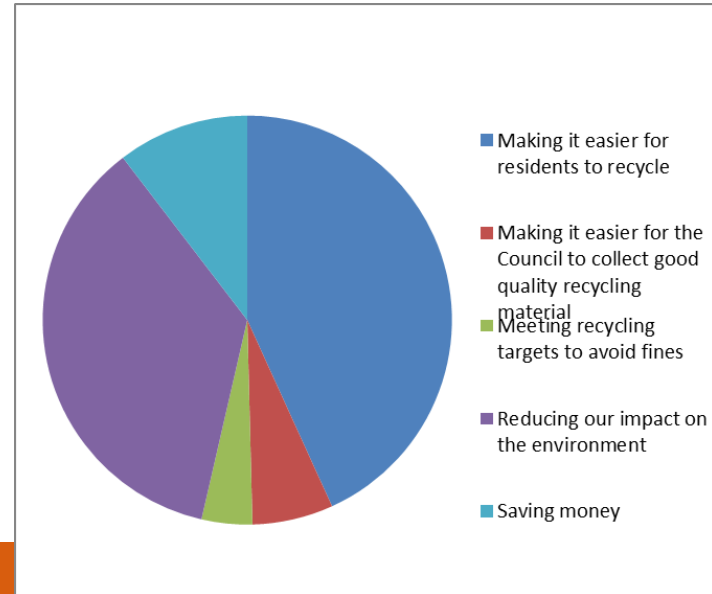
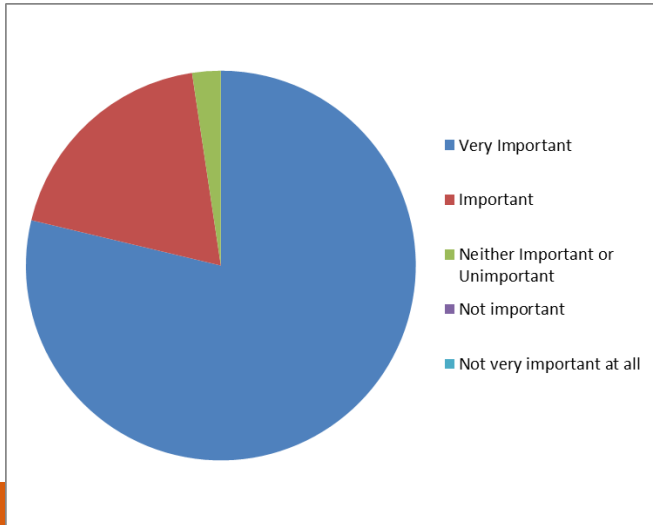


When the Council makes changes to its waste and recycling services, what do you think is most important



➔ Ward Assemblies (129)

Page 181



- ➔ Five Focus Groups (22 participants)
- ➔ Chosen for property type
- ➔ Priorities
 - ➔ Reducing impact on environment
 - ➔ Making it easier for residents to recycle
- ➔ Majority agreed with separate paper collections
- ➔ Very strong support for food waste
- ➔ Many wanted to stay with current garden waste service
- ➔ Majority felt garden waste should be free
- ➔ Majority supportive of fortnightly refuse with weekly food

London Borough of Lewisham, Waste and Recycling Services Consultation Focus Group Report, 2015

Introduction

As part of its waste and recycling services consultation, Lewisham Council held 5 focus groups for their residents in September and October 2015. The objective was to consult targeted residents to obtain a fuller representation for the consultation process, and to keep the decision-making process around the future of Lewisham waste services open and transparent. The focus groups were part of a variety of methods and opportunities for all residents to share their views and contribute to the final decision on the most appropriate service.

Methodology

Participants for the focus groups were selected by household type. This was based on the assumption that some households could present operational difficulties when delivering the proposed service changes, and residents may have more resistance to change.

Invitations were sent to households with very minimal or no frontage, were accessed by steps or were multiple occupancy flats. Five, two hour sessions took place in 3 different venues located in close proximity of the targeted households. They were attended by 22 Lewisham residents.

Prior to conducting these sessions, we also ran a test focus group whose results are also included within part of the findings in 'The Bin Game'. Though only some of these participants live within the borough, all (5) work in Lewisham.

The sessions began with an open discussion asking 2 broad questions:

- What are your views on the current waste and recycling service?
- How important is it to recycle more?

Following this, each participant individually and anonymously filled in a question sheet asking what they think should be the Council's priorities. These were then handed back to the facilitator. Participants repeated this exercise at the end of the session after all the presentations, discussions and workshops were finished.

Officers then introduced the 4 key drivers for change, and viewed the consultation video in a presentation. The key drivers included:

- Improving the Environment
- Legislation
- Budget
- Ease of delivering the service and ease of using the service by residents

During the presentation, Officers raised key discussion questions, which centred on how Lewisham's future services might be delivered. These closely followed some main questions asked at the Citizen's Forum (19th Sept. 2015). Discussing the legislative requirement to increase the quantity and quality recycling, as well as the possible introduction of a food waste service, time was allowed for people to physically look at the bin containers that may be used for such services. These included a recycling box and lid; insert (into wheeled bin) for separating recycling; and kitchen caddy and lockable food waste bin. The introduction of a subscription based garden waste collection service, the frequency of collections and special arrangements were also discussed.

The participants then worked in small groups (2 to 4 people) to design their own waste and recycling service. Some guidelines, such as needing to consider all 4 key drivers, were given so that people stayed within reasonable parameters. Approximately an hour was given to the groups to discuss and present their service.

Results of the questions and the workshop are below.

Results

Views on the current waste and recycling service

Though there were some similarities, there was a distinct difference in the overall tone between focus groups held in the south of the borough to those held in the north.

Those attending in the south were broadly satisfied with current service. They like the frequency (weekly) and simplicity of collection. Some confusion about what materials could be put in the recycling bin led to a call for more recycling information to be provided. The residents were both aware and conscientious about contamination to recycling bins. Most agreed that sharing bins with neighbours to reduce bin quantity was simple and not a problem. Positive comments included ease, regularity, reliability and tidiness of the crews and service. Residents were aware of other waste services too, remarking that the bulky waste collection was good value, and that although Lewisham's Reuse & Recycling Centre is too far, they use a neighbouring borough's facility.

Those attending in the north were less positive. Although participants did not explicitly express a dissatisfaction of what the current service provides, there was only one positive comment which stated that 'Lewisham seemed to recycle a lot' [of materials]. The majority of negative comments were focussed around space issues, placement of bins, bin clutter on streets, pedestrian access, litter and contamination by other pedestrians, and bin size.

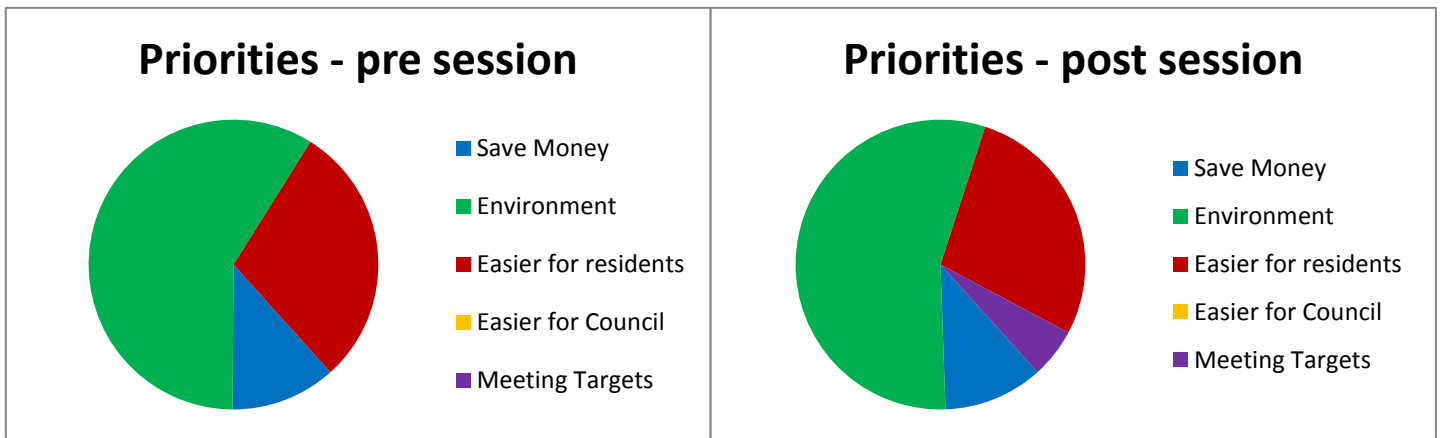
Half of each of the south and north groups strongly voiced their desire for a food waste collection, stating they felt bad for discarding food into the refuse bins. Other comments included the need for improvement to the garden waste service and fly-tipping issues (although the south seemed happy with the Council's response to fly-tipping reports).

How important is it to recycle more?

There was a broad consensus within all groups that recycling is very important, citing environmental issues as the main reason that people should recycle habitually. Some key comments included the need for a uniformed national system, a reduction of packaging, and the need for more communication and education to provide clarity regarding recycling. It was stated that education should address cynicism regarding where recycling goes, closed loop explanations, and positive press about our landfill rates, as well as what can and can't be recycled. It was also mentioned that the Council needs to provide more recycling provisions to allow avid recyclers to recycle even more than what they currently do. The need for a food waste collection was also passionately mentioned again.

What should be the Council's priorities?

Participants reviewed five suggested priority areas, once at the beginning of the session prior to the presentation, and then at the end of the session. The priority areas were: saving money; reducing our impact on the environment; making it easier for residents to recycle; making it easier for the Council to collect good quality recycling material; and meeting recycling targets to avoid fines. All focus groups showed minimal change of opinion about what their priorities were in the two reviews. There was a consensus that the main priority for the Council should be to reduce the impact on the environment. The second priority should be to make it easier for residents to recycle.



Results - Designing a new waste and recycling service ('The Bin Game')

When asked to work in small groups (9 in total, which includes the 5 participants of the test group) to design what a new service might look like, there were some commonalities across the groups. Most prevalent was the unanimous desire for a weekly food waste collection service. A large majority also were in favour of separating out paper from other recyclables, and many also chose a fortnightly refuse collection as opposed to the current weekly service. There was considerable variation in the design for a garden waste service – some suggested pay-as-you-go on request (this is the same as the current service), while others preferred a seasonal service with a lower subscription rate to the ones proposed by the Council in the ‘Let’s Talk Rubbish’ Survey. The main findings from this exercise are presented below.

Separate collections

Most participants chose to separate paper from other recycling. Of these, all suggested using an insert into the wheeled bin, rather than a box to separate out the paper. However approximately half also suggested residents have a choice in the size of the recycling bin available. A common theme was visual tidiness and ensuring the system was not confusing. The frequency of collection was less decisive, with half of participants suggesting a fortnightly collection.

Food waste service

Participants unanimously chose to have a weekly food waste collection, with all participants suggesting using the food waste caddy and lockable bin as per shown during the focus group session. Some also suggested other bespoke options, such as a hooking the food waste bin onto a wheeled bin, communal bins located on the street, or presented in sealable bags. It should be noted that these comments came from one focus group, who were specifically targeted for their ‘no frontage’ or ‘minimal frontage’ housing type. All groups felt that the Council should provide, free of charge, bio-bags to line the kitchen caddy. Though there were some initial concerns regarding foxes and smell, comments tended to be more on the positive side, especially when shown the locking system on the bin.

Garden waste service

Decisions regarding garden waste collections were the least clear out of the topics discussed, though none of the participants chose to have a weekly collection. The majority of participants suggested the use of sacks (as per the current service), while a little over a third suggested having a wheeled bin, or the option of choosing a bin or sack.

There was a strongly held view amongst many participants that any garden waste service provided should be free. Many argued that as they pay Council tax, it should be part of the waste service. A small number of participants felt however, that if it was explained to residents what it costs to run a garden waste service, people would be more willing to pay between £50 and £75. Many people also encouraged continuing the promotion of compost bins.

Preferred refuse service

The majority of people chose to have a fortnightly refuse collection, running in conjunction with a weekly food waste service. Though some participants were happy with the 180L size of the refuse bin, nearly half suggested a smaller bin or suggested that residents should have a choice in the size of the refuse bin available to them.

Preferred recycling service

Most participants felt that recycling collections could be fortnightly, though there was some debate on its frequency, with nearly half either undecided or choosing a weekly service. As previously mentioned, a larger majority opted to separate paper from the rest of the recycling, with only one group out of the nine choosing to stay with the current co-mingled service.

Conclusion

Participants were not conclusive about their satisfaction with the current waste and recycling service. The groups in the south of the borough were satisfied with the current service, but the groups held in the north expressed dissatisfaction with issues surrounding the implementation of the current service, however, no conclusive opinion was put forward about the frequency of collection, or the 2 bin service per se.

Throughout the sessions, people held the view that recycling was important. It was also a priority for the majority to reduce our impact on the environment. Stemming from this, there was a strong view that increasing and improving recycling should be a priority for the Council. However, residents stated the need for an easy, non-complicated system. Education and communication was also a strong theme throughout the sessions, participants in favour of multiple forms of communicating recycling messages to residents, particularly if introducing significant changes.

Participants were also open to exploring collection frequencies for different types of waste. Some made a clear connection between changing a collection frequency and changing residents' behaviour, for example, if refuse is collected less often, then people will look at other options for materials usually destined for the refuse bin. Participants tended to feel that a fortnightly refuse and recycling service was favourable, provided a food waste collection was weekly. Half of the participants also suggested that residents should have a choice in the size of bins available to them, generally suggesting a smaller bin for refuse and a larger one for recycling in addition to the current sizes.

There was unanimous support for the idea of introducing a food waste service, providing it is collected weekly and if bio-bags were provided free of charge. People also supported the kitchen caddy and lockable outdoor food bin.

The majority of people were also in favour of separating out paper from the rest of the recycling, provided it could be disposed of in an insert into the recycling wheeled bin. It was noted that if the Council explained why paper needed to be separated, residents would be more open to the idea and willing to participate.

Introducing an annual subscription based garden waste service created much debate, particularly if charged. Nearly everyone felt this should be a free service. People did not embrace the idea of a regular wheeled bin service, opting more in favour of an 'on request' service, similar to the current service.

As the participants learned more about the pressures the service faces and how it currently performs, they became more open to discussing change, including how materials are collected and how frequently this happens.

When asked to design their own service, participants came up with a range of different service configurations but some of the common themes emerged including:

1. Separate food waste collections, collected weekly.
 - a. indoor kitchen caddy, external lockable bin and free bags
2. Separate collections for recyclables (paper in particular)
 - a. Groups were more in favour of fortnightly collection, using an insert container to avoid excess bins
3. A separate garden waste collection service
 - a. Groups were very divergent in their views on how it should be operated (free, annual subscription, pay as you go, collection frequencies etc.)
4. Residual waste,
 - a. Groups were more in favour of collected fortnightly (if a weekly food waste collection was implemented)
5. No exemptions based on property size/frontage
 - a. Different systems were suggested for properties with space/storage issues including stackable boxes, communal on street recycling and smaller containers.

The key results from the main discussion questions are outlined in the table below.

Main Discussion Questions	Key results	
Views on the current waste and recycling service	South – broadly satisfied with current service and crew	North – less satisfied, especially with the implementation of the service (clutter, space, litter)
How important is it to recycle more?	Important / very important	
What should be the Council's priorities?	<ol style="list-style-type: none"> 1. reducing our impact on the environment 2. making it easier for residents to recycle 	
Separate collections	Majority would be prepared to separate paper using an insert into the wheeled bin	
Food waste service	Unanimous desire for a weekly food waste collection	
Garden waste service	Less decisive, many opting for current service over a regular wheeled bin service. Nearly all felt it should be a free service.	
Preferred refuse service	Majority opted for a fortnightly refuse collection, alongside a food waste collection.	
Preferred recycling service	Many opted for a fortnightly recycling collection, the majority opting for a separated system.	



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Energy & Environment

Lewisham Citizen Forum Project Report

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Report for London Borough of Lewisham

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Executive summary

As part of its waste services review consultation, Lewisham Council held a Citizen Forum in September 2015. The Forum was attended by 50 Lewisham residents and lasted for a full day. The main findings from the Forum are presented below.

Views on the current waste and recycling service

Participants in the Forum were broadly satisfied with current service. They like its simplicity – 2 bins, each collected weekly. However, there was some confusion about what materials could be put in the recycling bin. This led to a call for more information to be provided to clarify this. This desire for more information was a recurring theme throughout the day. Also, apart from there being two bins, many people did not know about other aspects of the waste and recycling service, for example, the location of the recycling centre and the existence of the garden waste service. The garden waste service became an issue of heated discussion throughout the Forum. Early comments about it focused on a few complaints about having to pay for it which led to some people saying they put their garden waste in with their general waste. Discussing what could be improved there were suggestions that the amount of general waste collected needs to decrease and the amount of recycling increase. They felt that changing the frequency of collections, introducing a food waste service and providing enough bin capacity for any additional recycling might be a means to achieve this.

How important is it to recycle more?

There was a broad consensus within the Forum that recycling is important, the main reason being its environmental benefits. Forum participants did not associate increased recycling with achieving financial savings for the Council. People said they would recycle more but it needs to be easy for them to do – any ‘hassle’ factors are likely to put them off. If they were required to separate out recyclables and put them in separate bins, people would probably adapt to it, but it needs to be simple and obvious what goes in each bin. Again, people talked about the need for information, and preferably, stickers on bins. Some suggested that there should be small internal recycling bins for the home so they can put materials in the appropriate bin as soon as they discard them. Food waste bins were again mentioned - people thought this would be a good idea so long as they were collected frequently.

What should be the Council's priorities?

Participants identified a broad range of possible priorities for the Council from providing a service that is easy for residents to use, to having incentives to encourage recycling or fines for those who don't. However, there was no consensus regarding these, or the other priorities they identified at this point. They then reviewed five suggested priority areas: saving money; reducing our impact on the environment; making it easier for residents to recycle; making it easier for the Council to collect good quality recycling material; and meeting recycling targets to avoid fines. There was considerable agreement that saving money; meeting recycling targets and, to some extent, collecting good quality recycling material are not what residents feel should be the main priorities. They also said that these are outcomes that will be achieved if the service in place makes it easy to recycle more - if residents do not effectively do this then none of the suggested priority areas will be achieved. Many felt the overall priority for the Council should be to reduce the impact on the environment – this should be seen as the overarching aim of improving the service.

Separate collections

People were fairly relaxed about the suggestion of having a separate collection for paper. The idea of having a separate insert that sits inside their main recycling bin was felt to be a good space-saving way of doing this, providing it is of a manageable size. They thought it would be sensible for the Council to seek to generate income so long as it ultimately benefits residents, for example, by the money being used to protect other Council services. There was quite a strong feeling that there should not be exemptions allowed to any service changes, for example, if a property has minimal front garden space.

Food waste service

There was widespread support for the idea of introducing a food waste service, providing it is collected weekly. People recognised that having this type of service would be an essential part of reducing the amount going into their general waste bin. Some people did have a few concerns about

the service apart from ensuring it is collected weekly. Would the plastic bags for the internal caddy be free? Would bigger families be allowed to have more than one internal caddy? Would the Council consider providing a free cleaning service for external bins? Would the external bins be secure enough to stop vermin accessing them? It was noticeable that when examples of the internal caddy and external bin were passed round the Forum some participants were much more reassured about the idea of this type of service being introduced. Again people felt there should not be any exemptions from this service.

Garden waste service

There was a strongly held view amongst many participants that any garden waste service provided should be free. Only a few felt it was a different type of service to other waste and recycling collections as many residents do not have gardens so it is not a universal service, therefore those who want their garden waste collected should pay for it. As indicated earlier in this Executive Summary, a large number of participants were unaware that Lewisham already provides a 'pay per bag' garden waste service. When pushed on what an acceptable charge might be if the service was not free, there was a broad range of suggestions, mostly falling between £10 and £50. Nearly everyone felt the £80, £100 and £120 options were far too high. Most people with gardens said they would not sign up for a subscription service with an annual fee, especially if it was pitched somewhere between £80 and £120. Describing what type of garden waste service should be provided, many suggested an on request one, broadly along the lines of the current one rather than an annual subscription service.

Designing a new waste and recycling service

When asked to work in small groups to design what a new service might look like, there were some commonalities across the groups. First, was the desire for a weekly food waste collection service. Many of the service designs also changed the frequency of services from their current configuration to encourage a focus on recycling. There were several suggestions for separating out recycling into different collections, particularly for paper. There was considerable variation in the design for a garden waste service – some suggested pay-as-you-go on request, while others preferred a seasonal service with a lower than subscription rate than the ones proposed by the Council. There was also a strong feeling that there should not be exemptions from any new service because a property might have minimal/no front garden space.

Changing opinions

At the start of the Forum participants were asked to respond to three questions:

- *How important is recycling to you?*
- *How important is it that the Council recycles more?*
- *Do you think the Council should change its refuse and recycling service?*

They were asked the same three questions at the end to see if learning more about the service had changed their views. At the start of the Forum most people were likely to say 'fairly important' or 'very important' to the first two questions, and 'agree' or 'strongly agree' to the third one. By the end of the Forum, the views of many participants had shifted with even more expressing positive views, particularly in the 'very important' and 'strongly agree' categories. This demonstrates the value of communicating more with residents about these issues as, with greater knowledge and understanding, people have a better appreciation of the challenges facing services and how important they are.

Conclusions

Participants in the Forum were broadly satisfied with the current waste and recycling service. They like its simplicity – 2 bins, each collected weekly. However, once they had discussed the importance of recycling they were increasingly open to thinking about changes to it. There was a strong view that increasing and improving recycling should be a priority for the Council and if it is to happen successfully residents need to be able to play their part easily and effectively. If separate collections are introduced it needs to be made clear to residents what goes where – the less 'hassle' there is for residents doing what is required of them (a major barrier) the more likely a new service will succeed.

Participants were also open to exploring whether there should be different collection frequencies for different types of waste. Some made a clear connection between changing a collection frequency and

changing residents' behaviour, for example, if general waste is collected less often then people will look at other options for some of the material they usually put in their general waste bin.

There was widespread support for the idea of introducing a food waste service, providing it is collected weekly. People recognised that having this type of service would be an essential part of reducing the amount going into their general waste bin. Some reassurance would be needed, for example, that caddies would not take up too much room and that plastic bags would be provided for free.

Introducing an annual subscription based garden waste service would be controversial, particularly if the charge is pegged between £80 and £120. If the Forum accurately reflects the views more widely held in Lewisham, then it seems unlikely that there would be a sufficient sign-up for this service to make it economically viable. Many felt this should be a free service. People also questioned whether a subscription service, with designated collection dates, would be the right design. The idea of an 'on request' service seemed to be more popular, but not many people knew this is the current offer (or that there is a garden collection service at all).

If changes are made, there were quite strongly held views among many participants that there should not be any exemptions to these changes. There might need to be creative solutions for those living in properties with minimal external space for bins, for example, affected properties could be supplied with stackable boxes. Also there might need to be some flexibility for bigger families, for example, bigger or additional bins. But the bottom line was that any changes should apply to all households.

As the Forum progressed it was clear that participants who were already quite keen that the current service is changed, became more certain about the need for this. As they learned more about the pressures the service faces and how it currently performs (for example, the relatively small amount that is currently recycled) they became stronger in their views that changes should be made to how waste and recycling materials are collected and how frequently this happens.

When asked to design their own service, participants came up with a range of different service configurations but some of the common themes emerged including:

1. Separate food waste collections, collected weekly. Two methods suggested:
 - a. indoor caddy, external bin and free bags
 - b. insert into the black residual bin
2. Separate collections for recyclables (and separate collection of paper in particular)
 - a. Groups were evenly split over collection frequency (weekly or fortnightly)
3. A separate garden waste collection service
 - a. Groups were very divergent in their views on how it should be operated (free, annual subscription, pay as you go, collection frequencies etc.)
4. Residual waste, collected fortnightly (although one group suggested monthly!)
5. No exemptions based on property size/frontage
 - a. Different systems were suggested for properties with space/storage issues including stackable boxes and smaller containers.

Table of contents

1	Introduction	1
2	Methodology	1
3	Citizen Forum findings	2
3.1	Current waste and recycling service	2
3.1.1	What is working well?	2
3.1.2	What is working less well?	3
3.1.3	What could be improved?.....	4
3.1.4	How important is it to recycle more?	5
3.1.5	What barriers prevent you from recycling more?	5
3.1.6	What would make it easier for you to recycle more?	5
3.1.7	What would motivate you to recycle more?	6
3.2	Council priorities.....	6
3.2.1	What should the Council's priorities be when it comes to recycling?	6
3.2.2	Saving money?.....	9
3.2.3	Reducing our impact on the environment?	9
3.2.4	Making it easier for residents to recycle?	9
3.2.5	Making it easier for the Council to collect good quality recycling material?	10
3.2.6	Meeting recycling targets to avoid fines?	10
3.3	Separate collections	10
3.3.1	How would separating paper from other recycling affect residents?	10
3.3.2	Should the Council collect paper separately to generate an income?	11
3.3.3	Would you be prepared to have a separate paper 'insert'?	11
3.3.4	Should properties with small front gardens be exempt?	11
3.4	Food waste service	11
3.4.1	Should the council introduce a weekly food waste collection?	11
3.4.2	What challenges for residents would this present?	11
3.4.3	Should properties with small front gardens be exempt?	12
3.5	Garden waste service.....	12
3.5.1	Views about a garden waste service.....	12
3.5.2	Views on an annual subscription and what level it should be	12
3.5.3	Would people sign-up for an annual subscription service?.....	13
3.5.4	What challenges for residents would this service present?	13
3.6	Designing a new waste and recycling service.....	13
4	Participant survey	15
4.1	How important is recycling to you?.....	15
4.2	How important is it that the Council recycles more?	16
4.3	Do you think the Council should change its refuse and recycling service?	17
5	Conclusions	18

Appendices

Appendix 1	Summary process plan
Appendix 2	Design a new service game
Appendix 3	Before and after Forum survey

1 Introduction

The London Borough of Lewisham has undertaken a waste services efficiency review and is looking at making possible changes to the service, initially focusing on street level properties. As part of its decision-making process the Council committed itself to undertaking a thorough consultation with local residents. Part of this consultation was to carry out a Citizen Forum. This report details the discussions and outcomes from that Forum.

The Forum was tasked with discussing:

- The Council's current waste and recycling services, identifying what is:
 - (i) working well;
 - (ii) what is working less well; and
 - (iii) what could be improved.
- How important recycling is and:
 - (i) what barriers are there to recycling more;
 - (ii) what would make it easier to recycle more; and
 - (iii) what would motivate people to recycle more.
- What the Council's priorities should be when it comes to recycling:
 - Saving money?
 - Reducing environmental impact?
 - Making it easier for residents to recycle?
 - Making it easier for the Council to collect good quality recycling material?
 - Meeting recycling targets to avoid fines?
- What would it mean for residents if they were required to separate paper from other recyclable material?
- What are their thoughts about food waste collections? How would they feel if this was a weekly service?
- What are their thoughts about the garden waste service? Should there be annual subscription service? What would be an acceptable charge for such a service? Would they be likely to sign up for it?
- Should any changes to waste and recycling services apply to all street level properties or should there be some exceptions?
- What type of waste and recycling service would be best for the borough as a whole? What type of collections would there be? How frequent would they be?

2 Methodology

The Citizen Forum was a day-long deliberative event in which 50 Lewisham residents participated. A deliberative process is one that aims to move people on from 'top of mind' responses to more informed and carefully considered ones. This is achieved by giving people information to help them more fully understand the issues they have been asked to discuss, having sufficient time to engage with that information and discuss it with other residents.

In the case of this Forum, the information they received centred on a presentation explaining why Lewisham's service needs to change, including the need to:

- Comply with legislation;
- Contribute to the Council's required budget savings;
- Minimise the service's impact on the environment; and
- Provide a service that is easy for the Council to deliver and for residents to use.

The design of the Forum was such that most of the discussions took place in small groups interspersed with brief plenary sessions. This meant all participants were able to contribute their views as often they wished to. The overall structure of the day is as set out in the 'Introduction' section (previous page). The discussion sessions were broadly designed to mirror Lewisham's survey questions so that it would be straightforward to compare the outputs from the Forum with those from the online survey.

Participants in the Forum were recruited from across Lewisham, with a range of demographic criteria being controlled for. These were:

- Age;
- Gender;
- Ethnicity;
- Employment status;
- Housing tenure;
- Disability;
- Social class; and
- Views about the importance of the environment.

The overall recruitment aim was to have a Forum that was diverse and broadly representative of the borough's population profile.

When comparing the findings from this Forum with those of the survey, a factor to bear in mind is that the former are based on informed rather than top of mind responses.

3 Citizen Forum findings

3.1 Current waste and recycling service

At the start of the Forum participants were asked to discuss the current service in terms of what is working well, what is working less well, and what could be improved.

3.1.1 What is working well?

People were generally quite satisfied with the current waste and recycling service that the Council provides. Its main strength being it is simple to understand: there are just two bins to use and they are both collected weekly. One person made this point:

"I try not to fill refuse but sometimes need to, so it is good to have a collection every week."

There were several positive comments made about the bin collection crews. One was that they provide an efficient and tidy service (although the opposite view was also stated):

"The bins are emptied on the day that they are meant to be and they are then put back in the right place."

The other view expressed was that the crews check bins for contamination and leave behind contaminated bins – this was felt to have a good educational value. There was also a positive comment about the provision of an assisted door collection for elderly, infirm or disabled residents.

There were mixed views about the range of materials that can be recycled. On the one hand it was felt that the Council collects a good range of recyclable materials, partly demonstrated by some people saying their recycling bins are quite full each week. But there was another comment that a wider range of recyclable materials could be collected. There weren't any comments about the recent changes to the recycling service to collect a wider range of materials.

Discussing when bins are collected and what can go in each bin, there was a comment that the information provided is good and knowing what to put in each is helped by the stickers on the bins. However, later in the Forum there were many comments about there being a lack of information.

Apart from comments about the weekly general waste and recycling collections, there were very few comments about other aspects of the service.

3.1.2 What is working less well?

When asked what they felt was less good about the current service, the lack of knowledge about what can be put in which bin was a recurring theme. One person, who lives in a large house split into six separate flats, commented that, from her experience, each flat seems to do their recycling differently and concluded:

“It’s confusing to know what should go in recycling and what should not go in it.”

Another person said:

“When you go on to the Lewisham website it is really unclear what is and isn’t recycling. And what it says on the website is different to what it says on the dustbin. So you just don’t know if you are doing it right or not doing it right and then there’s a lot of variation in do you clean something before it goes in the recycling?”

This lack of knowledge can also lead to contamination problems. For example, discussing garden waste two comments were:

“I would put food in with garden waste.”

“Can you mix garden waste with food waste?”

It can also result in unnecessary weight being added to bins thereby increasing the cost of the service to the Council. One person said they put their garden waste in with their residual waste because they thought there was no other option.

Part of the problem here seemed to be that some people lacked the knowledge of what other options there are apart from the weekly bin collections. In one small group when this point about lack of knowledge was made, a participant said there is a recycling centre in the borough, but others pointed out that many residents do not have access to cars.

Discussing garden waste further, one person said they were well aware that they should not put garden waste in the general waste bin. The alternative is the pay on demand garden waste service, but they felt that £10 is too much to pay for a roll of 10 sacks. It was suggested that there could be a communal place to put garden waste, like there is for Christmas trees. A result of the current set-up for garden waste is it leads to some fly tipping, either because people do not know what to do with their garden waste, or do not want to (or can’t) pay for it to be collected. One person said an additional problem which might put people off using the service is because:

“Garden waste bags need to be lugged to the end of the road”

This ‘hassle’ factor was also picked up in a couple of other comments, this time referring to the recycling service. One person said washing cans takes too much time so they often just can’t be bothered to do it. While another person said:

“It’s complicated, all the washing and stuff. I don’t like recycling, I’d rather just go to the bottle bank.”

There were also couple of other comments about fly tipping. It was said that it is prevalent on housing estates. It was even commented that builders dump rubbish on estates to avoid using recycling centres to save themselves money.

A small number of participants said the current bin volumes and collection frequency can lead to bins becoming overfilled and, either not collected, or excess waste being put in other people’s bins. One person suggested that a solution to this would be to collect waste and recycling every day. Another suggested solution was either to provide bigger bins or make it easier to have more than one bin for both general waste and recycling.

Picking up on the comment in the previous section about the bin crews placing bins back neatly and correctly, the opposite view was:

“The crew need to replace the bins back in gardens otherwise it can create a blockage on the pavement.”

There were also come comments that the crews sometimes create litter and don’t clean it up.

Commenting on the timings of collections, although bins are collected on the same day some felt it was not helpful that there is not a specific collection time:

“The time when you are asked to put out your bin is not consistent with when they collect – residents are in a rush to put it out in the morning.”

Perhaps surprisingly, particularly considering that it became a major discussion point as the Forum progressed, there were very few comments at this stage about the current recycling collection being co-mingled. One person, who had lived in Manchester, said her recycling was separated out in and said this seemed to be a much better scheme and was one that was quite easy for residents to adapt to once they had got used to the idea.

3.1.3 What could be improved?

Continuing the information theme from the previous section participants suggested a number of areas for possible action:

“The marketing and communications needs to have a stronger proposition (so it is clear what goes where).”

It was also suggested the case needs to be made about why reducing waste and increasing recycling matters for the environment locally:

“Need to make it local and about the local environmental issues rather than the global picture as people can't always relate to that.”

Part of this informing and educating should be targeted at young people, perhaps through schools.

For residents moving into Lewisham from elsewhere, it was said that it was not clear what the waste and recycling service is. A solution to this could be to provide 'landlord leaflets'. The Council could work with housing associations and landlords to provide an information pack when people move house. This information could also be provided with the annual Council Tax bill.

Several people said that recycling could be increased by providing stickers on bins as a reminder. This could also improve quality of the recyclables collected:

“Some people don't know about cross contamination and washing stuff out and don't realise the whole lot is contaminated.”

A comment was made that sometimes residents do not seem to be encouraged to recycle. The person who made this point said she lives in a house split into several flats that had been provided with ten general waste bins and only one recycling one. More generally, a comment was made that part of increasing the rate of recycling is ensuring there is enough bin capacity for everyone to be able to do this.

Another main comment, made in response to the question of how the service could be improved, was a suggestion to introduce a food waste collection. It was said that a key benefit of doing this would be a reduction in the amount of residual waste produced.

Reducing the amount of waste placed in residual bins could also be achieved by changing the frequency of its collection:

“If you collect the residual waste fortnightly it makes you recycle more so you don't fill it up”

Also making the garden waste service more widely known could help here. There were a number of other comments about the garden waste service, mainly that it should be free. This feeling, that it should be free for all residents who have a garden, was a recurring theme throughout the Forum.

A few other suggestions were made by individuals, these included:

- Provide communal bins along the lines of the underground ones that you get in some other countries, such as Switzerland;
- Provide more local recycling sites so that they are more accessible to residents who don't have access to a car;
- Address the problem of bank holiday collections which can lead to some confusion about collection dates and mean that the 'week' between collections is longer;
- Have very early morning collections so bin lorries aren't clogging up roads during rush hour and the school run; and
- Address the problem of smelly bins, either through more frequent collections or having a bin cleaning service.

3.1.4 How important is it to recycle more?

There was widespread agreement about the importance of recycling, mainly because of its environmental benefits. A few people mentioned other benefits including sending less waste to landfill, the financial savings it can offer such as being cheaper than burning waste, and its benefits for public health.

But people do not want the process of recycling to be complicated, the more of a 'hassle factor' there is the less people are likely to recycle. Also, for some people recycling is not the 'norm' it should be. Reflecting on this point, some participants again emphasised the importance of education and information provision:

"(the Council) can't rely on the assumption that everyone thinks recycling is good. There should be clearer communications coming from the Council saying this is the impact if we do it."

3.1.5 What barriers prevent you from recycling more?

A recurring barrier that people mentioned was hassle, for example, the time people need to spend thinking about what should go where, or the effort required to make sure recyclable materials are clean. They said that if people need to spend too much time recycling they are less likely to do it:

"If it's an effort people won't do it."

There was a suggestion that this probably varies depending on the type of family unit – those with young children probably struggle more to recycle:

"If you don't have the time to do it, you are not going to do it."

Likewise older and more infirm residents may struggle with using big bins and boxes.

It was suggested that some residents might not recycle because they don't believe that the materials end up being recycled further down the line. There was a suggestion that it is just dumped abroad.

Participants in one small group discussion said if a new recycling service was introduced that involved separating out recycling materials and putting them into different bins, this might be an issue for some people to start with, but they would soon get used to it:

"After a while it will become automatic."

Some participants returned to the issue of information and understanding what can be recycled. They claimed there is a lack of information about what goes where and labels on products are misleading.

A few people talked about recycling banks with one commenting that people can be put off from using these if they are overflowing.

There were also a few comments about the collection of garden waste. There were many at the Forum who did not know that there is an existing garden waste service. And of those who did know of the service, some did not know how it works. One person who did know about the service and uses it made this complaint:

"The leaves from the (Council) trees in the street fall into my garden and I have to gather them up and pay the Council to take them away. Why am I paying the Council to take away from leaves from their trees?"

3.1.6 What would make it easier for you to recycle more?

Again, there were a lot of comments made about information. For example, product labelling could be made clearer and the Council should provide clearer information about how and what to recycle. Some of the information about what can be recycled should be visual as this can be easier to understand and might be more appropriate for those whose first language is not English. Also, information should be put out regularly so people are reminded about what they can recycle. And when people move house, recycling information could be provided in a new home welcome pack.

As mentioned earlier, there were some people who said having separate bins would make it easier for people to recycle:

"If they are separate it makes it easier for you to know what can be recycled."

As well as providing information, recycling needs to be made more convenient for people. For example, if there were bins that people can keep inside their house they are more likely to recycle

materials as they will be able to put them in a recycling box the moment they are discarding it, rather than have to go outside to a recycling bin. These would need to be of a suitable size so they do not take up too much room.

Some participants talked about introducing food waste bins, but said there would have to be frequent collections:

“Food can’t stay outside for 2 weeks. If the Council had food bins and the food was separated, your rubbish wouldn’t smell.”

But there was not a consensus about having separate recycling bins or boxes, with some participants saying they would not welcome separate collections:

“I don’t want too complicated a recycling system...I like to throw it all in one recycling bin...I don’t want the front of my house covered in recycling bins.”

“It is convenient to dump it all in one place.”

There was also a fear that residents would have to foot the cost of having any new bins:

“It needs to be something they can buy at a discount or are provided with to put things in.”

A final suggestion for making it easier for residents to recycle would be to have an easily accessible community recycling bank which people can use when their own recycling bin is full.

3.1.7 What would motivate you to recycle more?

The themes in this discussion broadly mirrored those in the previous section. Once again, people talked about information and education. However, rather than just being instructions about what can be recycled and how to do it, they felt it should also be targeted at changing people’s attitudes to recycling:

“They (the Council) should provide leaflets every week with information on what to do and why.”

“Provide information about the impact of not recycling.”

Some felt that the medium for providing any information and education should be carefully thought through with different approaches used for different audiences.

Introducing a financial incentive to recycle might also motivate people to do it more:

“Have a prize for the best recyclers...have a street competition for the best performers?”

“How about having a Council Tax reduction?”

As well as this gentle nudging about why recycling matters and having a financial incentive to recycle, some also suggested a more hardline approach, for example, charging people for producing excess rubbish:

“Some people create more rubbish and they should pay for the extra.”

If there was to be a new scheme introduced which meant separating out recycling and putting it into separate bins or boxes this should be made fun, attractive and compact. A stackable system might fit the bill.

3.2 Council priorities

In this discussion session participants were asked to discuss what they thought the Council’s priorities should be when it comes to recycling. At the start of the discussion they were asked to identify any priorities they liked, then for the remainder, they were asked to comment on the five possible priorities included in the online consultation survey. Some of the small groups decided to rank these 5 priorities from most important to least important.

3.2.1 What should the Council’s priorities be when it comes to recycling?

Asked what they felt the Council’s priorities should be when it comes to recycling the following unprompted suggestions were made (note: these are not in a priority order):

- A system that is easy for residents to use;

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- A system that is neat, tidy and safe e.g. it should not be an obstacle for people with visual impairments or wheelchair users;
 - Education and information provision: *"We've got a recycle bin and we're not using it properly"*;
 - Penalties for people who do not recycle;
 - Designing a cost effective system;
 - Health and safety;
 - Introducing a food waste service with weekly or twice weekly collections;
 - Providing a free garden waste collection;
 - Making sure people have enough bins: *"We don't have enough space (in the bins)"*;
 - Meeting the 50% recycling target;
 - Saving money;
 - Tackling fly tipping; and
 - Providing incentives rather than fines.

Two small groups in this discussion decided to rank the five suggested priorities that were included in the online consultation. Another small group split into four smaller groups and ranked the top and bottom priority only. Several individuals also ranked the priorities. The table on the next page shows these rankings.

	Rankings												
	Individual							Group		Top and bottom only			
Saving money	5	5	5	5	3	4	5	4	This follows on from others	5			1
Reducing our impact on the environment	2	4	1	2	5	3	3	2	This follows on from others			1	5
Making it easier for residents to recycle	1	1	2	1	1	1	1	1	1	1	1		
Making it easier for the Council to collect good quality recycling material	4	2	3	3	2	2	2	5	2			5	
Meeting recycling targets to avoid fines	3	3	4	4	4	5	4	3	This follows on from others		5		

3.2.2 Saving money?

Many participants felt 'saving money' would be an outcome from focusing on some other priorities, particularly 'making it easier for the Council to collect good quality recycling material' and 'making it easier for residents to recycle'. They also said that while this might understandably be a priority from the Council's perspective it was not something residents really think about.

However, some did say there could be some benefits for residents if the Council is able to save money, for example, it might help keep the Council Tax down or it might free up money to spend on other priorities such as services for older people. The flipside also applies - if the Council is unable to save money from its waste and recycling service it might mean cuts need to be made from other services to maintain it. Most participants seemed to reluctantly accept that there is a need to save money.

It was suggested that if saving money meant that the waste and recycling service would need to change, then any changes should be piloted before being rolled out across the borough. It was feared that a service that had been redesigned with saving money as the main driver for the change might, in practice, be a poorer one.

Envisaging what sort of service might result from a need to save money, the general view was that it would mean residents recycling more by separating out their recyclables. This resulted in a discussion about how having more boxes could be made to work with several people suggesting it would need to be a stacking system. Some felt that saving money would also likely entail less frequent collections.

3.2.3 Reducing our impact on the environment?

Many people felt this was the main reason why increasing recycling is important, that it is about much more than saving money:

"One planet...the planet doesn't need us, we need the planet."

"We're all in this together."

While some felt the environmental message focus should be about its global importance, others suggested, as mentioned earlier, that many people would be unable to relate to that, so the focus should be on local benefits instead:

"The (local) environment has an impact on all of us...gardens, nice streets with no rubbish gives a nice feeling about your area, the city, yourself."

Some said that, like achieving savings, reducing our impact on the environment would result from having an effective and easy to use service in place so the focus should be on the process needed to achieve the outcomes:

"If it's easy for the residents and easy for the Council, that will automatically reduce our impact on the environment."

Again people started talking about what this would mean in terms of the service they received. In practical terms, they said it would mean separating out recycling materials. There would also be a need to introduce a food waste service. Some suggested there should be a free garden waste collection service as well. There was a suggestion that bin sizes could be changed, with greater volume for recyclables and a smaller one for residual waste. However, it was said that this could result in increased fly tipping. Information would need to be provided about any new scheme and an education campaign to target any people who might be stuck in their ways or don't see the importance of recycling more. There was some concern that some older people and those with disabilities might struggle with any service that requires them to do more.

3.2.4 Making it easier for residents to recycle?

Many said this should be the most important priority for the Council as recycling levels won't improve unless residents are motivated and able to play their role well. They felt it would mean a service with separate collection bins. But any new system introduced would need to be simple and obvious if residents are to recycle accurately. There was no clear resolution about what a simple scheme, one that was based on having separate collections for recyclables, would look like.

Again, it was said repeatedly that information and education was key to making this happen. The animation film shown at the Forum was felt to be a good way of getting the message across to some

audiences. Many other comments about providing information have been mentioned earlier in this report, for example, putting stickers on bins and using images rather than just words to indicate what can go in each bin:

“Be clear what the expectation is of residents when it comes to using each bin.”

One new comment was the communication should be positive in its tone; using words like ‘compliance’ might be counterproductive.

3.2.5 Making it easier for the Council to collect good quality recycling material?

Many did feel this was an important priority, if not quite the most important one. It was felt that in the longer term, it might help the Council to make money and close the required savings gap. Focusing on the need for recyclables to be clean and for there to be no contamination, means separate collections would be required and residents would need to be mindful about ensuring they are accurate about what goes in each bin/box.

Focusing on what would be needed to collect good quality paper that could be sold for a good price, some participants suggested it would require providing boxes that would not let rain in.

Unsurprisingly, participants said information a key part of any separate collection being successful. They said this could also be supported by having incentives in place to encourage people.

3.2.6 Meeting recycling targets to avoid fines?

Most participants struggled to think of much to say about this priority. This was partly because it was harder for them to relate back to how it might affect them personally, although a few posited that it could lead to an increase their Council Tax bill. There were a few suggestions that if the Council is to avoid fines, maybe it should have a fines system in place for residents:

“Some people need to feel a pinch somewhere to take notice.”

However, most participants were opposed to the idea of fines feeling it would not be effective, not least because it would be hard to police and enforce.

In terms of what it might mean for the waste and recycling service for residents, it was felt it might mean increasing the recycling volume and reducing the volume for residual material. To help residents with this there would probably need to be a waste food collection scheme introduced, and possibly a free garden waste one (earlier in this report it was mentioned that some residents currently put garden waste into their residual waste bin).

3.3 Separate collections

People were asked to briefly discuss what they thought about the idea of having to separate paper out from other recyclables and whether it would be acceptable for the Council to make an income from this.

3.3.1 How would separating paper from other recycling affect residents?

Most participants were quite comfortable with the idea of having to separate paper out from other recyclable material.

It would be helpful if there could be an internal bin for paper. If the Council wants people to recycle more and to do it well, they need to capture them in the moment i.e. immediately when they have finished with an item.

Space would be an issue for some residents. Most people felt that having a bin insert for paper would probably be the best means to tackle this. Another suggestion was to have an incentive scheme where neighbours with more room could offer to have bins for other people as well as have their own.

If there was a separate box rather than an insert, it would need to be watertight so the paper stayed dry, otherwise the box might become too heavy and unmanageable for some residents and the quality of the material collected would be poorer.

3.3.2 Should the Council collect paper separately to generate an income?

Yes, it is common sense to do this if it is relatively easy to do. There was very little opposition to the Council seeking to collect good quality paper and generate an income so long as there are benefits for residents from any profit made, for example, it being used to protect services.

3.3.3 Would you be prepared to have a separate paper 'insert'?

Most people felt this made good sense, so there was very little opposition to the idea so long as any insert is easily manageable and not too large.

To make sure that people actually used the paper insert it was suggested that the Council would need to communicate clearly why this was being done and what the benefits of it would be for residents.

3.3.4 Should properties with small front gardens be exempt?

Many participants were adamant that there should not be any exemptions for any scheme that involved people having additional bins or boxes:

"You are giving people an excuse."

There were repeated mentions across several of the small group discussions that a stacking system for separate collections might make sense where space is at a premium.

There might also need to be some flexibility built into any separate collections system, for example, larger families could request larger bins.

3.4 Food waste service

In this part of the Forum participants were asked to discuss how they would feel if a weekly food waste collection service was introduced and whether there should be any exemptions for those who live in properties with small front gardens.

3.4.1 Should the council introduce a weekly food waste collection?

There was widespread support in all of the small group discussions for the idea of introducing a food waste collection:

"This would be a really good thing, why haven't we done it before?"

"It's a good idea without a doubt."

They agreed that it would have to be a weekly collection.

Many participants recognised that there is a pressing need to stop this waste going into the general waste bin and this type of collection could have a big impact. To help make sure that people did actively separate out their food, most felt that waste plastic bags for the internal caddy would need to be free.

There was a suggestion that, as well as introducing a weekly food waste collection, there should also be an education campaign at the same time asking people to think about the amount of food they waste and to decrease it. Some thought that once people see how much they put in the food waste boxes and bins, they might be quite shocked and change their buying habits.

3.4.2 What challenges for residents would this present?

The main theme here was about the need to minimise the smell by making sure the food waste is collected at least once per week. There was a suggestion during the warmer summer months it should be collected twice per week. It was also suggested that people should be able to ring the Council and ask for an extra collection, for example, if they have just had a party. There might also be a need for an extra collection over Christmas. Also, bigger families might need more than one kitchen caddy. Again people raised the need for free bin liners. If free bin liners were not provided for the outside bins, would the Council introduce a free bin cleaning service?

For the external food waste bin, the lid of the bin would need to have a secure lid to prevent vermin from scattering the food waste around. There were queries about whether the Council would provide free bin liners for these external bins.

Also, quite a few had worries about having a kitchen caddy: they thought it might get dirty and smelly. And there were a small number of comments about whether a kitchen caddy would take up too much space, but people were generally reassured once they saw the size of one:

“Now we’ve seen the size of them, they wouldn’t take up much space.”

“It looks like it would work.”

They also said, that to ensure that the right things go into the bin, there would need to be very clear communication to residents about the new service using visual images of what should and shouldn't go into the food waste bins.

3.4.3 Should properties with small front gardens be exempt?

As with any other changes to the waste and recycling service that might be introduced, most participants felt that there should not be any exemptions. The comment below was quite typical of how people felt:

“No. The bin could be in the street or in the house. There is no reason everyone shouldn’t have the same system or use it in the same way.”

There was a suggestion that properties with minimal front garden space could have communal containers, although it wasn't specified where these would be.

Several people said landlords should have a responsibility to make sure that their properties have sufficient room for food waste boxes and bins.

3.5 Garden waste service

In this session participants were asked for their views about a garden waste service and if it was a subscription one what the annual charge should be. They were also asked whether they would be likely to sign-up for it and if it would present any challenges for residents that the Council would need to think about.

3.5.1 Views about a garden waste service

Many participants felt that any garden waste service should be freely available to all residents:

“We should have a free collection...or at least a series of locally accessible drop-off sites.”

Only a few said it is different to other waste and recycling collections and should therefore be treated as such, namely people should have to pay to receive it:

“Food waste is produced by everyone so collecting that should be free, but not everyone has a garden and producing waste is a choice therefore people should pay.”

Most people did not seem to know about the current collect on request service with a charge per bag.

A few people suggested that the Council should provide a compost bin for residents. A garden waste collection service could then be an optional extra that could be charged for. Those who commented on how garden waste should be collected said it should be in a wheeled bin, rather than sacks.

3.5.2 Views on an annual subscription and what level it should be

Most people did not feel this should be an annual subscription service. If people were to be required to pay to have their garden waste collected, they preferred the idea of a pay as you go service. Most of those who were in favour of this type of service said residents should be charged by the bag (maybe charged at £2 per bag), although a few suggested it should be done by weight. Another suggestion was that there should be some type of means testing, for example, if people own their property they should pay up to £80.

When asked what the annual fee should be for any garden waste service, there was strong opposition to the suggested options of £80, £100 or £120. It was felt that these were far too high, with one person saying:

“It should be somewhere between £0 and £25 or we just stick it in the rubbish bin!”

In another small group discussion it was suggested that the fee should be between £15 and £50. Another one suggested between £10 and £30 per year. Some wondered whether the idea of making

an annual subscription service was the wrong idea and whether it should be a seasonal service instead with a requisite decrease in the subscription charge.

3.5.3 Would people sign-up for an annual subscription service?

Most people with gardens said they would not sign for an annual subscription service and that they preferred an on-request service. Some felt that the sign-up rate might be too low to make this a cost effective service.

Another suggestion was that, instead of providing a collection from home service, maybe there could be communal skips at the end of streets or in public parks. These could be free and available for 6 months or so each year. These would need to be well advertised locally.

3.5.4 What challenges for residents would this service present?

Some people mentioned that if wheeled bins were introduced this could cause some storage problems particularly if other boxes and bins are also going to be introduced for some other recyclables. They also wondered whether older people and residents with health problems would be able to manage wheeled bins or sacks containing what might be quite heavy waste.

3.6 Designing a new waste and recycling service

In the final part of the Forum participants were asked to work in small groups to design a waste and recycling service they felt would be of benefit to the borough as a whole. They were provided with some guidance rules and assumptions to help them with their thinking and discussions:

- The service must change from the current service;
- A garden waste subscription service must be included;
- They must consider the pros and cons of weekly, fortnightly, or other options; and
- They must make the service as efficient as possible for all households that have wheeled bins across the borough, remembering the different housing types that exist.

The following table presents a summary of each of the eleven services the Forum designed.

Group	Summary of service
1	<p>Main suggestions:</p> <ul style="list-style-type: none"> • A weekly food waste service – this would include a kitchen caddy • Recycling separated out into different colour coded containers – all collected weekly • Monthly garden waste service • No exemptions from service, recommended stacking box system for those with limited space
2	<p>Main suggestions:</p> <ul style="list-style-type: none"> • A weekly food waste service • Recycling collected fortnightly, paper to be separated out into a bin 'insert' • Pictures to show what goes into each bin • No exemptions from service
3	<p>Main suggestions:</p> <ul style="list-style-type: none"> • A weekly food waste service • Paper collected weekly • Glass and plastic collected fortnightly. They would each have their own container • Refuse collected once per month • No exemptions but recommended some sharing of containers where space is an issue
4	<p>Main suggestions:</p>

Group	Summary of service
	<ul style="list-style-type: none"> • A weekly food waste collection service – indoor caddy, external bin and free bags • Fortnightly refuse collection – larger families could have a larger volume bin • Pay as you go garden waste service • Paper to be collected separately fortnightly • Uncertainty about whether rest of recycling should be weekly or fortnightly - it partly depends on whether the truck collecting food waste weekly could also collect something else • No comment made on exemptions
5	<p>Main suggestions:</p> <ul style="list-style-type: none"> • Food waste and other recyclables to be collected 3 times per month. Food waste would be separated out • Local collection sites for any extra or missed collections • No exemptions, use of stackable boxes
6	<p>Main suggestions:</p> <ul style="list-style-type: none"> • Food waste collected weekly • Other recyclable materials collected fortnightly, paper to have an insert in main bin • Residual waste collected fortnightly • Quarterly garden waste with one-off bin payment of £30 to £50 • Unclear if there would be any exemptions
7	<p>Main suggestions:</p> <ul style="list-style-type: none"> • Food waste collected weekly • Recycling and residual waste collected fortnightly • Garden waste to be collected on demand – phone service • No exemptions, but variable bins and boxes for different sized properties
8	<p>Main suggestions:</p> <ul style="list-style-type: none"> • Food waste collected at least once per week • Residual waste collected fortnightly • Recycling collected weekly • Garden waste to be a 6 month service with collections every 2 months • No exemptions, but variable bins and boxes for different sized properties
9	<p>Main suggestions:</p> <ul style="list-style-type: none"> • Food waste collection – this would be an insert into the black residual bin • Residual waste collected fortnightly • Recycling collected weekly • Garden waste to be a 6 month service with collections every 2 months • No comment regarding exemptions
10	<p>Main suggestions:</p> <ul style="list-style-type: none"> • Food waste to be collected weekly • Residual waste to be collected weekly • Paper, plastic, glass to be collected weekly • Garden waste to be collected free on request • No exemptions

Group	Summary of service
11	<p>Main suggestions:</p> <ul style="list-style-type: none"> • Food waste to be collected weekly • Residual waste to be collected weekly • Glass and plastic to be collected fortnightly • Paper and card to be collected fortnightly • Garden waste to be collected free on request • No exemptions

The groups developed a range of different service configurations but some of the common themes emerging from the process include:

1. Separate food waste collections, collected weekly. Two methods suggested:
 - a. indoor caddy, external bin and free bags
 - b. insert into the black residual bin
2. Separate collections for recyclables (and separate collection of paper in particular)
 - a. Groups were evenly split over collection frequency (weekly or fortnightly)
3. A separate garden waste collection service
 - a. Groups were very divergent in their views on how it should be operated (free, annual subscription, pay as you go, collection frequencies etc.)
4. Residual waste, collected fortnightly (although one group suggested monthly!)
5. No exemptions based on property size/frontage
 - a. Different systems were suggested for properties with space/storage issues including stackable boxes and smaller containers.

4 Participant survey

Participants in the Citizen Forum were asked three questions at the start of the day and then the same three at the end. The purpose of this was to see if views changed as they learned more about the issues. The questions asked were:

- *How important is recycling to you?*
- *How important is it that the Council recycles more?*
- *Do you think the Council should change its refuse and recycling service?*

4.1 How important is recycling to you?

The first question they were asked was: *'How important is recycling to you?'* The table below presents the results:

	Start of the Forum	End of Forum
Very important	29	28
Fairly important	19	8
Neither important or unimportant	1	1
Fairly unimportant	1	0
Not at all important	0	0
Total	50	37

At first glance this does not look encouraging as those who thought that recycling is 'very' or 'fairly' important fell from 48 at the start of the Forum to 37 at the end. However, a closer look reveals a different picture: at the start of the Forum 50 participants provided a response to this question, but there were only 37 at the end of the day. Looking at each individual response sheet we know the following:

- Nobody said recycling was *'not at all important'* either at the start or end of the Forum.
- One person said it was *'fairly unimportant'* at the start but at the end said it was *'neither important or unimportant'*.
- One person said it was *'neither important or unimportant'* at the start, but they changed their view to *'very important'* by the end.
- Nineteen people said it was *'fairly important'* at the start, but this dropped to 8 by the end, a difference of 11. But from the individual sheets we know that by the end 10 of those had changed their mind had changed it to *'very important'*. The other person did not complete a response at the end, but made the comment *"I am more knowledgeable of the problem"*. Eight who said *'fairly important'* at the start had not changed their view by the end of the Forum.
- Twenty-nine said it was *'very important'* at the start and 28 said it was *'very important'* at the end. But we know from the comments above that at the end of the Forum, 11 people moved from saying it was *'neither important or unimportant'* or *'fairly important'* to saying it was *'very important'*. Seventeen of those who said *'very important'* at the start had not changed their view by the end. The individual sheets show that there were 11 people who said it was *'very important'* at the start did not complete a response to this question at the end of the Forum. This explains why the end of Forum figure is 28 and not 39.
- Therefore by the end of the Forum 12 had decided that recycling was more important than they had originally thought, while 25 had not changed their view.

4.2 How important is it that the Council recycles more?

The second question asked was: *'How important is it that the Council recycles more?'*

	Start of the Forum	End of Forum
Very important	31	33
Fairly important	13	5
Neither important or unimportant	4	1
Fairly unimportant	1	0
Not at all important	0	0
Total	49	39

As with the previous question the results need to be looked at carefully to understand what really happened to people's views between the start and the end of the Forum. At the start 49 people provided a response to the question, but this fell to 39 at the end. Looking at the individual surveys this is what we can conclude:

- Nobody said the Council recycling more was *'not at all important'* and start of the Forum or at the end of it.
- One person at the start said it was *'fairly unimportant'* but by the end they said it was *'neither important or unimportant'*.
- At the start, 4 participants said it was *'neither important or unimportant'* but all 4 changed their views by the end, with all saying it was *'very important'*.
- Thirteen people said it was *'fairly important'* at the start but this fell to 5 people at the end. From the individual sheets we know that 7 changed their view to *'very important'*. Four did not change their view and the other 2 did not complete a response at the end of the Forum. However, 1 person did move from saying it was *'very important'* to *'fairly important'*.

- By the end of the Forum, the number saying it is '*very important*' that Council recycles more rose from 31 to 33. From the individual sheets we know that 22 of these were the same people. Of the other 11, as the previous bullet points indicates, all of these were people who at the start had said it was '*neither important or unimportant*' or '*fairly important*'. But that still leaves the 9 who said it was '*very important*' at the start: Eight did not complete a response at the end and (as previously mentioned) 1 moved from '*very important*' to '*fairly important*'.
- This means that 12 people had decided by the end of the Forum that it was more important that the Council recycles more than they had initially thought. A further 26 had not changed their views by the end of the day.

4.3 Do you think the Council should change its refuse and recycling service?

The third question the survey asked was '*Do you think the Council should change its refuse and recycling service?*'

	Start of the Forum	End of Forum
Strongly agree	12	22
Agree	23	11
Neither agree or disagree	9	3
Disagree	3	2
Strongly disagree	1	-
Total	48	38

As with the previous 2 questions it is necessary to look at the individual survey responses to fully understand what is happening in the table above:

- The person who said '*strongly disagree*' at the start did not respond at the end. For this reason we have decided that it would be misleading to say nobody thought this at the end, so we have not put a '0' in the box.
- Two of the 3 people who indicated '*disagree*' at the start did not change their views at the end. The other changed to '*agree*'.
- Nine said '*neither agree or disagree*' at the start but this dropped to 3 by the end of the Forum. All of these 3 did not change their opinion over the course of the day. Of the other 6, 4 of them changed their view to '*strongly agree*' and 2 to '*agree*'.
- At the start of the Forum 23 said that they '*agree*' that the Council should change the refuse and recycling service, but this fell to 11 at the end. Of those 11, as indicated above, 2 had moved from '*neither agree or disagree*' and 1 from '*disagree*'. That means 8 were people who had not changed their mind. Of the 15 (of the original 23) that were left, 5 did not complete a response at the end and the remaining 10 changed their view to '*strongly agree*'.
- By the end of the Forum those who said '*strongly agree*' had risen from 12 to 22. Of these 22, 8 were people who had not changed their views during the day. As the previous bullet points indicate, 10 of these were people who started the Forum by saying '*agree*' and 4 had said '*neither agree or disagree*'. The missing 4, who had said '*strongly agree*' at the start, did not complete a response at the end.
- Therefore, by the end of the Forum, 17 participants felt that there was a stronger case for the Council changing its refuse and recycling service than at the start. Twenty-one had not changed their mind, and nobody felt there was less of a case for changing the service.

5 Conclusions

Participants in the Forum were broadly satisfied with the current waste and recycling service. They like its simplicity – 2 bins, each collected weekly. However, once they had discussed the importance of recycling they were increasingly open to thinking about changes to it. There was a strong view that increasing and improving recycling should be a priority for the Council and if it is to happen successfully residents need to be able to play their part easily and effectively. If separate collections are introduced it needs to be made clear to residents what goes where – the less ‘hassle’ there is for residents doing what is required of them (a major barrier) the more likely a new service will succeed.

Participants were also open to exploring whether there should be different collection frequencies for different types of waste. Some made a clear connection between changing a collection frequency and changing residents’ behaviour, for example, if general waste is collected less often then people will look at other options for some of the material they usually put in their general waste bin.

There was widespread support for the idea of introducing a food waste service, providing it is collected weekly. People recognised that having this type of service would be an essential part of reducing the amount going into their general waste bin. Some reassurance would be needed, for example, that caddies would not take up too much room and that plastic bags would be provided for free.

Introducing an annual subscription based garden waste service would be controversial, particularly if the charge is pegged between £80 and £120. If the Forum accurately reflects the views more widely held in Lewisham, then it seems unlikely that there would be a sufficient sign-up for this service to make it economically viable. Many felt this should be a free service. People also questioned whether a subscription service, with designated collection dates, would be the right design. The idea of an ‘on request’ service seemed to be more popular, but not many people knew this is the current offer (or that there is a garden collection service at all).

If changes are made, there were quite strongly held views among many participants that there should not be any exemptions to these changes. There might need to be creative solutions for those living in properties with minimal external space for bins, and that for example, affected properties could be supplied with stackable boxes. Also there might need to be some flexibility for bigger families, for example, bigger or additional bins. But the bottom line was that any changes should apply to all households.

As the Forum progressed it was clear that participants who were already quite keen that the current service is changed, became more certain about the need for this. As they learned more about the pressures the service faces and how it currently performs (for example, the relatively small amount that is currently recycled) they became stronger in their views that changes are made to how waste and recycling materials are collected and how frequently this happens.

When asked to design their own service, participants came up with a range of different service configurations but some of the common themes emerged including:

6. Separate food waste collections, collected weekly. Two methods suggested:
 - a. indoor caddy, external bin and free bags
 - b. insert into the black residual bin
7. Separate collections for recyclables (and separate collection of paper in particular)
 - a. Groups were evenly split over collection frequency (weekly or fortnightly)
8. A separate garden waste collection service
 - a. Groups were very divergent in their views on how it should be operated (free, annual subscription, pay as you go, collection frequencies etc.)
9. Residual waste, collected fortnightly (although one group suggested monthly!)
10. No exemptions based on property size/frontage
 - a. Different systems were suggested for properties with space/storage issues including stackable boxes and smaller containers.

Appendices

Appendix 1: Summary process plan

Appendix 2: Design a new service game

Appendix 3: Before and after Forum survey

Appendix 1 – Summary process plan



Lewisham Citizen Forum – agenda Saturday 19th September

Time	Session
10.00 – 10.15	Welcome and introductions
10.15 – 10.45	Small group discussion 1: waste and recycling now
10.45 – 11.00	Plenary feedback 1
11.00 – 11.20	Scene setter presentation: why do things need to change?
11.20 – 11.30	Question and answer session
11.30 – 11.45	Coffee break
11.45 – 12.30	Small group discussion 2: recycling priorities & separate collections
12.30 – 12.45	Plenary feedback 2
12.45 – 13.30	Lunch
13.30 – 14.00	Small group discussion 3: food and garden waste
14.00 – 14.15	Plenary feedback 3
14.15 – 15.15	Game: design your own collection service
15.15 – 15.35	Plenary feedback 4
15.35 – 15.40	Next steps
15.40 – 15.45	Complete evaluation forms

Appendix 2 – Design a new service game



Lewisham Citizen Forum

A Game of Bins

Please design a waste and recycling service that you feel would be of benefit to the borough as a whole. Please remember, the service we are designing is for residents with wheeled bins only (i.e. estate properties or flats above shops who share communal bins are not included in this service design).

Game Rules and Assumptions:

1. The service must change from the current service.
2. A garden waste subscription service will be offered.
3. You must consider the pros and cons of weekly, fortnightly, or other options, and be able to justify your choices.
4. You must make the service as efficient as possible for all households that have wheeled bins across the borough, remembering all the housing types.

List of housing types:

No frontage	Minimal Frontage	Medium Frontage
Large frontage	Properties with steps up / down	Shared occupancy

How to play:

In your 'Borough' you will develop the system you feel best meets the needs of the Borough by selecting the material streams collected, frequency of collection and type of container etc. At the end of the game you need to present your solution to everyone (see the Playsheet).

Your presentation needs to:

1. Explain the collection system and why your waste collection strategy is the best option for the Borough

2. Tell us why you have chosen each bin system and its collection frequency (for example: We chose to have fortnightly refuse collections because... and then we chose to have weekly recycling collections because...etc.).
3. Show how this service can be applied Borough wide (to those with wheeled bins)?

In your presentation you will also need to justify (by scoring) whether your service meets a number of criteria.

Scoring system:

3	Fully meets criteria	2	Partly meets criteria	1	Does not meet criteria
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The maximum score is 15 points. Your service must score at least 8 points and ideally over 10 (see scoring sheet and the example Playsheet).

Criteria	Score each out of 3
Helps Council to meet targets	
Helps to solve the budget gap	
Helps the environment	
Easy for the Council to deliver	
Easy for people to use	

Things to take into account might include:

- Houses have a wide variety of frontages and storage areas, ranging from very large to minimal to having a flight of steps
- Collection frequency (fortnightly, weekly or other)
- How many material streams are collected (for example, does it include a food-waste service?)
- Will your service comply with legislation? (The cost of not complying may be less than having a service where you need to separate out recycling)
- Does your service consider impact on the budget and the environment?
- Does your service consider residents and how they will cope with it?

Other points to consider

The following is not an exhaustive list of pros and cons, but the examples below might help you to think of more reasons why or why not to put an idea into place.

Drivers	Pros	Cons
Legislation	<ul style="list-style-type: none"> • Keeping some of our recycling separate would mean cleaner, better quality recycling. The Council could recycle more of it and (potentially) recoup some 	<ul style="list-style-type: none"> • Not all of the recycling would be separate so therefore may be seen as not complying with the legislation.

	costs from the sale of the materials.	
Budget	<ul style="list-style-type: none"> We could change how often our rubbish and recycling get collected. Less frequent collections save money. Less frequent refuse collections might make people recycle more so there's space in their bins for the things they still have to throw away. 	<ul style="list-style-type: none"> With fortnightly refuse collections, if people don't use all the services properly there might be a greater risk of contamination in recycling bins. This is because if refuse bins are full people might use their recycling bins for their excess waste (it has to go somewhere!). To add new services (like food waste), unless we alter the frequency of collections elsewhere, the running of this extra service could cost more.
Ease of delivery & use	<ul style="list-style-type: none"> Fewer changes would help ensure a smooth continuation of service delivery and use. We could have a new, more user friendly garden waste service to collect grass clippings, hedge trimmings, and twigs for composting. 	<ul style="list-style-type: none"> Residents would need to subscribe and pay an annual charge for the garden waste service. To make sure food waste didn't get smelly, we would need to collect it regularly (every week). Residents would need to separate out paper and card, potentially into an extra box or 'insert' (mini container) in the bin.
Environment	<ul style="list-style-type: none"> We could have a collection for our food scraps. They would be turned into useful gas and fertiliser. This would cut down what goes into our black bins. At the moment 38% of the rubbish in our black bins is food waste. By introducing more recycling collections, the recycling rate and our environmental performance would improve. 	<ul style="list-style-type: none"> With little or no changes to services we would risk having a low or no increase in recycling rates.

A Game of Bins Playsheet

Your Presentation:

What is the collection system?

It has four weekly refuse collection with weekly multi-material recycling collections (all in separate containers), including food waste and free garden waste collections for all properties.

How does it work?

Black bin for refuse – collected once every 4 weeks
 Box for glass - weekly
 Box for paper and card - weekly
 Box for cans and plastic - weekly
 Caddy for food waste - weekly
 Wheeled bin for garden waste (subscription) - weekly

This is an example of a very complicated service.

It does not meet the game criteria - it only scores 8 points.

How will it be applied to different housing types?

No frontage	They can stack the boxes on top of each other to reduce space
Minimal Frontage	Boxes can be stacked
Medium Frontage	Boxes can be stacked
Large frontage	Storage is not a problem
Shared occupancy	Use wheeled bins instead of boxes for shared houses
Properties with steps up / down	Boxes are easier of move than wheeled bins

Why is this waste collection strategy the best option for the Borough?

It maximises recycling and makes throwing things away very inconvenient due to the time between collections.

Does it meet the game criteria?

The maximum score is 15 points. Your service must score at least 9 points and ideally over 10.

Scoring system:	3	Fully meets criteria	2	Partly meets criteria	1	Does not meet criteria
-----------------	---	----------------------	---	-----------------------	---	------------------------

Criteria	Score (1 - 3)
Helps Council to meet targets	3
Helps to solve the budget gap	1
Helps the environment	2
Easy for the Council to deliver	1
Easy for people to use	1
Total score	8
Can it be applied Borough wide (to those with wheeled bins)?	<u>Yes</u> /No
Is it likely to make contamination better (reduce it) or worse (increase it)?	<u>Better</u> /Worse

A Game of Bins Playsheet

Your Presentation:

What is the collection system?

--

How does it work?

--

How will it be applied to different housing types?

No frontage	
Minimal Frontage	
Medium Frontage	
Large frontage	
Shared occupancy	
Properties with steps up / down	

Why is this waste collection strategy the best option for the Borough?

--

Does it meet the game criteria?

The maximum score is 15 points. Your service must score at least 8 points and ideally over 10.

Scoring system:

3	Fully meets criteria	2	Partly meets criteria	1	Does not meet criteria
Criteria					Score (1 - 3)
Helps Council to meet targets					

Helps to solve the budget gap	
Helps the environment	
Easy for the Council to deliver	
Easy for people to use	
Total score	
Can it be applied Borough wide (to those with wheeled bins)?	Yes/No
Is it likely to make contamination better (reduce it) or worse (increase it)?	Better/Worse

Appendix 3 – Before and after Forum survey



1. How important is recycling to you?

	Start of Forum	End of forum	If your views changed please briefly explain why
Very important			
Fairly important			
Neither important or unimportant			
Fairly unimportant			
Not at all important			

2. How important is it that the Council recycles more?

	Start of Forum	End of forum	If your views changed please briefly explain why
Very important			
Fairly important			
Neither important or unimportant			
Fairly unimportant			
Not at all important			

3. Do you think the council should change its refuse & recycling services?

	Start of Forum	End of forum	If your views changed please briefly explain why
Strongly agree			
Agree			
Neither agree or disagree			
Disagree			
Strongly disagree			



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London Borough of Lewisham

TEEP Assessment of Kerbside Collection Options

November 2015

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TEEP Assessment of Kerbside Collection Options

London Borough of Lewisham

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Anthesis Consulting Group

Anthesis is a global yet specialist consultancy which believes that commercial success and sustainability go hand in hand. We offer financially driven sustainability strategy, underpinned by technical experience and delivered by innovative collaborative teams across the world.

The company combines the reach of big consultancies with the deep expertise of the boutiques. We take our name from the Greek word “anthesis”, the stage of a plant’s lifecycle when it is most productive. Sustainability is now at that exciting stage of flourishing; it has grown up and grown into the mainstream.

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The company brings together expertise from countries around the world and has offices in the US, the UK, Germany, the Middle East, China and the Philippines. It has a track record of pioneering new approaches to sustainability and has won numerous awards.

Background to the work

The London Borough of Lewisham is a Unitary Authority located in South East London, responsible for both the collection and disposal of recycling and waste. Over 2016/17 and 2017/18 the Council as a whole must save £45m. In order to help achieve this saving £1.1m per annum must be cut from the waste and recycling budget. In order to identify how these savings might be made the Council has explored different options for kerbside collection of waste and recycling through financial and performance modelling. The three methods of collecting dry recyclables within the options that the Council has explored are; fully comingled, twin stream and kerbside sort.

Since the Waste (England and Wales) Regulations 2011 (as amended) place a duty on local authorities to provide separate collection services, subject to the two tests, the Council wanted to assess the options being considered for kerbside collection in relation to compliance with these regulations. As part of the preparation of this report a number of local authorities and private waste management firms were contacted for information and outcomes of modelling undertaken by the Council and an independent consultant were used to assess potential service performance.

Legislative background

The European revised Waste Framework Directive of 2008 (Directive 2008/98/EC on waste, rWFD) set out various requirements, including one in article 10 that “waste shall be collected separately “if technically, environmentally and economically practicable” (TEEP). European Commission guidance was provided as to what technically, environmentally and economically practicable would mean:

- ‘Technically practicable’: ‘technically developed and proven to function in practice’
- ‘Environmentally practicable’: ‘added value of ecological benefits justify possible negative environmental effects of the separate collection (e.g. additional emissions from transport)’
- ‘Economically practicable’: ‘does not cause excessive costs in comparison with the treatment of a non-separated waste stream, considering the added value of recovery and recycling’

The requirements of the rWFD regarding separate collection, were transposed into UK law through The Waste (England and Wales) Regulations 2011, and then amended by The Waste (England and Wales) (Amendment) Regulations 2012. The requirement for Waste Collection Authorities (which include Unitary Authorities) to institute separate collections of waste paper, metal, plastic and glass from the 1st January 2015 is subject to two tests. The plain reading of the text leads to the following possible understanding of the tests:

1. A necessity test – i.e. are separate collections necessary to ensure that waste is “recovered” as high up the waste hierarchy as possible (Article 4 rWFD) and that this “recovery” of the waste protects human health and the environment (Article 13 rWFD) and necessary to “facilitate or improve recovery”.
2. A practicability test – i.e. it needs to be demonstrated that separate collections are practicable in terms of: a technically feasible system being available that is suitable for the locality; net environmental benefits accruing through the supply chain; and the cost not being comparatively excessive.

Summary of outcomes

A summary of the outcomes of the tests and identification of actions that the Council may consider undertaking in the future in relation to the options are set out below and provided in detail in the body of the report.

Necessity: Based on the modelling undertaken it appears that the separate collection option would result in a higher quantity of recycling captured than the baseline (existing) option but does not perform as well as the highest performing comingled and twin stream options.

Based on the likely methods available to Lewisham for managing materials collected under different options it is not clear that the kerbside sort or twin stream options would result in higher quality materials than comingled materials processed by a high performing MRF.

Technical practicability: The regulations require consideration of whether separate collections are technically practicable. Information has been provided in the assessment regarding the practicability of the comingled and twin stream options for comparison.

- Kerbside sort: Despite issues with congestion, H&S and significant additional vehicle movements making kerbside sort collections technically undesirable, it is not considered that these issues would make them unfeasible. However, Lewisham would need to secure use of a suitable Waste Transfer Station (WTS) to make this option feasible.
- Twin stream: There are a limited number of local facilities that would accept the container only stream proposed in these options. Lewisham would need to secure a contract with a MRF or PRF that could allow paper and containers to be tipped in the same location, or, secure use of a WTS.
- Comingled: Since the current collections in Lewisham are fully comingled it has been proven that this option is technically feasible. However it should be noted that a number of MRF representatives engaged expressed that the quality of materials from Lewisham would either result in material not being accepted or high gate fees being charged. It would therefore be important for Lewisham to improve the quality of comingled material delivered to the MRF should it retain comingled collections.

Environmental practicability: The Council has undertaken an assessment of the greenhouse gas emissions of the options using a greenhouse gas calculator. The outcomes indicate that the highest performing option is a twin stream option but the differences between options are not substantially different. It is therefore not possible to conclude that a kerbside sort, twin stream or comingled collection would perform significantly differently in environmental terms based on the modelling undertaken. It should be noted that the options modelled were all substantially better than the baseline (current) option indicating that by changing its collection system in line with the options modelled Lewisham could improve its environmental performance.

Economic practicability: The financial assessments indicate that the kerbside sort option would substantially increase the net service cost from the (current) baseline. Applying the Council's test of 'excessive cost' (that any increase to the current cost profile of the waste services will be viewed as 'excessive'), it can be concluded that separate collections would be likely to result in excessive costs in comparison with baseline (current) services and twin stream and comingled options assessed.

Conclusion

Greenhouse Gas modelling does not provide evidence that comingled or twin stream options would lead to substantially better performance than the kerbside sort option (as the Route Map indicates would be required

should Lewisham make an argument for the collection options on the basis of environmental performance). However, the evidence gathered indicates that the use of separate collections by the Council is not necessary to achieve high quality recycling as long as high performing MRF facilities could be secured to sort recyclables. The lack of WTS makes separate collection of recyclables technically impracticable currently. Further discussion and negotiation with potential local authority partners and private contractors would be needed to try and secure a facility to make separate collection feasible. The economic assessment indicates that the all options with the exception of the kerbside sort option would reduce the costs of the collection. The kerbside sort option does not appear to be economically practical as it is predicted to significantly increase the cost of service delivery.

Recommendations

The assessment of waste management arrangements against the regulations is not a one-off activity, and Lewisham will need to update its assessment as it determines the details of the operational arrangements for the options it choose to progress with, and as it starts to procure relevant contracts (e.g. for bulking, transport and reprocessing).

In progressing with procurement of services and joint working with other authorities under any of the options Lewisham would need to ensure that materials are managed and handled in a way that retains and maximises their value wherever possible. As Lewisham progresses the development of options it could continue to review and develop the modelling and cost assumptions related to each option in order to evaluate how this influences overall performance.

Table of contents

1	Introduction	3
2	Legislative background.....	3
2.1	European Directive.....	3
2.2	Transposition into the law of England and Wales.....	4
2.3	Enforcement.....	4
3	Borough profile	5
4	Kerbside collection options assessment.....	5
5	Wastes collected by the Council and the application of the waste hierarchy	7
5.1	Explanation of the waste hierarchy	7
5.2	Wastes collected by the Council	8
6	Tests	21
6.1	Separate Collection	21
6.2	Necessity	22
6.3	Practicality.....	25
6.4	Environmental.....	29
6.5	Economic.....	30
7	Outcome of Tests.....	31
7.1	Necessity	32
7.2	Technical practicability.....	33
7.3	Environmental practicability	33
7.4	Economic practicability	34
8	Conclusion.....	34
Appendix 1	Relevant text of regulations.....	35
Appendix 2	Summary table of tonnage performance of different options.....	36
Appendix 3	Local authorities and waste management firms engaged with	40

Appendix 4 Summary of options against tests 41

Table of figures

Figure 1. Waste hierarchy..... 7

Figure 2. Residual composition. 18

Figure 3. Capture rates for recyclable materials 20

Figure 4: Composition of dry mixed recycling collection, August 2014 21

Figure 5: Results from the GLA Carbon tool modelling for each scenario 30

Table of tables

Table 1. Summary of kerbside recycling options assessed 6

Table 2: Management of wastes 9

Table 3. Summary of recycling and contamination tonnages..... **Error! Bookmark not defined.**

1 Introduction

The London Borough of Lewisham is a unitary authority located in South East London, responsible for both the collection and disposal of recycling and waste. The Council currently provides a fully comingled recycling collection service for approximately 80,000 kerbside properties using 240 litre wheeled bins. The targeted materials are: glass bottles and jars, paper and cardboard, steel and aluminium cans, empty aerosols, foil, plastic pots, tubs and trays, plastic bottles, plastic bags and film and food and drink cartons.

Over 2016/17 and 2017/18 the Council as a whole must save £45m. In order to help achieve this saving, £1.1m per annum must be cut from the waste and recycling budget. In order to identify how these savings might be made the Council has undertaken financial options assessments on different elements of the waste services. As part of these financial assessments the Council has explored different options for kerbside collection of waste and recycling through financial and performance modelling.

Since the Waste (England and Wales) Regulations 2011 (as amended) place a duty on local authorities to provide separate collection services, subject to the two tests, the Council wanted to assess the options being considered for kerbside collection in relation to compliance with these regulations. The Council has already undertaken a large amount of modelling and evaluation in the assessment of options. Anthesis was commissioned to assess the outcomes of this data and information gathering in relation the duty outlined in the regulations to separately collect recyclable material and the outcomes of this assessment are provided in this report. The approach outlined in the Waste Regulations Route Map (Route Map¹), which is considered by the Environment Agency (EA) to be a good practice approach, has been followed in preparing this report.

The scope of this report is limited only to consideration of options for kerbside recycling. In Lewisham approximately 80,000 households are served by the kerbside service and 41,000 are served by the flats service. This means that 33% of households in the borough receive the flats collection service. The Council's other operations involving the collection of recyclable materials (e.g. collections from households in flats, commercial properties and street cleansing operations) will be influenced by decisions made regarding kerbside recycling and should be subject also to a similar assessment.

As part of the preparation of this report a number of local authorities and private waste management firms were contacted for information. **This report contains information provided by these local authorities and waste management firms that is commercially sensitive. Therefore this report should not be distributed externally to Lewisham Council without this information being first removed.**

2 Legislative background

2.1 European Directive

The European revised Waste Framework Directive of 2008 (Directive 2008/98/EC on waste, rWFD) set out various requirements, including one in article 10 that "waste shall be collected separately "if technically, environmentally and economically practicable" (TEEP). This is set in the context of such separate collections being necessary for "waste to undergo recovery operations" and to "facilitate or improve recovery". One of the objectives of the rWFD, stated in recital 28, is that the "Directive should help move the EU closer to a 'recycling society', seeking to avoid waste generation and to use waste as a resource", and source segregation

¹ Waste Regulations Route Map, 2014

and separate collections are incorporated as measures that would help to bring this about. Article 11 again brings in the requirement for separate collections, but in the context of promoting “high quality recycling” and meeting the quality standards of the recycling sector dealing with the material.

European Commission guidance was provided as to what technically, environmentally and economically practicable would mean:

- ‘Technically practicable’ = ‘technically developed and proven to function in practice’
- ‘Environmentally practicable’ = ‘added value of ecological benefits justify possible negative environmental effects of the separate collection (e.g. additional emissions from transport)’
- ‘Economically practicable’ = ‘does not cause excessive costs in comparison with the treatment of a non-separated waste stream, considering the added value of recovery and recycling’

2.2 Transposition into the law of England and Wales

The requirements of the rWFD regarding separate collection, were transposed into UK law through The Waste (England and Wales) Regulations 2011, and then amended by The Waste (England and Wales) (Amendment) Regulations 2012. The relevant text of the regulations is provided for convenience in Appendix 1. It will be noted that the requirement for Waste Collection Authorities (which include unitary authorities) to institute separate collections of waste paper, metal, plastic and glass from the 1st January 2015 is subject to two tests. Guidance on how to interpret the tests has not been provided by DEFRA, but the plain reading of the text leads to the following possible understanding of the tests:

1. A necessity test – i.e. are separate collections necessary to ensure that waste is “recovered” as high up the waste hierarchy as possible (Article 4 rWFD) and that this “recovery” of the waste protects human health and the environment (Article 13 rWFD) and necessary to “facilitate or improve recovery”.
2. A practicability test – i.e. it needs to be demonstrated that separate collections are practicable in terms of: a technically feasible system being available that is suitable for the locality; net environmental benefits accruing through the supply chain; and the cost not being comparatively excessive.

2.3 Enforcement

The Environment Agency (EA), as the enforcement agency for the relevant Regulations, has issued guidance to all local authorities, detailing their enforcement approach. The key elements are as follows: -

- Collectors who do not have separate collection arrangements should review their collection practices and consider carefully if and how they comply. They should rigorously apply the Necessity and TEEP tests described above. Collectors who have concluded it not necessary or not TEEP to operate separate collection arrangements should keep, and be able to provide for inspection, an audit trail which will help the EA to understand the basis of their decision-making. Records should be such that, if necessary, they could demonstrate compliance with the Regulations in a court of law. Collectors should consult their lawyers to ensure they are compliant with this legislation.
- Collectors are expected to ensure in all cases that customers can avoid putting paper, plastic, metal or glass in the same collection container as their general waste. In addition, they are expected to collect paper, plastic, metal and glass separately from each other, subject to the above two tests.

The above emphasises the importance of the data analysis, and how retaining this data and presenting the conclusions in this report are part of the audit trail required by the EA. There is further explanatory text in the guidance regarding the enforcement approach that the EA will take, emphasising that their aim will be to help collectors to achieve compliance, working with them to help them to comply. As with all its enforcement regimes, a risk based approach will be used, with enforcement being a last resort.

There is an additional risk to the Council arising from the possibility of an independent third party requesting a judicial review of the process by which the Council has determined its waste collection arrangements because it was either unlawful or unfair. Such a request for a review can only be brought by someone whose interests will somehow be harmed sufficiently if the decision stands, so this could include those with an interest in the recycling of materials.

3 Borough profile

The inner London borough of Lewisham lies to the south east of the city. It is bordered by Greenwich to the east, Bromley to the south, Southwark to the west and Tower Hamlets to the north across the River Thames. It is the 13th densest populated authority in England and is 13.4 square miles, making it the second largest inner city borough in London.

Lewisham's population is around 293,064 (2015), with estimates suggesting that this will rise to 306,815 by 2019². Over the next two decades Lewisham is forecast to see the second highest rate of population growth in Inner London. 33% of households in the borough are flats that need to be provided with a waste and recycling service using communal containers. The borough is also the 15th most ethnically diverse local authority in England³ and 170 languages are spoken⁴. These demographic factors can affect recycling performance. Specifically:

- A high density of housing means that space for recycling containers, both internally and externally, can be limited⁵
- Operations and vehicle movements can be challenging, for example, there are Health and Safety implications associated with loading vehicles on busy roads and collection operations can contribute significantly to congestion⁶
- There are challenges associated with communicating with residents who do not speak English as a first language.

4 Kerbside collection options assessment

As part of assessments to identify how budget savings will be made to waste and recycling services, the Council has explored 10 different options for kerbside collection through undertaking financial and

² http://portal.lewishamsna.org.uk/Population_Projections.html

³ <http://www.lewishamsna.org.uk/a-profile-of-lewisham/social-and-environmental-context/ethnicity>

⁴ <http://www.lewishamsna.org.uk/a-profile-of-lewisham/social-and-environmental-context/languages-spoken-in-schools/what-the-data-shows>

⁵ WRAP, Recycling Collections for Flats, 2012

⁶ WRAP, Recycling Collections for Flats, 2012

Anthesis Consulting Group, 2015

performance modelling. These options are summarised in Table 1. In 2014, eight options were modelled using the Kerbside Assessment Tool (KAT)⁷ by an independent consultant on behalf of the London Waste and Recycling Board (LWARB) as part of an efficiency review undertaken for Lewisham⁸. Lewisham officers then undertook further financial assessment to verify and update the costs of a number of the modelled options and to explore two further options. Scenario references are provided in Table 1 developed by the independent consultant (RF) and Lewisham officers (LW).

Lewisham officers also modelled greenhouse gas emissions using a tool provided to local authorities by the Greater London Authority (GLA) as part of the Mayor of London's Municipal Waste Management Strategy⁹.

As part of the preparation for this report, Anthesis undertook desk based research and engaged with a number of local authorities and private waste management firms to try and establish how dry recyclable materials might be managed and processed within the options previously assessed. A full list of the facilities engaged with is included in Appendix 2.

Table 1. Summary of kerbside recycling options assessed

Scenario reference	Recycling collection system	Recycling collection frequency	Residual collection frequency	Food waste collection frequency	Garden waste collection frequency
4 RF / 6 LW	Kerbside sort	Weekly	Fortnightly	Weekly	Weekly (charged)
2 RF	Twin stream	Fortnightly	Fortnightly	Not collected	Fortnightly (charged)
3 RF / 2 LW	Twin stream	Fortnightly	Fortnightly	Weekly	Weekly (charged)
5 RF	Twin stream	Weekly	Fortnightly	Weekly	Weekly (charged)
6 RF	Twin stream	Weekly	Weekly	Not collected	Fortnightly (charged)
7 RF / 3 LW	Twin stream	Fortnightly	Weekly	Not collected	Fortnightly (charged)
8 RF / 4 LW	Twin stream	Fortnightly	Fortnightly	Weekly	Fortnightly (charged)
Baseline+ RF / Baseline+ LW	Fully comingled	Weekly	Weekly	Not collected	On request (free)
1 RF	Fully comingled	Fortnightly	Fortnightly	Weekly	Weekly (charged)
5 LW	Fully comingled	Fortnightly	Fortnightly	Weekly	Fortnightly (charged)
1 LW	Fully comingled	Weekly	Weekly	Not collected	Fortnightly (charged)

⁷ KAT is a nationally available tool that is provided by the Waste and Resources Action Programme (WRAP). It is used for modelling the cost and operational requirements of kerbside collection schemes.

⁸ LWARB, Efficiency Review for London Borough of Lewisham, 2014

⁹ The Greenhouse Gas Calculator is a free tool provided to local authorities to allow them to determine the emissions resulting under different waste management scenarios.

The three methods of collecting dry recyclables within these scenarios are:

- Fully comingled (dry recyclables all mixed together within a wheeled bin)
- Twin stream (paper and cardboard collected within a kerbside box and containers mixed together within a wheeled bin)
- Kerbside sort (dry recyclables collected within two kerbside boxes and manually sorted onto a stillage vehicle at the point of collection)

5 Wastes collected by the Council and the application of the waste hierarchy

Within this section the first three steps of the Route Map are worked through, namely:

- Documenting what wastes are collected and how.
- Explaining the fate of each stream of waste collected.
- Identifying where on the Waste Hierarchy each waste stream is handled.

The approach taken has examined the current method of managing a particular material or waste stream with commentary on how this might be influenced through the introduction of different options for kerbside collection being considered.

5.1 Explanation of the waste hierarchy

The waste hierarchy expresses diagrammatically how certain approaches to waste management are to be preferred above others. Disposal (e.g. landfilling) is the least preferred, whereas preventing waste arising in the first place is at the top of the hierarchy of options.

Figure 1. Waste hierarchy¹⁰



Obtaining some energy benefit (“Recovery” in the diagram) is preferred above disposal, and recycling is still better. Taking something that has been discarded and enabling it to be re-used or find another use is second only to prevention.

¹⁰ <http://ec.europa.eu/environment/waste/framework/>

5.2 Wastes collected by the Council

The 2011 Regulations impose a duty on the Council to apply the waste hierarchy to the wastes that it manages. This has been in force since 2011, and the Council has undertaken a number of steps to ensure it fulfils this duty. The duty is qualified by considerations of technical and economic feasibility and environmental protection, and therefore the Council must exercise its judgement in deciding where on the hierarchy a material is treated. Table 2 summarises the steps taken by the Council to manage each material in line with the waste hierarchy and any influence the kerbside collection options might have on this. Further consideration of the three main material streams influenced by the kerbside collection options considered is provided in sections 5.2.1 to 5.2.3.

Table 2: Current approaches to management of wastes in Lewisham

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
Paper, card, plastics, metals, glass	Promotion of prevention on website – sensible shopping	Re-use options have very limited impact, and will not be applicable to most materials.	Co-mingled dry recycling kerbside collection, bring banks and commercial collection	Some residues from MRF to energy from waste.	Some residues from MRF to landfill.	Yes, the vast majority of households in the borough have access to kerbside collection with bring bank provision for those who do not. This access to services is not anticipated to change under any kerbside option. The kerbside sort option would eliminate MRF residues (4RF / 6 LW) although several twin stream and comingled options (2 RF, 3RF / 2LW and 5 LW) result in 120 tonnes extra of (uncontaminated) dry recycling captured.
Textiles and shoes	Social media promotion Swishing events Love Your Clothes Campaign	Swishing events Projects with Goldsmiths Uni Promotion of charity shops	Sir Vivor Bag trialled using bags placed within recycling bins Textiles also collected via bring banks	Some residues from MRF to energy from waste.	Some residues from MRF to landfill.	Yes, although there may be scope to improve prevention by promoting repair on the website, as well as increasing re-use e.g. at swishing events. Textile collection should be possible in addition to each of the kerbside collection options. However a higher quality and quantity might be expected from the kerbside sort option based on the potential for survival bags containing recycling to split and materials be lost or damaged under the comingled and twin stream options.
Garden	Not applicable	Composting	Pre-paid garden	Garden waste	No	Yes, Lewisham has taken a number of

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
waste		information on website Home composting workshops and subsidised bins	waste sack service – request. Sent for composting.	banned from residual bin but some will no doubt be placed there and sent for energy recovery.		steps to manage green waste towards the top of the waste hierarchy. All kerbside options considered assume that an improved service for the collection of garden waste will be provided and that tonnages captured will increase from the baseline.
Food waste	Promotion of prevention on website – sensible shopping Promotion of Love Food Hate Waste	Promotion of Home Composting – bins and workshops Social media	Not currently collected for recycling.	Collected with refuse – EfW	Some residues from energy recovery are sent to landfill.	Yes, Lewisham has taken a number of steps to manage food waste at the top of the waste hierarchy. Six of the ten options modelled for kerbside collection allow for weekly food waste collection making these options most desirable in relation to moving food waste up the waste hierarchy. Specifically these options are 1RF, 4RF/6 LW, 5RF, 8 RF/4 LW, 3 RF/2 LW, 5 LW
Nappies	Not applicable	Information on website promoting use of real nappies	No	Collected with refuse – EfW	Some residues from energy recovery are sent to landfill.	Yes, focus is on prevention through promotion of real nappies. A number of the kerbside collection options modelled show a reduction in residual waste with the lowest being 3RF / 2LW, 8RF / 4LW and 5 LW. However it is unlikely that any of this reduction would be via decreased numbers of nappies entering the waste stream.

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
Bulky items (i.e. furniture, white goods)	Spoken to partners within third sector organisation to prevent items becoming waste	Information on website promoting reuse and donation to furniture reuse charities	Collected through bulky waste service (on request, charging system at £15 for three items and £30 for a fridge / freezer) and at RRC – proportion gets recycled. Free household collection of mattresses. Stripped and metals are sent for recycling. Free WEEE recycling for schools, colleges and universities	Bulky waste service – proportion goes to EfW, Mattresses stripped and fabrics are recycled or made into an RDF for energy recovery and metals recycled ¹¹ .	Bulky waste service – small proportion goes to landfill	Lewisham is currently restricted with regards how much can be reused or recycled due to size of RRC restricting segregation. Management of bulky items were not considered within any of the collection options. It is unlikely that the kerbside collection method would influence the method of collecting bulky waste though identification and use of a local transfer station within the twin stream and kerbside sort options (2 RF, 3 RF/2 LW, 8 RF/4 LW, 4 RF/6 LW, 7 RF/3 LW, 5 RF and 6 RF) might allow additional reuse and recycling of bulky waste if managed alongside dry materials.
Small WEEE	Not directly, but some through promotion of reuse and donation to charities	Information on website promoting reuse and donation to charities	Collected through bulky waste service, designated bring banks and RRC, and sent for recycling. Free WEEE recycling for schools, colleges	No	No	Yes, collections provided at kerbside, bring banks and at RRC and sorted for recycling. It is likely that collection of small WEEE would be most compatible with a kerbside sort scheme (option 4 RF) as residents could present WEEE in their box and a stillage could be

¹¹ <http://www.mattressrecycling.co.uk/recycling/>

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
			and universities			provided as part of the vehicle. However it may also be possible to provide a separate container for residents and compartment for WEEE on vehicles undertaking comingled or twin stream collections.
Batteries	No	No	Street level property battery recycling collection, bring banks and RRC	No	No	Yes, collections provided at kerbside, bring banks and at RRC and recycled. Residents currently present bagged batteries in a clear bag on top of their comingled recycling container. This indicates that battery collection would be feasible within any of the kerbside collection options considered.
Used cooking oil	No	No	Collected at RRC for recycling	No	No	In process of getting used cooking oil bring banks. Some local authorities have collected used cooking oil from the kerbside. It would be unfeasible to collect it mixed with other materials within the comingled and twin stream options and it is therefore most compatible with the kerbside sort option (4 RF/6LW) as a compartment on the vehicle could be provided. However the efficiency of this would need considerations due to likely infrequent set out by householders.

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
Hard Plastics (e.g. toys etc)	No	No	No	Mixed plastics collected at RRC are sent to energy recovery	No	There are very limited markets for hard plastics currently meaning it is currently unfeasible to collect them. Collection from the kerbside would not be particularly compatible with any of the kerbside schemes considered due to impact of processing oversize / irregular shaped items via a MRF and difficulties collecting within a stillage vehicle.
Wood	No	No	No	Wood collected at RRC is sent to energy recovery	No	Wood collected from the RRC could be recycled – this has been looked into on many occasions but has been discounted due to cost increase being felt to be prohibitive. Collection of wood via the kerbside would not be appropriate within any kerbside option considered due to the likely size of items handled and impact on vehicles and sorting equipment.
Tyres	No	No	Yes	No	No	Yes. Recycling is currently felt to be the most appropriate form of management for tyres as it is unlikely that reduction or reuse activities are appropriate to this material stream. It would not be appropriate to collect these from the kerbside.
Hardcore &	No	Collected at RRC	No	No	No	Recycling of this stream could be

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
Rubble		and sent for landfill cover				considered. It would not be appropriate to collect this material stream via a kerbside collection scheme therefore it would not be influenced by any of the kerbside collection options being considered.
Scrap Metal	No	No	Metals collected at RRC are sent for recycling	No	No	It is unlikely that collection of scrap metal would be desirable in any kerbside collection option as the potential difference in alloys of scrap metal could impact the quality of the steel and aluminium cans collected. Potentially it could be collected within a kerbside sort scheme (4 RF) but could result in inefficient use of a compartment of the vehicle due to likely infrequent set out by householders.
Residual waste	Promotion of sensible shopping, Love Food Hate Waste and home composting including social media	No	No	EfW	Some residues from energy recovery are sent to landfill.	Yes, as recovered energy from waste rather than send direct to landfill. A number of the kerbside collection options modelled show a reduction in residual waste with the lowest being 3RF / 2LW, 8 RF / 4LW and 5 LW.
Clinical waste	Clinical waste reduced due to reclassification	No	No	Household collection is in place and	Some residues from energy	Yes, as reuse and recycling are not applicable. Clinical waste collection would not be influenced by any of the

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
				materials autoclaved recovery	recovery are sent to landfill.	kerbside collection options due to the requirement to manage clinical waste as a separate stream.
Paint	No	Promotion of Repaint on website	Household Collection Contract with City of London	Household Collection Contract with City of London	Household Collection Contract with City of London	Yes, promote reuse of paint. Limited potential to move hazardous waste management up the waste hierarchy. It would be unfeasible to collect paint mixed with other materials within the comingled and twin stream options. Therefore it is therefore most compatible with the kerbside sort option (4 RF/6 LW) as a compartment on the vehicle could be provided. However the efficiency of this would need considerations due to likely infrequent set out by householders.
Waste arising from fly tipping	No	No	Approx. 22%	EfW & RDF	No	Yes, materials segregated and sent for recycling with remainder is sent to energy recovery. Please see bulky waste for commentary regarding compatibility with options. It is unlikely that the kerbside options would influence any other types of flytipped waste.
Street cleansing waste (litter bins)	No	No	No	Yes	No	There is an opportunity for litter from street cleansing to be recycled. This is likely to be most compatible within a comingled recycling system (e.g. options

Material	Prevention	Reuse	Recycling / composting	Energy Recovery	Disposal	Managed in line with Waste Hierarchy? What is impact of kerbside options?
etc.)						Baseline RF+/Baseline+ LW, 1 RF and 5 LW) due to the operational difficulties associated with separate collection e.g. sorting litter into numerous streams requirement for multiple bags / barrow compartments for sweepers, multiple compartment litter bins and inefficiencies of having a separate disposal route for street sweepings.

5.2.1 Residual waste

Residual waste collected by the Council is currently sent for incineration with energy recovery at the South East London Heat and Power (SELCHP) facility. The contract was established in the 1990s and ends in 2024 with no arrangement for extension. There is a financial benefit to the Council of reducing tonnages delivered to SELCHP as spare capacity at the facility could be sold at merchant rates, with the Council and SELCHP sharing profits.

Currently residual waste is collected weekly from 80,000 kerbside properties using 240 and 180 litre wheeled bins. The Council has already taken a number of steps to reduce residual waste arisings, including:

- Encouraging the uptake of 180 litre bins for residual waste to replace 240 litre bins
- Introduction of a recycling service for a wide range of dry recyclable materials, supported by a Reuse and Recycling Centre and network of bring banks
- Extensive waste prevention work including encouragement and support for home composting, food waste reduction and reusable nappies (further details in Table 2: Current approaches to management of wastes)
- Use of a 'lid down', 'no side waste' and 'ban of garden waste within residual stream' policies to encourage reuse and recycling and discourage presentation of excess waste

The kerbside collection options modelled the potential to reduce residual waste capacity through the use of smaller containers or reduced collection frequency for residual waste, and also modelled improvements to the recycling service through changes in recycling and garden waste collections, and through the introduction of food waste collections.

The forecast amounts of residual waste collected in each option are presented in Appendix 2. All of the options modelled forecast a smaller tonnage of residual waste than the baseline (existing) option. In 2014/15 the amount of residual waste collected from the kerbside was estimated to be 51,377 tonnes which is broadly in-line with the baseline option. The lowest residual waste is forecast for the three options where recycling is collected either fully comingled or twin stream alongside fortnightly residual waste collections, weekly food waste collections and an arrangement for the collection of garden waste. The kerbside sort option also has a relatively low residual waste tonnage. The poorest performing options in terms of residual waste are those in which food waste is not collected.

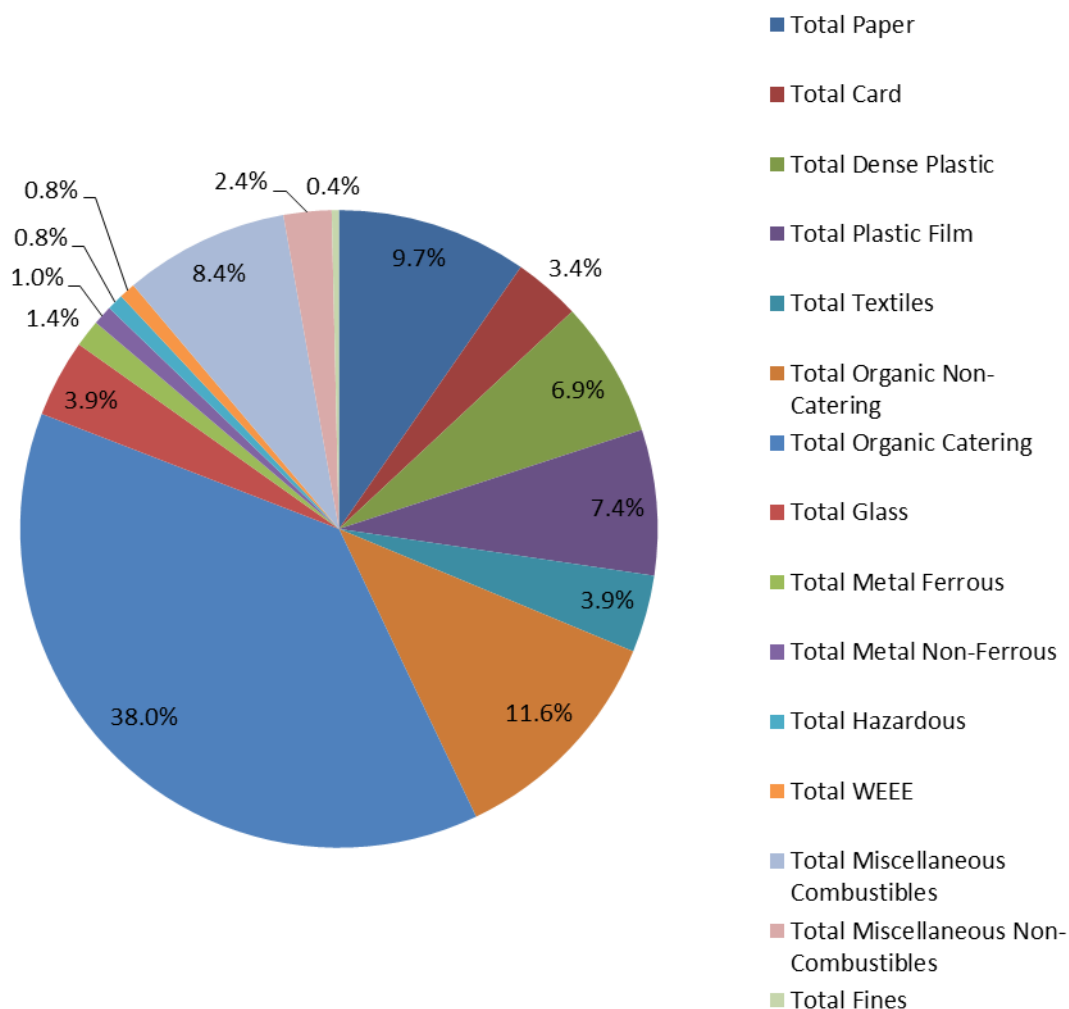
5.2.2 Organic wastes

Food waste is not currently collected separately, and therefore is collected as part of the residual waste service. Garden waste is collected from kerbside households for composting. The service is a charged through an 'on request' service, where households pay £10 per roll of 10 bags, and book a collection either by telephone or online. The Council has a separate arrangement with Bromley, a neighbouring authority, for the disposal of garden waste. The garden waste is collected and directly delivered to Bromley's waste transfer station where the material is sent for in-vessel composting. The compost produced is to PAS 100 standard.

In July 2014 a compositional analysis of the residual waste and co-mingled dry recycling streams was undertaken for the Council. The research aimed to provide the authority with accurate and comprehensive data on the quantities and composition of residual waste and recycling collected from kerbside households. In total 186 households were included in the study; the sample was stratified in four groups using Output Area

Classification. In total 1,758 kg of residual waste and 566 kg of recycling was sorted of a total 2,816 kg collected. Overall, at 38%, food waste accounted for the largest proportion of the residual sample. Total organic non-catering waste, or garden waste, made up 11.6% of the sample. Figure 2 shows the composition of the residual sample.

Figure 2. Residual composition.



Weekly collection of food waste is considered within several of the options for kerbside collection. The options for a garden waste service include both weekly and fortnightly charged separate collections.

Appendix 2 summarises the anticipated tonnages to be collected for the options modelled. The amount of food waste collected is forecast to remain the same regardless of the method of collecting dry recyclables. Since food waste collection has only been modelled alongside fortnightly residual waste scenarios it is not possible to determine the impact that a weekly collection of residual waste would have. Both weekly and fortnightly charged garden waste collection options are forecast to capture the same amount of garden waste with performance anticipated to be significantly higher than the baseline models.

5.2.3 Dry recyclable materials

During autumn 2003 a paper and card kerbside collection scheme using a 55 litre box was fully rolled out to kerbside properties, and a processing arrangement was put in place with Aylesford Newsprint¹². However, Lewisham's recycling performance was low and the authority was called in to see Defra to identify ways to improve performance. One of the options identified at the time was to increase the range of materials that could be recycled and as such, a fully comingled recycling scheme was introduced in 2005.

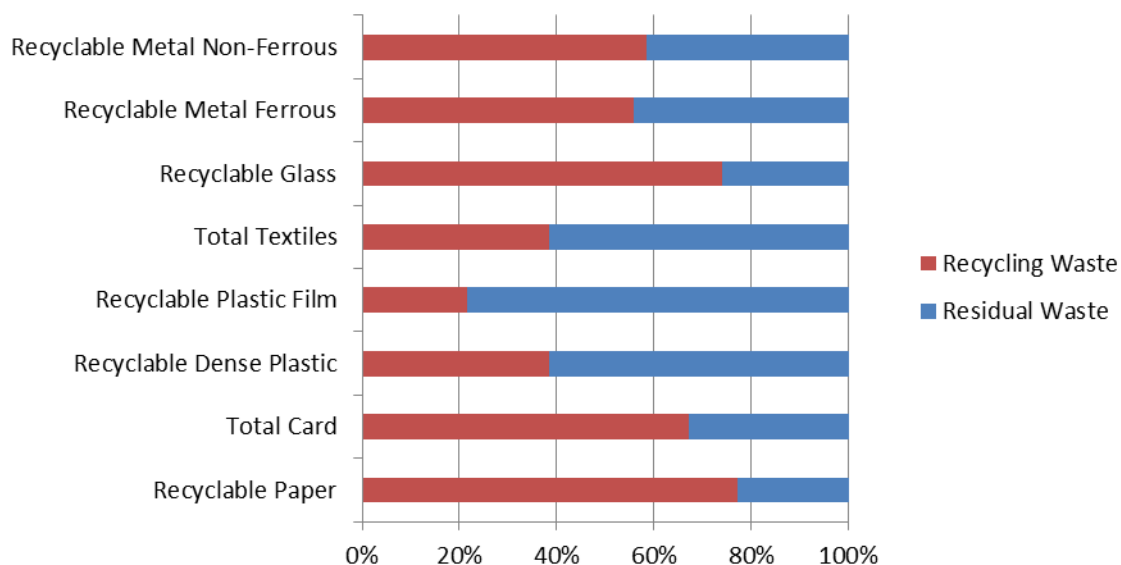
Currently dry recycling is collected fully comingled from approximately 80,000 kerbside properties, primarily contained in 240 litre wheeled bins though a small number of households are still presenting material in boxes that were historically used for collecting paper only. Collections are made weekly.

Being a unitary authority, with no long term investments in PFI or other long term contracts, Lewisham has the benefit that recycling contracts can be short term therefore allowing the authority to choose MRFs offering the lowest gate fees or different capabilities as it needs to. As the Council was assessing its collection services, an interim arrangement with Viridor's MRF in Crayford was made in 2014. The contract is short term and the Council is considering extending it for another six months while decisions regarding the collection system are made. Due to poor market conditions for materials, the Council has suffered financially from increased amounts of material being sampled as residue due to contamination levels. The market becomes more competitive when markets fall and MRFs seek higher quality material to sell and become less accepting of contaminated material. The Council has also been quoted high gate fees for processing material via MRFs due to its relatively high contamination of material and a fall in prices on the secondary commodities market.

The waste compositional study that was undertaken in July 2014 included assessment of both the residual waste stream and the recycling stream. It identified that 24.7% by weight of materials that were in the residual waste stream could be recycled by the householder at the kerbside. Capture rates for different materials based on the waste composition analysis are provided in Figure 3. It indicates that there is an opportunity to significantly increase the capture rates of most materials through the kerbside recycling scheme.

¹² Aylesford Newsprint is no longer in operation

Figure 3. Capture rates for recyclable materials



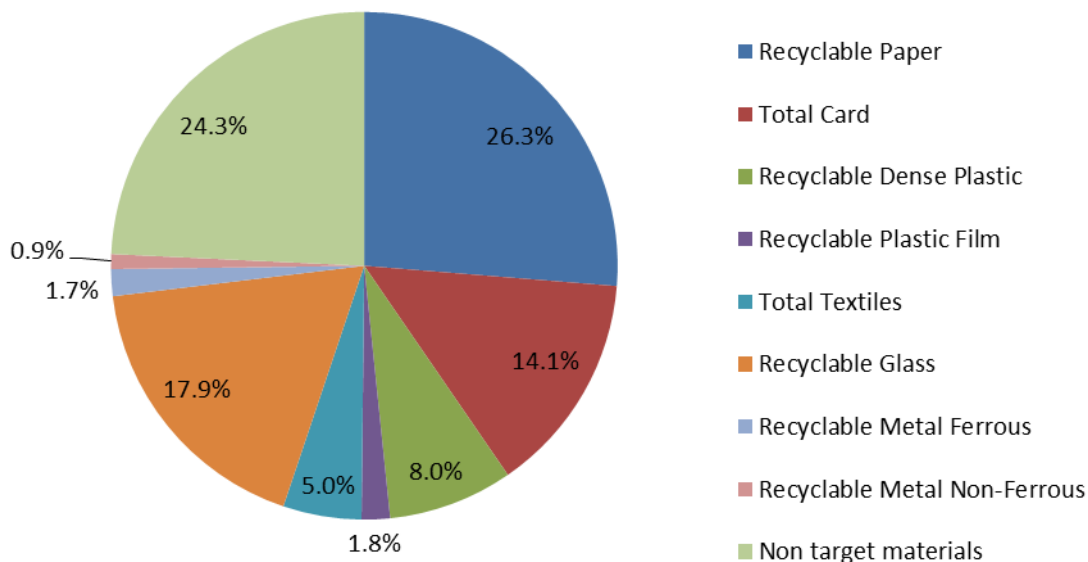
The waste audits also identified that 24.3% of material being presented within the recycling stream was non-target material (as shown in

Figure 4). It should also be noted that recent engagement with MRFs for the purposes of this assessment indicate that plastic film and textiles are undesirable materials within MRFs, and therefore are considered as ‘contamination’. In 2014/15, it is estimated that 2,311tonnes of material that had been collected from Lewisham kerbside properties as part of the recycling service, were subsequently rejected by the MRF and sent to an energy from waste facility instead. As a proportion of the total sent, this was 15%. It should be noted that this excludes recycling identified as contaminated by recycling collection crews and collected as part of the residual waste stream instead.

Anecdotally, Lewisham officers believe that a large proportion of contamination is arising from bulk recycling containers at blocks of flats (as this is more difficult for the collection crews to identify) although contamination from kerbside properties is also recognised as a problem. Since it is likely that the dry recycling collection scheme for flats will be similar to that for kerbside properties (e.g. comingled, twin stream or source segregated) the issues related to contamination in relation to the different collection systems for dry recyclables need to be carefully considered. Higher levels of contamination will result in higher MRF gate fees, or in the material not being accepted by the MRF at all, and therefore costs incurred through rejection fees as well as additional disposal fees. The engagement with MRFs undertaken as part of this assessment identified that at least two of them would not accept material that was contaminated to the extent that the waste audits indicate Lewisham’s material is currently¹³.

¹³ One indicated that the average contamination of materials they process is around 15% so they would be seeking something below this and materials of over 25% contamination would not be wanted and one saying it would reject anything over 10% contamination

Figure 4: Composition of dry mixed recycling collection



The forecast dry recycling performance of each of the kerbside collection options modelled is summarised in Appendix 2. The three options for collection of dry recycling considered are fully comingled, twin stream and kerbside sort with fortnightly collection considered for some of the twin stream and fully comingled options. The highest estimated tonnage captured is for four options that collect materials either twin stream or fully comingled despite assuming fortnightly collections of recycling. The kerbside sort option (4 RF/6 LW) achieves around 120 tonnes less dry recycling per year than the highest performing comingled and twin stream options but almost 3,000 more than the poorest. It should be noted that an assumption has been made within the modelling regarding the amount of contaminated recycling that will be managed under each option. The amount of contamination assumed in the kerbside sort option is the lowest as crews have an opportunity to reject contaminant materials as they are sorted into the vehicle.

6 Tests

This section considers the different options modelled in relation to the regulatory requirement for separate collections of materials against the two tests: a necessity test and a practicability test (in relation to technical, environmental and economic practicability).

6.1 Separate Collection

The three methods of collecting recyclables within the options that the Council has explored are; fully comingled, twin streams and kerbside sort. Each of these three methods of collecting recyclables provide an opportunity for residents to put plastic, glass, metals and paper in a separate container from their residual waste. Within the scenarios these materials would never be re-mixed with other waste streams having been

collected separately. This meets one of the stipulations in the EA's briefing note. However within the twin stream and fully comingled options the four priority materials are not kept separate from each other and therefore there is a requirement to rigorously apply the necessity and practicality tests.

6.2 Necessity

Referring to the Route Map, which is considered good practice by the EA, the following questions are considered:

- Examine the quantity and quality of recycling to show if separate collection is necessary to 'facilitate' or 'improve' recovery.
- Is it clear that separate collection either will or will not lead to an increase in either the quantity or quality of material collected?
- Does separate collection deliver the best results?

6.2.1 Quantity and contaminated tonnages

Prior to introducing a fully comingled collection system in 2005, Lewisham collected paper only from kerbside properties within a 55 litre box. Lewisham therefore does not have information related to how well a twin stream or kerbside sort collection system for kerbside properties might perform in relation to the current comingled collections. It has therefore estimated performance based on the modelling initially undertaken by an independent consultant using KAT with financial information later updated by Lewisham.

Within each of the options for the kerbside recycling service that Lewisham is considering, the quantity of materials collected (e.g. tonnage), as well as the quality (e.g. tonnage of contaminated recycling), has been estimated. It should be noted that the Baseline+ scenario assumes a reduction in the percentage of contamination in the dry recycling collection based on the assumption that a well delivered communications campaign could help to achieve a lower contamination rate.

The dry recycling tonnage and contaminated tonnages anticipated to be achieved through each scenario are summarised in Appendix 2. The outcomes of the modelling indicate that the highest performing options in terms of tonnage capture are either comingled or twin stream. The kerbside sort option achieves 120 tonnes less than these options though 2,888 tonnes more than the two poorest performing options (which are both twin stream). The kerbside sort option has the lowest amount of contamination associated with it as crews have an opportunity to reject non-recyclable materials at the kerbside.

6.2.2 Quality

Clearly, the quantity of recycling collected should not be taken in isolation, and so it is necessary to consider the quality of recycling produced from the four priority waste streams. Recycling quality is currently not subject to officially recognised standards but the grade of materials and end use of materials provides an indication of quality. For example, glass that is sent for remelt could be assumed to be a higher quality than glass used for aggregate, and "news and pams" is viewed as a higher quality product than "mixed paper".

The Environmental Permitting (England and Wales) (Amendment) Regulations 2014 (the Regulations) were laid on 11 February 2014 and came into force on 5 March 2014. Schedule 9A of the Regulations automatically adds a condition into the environmental permits of all qualifying Material Facilities (MFs) to require them to

routinely report the composition of their input and output materials. This has been effective since 1st October 2014; reporting outcomes are published on a publically accessible Portal provided by WRAP¹⁴.

In order to assess whether the quality of recycling achievable through the twin stream and fully comingled collections is comparable to quality achievable from kerbside sort collections, the information from the MF portal for a number of MRFs local to Lewisham has been assessed, alongside information provided by Lewisham Council and provided to Anthesis directly by the authorities, MRFs and WTS to assess likely ways in which materials would be managed under each option.

Paper:

■ Kerbside sort: If collected via a kerbside sort collection, paper would need to be tipped at a WTS for bulking and onward transport to reprocessors. As outlined in section 6.3 Lewisham does not currently have access to a WTS for this use. One of the more feasible options identified would be for Lewisham to contribute to the upgrading of the Churchfields site in Bromley. It is then assumed that the most efficient way of managing the fibre material would be for Lewisham's fibres to be managed alongside those from Bromley.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- Twin stream: Within the twin stream options dry recyclables would need to be delivered to a WTS for onward transport, with paper going to a suitable paper reprocessor, and containers going to a MRF / PRF. Alternatively both streams could be delivered directly to a MRF that would process the containers and manage the paper separately (further discussion on approaches is in section 6.3). Bywaters MRF indicated that it would consider accepting these two material streams at its MRF site and manage the fibre stream separately without processing it through its MRF. However the company commented that the fibre stream they currently manage separately is from commercial clients and is very clean currently. They have some reservations regarding mixing it with a municipal stream in case this introduces contamination. The fibres that are delivered to the MRF separately are currently managed separately to MRF outputs and are primarily sold as two grades – 'mixed paper' and 'cardboard'. The other most likely option for management of twin stream materials is for both streams to be managed alongside materials collected in Bromley (which are already collected twin stream); comments regarding fibre quality in this scenario are provided in the paragraph above.
- Comingled: As part of the preparation for this report, a number of MRFs were engaged that expressed an interest in managing Lewisham's materials. Data for the following MRFs from the MF reporting portal was assessed for: Bywaters, Cory (Smugglers Way), Viridor (Crayford) and Veolia (Southwark). The data suggests that Cory and Veolia are both producing separated paper grades (e.g. newspapers and magazines, cardboard as well as mixed paper) with fairly significant amounts of this being newspapers and magazines (a higher grade than mixed paper). MF portal data also suggests that non-recyclable materials within the output fibre grades for the Veolia and Cory MRFs are low, e.g. Veolia's ranges from 0.06% non-recyclable material for cardboard to 0.7% for mixed paper. Viridor has indicated directly to Lewisham that its end use

¹⁴ <http://mfrp.wrap.org.uk>

of paper has recently changed and it is now sending it to a UK mill for reprocessing which indicates that material is of relatively high quality (non-recyclable material within mixed paper was reported as between 1.1% and 3%).

Conclusion: Based on the likely methods available to Lewisham for managing materials collected under different options it is not clear that the kerbside sort or twin stream options would currently result in higher quality paper than comingled materials being processed by a high performing MRF. The comingled option appears to be the only option that would allow fibres to be sold as sorted grades. Bromley commented that it might be possible for Lewisham to organise their own end destinations for materials from the Churchfields site (allowing separate sale of paper and card under the kerbside sort option) but issues with additional vehicle movements impacting planning requirements, separate contracts and loss of efficiency from not managing the material streams jointly would need to be considered.

Glass:

- Kerbside sort: It is assumed that Lewisham’s kerbside sorted materials would be managed through Bromley’s Churchfield’s site. [REDACTED]
- Twin stream: The most feasible scenarios appear to be that twin stream recyclables would either be delivered to Bywaters or managed alongside Bromley’s materials. Veolia indicated there could be potential to consider separate management of paper at their site in Rainham in future, as this is not the current set up, and a move to this approach would require careful consideration before a final decision was made. [REDACTED] After 2019 it is likely that Bromley and Lewisham could jointly secure a contract for sorting the containers. The acceptance of the container only stream seemed to be most acceptable to the two PRFs that provided information for this research; one operated by Viridor in Rochester; and one operated by Veolia in Rainham. [REDACTED]
- Fully comingled: [REDACTED]

Conclusion: The research indicates that there are some MRFs potentially available to Lewisham that can produce glass that is sent to remelt. [REDACTED]

[REDACTED]

As outlined

for paper, Bromley commented that it might be possible for Lewisham to organise their own end destinations for materials from the Churchfields site but issues with additional vehicle movements impacting planning requirements, separate contracts and loss of efficiency from not managing the material streams jointly would need to be considered.

Plastics:

High-technology sorting of plastics into separate polymer grades would be required for plastics collected from a kerbside sort collection as well as produced from the twin stream and fully comingled options. It is likely therefore that the materials collected within each option would be sorted within a similar way and quality of plastics achieved for each option would be approximately the same. For example it is likely to be the case that in the fully comingled option the plastics are processed by a MRF and in the kerbside sort option processed by a PRF. As an illustration Rainham PRF reports 1.5% non recyclable materials within the plastic bottle outputs which is similar to the 1.7% reported by Bywaters MRF.

Metals:

Non recyclable content of the metal streams appears relatively low based on MF portal data. For example Viridor Crayford reported 0.1% non-recyclable materials within the aluminium stream and 0.2% within the steel stream while Rainham PRF reported 0.09% and 0.1% respectively. This suggests that high quality recycling output could be achieved by MRF's for the twin stream and comingled options and is likely to be comparable to the kerbside sort option.

6.3 Practicality

6.3.1 Technical

This section considers the technical feasibility of each of the three collection methods for kerbside dry recycling (kerbside sorted, twin stream and comingled). A key barrier to the introduction of a kerbside sort scheme currently is that Lewisham's existing facilities and contracts do not provide access to a waste transfer station (WTS), and due to the number of material streams collected it would not be feasible to deliver materials individually to different reprocessors. There is also uncertainty as to whether a twin stream collection arrangement would be possible as this would ideally rely on paper and containers being tipped in the same location (i.e. at a MRF that would accept paper and containers separately or using a WTS to bulk and transport the two streams).

As part of this assessment representatives of a number of local MRFs and WTS were contacted to investigate the feasibility of twin stream and kerbside sort options being introduced in the future. Their feedback has been used to assess the technical feasibility of the options.

6.3.1.1 Kerbside sort

Within the kerbside sort option, residents would be required to use two boxes to present recycling. The collection crew would then sort the recycling into a stillage vehicle. The vehicles drive to tip when one of the compartments is full.

Lewisham is a densely populated borough, where kerbside properties, in general have limited external storage space. Larger properties are often converted to multi-occupancy households, which mean that external space available for individual apartments within the property is also limited. The need for residents to present two containers could cause issues for some properties and reduce the participation in the service, thereby reducing the overall capture of recyclables.

As an inner London Borough, Lewisham suffers from traffic congestion. It should be noted that the kerbside sort option is anticipated to use 21 vehicles in comparison to around 5 to 8 (rounded up to reflect 7.5 required in modelling) vehicles for the comingled and twin stream options. It is also assumed that only two loaders would be used due to limited space in the cab of stillage vehicles compared to 4 loaders in the twin stream and comingled options. The reduced number of loaders and need for these loaders to sort materials onto the vehicle rather than just present a bin for lifting will result in much slower loading of vehicles. The increased number of vehicles and slow loading is likely to significantly increase congestion during operations. Health and safety issues concerning sharps injuries, exposure to excessive noise and bodily stress due to manual handling would also need to be considered and mitigated by adopting safe systems of work. Although collections from flats are not included within the modelling of kerbside options they would need to be considered within any decisions made on service change. Currently properties as part of the flats collection service have large bins for comingled recycled which could not reasonably be replaced with boxes or similar containment. This would involve the Council having to introduce separate bins for different materials and collecting each material stream separately. This would most likely be achieved via the use of split back vehicles which would further increase vehicle movements and would mean that kerbside and flats collections would require different vehicles (meaning collections from kerbside and flats households could not be undertaken on the same rounds, as the vehicle passed the properties, potentially reducing efficiencies).

For the kerbside sort scheme to be successful, a WTS would be required. The following WTSs were investigated as part of this research to understand the feasibility of Lewisham using these sites. The outcomes are summarised below with further details in Appendix 3. For an option to be feasible for Lewisham it needs to ensure a drive time of no more than 45 minutes, in order to allow deliveries to be made within the crews working hours.

■ Hinkcroft: Privately owned WTS located within Lewisham. Focusses on commercial and C&D waste currently. [REDACTED]

- London Borough of Bromley: Has a site at Churchfields Road. Lewisham has had some initial discussions with Bromley regarding the development of the site and there is some potential that if Lewisham can contribute to the development costs it could use this site to tip materials. Bromley collect twin stream: paper separate and containers co-collected, and the view of Bromley officers is that the easiest way for Churchfields to be used would be if Lewisham were collecting in a similar way. However since there is quite a lot of space it might be possible for a kerbside sort option to also be considered by Lewisham. Bromley has highlighted that vehicle movements could be an issue due to the proximity of the site to a school and residential area therefore the significant number of additional collection vehicles modelled in the kerbside sort option vs the twin stream option could be a barrier to the use of the site for kerbside sorted materials.

Bromley has commented that the additional vehicle movements would need to be further assessed as planning permission for the site upgrade has already been sought. Lewisham would also need to make a contractual arrangement with Veolia for use of the site until the current contract for collection, bulking and sorting that Bromley has with Veolia expires in 2019 (post March 2019 Bromley indicated that it could name Lewisham in the new contract).

- London Borough of Bexley: Has a small WTS at Thames Road which is the other side of the river to Crayford MRF. It generally accepts materials such as wood and mattresses plus glass from Bexley's kerbside collection rounds and paper and card. Bexley has indicated that it would be willing to consider Lewisham's material being managed through the site. However the contract that they have with SITA would have to be varied to allow for this. Bexley has also indicated that ideally it would want Lewisham to tip plastics and cans in another location. This would mean Lewisham delivering to two different sites which is unlikely to be possible within the 45 minute drive time required to allow collections to be completed within crew working hours. Therefore this point would need further discussion and negotiation.

Conclusion: Despite issues with congestion, H&S and significant additional vehicle movements making kerbside sort collections technically undesirable, it is not considered that these issues would make them unfeasible. However, following collection, the materials would need to be tipped at a WTS or similar for bulking and transport onto reprocessors. Lewisham would therefore need to secure use of a suitable WTS to make this option feasible. Further discussions would need to be undertaken with Bexley and Bromley regarding whether suitable contractual and operational arrangements could be made for use of their sites. Hinkcroft could also be further engaged to identify whether suitable end destinations for recyclables could be developed and guaranteed in future.

Twin stream

The twin stream option assumes that paper and card will be presented by residents in a 55 litre box and collected mixed together as a single stream. Containers would be presented in a wheeled bin. Collections of both streams would be made at the same time using split back vehicles. The modelling for this option indicates that between 5 and 8 vehicles would be needed which is around the same as assumed for the comingled collections (at 4, 7 and 7 vehicles). Crew sizes would be larger than in the kerbside sort option with four loaders. Although the crew size is the same as for the comingled option it is likely that collections would be slightly slower due to the need to manage two containers from each household rather than just one.

The twin stream option requires a processing route for containers (which can be less desirable than fully mixed materials to MRFs), ideally with paper and containers tipped in the same location to reduce drive time. Lewisham would need to consider potential inefficiencies should one side of the vehicle fill faster than the other requiring the vehicle to tip before capacity is fully utilised. Other authorities using split back vehicles have also suffered from contamination where one side has filled more quickly than the other and crews have loaded materials into the incorrect side to save time. This would, therefore, need careful monitoring and supervision.

The impact on the services provided to flats would be less significant than the kerbside sort option. Although there may be challenges at a number of flat locations in relation to identifying a location for a separate container for paper, the collections could be made using a split back vehicle which would mean vehicle movements at sites should not increase and the same vehicles could be used to collect materials from flats and kerbside properties.

In collecting materials twin stream Lewisham might either tip both material streams at a WTS or identify a MRF that can accept paper separately and send it direct to a reprocessor while containers are MRF sorted.

- London Borough of Bromley (estimated 19 to 24 minutes drive time): As outlined above in the kerbside sort scheme, accepting material delivered twin stream by Lewisham at the Churchfields site is the preferred option for Bromley because this mirrors the material streams that Bromley is collecting. However the site would need to be upgraded before it can be used so Lewisham and Bromley would have to reach an agreement regarding this.
- London Borough of Bexley (estimated 26 to 38 minutes drive time): Paper and card could be delivered to the site however they are likely to be mixed with commercial paper and card which Bexley reports has a much higher cardboard portion and is therefore sold as lower grade material. There is a possibility of mixed containers being accepted but this would need to be discussed further and agreed.
- Bywaters MRF: Bywaters indicated that they would consider taking a container only stream for MRF processing and can accept paper and card separately from other materials. The fibres would be likely sold as a mixed paper grade. Bywaters is within an estimated 22 to 46 minutes' drive time for Lewisham.
- Veolia PRF Rainham: Can accept mixed containers for processing does not accept paper (there is some possibility paper could be accepted as a separate stream in future, but the facility does not currently do this and said it would need further consideration before a decision was made). The facility could take around 40 minutes to reach in good traffic conditions but over an hour if roads are more congested. This means bulking of containers would need to be considered to make this option feasible within the 45 minute delivery requirement, particularly as it is likely that paper would need to be taken to another location.
- Veolia Southwark: Would not accept containers only from Lewisham.
- Cory Western Riverside MRF: Would not accept containers including glass. If Lewisham removed the glass then they would consider accepting the other containers mixed for separate processing.
- Viridor Crayford: Would not accept containers only.
- Viridor Rochester PRF: Would accept containers only (but no paper). Indications are that it is around 40 minutes drive time in free flowing traffic but can take over an hour when roads are more congested. Therefore bulking of containers would need to be considered to make this option feasible, particularly as paper would need to be taken to another location

Conclusion: The engagement undertaken as part of the preparation of this report, indicates that there would be a limited number of facilities that would accept the container only stream. Bywaters is the only facility that would currently allow paper and card to be tipped in the same location as the containers. Use of the two PRF facilities would most likely require paper to be tipped at a separate site before containers were tipped at the PRF, which is unlikely to be possible within the 45 minute drive time although further discussions could be undertaken with these facilities. A more preferable option might be for paper and containers to be tipped at a WTS for bulking and onward transport to appropriate facilities. Since Bromley currently collect materials twin stream there could be efficiencies in using their Churchfields site to do this but further investigation and negotiations regarding costs and contractual arrangements is needed in assessing whether use of this site would be feasible.

Comingled

Comingled collections modelled indicate that around the same number of vehicles would be needed to collect from kerbside properties as with the twin stream option, and that the number of loaders would be around the same. Comingled collections only require the use of one container which is beneficial at the many households where space is limited; particularly if an additional container is introduced for food waste. Materials would be collected, as they are currently, in single bodied RCVs, which provides an opportunity for material from flats (and other property types) to be collected on the same vehicle.

Conclusion: Since the current collections in Lewisham are fully comingled it has been proven that this option is feasible. However it should be noted that a number of representatives engaged with expressed that the quality of materials collected from Lewisham would either result in material not being accepted or high gate fees. It would therefore be important for Lewisham to improve the quality of comingled material delivered to the MRF should it retain comingled collections.

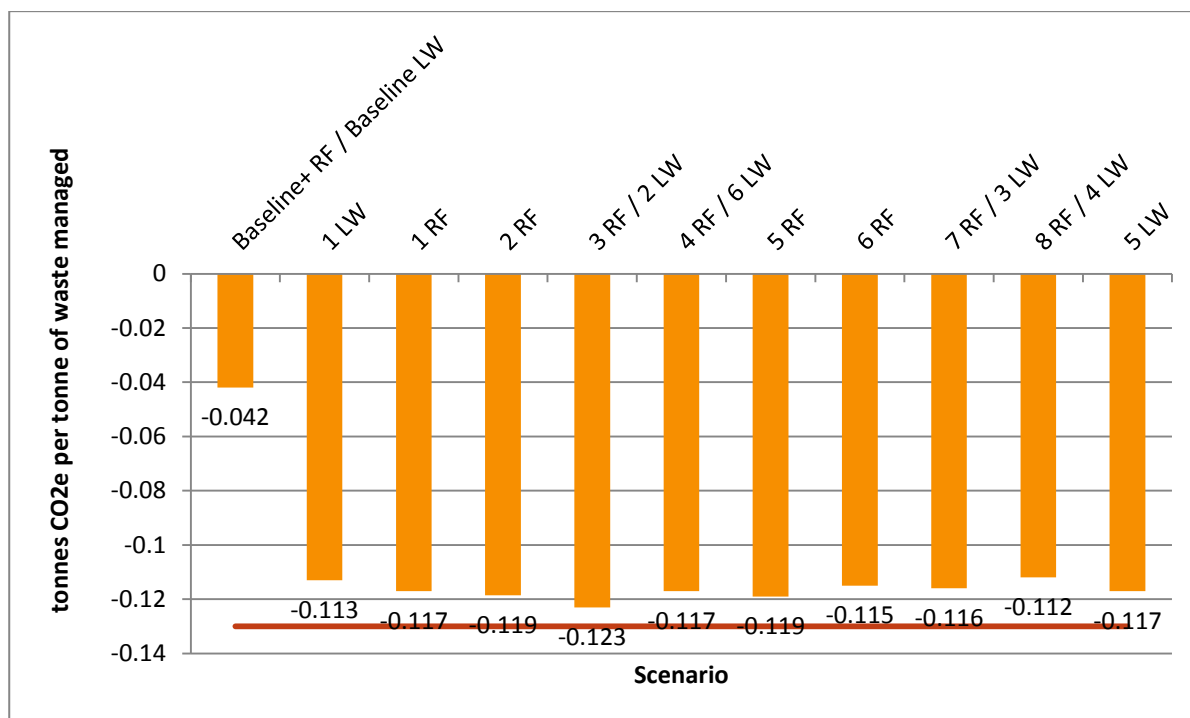
6.4 Environmental

Lewisham has undertaken an assessment of greenhouse gas emissions of a number of the collection options using a greenhouse gas calculator provided by the GLA. The intention of the GLA in providing the greenhouse gas calculator was to allow authorities to determine how waste management options perform against a greenhouse gas emissions performance standard (EPS) that has been set for all of London's municipal waste management activities.

The EPS has been set at $-0.13 \text{ tCO}_2\text{e} / \text{t waste}$ for 2015. Each of the scenarios has been modelled to calculate the tonnes of CO_2 equivalent per tonne of waste managed, and Figure 5 shows that none of the scenarios quite meet the EPS set for 2015. 3 RF / 2 LW is the best performing option, with 8 RF / 4 LW the worst. However all options are a significant improvement on the baseline scenario.

Conclusion: The kerbside sort option considered (4 RF / 6 LW) does not have a clear benefit in relation to CO_2 equivalent per tonne of waste managed in comparison to the comingled and twin stream options.

Figure 5: Results from the GLA Carbon tool modelling for each scenario



6.5 Economic

As outlined in section 1 the Council is facing ongoing budgetary pressures and must reduce the annual waste and recycling budget by £1.1m to £10.9m per annum. The Council is investigating where within the current service the required £1.1m savings can be made, but, due to previous cuts to the street cleansing service, and relatively limited opportunities to cut other services, officers envisage that the majority of savings will need to be made from the kerbside collection service.

Against this backdrop, the Council considers “excessive cost” to be any increase in the current cost profile of the waste services. Economic practicality of the options therefore has to be judged against the constraints of existing and future budgetary provision.

The KAT modelling undertaken by the independent consultant in 2014 included costing of each option, however, since this work was completed, recycling markets have changed significantly. For example, instead of receiving income for comingled materials delivered to a MRF, the Council now anticipates future gate fees of up to £50 per tonne of delivered quality material. This change in costs meant that the Council needed to undertake an up to date assessment of the total system costs. Officers selected options for this updated economic assessment on the basis of the most likely scenarios under which different operational methods of dry recyclables collection would be employed.

Table 3 summarises the outcomes of the modelling shown as the difference in costs to the baseline (existing) service. Net and gross costs are shown as some income is assumed from the chargeable garden waste service that would be introduced in each option. The outcomes show that all options, with the exception of that in which materials are kerbside sorted (4 RF / 6 LW), should result in a reduction of costs in comparison to the baseline (current) operations, and should therefore contribute to the budget savings that the Council requires. The kerbside sort collection is predicted to result in costs significantly greater than the current service and is

therefore deemed to result in “excessive cost” to the Council. The main contributor to the high cost of the kerbside sort option is the higher collection costs (due to a greater number of vehicles and operatives that would be required in comparison to those required in the twin stream and comingled options). This is exacerbated by limited opportunities for income due to current poor markets for materials, and a requirement to pay bulking and haulage costs plus a processing fee for plastics. It should be noted that the financial modelling undertaken used information on current market prices for gate fees and income available to Lewisham in Autumn 2015. The markets for recyclable materials and gate fees for facilities can fluctuate significantly and therefore the relative cost performance of the different options will change over time and would be dependent on the contracts that Lewisham secured.

Table 3. Collection options and related costs

Option reference	Description	Movement from Baseline+ (Net) £k	Movement from Baseline+ (Gross) £k
Baseline+ RF / Baseline+ LW	Current collection system (comingled weekly, residual weekly, no food waste and garden waste on request)	0	0
1 LW	Comingled weekly, residual weekly, no food waste collection, garden waste fortnightly	-858	-228
3 RF / 2 LW	Twin stream fortnightly, residual fortnightly, food waste weekly, fortnightly garden waste	-1,162	-532
7 RF / 3 LW	Twin stream fortnightly, residual weekly, food not collected and garden waste fortnightly	-1,058	-429
8 RF / 4 LW	Twin stream fortnightly, residual fortnightly, food waste weekly, fortnightly garden waste	-1,089	-460
5 LW	Comingled fortnightly, residual fortnightly, food waste weekly and garden waste fortnightly	-1,020	-391
4 RF / 6 LW	Kerbside sort weekly, residual fortnightly, food waste weekly and garden waste weekly	1,846	2,476

7 Outcome of Tests

The data relevant to the different options modelled in relation to the regulatory requirement for separate collections of materials against the two tests: a necessity test and a practicability test (in relation to technical, environmental and economic practicability), necessity and TEEP tests is outlined section 6. A summary of the options with commentary regarding the tests is provided in Appendix 4.

This section summarises the outcomes of the tests and identifies actions that the Council may consider undertaking in the future in relation to the options. The assessment of waste management arrangements against the regulations is not a one-off activity. Lewisham will need to update its assessment as determines the details of the operational arrangements for the options it progresses and starts to procure relevant contracts (e.g. for bulking, transport and reprocessing).

7.1 Necessity

For each material that should be separately collected, the data presented in section 6.1 indicates that the highest performing options in terms of quantity of material captured are either twin stream or comingled collection methods. However, the kerbside sort option has the lowest amount of contamination associated with it as crews have an opportunity to reject non-recyclable materials at the kerbside.

Based on the modelling undertaken it appears that the separate collection option would result in a higher quantity of recycling captured than the baseline scenarios but does not perform as well as the highest performing comingled and twin stream options. However, this would be reliant on the contamination tonnages estimated in the modelling being achieved.

Based on the likely methods available to Lewisham for managing materials collected under different options it is not clear that the kerbside sort or twin stream options would result in higher quality materials than comingled materials being processed by a high performing MRF. Specifically:

- Paper: There is potential for paper collected under the kerbside sort or twin stream option to become mixed with commercial paper and card / low quality paper and card. Some, but not all, MRFs are producing a number of paper grades including significant amounts of 'newspapers and magazines' with apparently low amounts of non-recyclable materials suggesting that they are capable of sorting fibres to a high quality.
- Glass: Two MRFs are sending the majority of glass outputs to remelt (with others sending a portion). This suggests that end use of glass could be the same for materials collected comingled as those separated on collection depending on the sorting facility used.
- Metals: Non recyclable content of the metal streams output from MRFs appears relatively low based on MF portal data. This suggests that high quality recycling output could be achieved for the twin stream and comingled options. There was no evidence found that metals from separate collections would reach alternate destinations to those from comingled collections.
- Plastics: Plastics collected under any option will need to be sent for further sorting. It is likely that they would be sorted by similar facilities in a similar way and therefore the quality of plastics achieved for each option would be approximately the same.

In progressing with procurement of services and joint working with other authorities under any of the options Lewisham would need to ensure that materials were managed and handled in a way that retained and maximised their value. Specifically this would include:

- Ensuring that paper and card grades were maintained and that it was not mixed with paper and card of a lower quality
- Any sorting contracts secured were with facilities that can produce high quality outputs

- End destinations for materials were appropriate (one facility engaged with was sending potentially recyclable materials for RDF)
- Taking significant steps to improve the quality of material Lewisham collects from households

7.2 Technical practicability

The regulations require consideration of whether separate collections are technically practicable. Information has also been provided in the assessment regarding the practicability of the comingled and twin stream options for comparison.

- Kerbside sort: Despite issues with congestion, H&S and significant additional vehicle movements making kerbside sort collections technically undesirable it is not considered that these issues would make them unfeasible. However, Lewisham would need to secure use of a suitable WTS to make this option feasible. Further discussions would need to be undertaken to identify whether sites such as those managed by Bexley, Bromley and Hinkcroft could be suitable in future.
- Twin stream: There are a limited number of facilities that would accept the container only stream. Bywaters is the only facility that would currently allow paper and card to be tipped in the same location as the containers. Use of the PRF facilities may require paper to be tipped at a separate site before containers were tipped at the PRF, which is unlikely to be possible within the drive time (although further discussions could be undertaken with the facilities to determine the potential for paper to be tipped at the facilities in future). A more preferable option might be for paper and containers to be tipped at a WTS for bulking and onward transport to appropriate facilities. Since Bromley currently collect materials twin stream there could be efficiencies in using their Churchfields site to do this but further investigation and negotiation regarding costs and contractual arrangements is needed in assessing whether use of this site would be feasible.
- Comingled: Since the current collections in Lewisham are fully comingled it has been proven that this option is technically feasible. However it should be noted that a number of MRF representatives engaged with expressed that the quality of materials from Lewisham would either result in material not being accepted or high gate fees. It would therefore be important for Lewisham to improve the quality of comingled material delivered to the MRF should it retain comingled collections.

7.3 Environmental practicability

The Council has undertaken an assessment of the greenhouse gas emissions of the options using a greenhouse gas calculator provided by the GLA. The outcomes indicated that the highest performing option was a twin stream option but the differences between options were not substantially different. It is therefore not possible to conclude that a kerbside sort, twin stream or comingled collection would perform significantly differently in environmental terms based on the modelling undertaken. It should be noted that the options modelled were all substantially better than the baseline option indicating that by changing its collection system in line with the options modelled Lewisham could improve its environmental performance.

As Lewisham progresses the development of options it should consider updating this modelling in light of the likely operational arrangements (e.g. sites used for tipping, processing etc) in order to identify whether these impact the environmental performance of the options.

7.4 Economic practicability

The financial assessments reported in section 6.5 indicate that the kerbside sort option would substantially increase the net service cost from the (current) baseline based on current market prices. Applying the Council's test of 'excessive cost' (that any increase to the current cost profile of the waste services will be viewed as 'excessive'), it can be concluded that separate collections would be likely to result in excessive costs in comparison with baseline (current) services and twin stream and comingled options assessed. Lewisham should continue to review and develop the cost assumptions related to each option as it progresses work to assess service changes. This might include identifying how the approach to contracting (e.g. sharing of risk and reward), market fluctuations and details of operational delivery (e.g. WTS used) influences the overall economic performance of each option.

8 Conclusion

Greenhouse Gas modelling does not provide evidence that comingled or twin stream options would lead to substantially better performance than the kerbside sort option. However, the evidence gathered indicates that the use of separate collections by the Council is not necessary to achieve high quality recycling as long as high performing MRF facilities could be secured to sort recyclables. The lack of WTS makes separate collection of recyclables technically impracticable currently. Further discussion and negotiation with potential local authority partners and private contractors would be needed to try and secure a facility to make separate collection feasible. The economic assessment indicates that the all options with the exception of the kerbside sort option would reduce the costs of the collection. The kerbside sort option does not appear to be economically practical as it is predicted to significantly increase the cost of service delivery.

Appendix 1 Relevant text of regulations

Duties in relation to collection of waste

13. (1) This regulation applies from 1st January 2015.

(2) Subject to paragraph (4), an establishment or undertaking which collects waste paper, metal, plastic or glass must do so by way of separate collection.

(3) Subject to paragraph (4), every waste collection authority must, when making arrangements for the collection of waste paper, metal, plastic or glass, ensure that those arrangements are by way of separate collection.

(4) The duties in this regulation apply where separate collection—

(a) is necessary to ensure that waste undergoes recovery operations in accordance with Articles 4 and 13 of the Waste Framework Directive and to facilitate or improve recovery; and

(b) is technically, environmentally and economically practicable.”.

Appendix 2 Summary table of tonnage performance of different options

Scenario reference	Tonnage of dry recycling collected (excluding contaminated tonnage)	Tonnes of dry recycling contamination	Tonnes of food waste	Tonnes of garden waste	Residual waste (including contaminated recycling)	Commentary
5 LW	14,673	1,558	5,017	3,056	43,667	This fully comingled option is one of four achieving the highest capture of dry recycling tonnage. It also achieves the lowest tonnes of residual waste (including contaminated material).
2 RF	14,673	1,209	0	3,056	48,759	This twin stream option is one of four achieving the highest capture of dry recycling tonnage. However the lack of food waste collection contributes to a relatively high residual waste.
3 RF / 2 LW	14,673	1,209	5,017	3,056	43,742	This twin stream option is one of four achieving the highest capture of dry recycling tonnage. It also achieves the second highest tonnes of residual waste.
4 LW / 8 RF	14,673	1,209	5,017	3,056	43,744	This twin stream option is one of four achieving the highest capture of dry recycling tonnage. It also achieves the third lowest residual waste

Scenario reference	Tonnage of dry recycling collected (excluding contaminated tonnage)	Tonnes of dry recycling contamination	Tonnes of food waste	Tonnes of garden waste	Residual waste (including contaminated recycling)	Commentary
						arisings.
4 RF / 6 LW	14,553	291	5,017	3,056	44,076	This kerbside sort option achieves around 120 tonnes less dry recycling per year than the highest performing comingled and twin stream options but almost 3,000 more than the poorest. It achieves the lowest amount of dry recycling contamination of any of the options and has a relatively low residual waste tonnage.
1 RF	14,143	744	5,017	3,056	44,195	This fully comingled option performs relatively well in terms of recycling capture and residual waste. Contamination is assumed lower than other comingled options and Lewisham would need to consider if this is achievable.

Scenario reference	Tonnage of dry recycling collected (excluding contaminated tonnage)	Tonnes of dry recycling contamination	Tonnes of food waste	Tonnes of garden waste	Residual waste (including contaminated recycling)	Commentary
7 RF / 3 LW	12,827	1,057	0	3,056	50,595	This twin stream option has a relatively low recycling capture and relatively high residual waste tonnage.
LW 1	12,827	1,151	0	256	50,528	This comingled option has relatively low recycling capture and relatively high residual waste.
Baseline+ RF / Baseline LW	12,811	1,423	0	256	53,022	This comingled option is one of two baseline options modelled. It has relatively low recycling capture and the highest residual waste.
5 RF	11,664	961	5,017	3,056	46,734	This twin stream option is one of the two poorest performing options in terms of dry recycling tonnage. It performs worse than both the baseline options in terms of tonnage captured.
6 RF	11,664	961	0	3,056	51,752	This twin stream option is one of the two poorest performing options in terms of dry recycling tonnage. It also has relatively high residual waste collecting over 8,000 tonnes more residual waste than

Scenario reference	Tonnage of dry recycling collected (excluding contaminated tonnage)	Tonnes of dry recycling contamination	Tonnes of food waste	Tonnes of garden waste	Residual waste (including contaminated recycling)	Commentary
						the highest performing option.

Appendix 3 Local authorities and waste management firms engaged with

Facility	Approximate drive time without traffic ¹⁸ (times vary dependant on route)	Approximate drive time with some congestion ¹⁹	Facility description
London Borough of Bexley Thames Road, Crayford, DA1 5QJ	26 to 35 minutes	30 to 38 minutes	Waste transfer station
London Borough of Bromley, Churchfields Road, BR3 4QY	19 minutes	21 to 24 minutes	Waste transfer station
Bywaters MRF, Lea Riverside, Twelvetrees Crescent, Bow, London, E3 3JG	22 to 33	45 to 46 minutes	Materials recovery facility
Cory Smugglers Way, Wandsworth, London, SW18 1EG	39 to 41 minutes	49 to 51 minutes	Materials recovery facility
Hinkcroft, Deptford Recycling Centre, Landmann Way, Deptford, London, SE14 5RS	Within the borough		Waste transfer station
RTS, Unit 1 Stockholm Road, Bermondsey, London, SE16 3LP	15 to 16 minutes	20 to 22 minutes	Did not respond despite multiple contact attempts
Veolia, ColdHarbour Lane, Rainham RM13 9BJ	40 to 45 minutes	51 minutes to 1 hour 4 minutes	Plastics recovery facility
Veolia (Southwark), 43 Devon Street (off Old Kent Road), London, SE15 1AL	15 to 17 minutes	23 to 24 minutes	Materials recovery facility
Viridor, Century Wharf Crayford Creek, Dartford DA1 4QG	27 to 31 minutes	30 to 37 minutes	Materials recovery facility
Viridor, Pelican House Clipper Close, Rochester ME2 4QP	40 minutes to 1 hour 2 minutes	46 minutes to 1 hour 14 minutes	Plastics recovery facility

¹⁸ Estimated based on drive times from Lewisham High Street based on Google maps

¹⁹ Estimated based on drive times from Lewisham High Street based on Google maps during times of the day when there is more congestion

Appendix 4 Summary of options against tests

Scenario reference	Recycling collection system	Necessity	Technical	Environmental performance	Economic
4 RF / 6 LW	Kerbside sort, weekly	Not proven as necessary (indications are similar quality could be achieved via comingled and twin stream options)	Not technically possible currently due to lack of WTS. Needs further investigation with potential WTS providers to identify future feasibility.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This options ranks joint 4 th (with 1 RF and 5 LW) in terms of relative performance.	Costs significantly exceed current service budget and therefore considered to be 'excessive'
2 RF	Twin stream, weekly	Not proven as necessary (indications are that similar quality could be achieved via comingled collections)	Not possible within current MRF contract but could be if suitable new contract procured. Ideally needs further investigation regarding WTS use to increase processing options.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This option is the 3 rd highest performing in terms of relative performance.	Not assessed
3 RF / 2 LW	Twin stream, weekly	Not proven as necessary (indications are that similar quality could be achieved via comingled collections)	Not possible within current MRF contract but could be if suitable new contract procured. Ideally needs further investigation regarding WTS use to increase processing options.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This option is the highest performing.	Costs are reduced in relation to the baseline. This option has the greatest net cost reduction in relation to the baseline.
5 RF	Twin	Not proven as	Not possible	None of the options	Not assessed

Scenario reference	Recycling collection system	Necessity	Technical	Environmental performance	Economic
	stream, weekly	necessary (indications are that similar quality could be achieved via comingled collections)	within current MRF contract but could be if suitable new contract procured. Ideally needs further investigation regarding WTS use to increase processing options.	meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This option is the 2 nd highest performing.	
6 RF	Twin stream, weekly	Not proven as necessary (indications are that similar quality could be achieved via comingled collections)	Not possible within current MRF contract but could be if suitable new contract procured. Ideally needs further investigation regarding WTS use to increase processing options.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This option is one of the three lowest performing.	Not assessed
7 RF / 3 LW	Twin stream, fortnightly	Not proven as necessary (indications are that similar quality could be achieved via comingled collections)	Not possible within current MRF contract but could be if suitable new contract procured. Ideally needs further investigation regarding WTS use to increase processing options.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This option is about mid range in terms of performance.	Costs are reduced in relation to the baseline. This option has the third greatest net cost reduction in relation to the baseline.
8 RF / 4 LW	Twin stream, fortnightly	Not proven as necessary (indications	Not possible within current MRF contract but	None of the options meet the EPS set for 2015 though all are an	Costs are reduced in relation to the

Scenario reference	Recycling collection system	Necessity	Technical	Environmental performance	Economic
		are that similar quality could be achieved via comingled collections)	could be if suitable new contract procured. Ideally needs further investigation regarding WTS use to increase processing options.	improvement on the baseline and differences between the options are extremely small. This option is the poorest performing (excluding the baseline).	baseline. This option has the second greatest net cost reduction in relation to the baseline.
Baseline+ RF / Baseline+ LW	Fully comingled, weekly	Indications are high quality could be achieved with use of high performing MRF	Current system and therefore proven to be technically feasible.	The baseline system against which the other options are compared. This baseline had the poorest performance in comparison to the options assessed.	The baseline (current) costs against which other costs were assessed.
1 RF	Fully comingled, fortnightly	Indications are high quality could be achieved with use of high performing MRF	Current system and therefore proven to be technically feasible.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This options ranks joint 4 th (along with 4RF / 6 LW and 5 LW) in terms of relative performance.	Not assessed
5 LW	Fully comingled, fortnightly	Indications are high quality could be achieved with use of high performing MRF	Current system and therefore proven to be technically feasible.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This options ranks joint 4 th (along with 4 RF / 6 LW	Costs are reduced in relation to the baseline. This option has the fourth greatest net cost reduction in relation to the baseline of the

Scenario reference	Recycling collection system	Necessity	Technical	Environmental performance	Economic
				and 1 RF) in terms of relative performance.	six options modelled.
LW 1	Fully comingled, weekly	Indications are high quality could be achieved with use of high performing MRF	Current system and therefore proven to be technically feasible.	None of the options meet the EPS set for 2015 though all are an improvement on the baseline and differences between the options are extremely small. This option is the second poorest performing option considered (excluding the baseline)	Costs are reduced in relation to the baseline. This option has the fifth greatest net cost reduction in relation to the baseline.

Equalities Analysis Assessment Proposed Waste & Recycling Service Changes

1. Introduction

Equality Analysis Assessments (EAA) are a tool that the Council's uses for assessing the possible impact (positive and negative) of policies, service delivery plans, strategies, projects, programmes, commissioning activities or other initiatives. EAA's are a mechanism through which the Council demonstrates compliance with the Equality Act 2010. The Equality Act 2010 replaced all the previous anti-discrimination laws and brought them together into a single Act, including a new public sector Equality Duty which came into force in April 2011.

In addition to its statutory obligations under the Equality Act 2010, the Council has set its own equality objectives that underpin the Comprehensive Equalities Scheme (2012-2016). These five equality objectives are as follows:

1. Tackle victimisation, harassment and discrimination;
2. To improve access to services;
3. To close the gap in outcomes for citizens;
4. To increase understanding and mutual respect between communities; and
5. To increase participation and engagement.

In addition to the above, particular groups are covered against discrimination as they have "Protected characteristics".

This Equality Analysis Assessment considers the impact of the potential changes to the waste and recycling services on the 'Protected Characteristics'. It is influenced by the requirements of the Public Sector Equality Duty and the Council's own equality objectives, and is proportionate in approach. It should be noted that there is no legal requirement on the Council to produce a formal Equality Analysis Assessment as part of this policy review, but to do so is currently considered to be best practice by the Council.

2. Potential Changes to the Service

An Equality Analysis is being undertaken as the Council is looking at significantly changing its waste & recycling services. The drivers for this potential change are detailed below.

Improved environmental performance – Lewisham's recycling rate is the lowest in the country and by changing the services that are offered could have a significant impact on reducing waste in the first instance, increasing the amount that is recycled or composted and reducing the carbon footprint of waste and recycling collected and disposed of.

Financial – the waste & recycling services have had an efficiency review undertaken against the backdrop of identifying savings moving forward given the current climate of austerity. Further, the Council could face fines from Central Government if contribution to the 50% target is not improved upon.

Legislative – the key legislative drivers are ensuring compliance with the Waste Regulations, which include applying the Waste Hierarchy (Regulation 12) and separately collecting paper, glass, metals and plastics (Regulation 13). There is a further requirement that the authority contributes to the London and national recycling targets.

Future waste planning – SELCHP's Energy from Waste (EfW) contract ends in early 2024. Incineration prices tend to be higher than other forms of disposal making it necessary to explore all options for managing waste and recycling effectively and efficiently.

At present the Council collects refuse and recycling weekly and offers a garden waste collection service at a charge. The recycling is co-mingled and collected together in one bin.

It is becoming more expensive to dispose of waste and it costs the Council less to dispose of material through recycling and composting compared with incineration. The Council could also get an income from selling some good quality materials that are recycled, paper for example.

To comply with the regulations, there are a number of actions the Council could consider that might also help increase the amount of material that is collected for recycling. This includes options for collecting different materials for recycling separately rather than altogether as the Council does now, introduction of food waste collections and a subscription based garden waste service. Some changes could mean more bins and boxes for residents and some changes could also mean changing the frequency of collections.

A total of ten options were modelled, and the service areas that these options will affect are around the following themes:

- Implementing a subscription based garden waste service;
- Implementing a separate food waste service;
- Separately collecting paper from the rest of the recycling or keeping the recycling comingled;
- Changing the frequency of collections to fortnightly.

The possible impact that these potential service changes may have on any of the protected characteristics are detailed in the next section.

3. Impact of Proposed Changes

As a result of the Let's Talk Rubbish consultation and engagement activities, and analysis of the key issues and findings from the Waste & Recycling Efficiency Review and Waste Regulations Assessment, a set of recommendations have been proposed for consideration by Mayor and Cabinet in January 2016.

Table 1 below identifies how these proposed recommendations might impact on equalities, and in particular the characteristics 'protected' under the Equality Act 2010.

Table 1: Equalities Analysis Scoping Table

Protected Characteristic	Assessment of Potential Impact (+/-) – High, Medium, Low, Neutral	Reason for this assessment
Age	(+/-) Medium	<p>Potential reduced ability to use services and participation could be low as a result e.g. if there are mobility difficulties in moving additional containers to edge of property.</p> <p>Potential difficulties in accessing information e.g. people with visual impairments or lack of understanding of information around service changes.</p> <p>Potential to promote waste management issues through young people's forums e.g. schools, Young Advisors.</p>
Disability	(-) High	<p>Potential reduced ability to participate in services and participation could be low as a result e.g. if there are mobility difficulties in moving additional containers to edge of property.</p> <p>Impact on street scene could pose an issue for people with</p>

		<p>disabilities e.g. wheelchair users or people with visual impairments.</p> <p>Potential difficulties in accessing information e.g. people with visual impairments or lack of understanding of information around service changes.</p>
Gender re-assignment	Neutral	The ability to access and use the proposed new services should not adversely affect this protected characteristic.
Pregnancy and maternity	(-) Medium	<p>Potential that some services may not be adequate for households with young children e.g. potential impact of nappy waste.</p> <p>Impact on street scene could pose an issue for people with pushchairs.</p>
Ethnicity	(+/-) Medium	<p>Potential language barriers and cultural differences may mean that participation in new services is low. This could be positive as well as negative as certain cultures may have different purchasing or dietary habits.</p> <p>Potential difficulties in accessing information e.g. lack of understanding of information around service changes if English isn't the first language.</p>
Religion or belief	(-) Low	Potential religious or other beliefs may mean that participation in new services is low.
Sex	(-) Low	It may be that women are seen as the recyclers in households.
Sexual orientation	Neutral	The ability to access and use the proposed new services should not adversely affect this protected characteristic.

Scoping the assessment and determining where to focus attention has flowed from the analysis of potential impacts set out in the scoping table above. Proportionally, the assessment needs to concentrate on areas with highest potential impact. Key issues for consideration include:

- Tackling potential barriers to accessing and utilising services, in particular relating to the protected characteristics of 'Age', 'Ethnicity', 'Disability' and 'Pregnancy and Maternity';
- Tackling potential barriers to access to information and awareness raising in particular relating to the protected characteristics of 'Age', 'Ethnicity' and 'Disability' and the ability to reach out to 'hard to engage groups including transient populations;
- Tackling the potential issues that an increased number of containers, and in particular where these may be stored, in particular relating to the protected characteristics of 'Age', 'Disability' and 'Pregnancy and Maternity'.

4. Assessment of Data and Research

There a number of factors that can affect the type of service that is introduced and the performance of that service. Before the specific equalities monitoring is undertaken additional data and research and its impact on proposed changes to the waste and recycling services is detailed below.

Population & Diversity

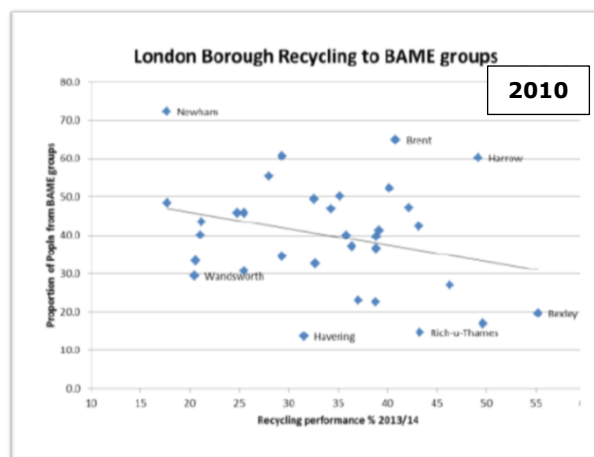
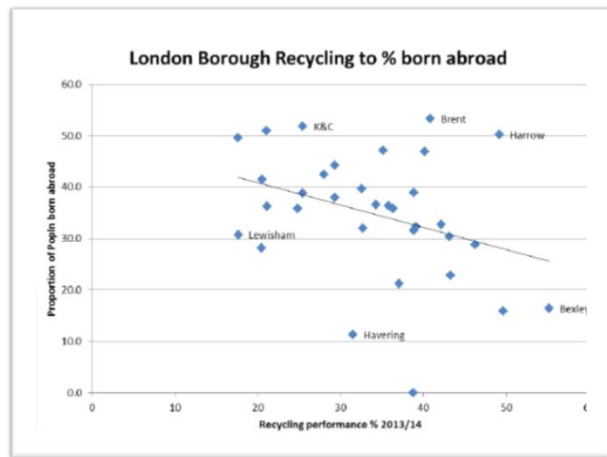
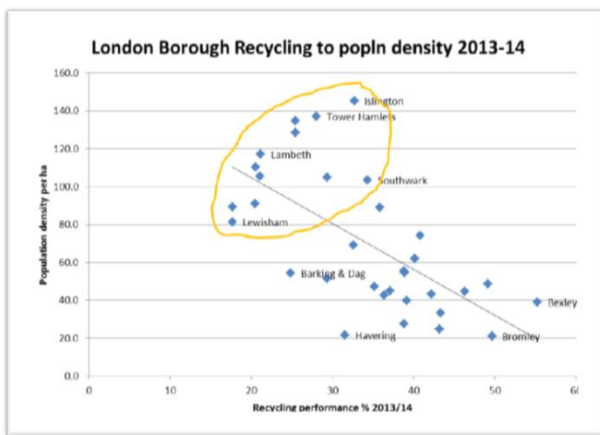
Based up the 2015 Mid-Year Population Estimates from the Office for National Statistics, Lewisham has a population of some 292,000 (the 13th largest in London and the 5th largest in Inner London). The population of the borough has increased by some 16,000 since the 2011 Census and over the next 20 years is forecast to be amongst the fastest growing in London.

In the 2011 census, 46.5% of the residents in Lewisham were from Black, Asian and Minority Ethnic groups (BAME), which compares to 28.8% in London and 9% in England. There has been a growth of the Black African population, which across the borough has increased from 22,571 in 2001 to 32,025 in 2011.

Lewisham is the 15th most ethnically diverse local authority in England and 130 different languages are spoken.

Sita UK have undertaken some analysis of population and diversity against recycling performance and have concluded that these factors may have an effect on the recycling performance in boroughs. In the case of the graphs below, Sita UK have concluded that recycling performance can be attributed to a number of factors listed below (please note that Lewisham has not tested these assumptions locally):

- The higher the population density, the lower the recycling performance;
- The proportion of the population that has been born abroad, the lower the recycling performance, and;
- The proportion of the population from BAME background, the lower the recycling performance.



Source: Sita 2015

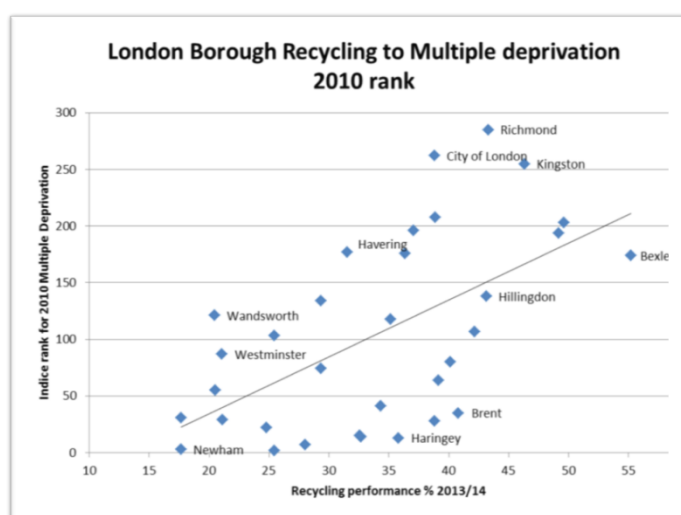
Levels of Deprivation

In relative terms, Lewisham remains amongst the most deprived local authority areas in England. In the overall Index of Multiple Deprivation or IMD (the combined score from all the indices), Lewisham's average score was 28.59, which puts Lewisham as the 48th most deprived of all 326 Local Authorities (one being the most deprived), compared to a ranking of 31st for 2010 and 39th for 2007. This means that Lewisham is within the 20% most deprived Local Authorities in England.

Lewisham is ranked tenth of the thirty three London boroughs (including the Corporation of London), unchanged from the London ranking of tenth in 2010. The IMD ranking of most London boroughs has improved, though notable ranking increases have occurred in Barking and Dagenham (up from 22nd to 12th), Westminster (up from 87th to 57th), and Croydon (up from 107th to 96th).

Deprivation is concentrated in New Cross and Downham, where in both wards, nine out of the ten Layer Super Output Area's LSOA are in the 20% most deprived in England. In Bellingham seven out of nine LSOAs are in the 20% most deprived. In Downham the situation is unchanged from 2010, but in New Cross relative deprivation has increased significantly as only half of LSOAs were in the 20% most deprived band in 2010.

Sita UK have also analysed levels of deprivation against recycling performance, shown in the below graph, which could demonstrate that areas with high levels of deprivation are often the poor performing authorities in terms of recycling rates. (Please note that these graphs were used using 2010 data and note that Lewisham has not tested these assumptions locally).



Source: Sita (2015)

Age

The age profile of Lewisham's residents is similar to London and England, as can be seen in the Table 3 below. The population is a relatively young one (only 11% of residents are over 65) in comparison with the national average (15% over 65). Black, Asian and minority ethnic (BAME) groups make up a significant proportion (48%) of the 0-19 age group. There are 34,817 young people between the ages of 5 and 16 (the age of schooling), and 17,772 children under 5 years of age living in the borough of Lewisham.

Table 2: Age profile of Lewisham's residents compared to London and England (Source: Census 2011)

	Lewisham %	London %	England %
Aged 0-4; years	7.10	6.7	6.00
Aged 5-15; years	14.0	13.5	14.20
Aged 16-19; years	4.60	4.7	4.90
Aged 20-44; years	45.30	42.7	35.30
Aged 45-64; years	18.01	20.0	23.75
Aged 65; years and over	10.50	11.9	15.30

Housing

There are approximately 121,235 households in Lewisham (Council Tax) made up of approximately 80,000 kerbside properties and 41,000 estate properties.

Table 3 provides the breakdown of the housing stock in Lewisham. As can be seen from the table, compared to the London average Lewisham has a relatively low proportion of residents living in both detached and semi-detached properties, whilst terraced properties and converted flats & maisonettes are slightly higher than the London average. As is to be expected for an inner London borough, the proportion of residents living in flats, either purpose-built, converted or within a commercial building (51.9%) is significantly higher than the average for England (19.3%).

Table 3: Housing stock in Lewisham compared to London and England

	Lewisham %	London %	England %
House or Bungalow: Detached	2.9	6.0	22.5
House or Bungalow: Semi-detached	12.9	19.1	31.6
House or Bungalow: Terraced (including end-terrace)	31.5	25.9	25.8
Flat, Maisonette or Apartment: In a Purpose-Built Block of Flats	32.5	33.0	14.0
Flat, Maisonette or Apartment: Part of a Converted or Shared House	17.9	13.0	4.2
Flat, Maisonette or Apartment: In a Commercial Building	1.5	1.8	1.1
Caravan or Other Mobile or Temporary Structure	0.1	0.1	0.4

This provides its own challenges in term of service provision both from an ease of use for the householder and operational deliverability for the service. Recycling services provided to flats, whether in a shared or converted house or properties that are purpose built where communal bins operate, tend to have lower participation rates and higher contamination rates than houses.

With regard to the tenure, Table 4 below shows a more detailed breakdown from the 2011 Census. The proportion of social / affordable rented housing in 2011 was slightly lower (27.7%) than that derived from local authority Council Tax data for the same year (28.0%), and conversely the level of private sector housing was slightly greater. Just over a quarter of private sector housing (19.7% of all dwellings) was rented from private landlords. This is a lower figure than the London average (26.4%), largely because the latter is skewed upwards by very high levels of private renting in Kensington and Chelsea, Westminster and Camden. The proportion of owner-occupied housing in South East London (52.7%) was higher than the London-wide average (49.5%) but much lower than the average for England (64.1%).

Table 4: Housing Tenure Lewisham Compared to London and England (Source: Census 2011)

Percentage of all households								
	All owner occupied	Owned outright	Owned with mortgage	Shared owner	Affordable rented	Private rented	Private landlord	Other rented / rent free
Bexley	73.3	32.5	40.0	0.8	14.4	12.2	10.5	1.7
Bromley	71.7	33.4	37.5	0.8	14.1	14.2	12.4	1.8
Greenwich	44.9	16.4	26.9	1.6	34.3	20.9	18.5	2.4
Lewisham	43.6	14.9	27.5	1.2	31.1	25.3	23.0	2.3
Southwark	31.3	9.8	19.5	2.0	43.7	24.9	22.2	2.6

SE London	52.7	21.3	30.1	1.3	27.7	19.7	17.5	2.3
London	49.5	21.1	27.1	1.3	24.1	26.4	23.7	2.6
England	64.2	30.6	32.8	0.8	17.7	18.2	15.4	2.7

Tenure also can provide issues with regard to participation. Households in the private rented sector or private landlords can have a transient population. This makes the provision of information on services difficult to communicate and therefore participation and / or the correct participation of services more difficult.

5. Equalities Monitoring

Equalities monitoring has been undertaken as part of the Let's Talk Rubbish consultation process that, alongside the Waste & Recycling Efficiencies Review and Waste Regulations Assessment, has informed the proposed service change.

The key instrument for consultation was the self-completion survey, which captured the protected characteristics of those 5,884 respondents that chose to provide this information about themselves. Promotion of the survey ensured that groups and individuals were targeted that represent the interests of particular protected characteristics (e.g. age and disability).

In addition to Let's Talk Rubbish online survey, a Citizens Forum was held that was a 'best fit' representative sample of 50 Lewisham Residents, five focus groups targeted particular housing types and ten workshops with the refuse and recycling operatives were delivered, the relevant results of which have been incorporated into this analysis.

The following section examine each of the characteristics protected under the Equality Act 2010, and identifies key data and analysis that should be considered as part of the decision-making process during the development of any new services. Each of the protected characteristics are discussed in turn below.

1. Age

Age is defined by reference to a person's age group. An age group can mean people of the same age or people of a range of ages.

Data Summary for Age

According to the 2011 Census:

- 70,100 Lewisham residents are aged between 0-19 (25% of the population);
- 179,800 Lewisham residents are aged between 20-64 (65% of the population);
- 26,200 Lewisham residents are older people aged 65 and over (9.5% of the population).

Analysis of responses to the survey questions by the protected characteristic of age, revealed the following findings:

- The largest number of responses was received from the 35-39 age group. As a group they are proportionately more likely to say that recycling is important or very important and also more likely to be satisfied to some extent with the current waste and recycling collection service. They also strongly agree or agree (75%) with the introduction of a weekly food waste service, however, those aged 60 and over agreed to a lesser extent that a food waste service should be introduced.

- Those aged 35-39 also disagree to some extent that properties without sufficient front garden space should be exempt for the new arrangements and either strongly agree or agree that properties without sufficient garden space should still be offered a weekly waste and recycling collection service.
- Receiving further information by letter or leaflet delivered to their door is still the most popular means of communication across all age bands, but it is worth noting that the use of smartphone apps, twitter and Facebook as means of communication diminishes significantly for those aged over 50.
- The majority of people who responded to the consultation live in a house with a wheelie bin. However, those living in a converted flat or flat block are significantly higher than the average for the consultation for those aged between 25 and 34.
- Respondents aged 45 and over are also more likely to have a garden. They broadly support the introduction of a garden waste service, but not the introduction of a charge for this service.

Analysis of the available qualitative feedback on the themes has highlighted a number of key issues that have been specifically attributed to age as a protected characteristic. These have been summarised below:

- Numerous respondents expressed concerns regarding the separation of recycling materials due to physical inability. This was especially in regards to lifting and carrying an extra box for paper and cardboard, as well as bending down to present it for collection.
- Many felt that being frail, at risk of over exertion, illness, having age related diseases such as arthritis, or simply not being strong enough, would prevent them from carrying an extra box, and stated that the current wheeled bins were already physically difficult for them. In addition, the desire for simplicity was expressed, some stating that sorting waste could get confusing for those with dementia or for those who are mentally impaired in some way.
- Smaller bins (whether paper boxes or food waste bins) may also be blown down the street from high winds and the elderly may not physically be able to retrieve them.
- In addition, fortnightly collections were a concern for the same physical impairment reasons. Currently, a half full bin was often difficult enough for some elderly to move. If the bins were collected fortnightly, bins would become too full and heavy to manoeuvre and the elderly may require 2 bins for each type of waste in order for them to move the bins. Some stated that due to their limited space, this solution would be impractical, would increase their risk to exposure during inclement weather, and exert more physical energy, as it would require twice the amount of time to move extra bins.
- Accumulating nappies from visiting grandchildren also worried some elderly residents if the collection service was fortnightly, due to the weight of the bin and the inability to clean the bin adequately from smell from lack of physical strength. This was also mentioned in regards to sanitary waste.
- Remembering fortnightly collection dates were also of concern.
- Street bin clutter and the inability to manoeuvre with ease around bins on streets, or extra bins within properties that may clutter pathways or driveways were of considerable concern. Elderly pedestrians, those using mobility scooters or wheelchairs, or grandparents with prams voiced that it would increase the difficulty in using the public highway. It was felt by numerous residents that

on bin day the paths were already inaccessible and that additional bins would worsen this problem, especially on narrow pathways or where parking was permitted on pathways.

'This [bin clutter] creates an obstacle course, particularly on streets with narrow pavements or pavement parking, which is inconvenient and impassable especially for people with buggies, shopping, luggage, or those with disabilities. It also sends a signal that the property is empty, especially if left all day or overnight.'

- There was a more positive response to introducing a regular garden waste collection service; using the current sack system was difficult for some elderly, and a wheeled bin service would be welcome.
- There was however strong negative opinion regarding the cost of the subscription fee, with some stating that they either have a very low income or that they may be asset rich, but money poor, and simply could not afford the £80 that was being suggested.
- Some feared that without the sacks, the financial inability to access a subscription, and either no car to access the Reuse & Recycling Centre (RRC), or not being able to climb the stairs in the RRC facility, fly tipping would become more prevalent.
- Some stated they missed the satellite garden waste collection service, and suggested to reinstate the service with an annual pass (paid for) rather than a subscription to an extra bin, which would reduce street clutter.

'Changes to garden waste collection are important to me. The green bag system is difficult for me, I am 80 years old and a bin would be wonderful. However £80 is a lot of money...'

- Finally, numerous residents commented that some residents should be exempt from certain changes, or be able to utilise assisted collections. Access to more recycling facilities and having another RRC in the south of the borough would be helpful.

2. Disability

A person has a disability if s/he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities. A summary of data on disability is set out below.

Data Summary for Disability

According to the 2011 Census:

- 7.1% (19,523) Lewisham residents indicated that their day-to-day activities were limited a lot, and 7.3% (20,212) indicated that their day-to-day activities were limited a little;
- 5.3% (14,318) Lewisham residents indicated that they are in bad health or very bad health;
- 8.1% (22,521) Lewisham residents provide some form of unpaid care;
- Over 5,000 Lewisham residents provide 50+ hours of unpaid care per week;
- 160 Lewisham residents indicated that sign language was their main language.

Analysis of responses to the survey questions by the protected characteristic of disability, revealed the following findings:

- Less than 10% of respondents indicated that they had a disability, of these over half indicated that their disability related to a long-standing condition. Respondents with mental health (50%) and learning difficulties (44%) indicated that the most important reason for service change for them would be 'Making it easier for residents to recycle'.
- Respondents with disabilities are slightly less likely (40%) to be satisfied with the current waste collection service when compared to the percentage for all respondents (44%). Those with sensory, mental health, learning difficulties and long standing conditions agreed more strongly that the council should collect paper separately from other materials to be sold on. They also either strongly agreed or agreed that a food waste service should be introduced.
- They broadly support the introduction of a garden waste service, but not the introduction of a charge for this service. However, those with physical disabilities were more likely to strongly disagree or disagree (50%) with the introduction of a fortnightly collection when compared to the percentage for all respondents (40%). Those with physical and sensory disabilities were more likely (55%) to agree that properties without sufficient front garden space should be exempt from any new arrangements and still be offered a weekly collection service for food waste (79%).
- A letter or leaflet delivered to their door is by far the most popular means to receive additional information for this group. For those with sensory conditions or learning difficulties easy-read or alternative formats will need to be investigated.

Analysis of the available qualitative feedback on the themes has highlighted a number of key issues that have been specifically attributed to disability as a protected characteristic. These have been summarised below:

- Considerable concern was raised regarding street clutter caused by additional bins, such as food waste or paper recycling bins. Disabled pedestrians, and people using mobility scooters or wheelchairs, stated that manoeuvring around bins on streets, or within properties where bins clutter pathways or driveways, was already problematic and additional bins would increase the degree of difficulty.
- It was expressed that the paths were currently like an '*obstacle course*' and were unsafe or inaccessible on collection day, particularly on narrow pathways or where parking was permitted on pathways. More bins would worsen the situation.

'As a blind person I struggle already with so many bins on the pavement ...introducing even more bins ...is a real problem to so many of us, the disabled, wheelchair users and blind, mums with prams and children to name some... I can support no change in existing policies that will make the matter worse, despite my concerns for the environment.'

'My mother is severely disabled and has to go out in a wheelchair; additional bins would be a hazard...'

- In regards to separating recycling, additional boxes or multiple bins, many stated that having the extra responsibility of sorting or presenting more bins for collection would be too physically demanding. Disabled or severely ill people find the current amount and style of bins challenging enough and stated they could not lift a box, or would find that placing multiple bins out too difficult. Multiple bins could also be confusing for those with visual impairment, and the mentally disabled may find the change from a co-mingled system to separated recycling confusing.

- A number of residents found it challenging, inaccessible or unsafe to take their garden waste to the RRC or to use the current sack system, and expressed a desire for a regular garden waste collection service.
- There was however strong negative opinion regarding the cost of the subscription fee, with some stating that they have a low income and could not afford the £80 that was being suggested.

'I suffer from generalised osteo-arthritis and a damaged shoulder... and I am physically unable to wrestle garden waste into plastics bags. I would be willing to pay for this service [but]£80 would be excessive.'

- Fortnightly collections were not well received, with residents stating that pet, nappy or sanitary waste needed to be collected weekly, as some felt that they physically weren't able to bury pet waste or clean out their bins from smell. The added weight to the bins would also be prohibitive when presenting them for collection and they would require assistance.
- Some also commented that Assisted Collections needed to be promoted and that education and information needs to reach deaf or blind people, housebound and other disabled people. Strongly voiced was the need for flexibility in how waste and recycling is collected for disabled or ill people.

3. Gender

Gender has the meaning usually given to it and refers to whether a person is male or female. A summary of data on gender is set out in the box below.

Data Summary for Gender

According to the 2011 Census:

- There are 135,000 males living in Lewisham and 140,900 females;

According to the 2015 mid-year population estimates:

- Total Population is 292,000;
- Females are more numerous than males with numbers at 148,412 and 143,521 respectively.

Analysis of responses to the survey questions by the protected characteristic of gender, revealed the following findings:

- More than half of all respondents were female and more than 84% feel that recycling is very important or important compared to 81% of males. Females are also more likely (85%) to strongly agree or agree that they would be prepared to separate their paper compared to 77% of males.
- Both males and females feel strongly that a garden waste service should be introduced, but males are more likely to favour a charge of £100 or £120 for the service compared to females who supported £80.
- The question of introducing a fortnightly refuse service with weekly food collection split males at almost 50%; however, females are more likely to agree to some extent that the fortnightly service should be introduced.

- Females strongly agreed or agreed (84%) that properties without sufficient front garden space should still be offered a weekly food collection service if they want one. Slightly more males (11% compared to 9%) live in a flat inside a large block with a communal bin.
- Males are more likely to favour a smartphone app compared to women who are more likely to favour stickers on bins.

Analysis of the available qualitative feedback has revealed that there are no key issues that have been specifically attributed to gender as a protected characteristic.

4. Gender reassignment

People who are proposing to undergo, are undergoing, or have undergone a process (or part of a process) to reassign their sex by changing physiological or other attributes of sex have the protected characteristic of gender reassignment. A summary of data on gender reassignment is set out in the box below.

Data Summary for Gender Reassignment

- In 2006-07 Lewisham Council commissioned a research study of the LGBT populations who lived, worked, studied or socialised in the borough;
- Of the 316 respondents, seven identified as trans-people, which was insufficient to draw quantitative conclusions.

Analysis of responses to the survey questions by the protected characteristic of gender reassignment, revealed the following findings:

- Of the total number of respondents 218 indicated that their gender is different to their gender at birth. They were slightly less likely (76%), when compared to the percentage for all respondents (81%) agree to some extent that they would be prepared to separate out their paper into a separate box.
- Respondents in this category are less likely to live in a house with a wheelie bin and more likely to live in a type of flat, whether in a converted house or block when compared to all respondents. They are also interested in receiving their information in a variety of formats.

Analysis of the available qualitative feedback has revealed that there are no key issues that have been specifically attributed to gender reassignment as a protected characteristic.

5. Pregnancy and maternity

Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding. A summary of data on pregnancy and maternity is set out in the box below.

Data Summary for Pregnancy & Maternity

- The NHS Lewisham Clinical Commissioning Group (2013-18) states that Lewisham's birth rate is rising and is expected to continue at a high level for several years before starting to fall;
- The general fertility rate (number of live births per 1000 women aged 15-44) in Lewisham is higher than the London and England averages;

- In 2011 the wards with the highest rates were Crofton Park and Rushey Green; Brockley and Telegraph hill had the lowest;
- For 2012 there were about 4,900 new babies recorded as Lewisham residents.

Analysis of responses to the survey questions by the protected characteristic of pregnancy & maternity, revealed the following findings:

- Of those that responded to the consultation 225 indicated that they were either pregnant or on maternity leave. This group were more likely (51%) to suggest that reducing our impact on the environment was the most important reason for service change when compared to all respondents (40%). They are also less satisfied with the current waste collection service.
- When compared to all respondents (39%) those who indicated that they are pregnant or on maternity leave were more likely to disagree or strongly disagree (48%) that separating out items would encourage them to recycle more.
- Over 80% agreed to some extent that they would be prepared to separate out paper. They were also in favour of introducing a food waste collection and garden waste collection service. Whilst more than 40% are in favour of charging the majority of these indicated that an £80 would be appropriate.
- For properties without significant front garden space 88% indicated that these properties should still be offered a weekly food collection service if they want it.
- A letter or leaflet delivered to their door was the most favoured option followed by stickers on bins for receiving further information regarding changes to waste and recycling services.

Analysis of the available qualitative feedback on the themes has highlighted a number of key issues that have been specifically attributed to pregnancy & maternity as a protected characteristic. These have been summarised below:

- Numerous respondents felt that fortnightly collections were unacceptable due to the accumulation of nappy waste; however some suggested that provided there was a separate weekly collection for nappy, sanitary and pet waste for those who requested it, fortnightly collections were possible for other waste streams.
- Many expressed their desire to have a flexible service, and access to bigger or additional bins if required, to avoid overflowing bins from the extra waste that is generated from growing families. The desire for extra bins was mainly for refuse and food waste bins and caddies.
- Though many people expressed the desire for more bins to accommodate nappy and food waste, there were also many negative comments regarding street clutter caused by bins on collection day. Parents presently felt that the paths were difficult enough to manoeuvre their buggies on while bins were out on the street for collection, some stating that walking out on to the road was their only option. The introduction of additional bins would increase this problem, especially on narrow pathways or where parking was permitted on pathways.

'...people like myself with a pushchair, or those less able to get around, are faced with areas of very narrow pavement and a slalom effect when travelling along the pavements.'

'Mums with buggies struggle to get past; my mother in a wheelchair really has problems.'

6. Ethnicity

Race refers to the equality group of race. It refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins. A summary of data on race is set out in the box below.

Data Summary for Ethnicity

According to the 2011 Census:

- 53.68% (147,686) of all Lewisham residents are white (White British, White Irish, White Gypsy or Irish Traveller, and White Other);
- People from a Black Caribbean, Black African and other Black ethnic background represent 27.2% (74,942) of the population;
- People from an Indian, Pakistani, Bangladeshi, Chinese and other Asian background represent 9.3% (25,534) of Lewisham's population;
- English is the main language for 79.4% (219,035) of Lewisham residents, though 1,038 Lewisham residents cannot speak English;
- Nearly one in ten households in Lewisham do not contain a resident who has English as a main language;
- Other than English, the top 3 languages spoken in the borough are Polish, French and Tamil.

Analysis of responses to the survey questions by the protected characteristic of ethnicity, revealed the following findings:

- Of those respondents that provided their ethnicity 4,424 indicated that they were white, 186 indicated that they were of a mixed ethnicity, 404 Black and 232 Asian or other.
- White respondents (89%) were less likely than all respondents (93%) to indicate that recycling is either very important or important to them. Black respondents (34%) were less likely to consider reducing our impact on the environment as a reason for service change when compared to all respondents (39%). Respondents who indicated that their ethnicity was mixed thought that the most important reason for service change was making it easier for residents to recycle (49%) compared to 46% for all respondents.
- All ethnic groups (Mixed, Black, Asian and Other) apart from White strongly agree or agree that separating encourages recycling (at least 30% respectively) compared to all respondents (28%).
- White respondents are slightly less likely (69%) to agree to some extent that the Council should collect paper separately to enable it to sell it when compared to respondents overall (73%). However, Mixed (79%) and Black (80%) respondents are more likely to agree to some extent to this.
- When considering whether a respondent would be prepared to separate out their paper into an additional small box, White respondents were more likely (21%) than respondents overall (12%) to disagree or strongly disagree with this.

- Nearly two thirds (65%) of all respondents agreed to some extent with a weekly food collection. However, Asian and other ethnic groups strongly agreed and agreed (81%) with this proposal followed by Mixed respondents at 75%.
- Asian and Other (43%) and Black (46%) ethnic groups are slightly more likely to disagree to some extent that the Council should charge for a garden waste service when compared to all respondents (41%). Almost 50% of Black respondents indicated £80 as their preferred charge for a garden waste service if it were introduced.
- More than half (52%) of Asian and Other ethnic group respondents strongly agree or agree that the Council should introduce a fortnightly collection service with weekly food waste collections. Whilst just over a third (36%) of Mixed respondents agreed to some extent. Overall 45% of respondents agreed to some extent with the proposal that the frequency of collections should be changed.
- More than three quarters (80%) of all respondents were in favour of properties without sufficient garden space being offered a weekly food collection service if they want it. However, Black and Mixed respondents exceeded this with 85% of Black respondents and 84% of Mixed respondents either strongly agreeing or agreeing with this proposal.
- Receiving further information about changes to waste and recycling services by letter or leaflet to their door is still the most popular way across all ethnic groups.

Analysis of the available qualitative feedback on the themes has highlighted a number of key issues that have been specifically attributed to ethnicity as a protected characteristic. These have been summarised below:

- That there is no uniform system for waste disposal nationwide, was considered challenging and confusing for many respondents, but even more so for those whose first language is not English and who may come from a culture where waste disposal takes on a very different form.
- The key issue here centred on education and ensuring that information regarding waste and recycling services effectively reaches BAME groups, 'foreign and transitory people'.
- The need for an easy to understand system was called for, with some residents stating that too many bins (for separated recycling) would be confusing. Alongside a simple system was the desire for clear, easy to understand education. Education and information would need to saturate all forms of communications, including taking into account language barriers.
- Some community groups commented that the culture of waste and recycling disposal is not on some people's 'radar', let alone their understanding of current services, and how it may change in the future. The same community groups also expressed a lack of resources to translate leaflets or other education related to service changes.

7. Religion or belief

Religion has the meaning usually given to it, but belief includes religious and philosophical beliefs including lack of belief. Generally, a belief should affect your life choices or the way you live for it to be included in the definition. A summary of data on religion and belief is set out in the box below.

Data Summary for Religion or Belief

According to the 2011 Census:

- 63.8% (176,225) of Lewisham residents described themselves as having a faith or religion, 27.2% (75,155) described themselves as having no faith or religion, whilst 8.9% (24,505) did not state a religion;
- Amongst those residents that described themselves as having a faith or religion, 52.8% (145,588) identified their faith as Christian, whilst 6.4% (17,759) described themselves as Muslim;
- Of other religions, Hindus represent 2.4% (6,562) of the population, whilst Buddhists represent 1.3% (3,664) of the population.

Analysis of responses to the survey questions by the protected characteristic of religion or belief, revealed the following findings:

- Nearly half of all respondents indicated that they had no religion. Just over one fifth indicated that they were Christian. Only 6 respondents indicated that they were Sikh and their views have not been taken into consideration as the numbers are too small to be representative. All other categories were included in the analysis.
- Nearly 50% of those that indicated they were Hindu (31) felt that reducing our impact on the environment was the most important reason for service change.
- Jewish (32) and Hindu (31) respondents are the least likely to feel satisfied to some extent with the current waste service.
- Respondents that indicated they were Christian (32%), Buddhist (30%), Hindu (61%) and Muslim (45%) were more likely to strongly agree or agree that separating items encourages recycling when compared to all respondents (28%).
- More than 70% of Buddhists, Hindus and Muslims either strongly agree or agree with income generation from separating out paper to allow the Council to sell it.
- The majority of respondents across all religions and beliefs strongly agree or agree that they would be prepared to separate their paper.
- Those with no religion (69%), Buddhists (69%), Hindus (83%) and Jewish (74%) respondents are more likely to strongly agree or agree that the council should introduce a food waste service than when compared to all respondents (66%).
- Jewish respondents are proportionally more in favour of the introduction of a garden waste service. The majority of respondents across all religions and beliefs are in favour of charging £80 for a garden waste service.
- Those with no religion (51%), Buddhists (51%) and Hindus (60%) are more likely to strongly agree or agree with the introduction of a fortnightly collection service than all respondents (45%).
- Muslim respondents are less likely to live in a house (59% compared to 65%) with a wheelie bin and more likely to live a flat inside a block (24% compared to 9% when compared to all respondents. Buddhists are also more likely to live in a flat whether a converted (21% compared to 18%) or in a block (17% compared to 9%) when compared to all respondents.
- If changes are made to waste and recycling services Buddhists, Hindus and Jews are also in favour of stickers on bins after a letter or leaflet has been delivered to their door.

Analysis of the available qualitative feedback has revealed that there are no key issues that have been specifically attributed to religion or belief as a protected characteristic.

8. Sexual orientation

Sexual orientation is defined as whether a person's sexual attraction is towards the opposite sex, their own sex or to both sexes. A summary of data on sexual orientation is set out in the box below.

Data Summary for Sexual Orientation

According to the 2011 Census:

- 1,162 (0.5%) of Lewisham residents are in a registered same-sex Civil Partnership;
- In the 2012 Annual Resident Survey, a question on sexual orientation showed that out of a total of 1,013 people, 97% identified themselves as heterosexual/ straight and 1% identified as being lesbian, gay or bisexual.

Analysis of responses to the survey questions by the protected characteristic of sexual orientation, revealed the following findings:

- Of the respondents to the consultation 4,133 indicated that they were straight or heterosexual, 288 that they were gay or lesbian, 78 bisexual and 25 other. More than 70% of respondents in each category indicated that recycling is very important to them.
- Bisexual individuals (44%) and those that indicated their sexual orientation as other (52%) are less likely to be satisfied to some extent with the current waste and recycling service compared to all respondents (65%). They also strongly agree or agree to a greater extent than all respondents that paper should be collected separately to allow for income generation.
- Respondents who indicated that they were straight/heterosexual (68%), bisexual (82%) or that their sexuality as other (68%) strongly agree or agree to a greater extent than all respondents (65%) that a food waste service should be introduced.
- Of the respondents indicating that they were bisexual, 50% strongly agreed or agreed that the council should charge for a garden waste service. This compares with (38%) of all respondents.
- Respondents who indicated that they were straight/heterosexual (47%), gay or lesbian (47%) and bisexual (52%) strongly agree or agree to a greater extent than all respondents (45%) that the council should introduce a fortnightly waste collection service.
- Of all respondents, 80% strongly agreed or agreed that properties without sufficient front garden space should still be offered a weekly food collection service if they want it, compared with 85% of respondents who indicated that they were gay or lesbian, and 89% of those who indicated that they were bisexual.
- All categories covered in the survey for sexual orientation are more likely to use a smartphone app i.e. greater than 10% for each category compared to 5% for all respondents.

Analysis of the available qualitative feedback has revealed that there are no key issues that have been specifically attributed to sexual orientation as a protected characteristic.

6. Implementation and Equalities Analysis Action Plan

The Equality Duty has three aims. It requires public bodies (e.g. local authorities) to have ***due regard to the need to:***

- i. **Eliminate unlawful discrimination**, harassment, victimisation and any conduct prohibited by the Act;
- ii. **Advance equality of opportunity** between people who share a protected characteristic and people who do not share it; and
- iii. **Foster good relations** between people who share a protected characteristic and people who do not share it.

Having due regard to the need to **advance equality of opportunity** involves considering the need to:

- Remove or minimise disadvantages suffered by people due to their protected characteristics;
- Meet the needs of people with protected characteristics; and
- Encourage people with protected characteristics to participate in public life or in other activities where their participation is low.

In analysing the data, research and equalities monitoring from the Let's Talk Rubbish survey, and having due regard to Equality Duty, the following action plan has been developed should the proposed recommendations be approved at Mayor & Cabinet in January 2016.

Table 5: Equalities Analysis Action Plan

Possible Issues	Protected Characteristic Affected	Assessment of Potential Impact (+/-): High, Medium, Low, Neutral	Actions to be Taken	Expected Outcome
Physical ability to handle additional containers.	Age Disability	Medium (-)	Promote the Assisted Collections service so that those in need can access the service.	Assisted Collection service will be used by those in need.
Mental ability to understand a new collection system, especially if additional containers or frequency of collection changes.	Age Disability	Medium (-)	Ensure communications are in plain English and use alternative formats such as showing information pictorially and producing collection calendars so households can identify their collection dates. Engage with amenity groups and target organisations who can assist people in understanding the services. Consideration will be taken to make the service as easy to use by residents as is possible.	The service will be understood and utilised by those that may have difficulties in understanding a more complex system.
Impact of additional containers obstructing the pavement	Age Disability Pregnancy & Maternity	Medium (-)	The size and visibility of bins will be given consideration when designing new services.	Containers will be placed out and stored in the correct way.

			<p>Education as to the appropriate storage of bins will be given to householders.</p> <p>Consideration will be given to certain property types as to whether they will receive certain services and in what type of containers.</p>	
Volume of wastes for certain households if collection frequencies lessened e.g. nappies, bins becoming too heavy	Pregnancy & Maternity Age Disability	Low (-)	<p>Consideration will be given to additional bins for householders who may produce additional waste due to circumstance.</p> <p>Promote the Assisted Collections service so that those in need can access the service.</p>	Assisted Collection service will be used by those in need and temporary assisted collections may be provided if the need is justified.
Ability to understand information about services and how to access or utilise them	Age Disability Ethnicity	Medium (-)	<p>Ensure communications are in plain English and use alternative formats such as showing information pictorially.</p> <p>Engage with amenity groups and target organisations who can communicate service changes with their communities.</p>	Any changes to the service will be understood and will ensure high levels of participation.
Whilst bins for garden waste are seen as a positive for ease of use, the cost of garden waste service could be seen as too expensive	Age Disability	Low (-)	Benchmarking with other authorities will be undertaken and consideration for reducing the annual fee from that which was set out in the consultation will be given.	Engagement in the use of the garden waste service.

7. Conclusion

The adoption and implementation of the proposed waste and recycling service changes should pay due regard to the equality considerations highlighted in this assessment, to ensure that the council is compliant with its statutory obligations under the Equality Act 2010 and the equality objectives of the Comprehensive Equalities Scheme 2012-2016.

The Council will continue to consider the impact on all protected characteristics during the ongoing development and implementation of its' waste & recycling services should approval for change be granted in January 2016. Where appropriate it will undertake additional engagement with the community or more detailed equality analysis where the possibility of negative impacts on specific protected characteristics are identified.

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 checked="" type="checkbox"/> Key Decision

Date of Meeting	13 th January 2016
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Title of Report	Response to referral by the Sustainable Development Select Committee on Publishing Viability Assessments.
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Originator of Report	Brian Regan	Ext.	48774
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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	✓	
Environmental Implications	✓	
Equality Implications/Impact Assessment (as appropriate)	✓	
Confirmed Adherence to Budget & Policy Framework	✓	
Risk Assessment Comments (as appropriate)	N/A	
Reason for Urgency (as appropriate)	N/A	

Signed:  Executive Member

Date:

Signed:  Director/Head of Service

Date: 29-12-15

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 & Cabinet		
Report Title	Response to referral by the Sustainable Development Select Committee on Publishing Viability Assessments	
Key Decision	YES	Item No.
Ward	All	
Contributors	Executive Director of Resources and Regeneration	
Class	Part 1	Date: 17th February 2016

1. Purpose

- 1.1 This report sets out the officers response to the referral from the Sustainable Development Select Committee on the approach of the Planning Service to the publication of viability assessments received in relation to planning applications.

2. Summary

- 2.1 The Sustainable Development Select Committee (SDSC) held a meeting on 22nd October 2015 and referred a report from that meeting to the Mayor on 11th November 2015. The select committee report made a number of recommendations for the Mayor to consider. This report provides the detail of how officers have responded to these recommendations.

3. Recommendation

- 3.1 The Mayor is recommended to:
- Approve the responses from the Executive Director for Resources and Regeneration to the Sustainable Development Select Committee.
 - Agree that this report should be forwarded to the Sustainable Development Select Committee.

4. Policy Context

- 4.1 The contents of this report are consistent with the Council's Sustainable Community Strategy policies 'Empowered and responsible' and also supports the 'Clean, Green and Liveable' policy. This is because making a non-confidential version of viability assessments public empowers communities that wish to scrutinise this information and shows that the Council are ensuring that the maximum supply of good quality housing is being sought wherever viable.

5. Background

- 5.1 The SDSC held a meeting on 22nd October 2015 at which they considered a report on the issue of publishing viability assessments received in relation to certain planning applications.
- 5.2 The SDSC report set out details of the approach currently proposed by Royal Greenwich and London Borough of Islington. It also set out Lewisham's current approach in relation to viability assessments. National planning policy and guidance require local planning authorities to take account of development viability in relation to both planning policy and development management. Lewisham's adopted planning policy reflects national policy and development management require developers to provide a viability assessment in relation to affordable housing provision.
- 5.3 The question of commercial confidentiality in relation to viability assessments has become a growing planning issue. The relative advantage of the public interest versus commercial confidentiality has been tested by some high profile cases. This has led Islington and Royal Greenwich to consult on proposals to publish viability assessments with the information that has previously been considered confidential.
- 5.4 Currently, Lewisham Planning Service requires a viability assessment for any major application that does not satisfy the Core Strategy affordable housing policy. Officers seek independent expert advice on the viability assessments which have been submitted on planning applications by developers. An independent consultant reviews the viability assessments which have been submitted and provides feedback to the Planning Officer. In some cases more information on viability is requested. A confidential consultant report is then made available to the Members of the Planning Committee to aid decision making at committee.
- 5.5 In view of members concerns about confidential information in viability reports the Head of Planning has recently changed the Lewisham process. The new interim process is that Lewisham will continue to require the developer to submit confidential viability information to our independent consultants, however, the consultants will then produce a report based on the confidential information but in a form which is publically available.

6. Response from the Mayor

- 6.1 The referral report recommended at paragraph 3.3 that the Mayor be advised of a number of matters. These are set out below together with the officer response.
- 6.2 **SDSC recommendation** (a) Note that the Committee welcomed the change in approach and advised that it would keep the matter under review.

- 6.3 **Officer Response.** The Head of Planning will monitor the new approach identified in paragraph 5.5 above and developments in other London Boroughs and modify the Lewisham approach as appropriate.
- 6.4 **SDSC recommendation.** (b) Ask that a representative analysis be made of previous viability reports for completed developments in the borough in order to find out whether the system is working as Members understand it.
- 6.6 **Officer Response.** Officers will prepare a report which summarises the key assumptions in the viability reports for each of the major development schemes in the borough approved since 2009 and compare this to what has actually occurred. Where the evidence can be established the report will look at: the sum paid for the site; the sales values achieved compared to the estimates; where there was a review mechanism whether this was triggered and the outcome; what if any additional levels of contribution have been achieved, including additional affordable housing and or affordable housing payments. The report will also advise how each of the schemes has progressed.
- 6.7 Whilst this review will provide helpful information to enable members to assess and evaluate the Council's approach, it should be appreciated that the exercise represents a significant body of work. Therefore, it is likely to require expenditure on appropriate consultant input in order to make it as helpful as possible. It is unlikely to be completed until early summer but will include information and analysis in relation to the schemes listed below, so far as possible, in order of the dates they were approved by Strategic Planning Committee.

10 Sept 2009 Renaissance, Loampit Vale
 11 Feb 2010 Heathside & Lethbridge
 4 Nov 2010 Marine Wharf West, Plough Way (revised 7 January 2015)
 2 Dec 2010 Neptune Works, Grinstead Road
 23 June 2011 Cannon Wharf, Plough Way (revised 29 March 2012)
 13 Oct 2011 Surrey Canal/New Bermondsey
 8 Mar 2012 The Deptford Project, Deptford Station
 18 Apr 2013 Lewisham Gateway (second phase 11 December 2014)
 2 May 2013 Faircharm, Creekside
 8 January 2014 Catford Greyhound Stadium
 3 April 2014 Marine Wharf East, Plough Way (revised 9 June 2015)
 30 April 2015 Kent Wharf, Creekside
 29 October 2015 Deptford Wharves, Evelyn Street

- 6.8 **SDSC recommendation** (c) Ask that the outcomes of viability assessments on completed schemes be compiled into an annual report upon completion.
- 6.9 **Officer Response.** The Planning Service is required by law to prepare and publish a report each year reviewing the performance of planning in the borough. The Planning Service does this on an annual basis in the Annual Monitoring Report (AMR) and includes such matters as the extent to which the Council's planning policies are being implemented as well as performance in decision making on planning applications and in preparing new planning

documents. Following preparation of the initial report outlined in paragraph 6.6 above it is proposed that updated information on delivery in relation to scheme viability is summarised annually in a relevant section of the AMR.

7 Legal implications

7.1 The report sets out for approval the response from the Executive Director to the Sustainability Development Select committee on matters related to viability reports, there are accordingly no direct legal implications on the responses.

8. Financial Implications

8.1 There are no specific financial implications arising from this report. The planning service will employ a consultant to review the viability reports as mentioned in paragraph 6.6 but this will be funded from the existing planning service budget.

9 Crime and disorder implications

9.1 There are no specific crime and disorder implications arising from this report.

10 Equalities implications

10.1 Lewisham's Comprehensive Equalities Scheme (CES) 2012-16 describes the Council's commitment to equality for citizens, service users and employees. The CES is underpinned by a set of high level strategic objectives which incorporate the requirements of the Equality Act 2010 and the Public Sector Equality Duty:

- tackle victimisation, harassment and discrimination
- to improve access to services
- to close the gap in outcomes for citizens
- to increase understanding and mutual respect between communities
- to increase participation and engagement

11 Environmental implications

11.1 There are no specific environmental implications arising from this report.

12 Conclusion

12.1 The recommendations referred to the Mayor from the Sustainable Development Select Committee have been answered in section 6 of this report and it is proposed that this response is referred back to the committee.

Background documents

Report to Sustainable Development Select Committee on 22nd October 2015

Agenda Item 9

Mayor and Cabinet			
Report title	Comments of the Overview and Scrutiny Committee on Key Planning Issues		
Contributors	Overview and Scrutiny Committee	Item No.	
Class	Part 1	Date	10 February 2016

1. Summary

- 1.1 This report informs Mayor and Cabinet of the comments and views of the Overview and Scrutiny Committee, arising from discussions held on key planning issues at its meeting on 25 January 2016.

2. Recommendation

- 2.1 Mayor and Cabinet is recommended to note the views of the Overview and Scrutiny Committee as set out in section three of this referral.

3. Overview and Scrutiny Committee views

- 3.1 On 25 January 2016, the full Overview and Scrutiny Committee considered a report entitled *Key Planning Issues (the Housing and Planning Bill and Financial Viability)* which included a presentation on financial viability from Anthony Lee (BNP Paribas). **Attached at Appendix 1.**
- 3.2 The Committee resolved to forward the presentation to Mayor and Cabinet and request that particular consideration be given to the *key messages* slide and the information on the potential impact of starter homes on other affordable housing products. The Sustainable Development and Housing Select Committees have also been asked to consider this. In addition, when more detail is available in relation to the proposals contained within the Housing and Planning Bill it will be important for all three of these meeting bodies to consider it.

4. Financial Implications

- 4.1 There are no financial implications arising out of this report per se.

5. Legal Implications

- 5.1 The Constitution provides for Select Committees to make recommendations to the Executive or appropriate committee and/or Council arising from the outcome of the scrutiny process.

6. Further Implications

- 6.1 At this stage there are no specific environmental, equalities or crime and disorder implications to consider.

Background papers

[Key Planning Issues](#) – report to the Overview and Scrutiny Committee, 25 January 2016

If you have any queries on this report, please contact Charlotte Dale, Overview and Scrutiny Manager (ext. 49534)



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| Real Estate for a changing world

Page 301

Viability appraisals and planning decisions

Anthony Lee



- How viability is determined
- What are the key drivers in the market?
- The issue of 'static' nature of viability
- Impact of Starter Homes on 'traditional' affordable supply



1

How viability is determined



What are the key drivers for landowners

- ▶ Common ground – LPA and developers need land
- ▶ Landowners therefore need to release it into the market
- ▶ Mayoral candidates *'we are going to enforce AH targets'*



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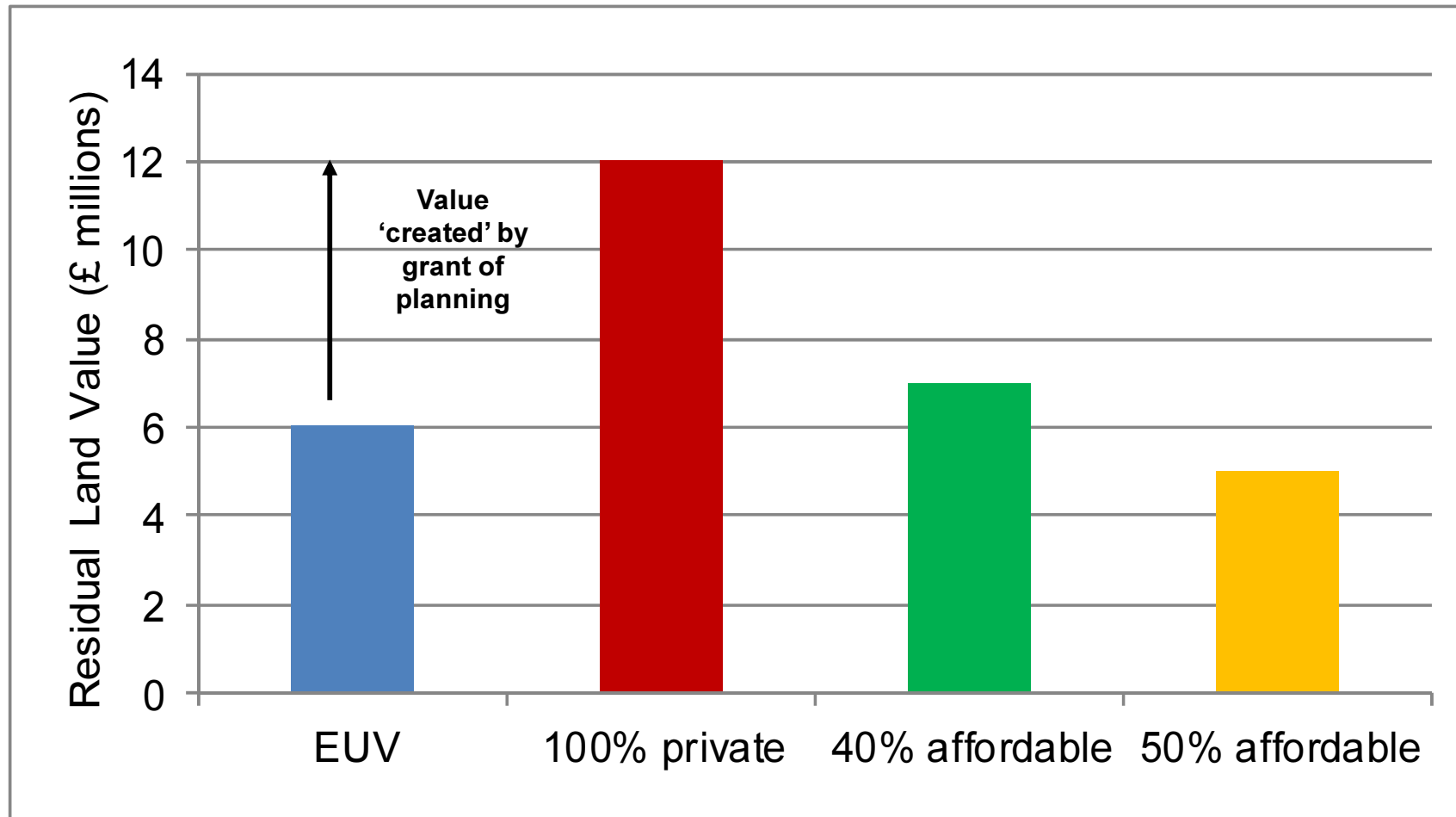


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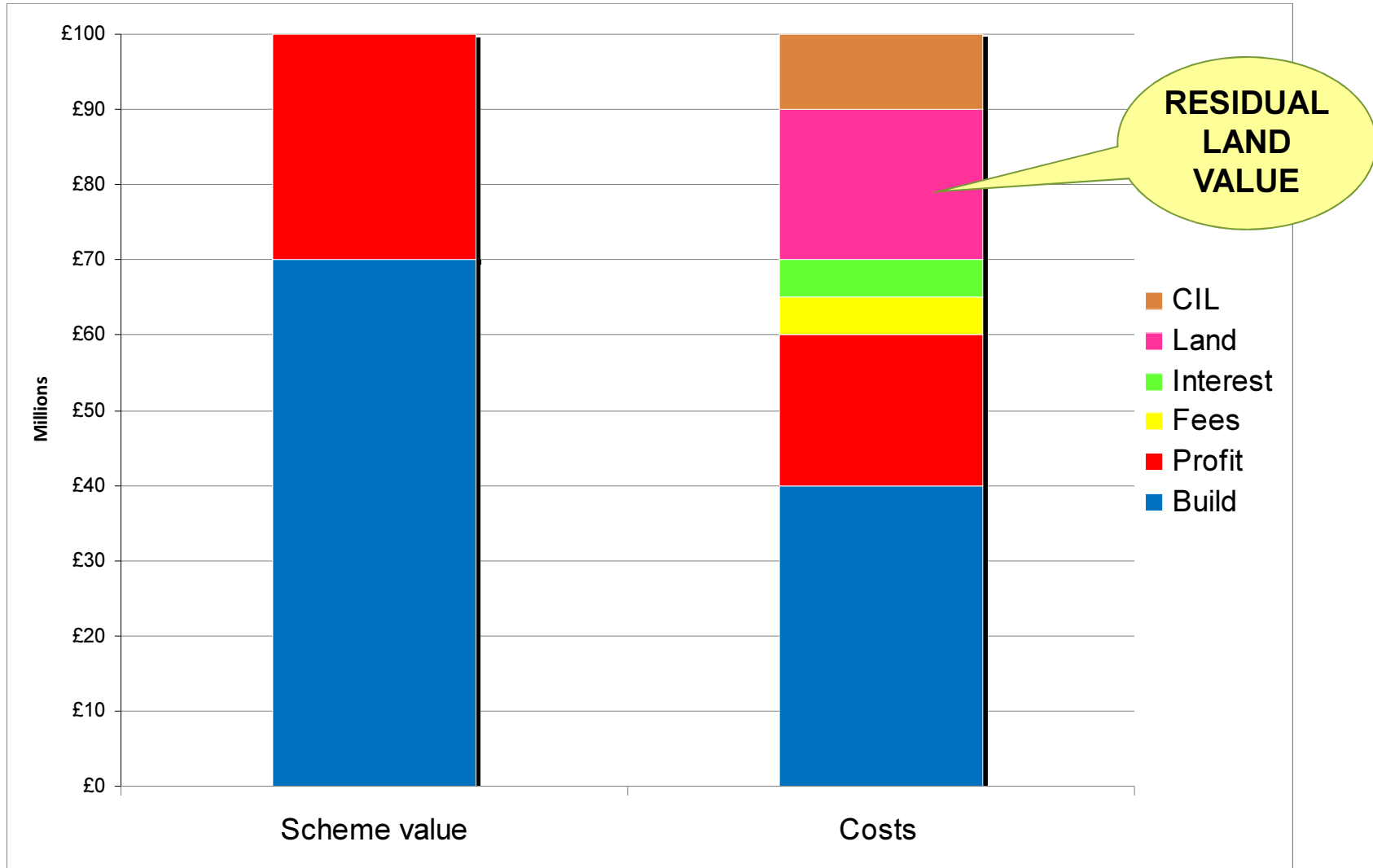


Viability and sharing in land value uplift



What information does an appraisal generate?

Page 308



- ▶ Lewisham Core Strategy policy – 50% AH *subject to viability*
- ▶ Schemes providing less than 50% can be policy compliant
- ▶ Viability ‘caveat’ essential to convince Inspector to accept policy

- ▶ Onus on developer to prove why policy target cannot be met
- ▶ Independent analysis to scrutinise case put forward



- ▶ Evidence
 - ▶ Sales values (unit by unit pricing; average for development)
 - ▶ Affordable housing values (tenure mix; affordability criteria)
 - ▶ Commercial rents and yields
 - ▶ Build costs
 - ▶ Fees

- ▶ Benchmark land values
 - ▶ Rent levels
 - ▶ Demand
 - ▶ Yield
 - ▶ Premium

- ▶ Timing
 - ▶ Sales and sales rates; off-plan sales
 - ▶ Affordable housing payments from RP
 - ▶ CIL – fixed and no scope for varying timing on individual developments
 - ▶ Section 106 payments and delivery of other obligations



2

‘Shelf-life’ of appraisals



➤ **LPAs' negotiating position severely weakened by**

- ▶ NPPF (prioritises delivery)
- ▶ RICS guidance (prioritises returns to landowners over planning)
- ▶ Lack of grant
- ▶ Recovering demand for and value of commercial floorspace

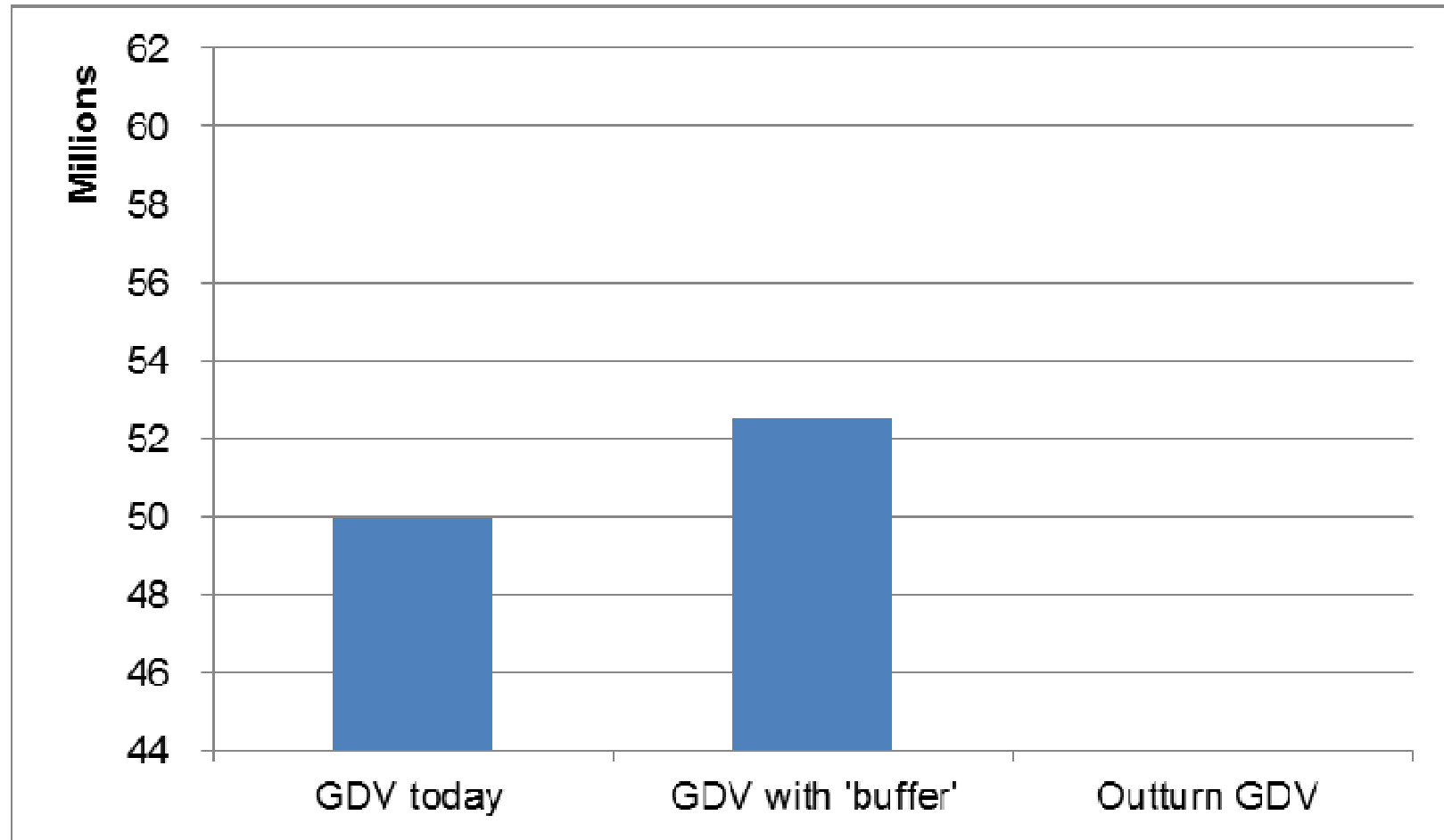
➤ **LPAs increasingly turning to review mechanisms**

- ▶ Members sceptical of viability
- ▶ Perception that developers doing very well 'down-stream'
- ▶ A means of redressing the imbalance

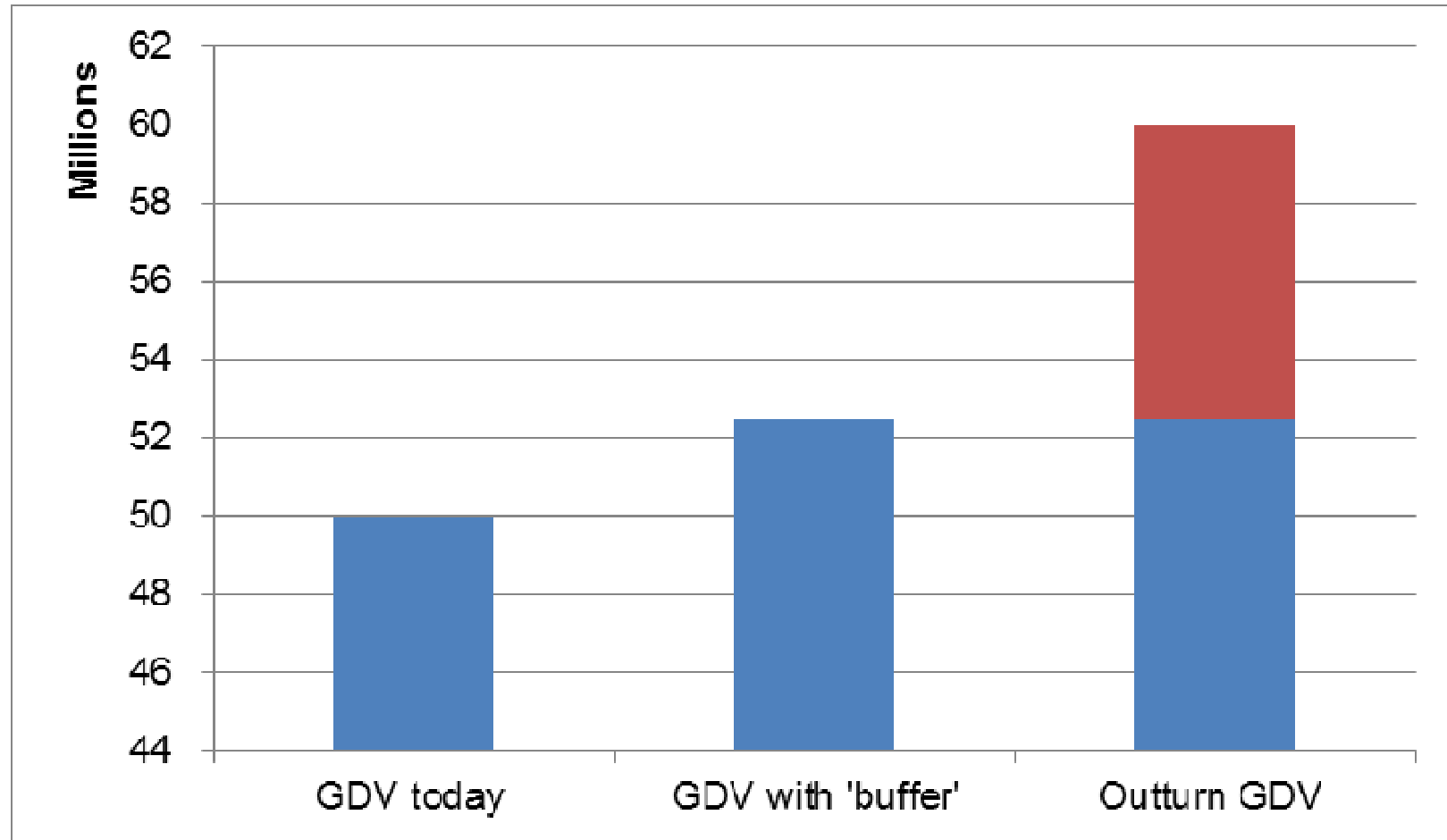
➤ **Growth/sensitivity analysis an alternative**

- ▶ **Unpopular with developers but carry no risk**
- ▶ **Must be structured to share 'super-profit'**
- ▶ **Capped payments – replacing lost AH, not profit share**
- ▶ **No funding problems – understanding is key**
- ▶ **BUT how open book is the end of scheme appraisal?**
- ▶ **Where/how to invest the payment (if any)?**
- ▶ **Upwards only now, but will they remain so?**

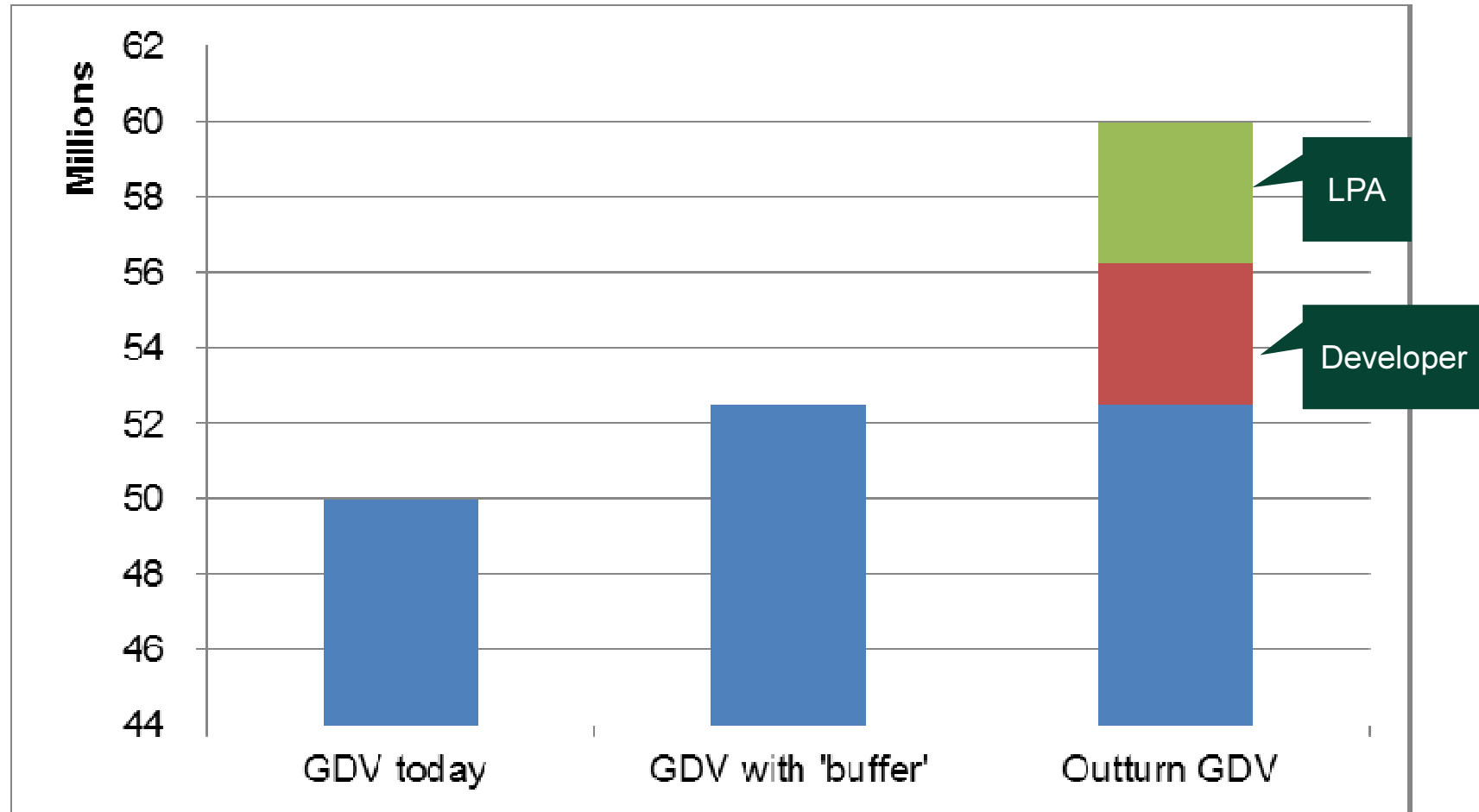
Growth and review mechanisms



Growth and review mechanisms



Growth and review mechanisms



3

The Housing Bill: 'Starter Homes'



➤ Details so far

- Aim to deliver 200,000 Starter Homes for FTBs under 40
- 20% discount with £450k cap in London
- Statutory duty upon LPAs to '*promote supply*' of Starter Homes
 - In Local Plans
 - In decision making on planning applications
- PP can only be granted if Starter Homes included
- Requirements may differ between types of sites/areas
- Compliance directions if LPA does not cooperate

▶ Ministerial comments

- Brandon Lewis
 - Govt still expects delivery of rented and intermediate housing
 - Starter Homes will not replace other tenures
- David Cameron
 - Expects some homes to be available below price caps
 - £150,000 and £200,000, not all at £450,000 / £250,000



4

Potential impact of Starter Homes on delivery of 'traditional' affordable housing



What impact will Starter Homes have on viability?

► Key issues:

- Do Starter Homes improve viability?
- Will Starter Homes squeeze out other tenures?
- What impact will affordability have on Starter Homes?



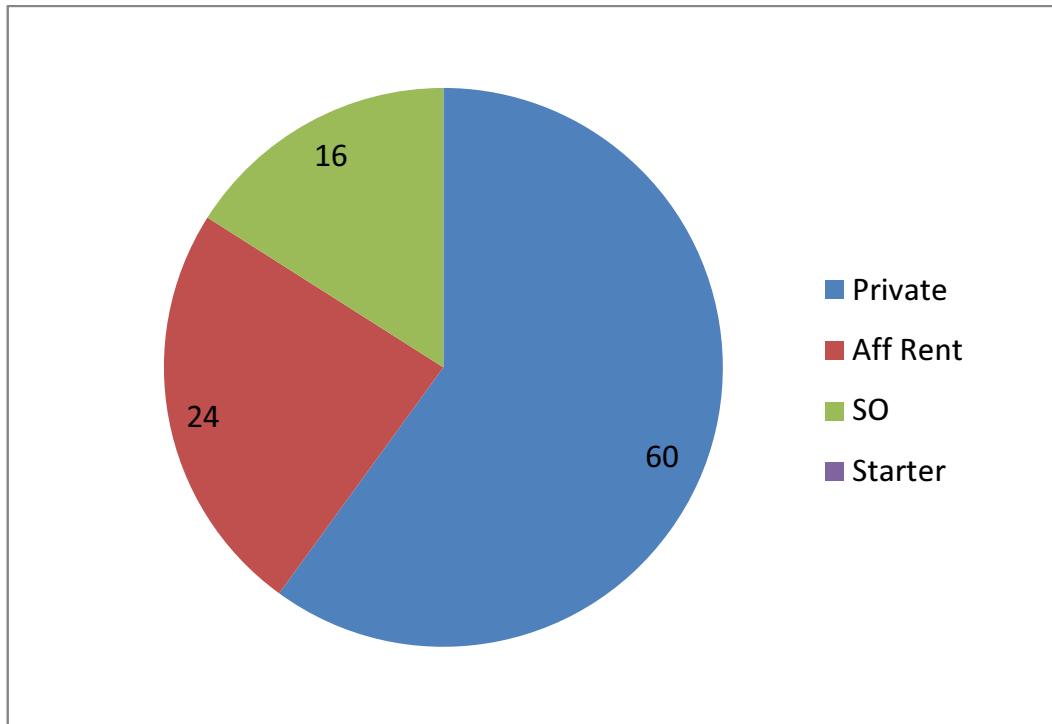
Testing the impact of Starter Homes

- **100 two bed units**
- **Current policy requirement 40% affordable housing**
- **Market values = £800 psf**
- **Affordable rent values = £240 psf**
- **Intermediate = £352 psf**
- **Starter Homes = 80% of MV (just under £450,000)**
- **Benchmark land value = £12.5 million**



Testing the impact of Starter Homes

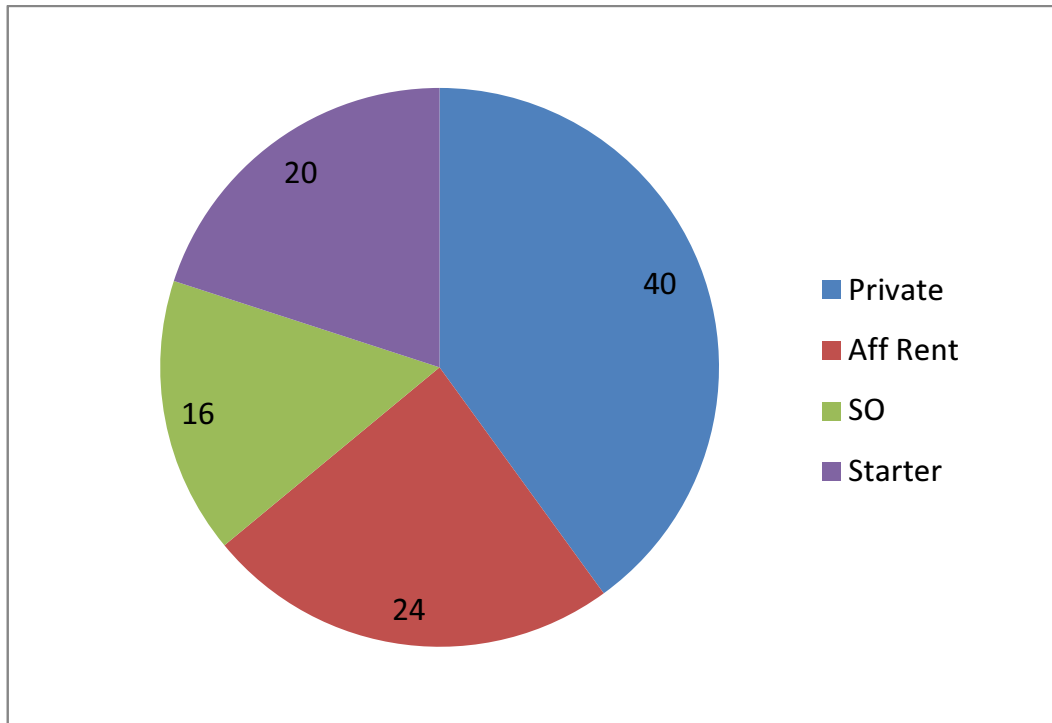
▶ Base viability



Private	33,600,000
Rented	4,032,000
Intermediate	3,942,400
Starter Homes	-
Total income	41,574,000
Development costs	21,914,751
Profit	7,198,464
Residual	12,460,785

Testing the impact of Starter Homes

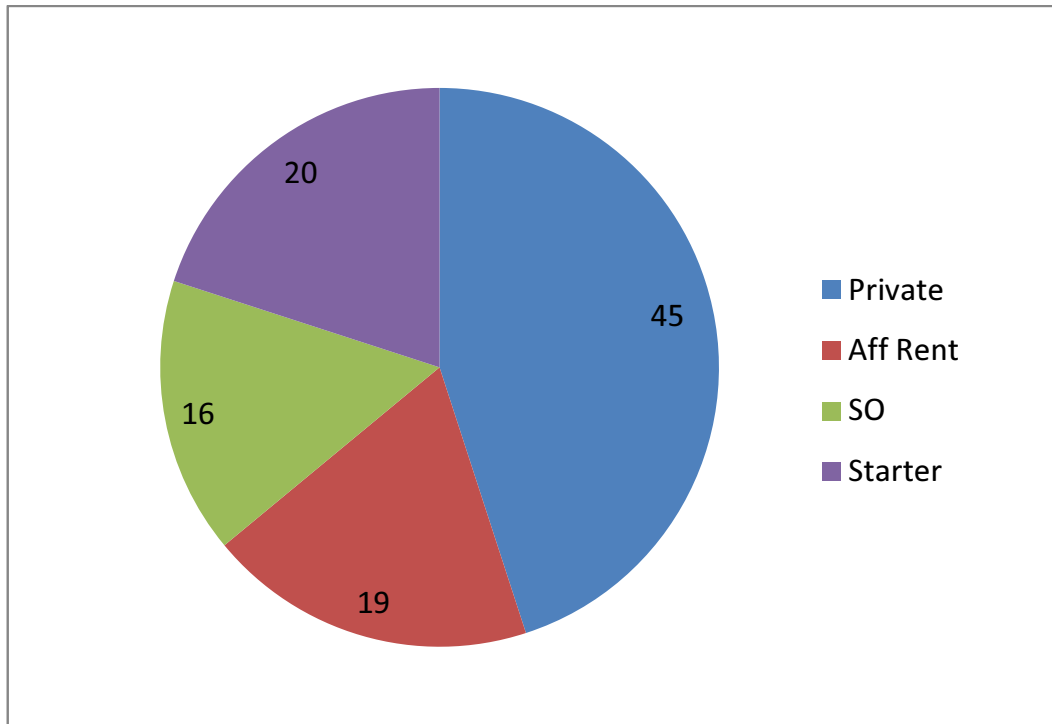
▶ 20 Starter Home units @ £450k cap



Private	22,400,000
Rented	4,032,000
Intermediate	3,942,400
Starter Homes	8,960,000
Total income	39,334,000
Development costs	21,361,266
Profit	6,750,464
Residual	11,222,670
SHORTFALL	-1,277,330

Testing the impact of Starter Homes

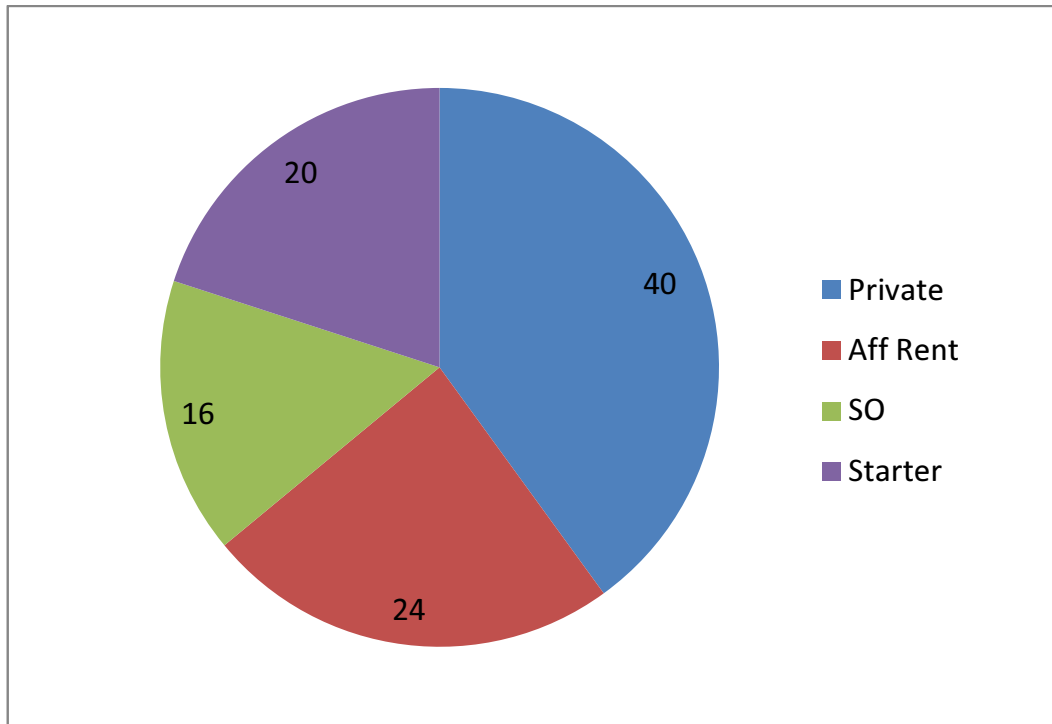
➤ 20 Starter Home units @ £450k cap – reduced AH



Private	25,760,000
Rented	3,024,000
Intermediate	3,942,400
Starter Homes	8,960,000
Total income	41,686,400
Development costs	21,780,861
Profit	7,361,984
Residual	12,543,555
SHORTFALL	n/a

Testing the impact of Starter Homes

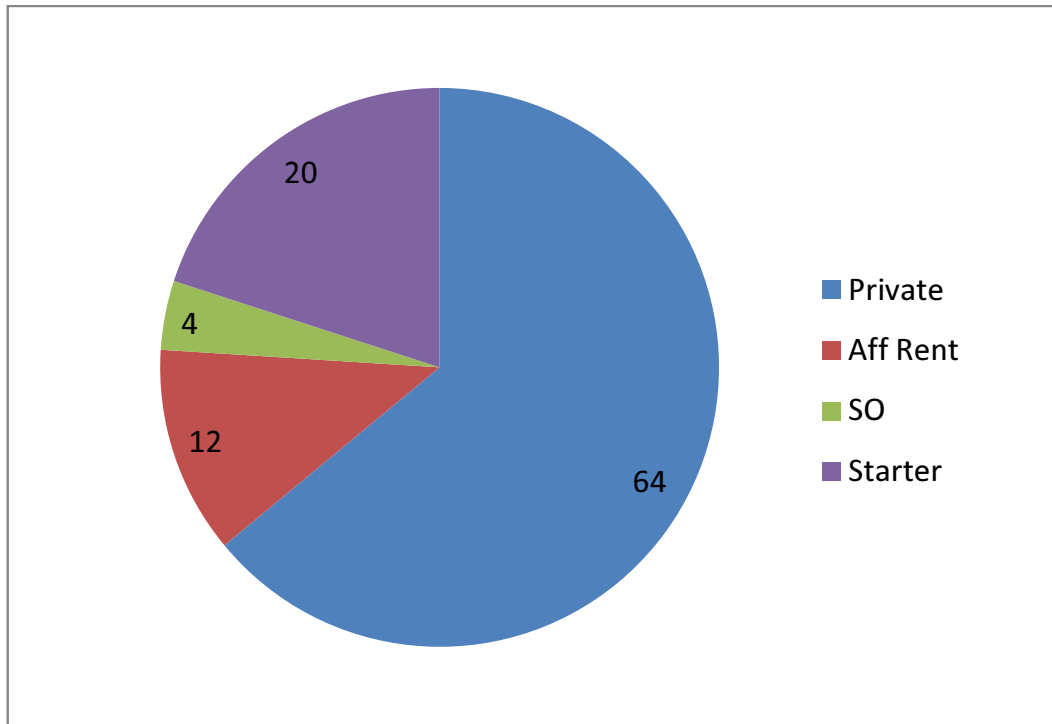
▶ 20 Starter Home units @ £200k cap



Private	22,400,000
Rented	4,032,000
Intermediate	3,942,400
Starter Homes	4,000,000
Total income	34,374,400
Development costs	20,763,408
Profit	5,758,464
Residual	7,852,528
SHORTFALL	-4,647,472

Testing the impact of Starter Homes

➤ 20 Starter Home units @ £200k cap – reduced AH



Private	35,480,000
Rented	2,016,600
Intermediate	985,600
Starter Homes	4,000,000
Total income	42,841,600
Development costs	22,376,035
Profit	8,148,096
Residual	12,317,469
SHORTFALL	n/a

5

Key messages



- ▶ Cutting S106 and AH is not the only way of improving viability
- ▶ Planning as an obstacle to growth – land value is also a key factor
- ▶ Considering growth will be increasingly important
- ▶ Delivering Starter Homes AND mainstream AH will be challenging



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Page 330

**Viability appraisals and
planning decisions**
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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: February 10 2016

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:-

11. Estate Cleansing and Bulky Waste Collection Services on Lewisham Homes Estates

12. Catford Stadium Redevelopment – Funding of Additional Footbridge Costs

Agenda Item 11

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

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