

# Public Accounts Select Committee Agenda

Thursday, 16 November 2017

**7.30 pm**

Committee room 2

Civic Suite

Lewisham Town Hall

London SE6 4RU

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This meeting is an open meeting and all items on the agenda may be audio recorded and/or filmed.

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# Public Accounts Select Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Thursday, 16 November 2017.

Barry Quirk, Chief Executive  
Tuesday, 7 November 2017

Councillor Maja Hilton (Chair)	
Councillor Chris Barnham (Vice-Chair)	
Councillor Paul Bell	
Councillor Brenda Dacres	
Councillor Amanda De Ryk	
Councillor Carl Handley	
Councillor Simon Hooks	
Councillor Mark Ingleby	
Councillor Roy Kennedy	
Councillor Sophie McGeevor	
Councillor Alan Hall (ex-Officio)	
Councillor Gareth Siddorn (ex-Officio)	

## MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 27 September 2017 at 7.30 pm

PRESENT: Councillors Maja Hilton (Chair), Chris Barnham (Vice-Chair), Paul Bell, Brenda Dacres, Carl Handley, Mark Ingleby, Roy Kennedy and Sophie McGeevor

APOLOGIES: Councillors Amanda De Ryk and Simon Hooks

ALSO PRESENT: Councillor Luke Sorba (Chair Children & Young People Select Committee), Councillor Liz Johnston-Franklin, Councillor Chris Best (Cabinet Member for Health, Wellbeing and Older People), Councillor Joe Dromey (Cabinet Member Policy & Performance), Timothy Andrew (Scrutiny Manager), David Austin (Head of Corporate Resources), Aileen Buckton (Executive Director for Community Services) (London Borough of Lewisham), Joe Derrett (Head of Communications), Dee Carlin (Head of Joint Commissioning) (LCCG/LBL), Stephen Kitchman (Director of Children's Social Care), Barrie Neal (Head of Corporate Policy and Governance), Dave Richards (CYP Group Finance Manager), Janet Senior (Executive Director for Resources & Regeneration), Selwyn Thompson (Head of Financial Services) and Sara Williams (Executive Director, Children and Young People) (London Borough of Lewisham)

### 1. Minutes of the meeting held on 13 July 2017

1.1 **Resolved:** that the minutes of the meeting held on 13 July 2017 be agreed as an accurate record.

### 2. Declarations of interest

2.1 There were none.

### 3. Responses from Mayor and Cabinet

3.1 There were none.

### 4. Social care budgets

4.1 Aileen Buckton (Executive Director for Community Services) introduced an extended presentation (included in the meeting papers). The following key points (in addition to the content of the presentation) were noted:

- Lewisham had a number of statutory responsibilities to assess residents' requirements for care.
- Assessments did not naturally lead to the Council providing support for people in need. This was determined by eligibility criteria.
- Support provided by the Council was costly and money had to be spent wisely.
- There were a number of pressures facing the social care budget. People were living longer in poorer health and they required more complex packages of care. Some care packages cost up to £12k per week.
- There were also high numbers of people with serious mental health conditions across South East London.

- There were increasing numbers of young people with complex learning difficulties and health care needs.
- There were increased costs related to the deprivation of liberty safeguards.
- The adult social care budget was overspent by £5.3m in 2016-17. This year there was currently an overspend of £1.1m.
- Costs could (and should not) not be controlled by denying people access to services.
- The challenge for officers was how best to meet identified needs and how best to secure value for money services.
- Officers had a range of plans to control costs. High cost packages were under constant review. However, the majority of the budget was spent on care and the environment was challenging.

4.2 Aileen Buckton and Dee Carlin (Head of Joint Commissioning) responded to questions from the Committee. The following key points were noted:

- Approximately half of the people being provided services by Lewisham adult social care services were over the age of 85.
- Work to improve discharge of patients from hospital beds had a positive effect on patients, it also reduced costs for hospitals.
- The increased rate of discharge had increased costs in adult social care because higher numbers of people were leaving hospital in poor health and with ongoing complex care needs.
- The improved better care fund paid for some of the increased discharge costs - but not for ongoing care.
- Work had been carried out to determine why Lewisham had the fourth highest number of autism diagnosis in the country (by head of population).
- The level of service provision in Lewisham was one factor which could explain the higher numbers of diagnosis.
- Practitioners were effective at diagnosing autism. It was also thought to be the case in Lewisham that autism was more often diagnosed as a 'primary need' for children with complex needs.
- Cost comparisons with other boroughs were complicated by the costs associated with paying the living wage and the methods that different councils had for allocating short-term and long-term care costs.
- Some nursing care was paid for by the NHS. There were a number of people who had packages of care that received a contribution from the NHS to pay for their healthcare needs.
- Charges were raised against some properties to pay for people's care. Normally the Council would disregard the value of a resident's property if there was a spouse or dependent relative living in the property. There were options to defer the care costs to a future charge on the property.
- The Council had a list of properties against which it had raised charges to pay for residents' care.
- Officers had carried out work to develop the local market for care services. However, it was not always profitable for small organisations to work in care, due to the high costs involved.
- It was difficult for the Council to influence the costs of national providers.
- Nursing home providers were finding it increasingly difficult to recruit and retain nurses.
- More work was taking place to support people in their own homes as well as to join up the support provided by all health care and social care providers working in people's homes.

- There had not been a growth in the number of appeals against care assessments. However, officers would provide some case examples of the ways in which some residents' care packages had been re-evaluated and changed.
- The demand for residential care was highest in residential short stay. Work was taking place with two neighbouring boroughs to collaborate on short term residential care and support in people's homes.
- All of Lewisham's domiciliary care providers paid their staff the living wage.

4.3 Sara Williams (Executive Director for Children and Young People) introduced the report on children's social care. The following key points were noted:

- The report only covered the children's social care budget, not the whole of the children and young people's directorate budget.
- The issues that children's social care were facing in Lewisham were replicated across London and across the country.
- London Councils and the Local Government Association were lobbying the government to provide more money for children's social care. Additional funds had not been made available for children's social care, unlike adult social care.
- The largest proportion of the overspend in the care budget related to placements (residential and fostering). There was also an overspend on staffing.
- The report explained some of the pressures on the children's social care budget. These included: demand pressures as a result of the increasing population; and the effects of ongoing austerity in the community.
- Demand pressures were accompanied by a lack of flexibility in the options for the provision of social care. There was a tight regulatory regime in place, governed by OFSTED.
- At its last OFSTED inspection Lewisham had received a judgement of 'requires improvement' so the Council had a significant improvement agenda.
- There was also a lack of provision in the market across the country, which was driving costs.
- The report set out the directorate's strategy for reducing costs.
- The Council was working to recruit additional foster carers who would foster directly for the Council. The aim was to reduce reliance on costly independent fostering agencies.
- Officers were working to reduce the number of children in residential placements.
- Work was also taking place to reduce the reliance on agency staff.
- A great deal of work had taken place to reduce the costs of contracts and supplies to ensure that the Council was securing the best value for money.

4.4 Sara Williams, Stephen Kitchman (Director of Children Social Care) and Dave Richards (Group Finance Manager for Children and Young People) responded to questions from the Committee, the following key points were noted:

- It was recognised that foster carers needed a comprehensive offer of support and training.
- The market for foster carers was very competitive.

- A great deal of work had taken place on improving the foster carer development programme.
- The cost of placing a child with a Lewisham foster carer was half that of a placement through an agency.
- It was recognised that there was a high rate of (section 47) child protection enquiries. However, Lewisham had a lower rate of referrals than comparator authorities, the number of children in need and families receiving support was also lower. Lewisham was comparable with other authorities in terms of its number of child protection cases and it was reducing the numbers of looked after children.
- Audits of section 47 enquiries and case practice had been carried out to examine the thresholds and improve practice. Recent audits had indicated that Lewisham's practice was well measured.
- Officers had set out a programme of savings that they believed were achievable. It was increasingly challenging to balance day to day pressures with the requirement to bring about transformational change.
- The directorate received a great deal of support from other Council teams.
- It was often challenging to find suitable residential placements for complex cases. For children/young people in need of secure placements there might be five other authorities trying to secure the same placements.
- The Council was working with London Councils and the South London Consortium to bulk purchase (and discount) placements in order to influence the market.
- There was a national market for residential placements – so working collaboratively with other authorities to contain costs was difficult.
- The OFSTED inspection had indicated that work was required to improve the Council's 'front door' arrangements. Lots of work had gone into training staff, improving procedures and developing relationships with partners.

4.5 In the Committee discussions the following points were also noted:

- Members were supportive of officers in the Children and Young People's directorate in terms of officers' attempts to balance day to day pressures with the requirement to make long term changes.
- The Committee commended the work that officers in the children and young people's directorate were carrying out to improve services and reduce costs.

4.6 **Resolved:** that the reports be noted. It was also agreed that officers would provide further details about the financial assessments carried out on residents' homes to pay for their care costs; and provide some examples of the ways in which some residents' care packages had been re-evaluated and changed. The Committee agreed that it would refer its views to Mayor and Cabinet as follows:

- The Committee asks that Mayor and Cabinet task officers with considering cross borough strategies for the provision of long-term residential and nursing care. The Committee believes that there may be innovative ways of working with other boroughs to improve efficiency and deliver better outcomes for residents.

5.1 Joe Dromey (Cabinet Member for Policy and Performance) introduced the report, the following key points were noted:

- The report set out the key messages, key audiences and key communications channels the Council was using to communicate with residents.
- Communication with residents was increasingly important because, whilst people knew that austerity was an issue, there was concern about increases in council tax combined with a reduction in the level of services.
- One of the key messages the Council attempted to get across was that Lewisham was particularly susceptible to reductions in government grant and that's why it had been hit particularly hard by the years of austerity since 2010.
- It was predicted that there would be a 63% decline in government grant from 2010 to 2020.
- Another key communications message was that the Council had already made significant savings and that in doing so it had attempted to protect the frontline and the most vulnerable.
- However, it was also noted that in the next two years the Council needed to make £32m of savings, which meant there would be more difficult decisions to make.
- There were attempts to ensure that the communications message remained positive – in terms of the services that were still being provided and work that was still being carried out (such as the implementation of the London Living Wage).
- There were three principal audiences for communications messages: all council tax payers, Lewisham Council staff and, in the case of specific saving proposals, those service users who were affected by the changes.
- Lewisham Life was a key communication channel. The Council was also increasing its efforts to interact with residents through social media. In the past, council tax letters were an effective way to communicate with residents.
- Officers also used local meetings and local media to communicate with residents. However, it was recognised that the readership of local papers was very low.
- Staff and councillors could also help to communicate key messages.
- The new Head of Communications had been in place for six months. He brought a great deal of public sector experience to the role.
- The communications team were working to improve message discipline. It was recognised that the key messages had to be regularly repeated in order for people to become aware of them.

5.2 Joe Dromey responded to questions from the Committee. The following key points were noted:

- There might be options to run an engagement exercise (similar to the big budget challenge) in the future.
- Major engagement activities were labour intensive and the communications team was much smaller than it had been.
- There would be a change of administration in May, which might change the approach to communications.

- He would discuss the options for using advertising opportunities to convey key budgets messages (on billboards, hoardings and on vehicles) with officers.
- There had to be a consistent message about the impact of austerity on the provision of Council services.

5.3 In the committee's discussions, the following points were also noted:

- Infographics might be a useful way of communicating messages to residents.
- One option for communicating the impact of austerity might be to describe what sorts of services the Council would still be able to offer if its level of funding had remained consistent over the past decade.
- There was lots of data available to buy from organisations that collected information about households. The Council could consider using this to target communication messages.
- The notice boards at the front of the Town Hall could be used to provide information to residents

5.4 **Resolved:** that the Committee would refer its views to Mayor and Cabinet as follows:

- The Committee recommends that Mayor and Cabinet tasks officers with developing a forceful communications campaign that focuses on the use of hoardings and billboards in innovative, large and visually captivating ways in order to reach Lewisham residents with messages about the budget.
- The Committee also recommends officers should also be tasked with considering options for the use of data about Lewisham households to target the Council's communications about its budget.

## 6. Management report

6.1 **Resolved:** that the report be noted.

## 7. Income generation and commercialisation update

7.1 Selwyn Thompson (Head of Financial Services) provided a verbal update about the Council's income generation and commercialisation activities. The following key points were noted:

- Before the summer a report had been provided to Committee about the Council's plans to develop a new procurement team with the expectation that this team would lead future income generation and commercialisation work.
- Approval had been given for the recruitment to the lead post in the new team and the job specification and grading had been agreed.
- The internal advert for the new post would be published in the next two weeks.
- Officers had met with consultants, who would provide support for the new post holder.

7.2 Selwyn Thompson responded to questions from the Committee, the following key points were noted:

- Officers had previously considered options for working with the Association for Public Service Excellence. This work could be revisited.
- There were a range of practical activities that the new post holders would be tasked with carrying out. Their initial emphasis would be on procurement and they would review contracts and ensure that the Council was achieving best value for money.
- There were officers in the organisation that might be able to fulfil the lead procurement role, if it was advertised internally.

7.3 In the Committee discussions, the following key points were also noted:

- The Association for Public Service Excellence had a range of officers with experience and knowledge that could support the Council in its approach to income generation and commercialisation.
- Members were concerned about the proposal to recruit the new post holder internally.
- The Committee was sceptical about the use of private sector consultants.

7.4 **Resolved:** that the Committee would share its views with Mayor and Cabinet as follows:

- The Committee recommends that Mayor and Cabinet tasks officers with meeting representatives of the Association for Public Service Excellence to consider how best the Council can generate income through the use of its existing assets and resources.
- The Committee recommends that Mayor and Cabinet seeks justification from officers about the decision to advertise the new senior procurement role internally rather than externally.
- The Committee also recommends that the appointment of consultants to support the creation of the new procurement and commercialisation team be delayed until options for income generation have been explored with the Association for Public Service Excellence.

## 8. Select Committee work programme

8.1 The Committee noted that the Lewisham Future Programme report would provide the principal focus for the next meeting. It was also agreed that an item on 'pressure on household budgets' would provide the main focus for the Committee's December meeting.

## 9. Referrals to Mayor and Cabinet

9.1 **Resolved:** that the Committee's views under items four, five and seven be referred to Mayor and Cabinet.

The meeting ended at 22:15

Chair:

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Date:

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Public Accounts Select Committee		
Title	Declaration of interests	
Contributor	Chief Executive	Item 2
Class	Part 1 (open)	16 November 2017

## 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;

(b) and 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)

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# Agenda Item 3

Public Accounts Select Committee		
<b>Report Title</b>	Response to the recommendations of the Public Accounts Select Committee on Financial Out-turn 2016-17 and Income Generation	
<b>Key Decision</b>	No	Item No 3
<b>Ward</b>	All	
<b>Contributors</b>	Executive Director for Resources (Head of Business & Committee)	
<b>Class</b>	Part 1	16 November 2017

## 1. Summary

This report informs members of the response given at Mayor and Cabinet to a referral in respect of recommendations to the Mayor by the Select Committee following discussions held on June 28 2017

## 2. Purpose of the Report

To report to members the response given at Mayor and Cabinet to recommendations made by the Select Committee on June 28 2017.

## 3. Recommendation

The Select Committee is recommended to receive the Mayoral response to their considerations on the Financial Out-turn 2016-17 and on Income Generation.

## 4. Background

- 4.1 The Mayor considered the attached report entitled “Response to the recommendations of the Public Accounts Select Committee on Financial Out-turn 2016-17 and Income Generation” at the Mayor & Cabinet meeting held on October 4 2017.

## 5. Mayoral Response

- 5.1 The Mayor received an officer report and a presentation from the Cabinet member for Resources, Councillor Kevin Bonavia.
- 5.2 The Mayor resolved that the attached single response report be submitted to the Select Committee in answer to the two referrals.

## **BACKGROUND PAPERS**

Mayor & Cabinet minutes October 4 2017

If you have any queries on this report, please contact Kevin Flaherty, Head of Business & Committee, 0208 314 9327

<b>Mayor and Cabinet</b>			
<b>Title</b>	Response to Public Accounts Select Committee on the financial outturn for 2016/17 and on income generation	<b>Item No</b>	
<b>Contributors</b>	Head of Corporate Resources		
<b>Class</b>	Part 1	<b>Date</b>	4 October 2017

## **1. PURPOSE**

- 1.1 At its meeting on 28 June 2017, the Public Accounts Select Committee referred the following recommendation to Mayor & Cabinet after reviewing the Council's financial outturn for 2016/17:
- 1.2 To advise Mayor and Cabinet of the following:
- The Committee asks for additional information about the level of the Council's reserves. It would like to better understand the different types of financial reserves held by the Council.
  - The Committee recommends that the contingency put aside in the budget should more closely relate to the level of risk of achieving savings put forward each year in the Lewisham Future Programme.
  - The Committee also requests further information about school deficits. Specifically, it would like to know how many primary and secondary schools are in deficit, how many are projected to be in deficit in the future and whether or not Lewisham is an outlier in London and in England, in relation to the number of schools in financial difficulty.
  - The Committee welcomes the creation of new posts to support the Council's approach to income generation and the Committee recommends that these posts be filled as soon as possible.
  - The Committee believes that the appointees to these posts should have the relevant experience of commercial strategy, innovative business models and procurement to maximise the opportunities available. Members would welcome the opportunity to review CVs for these new posts.
- 1.3 This report provides the information to these questions that can be forwarded to the Public Accounts Select Committee.

## **2. RECOMMENDATION**

- 2.1 The Mayor is asked to:
- 2.1.1 approve the officer response to the referral by Public Account Select Committee on the 2016/17 Financial outturn and income generation, and

2.1.2 agree that this report should be forwarded to the Public Accounts Select Committee.

### **3. BACKGROUND**

3.1 In June 2017 the Financial Results 2016/17 report was presented to the Public Accounts Committee.

3.2 The report summarised the revenue spend end of year results as follows:

- The directorates' net general fund revenue budget was overspent by £9.8m and after applying the corporately held sum of £2.75m for 'risks and other budget pressures' this reduces the overall directorates' overspend to £7m.
- The Dedicated Schools Grant (DSG) of £284.7m was in balance at the end of the year. There were nine schools in deficit at the year-end, three primary schools and the pupil referral unit. All of those schools have a licensed deficit agreement or are in the process of applying for one.

3.3 The level of cuts in central government funding over the years, which has led to unprecedented levels of budget reductions, has made it increasingly difficult for the Council to keep its spend within budget. The Council also continues to face additional pressures and risks which are outside its control.

3.4 The Council has had an end of year overall overspend continuously from 2014/15 to 2016/17. Executive Directors have continued to put in place a number of measures designed to alleviate the Council's overall budget pressures to help bring spending back into line with budget. These measures have included the strengthening of local controls on particular expenditure in the short term.

3.5 It is clear that the short and medium-term outlook will remain difficult. However, the Executive Director for Resources and Regeneration will continue to work with Directorate Management Teams across the council to effect the necessary continued actions to manage their services.

### **4. RESERVES**

#### Introduction

4.1 The use of reserves is not a solution to the year on year loss of grant funding the Council is dealing with and continues to face.

4.2 The Council does not have reserves, other than £13m, which are not identified to specific purposes. The £13m is the minimum level regarded as prudent for an organisation of the scale of the Council and meet the statutory obligation to hold reserves.

4.3 Many of the other reserves are ring fenced to specific purposes such as housing and schools or as part of committed capital investment plans. For the

last three years and again this year the Council has used reserves to set a balanced budget. Without reserves the Council would have to make immediate disruptive in-year cuts in the event of any unforeseen events.

4.4 As per the audited financial statements (see the Movement of Reserves Statement and Note 9), the Council currently holds the following 'usable' reserves:

- Earmarked reserves £150m;
- Capital works, including repairs £109m;
- Housing Revenue Account (HRA) £57m; and
- General reserve £13m.

#### Earmarked Reserves

4.5 The earmarked reserves of £150m are committed to areas of ongoing activity, spending on which extends beyond one year, and for certain anticipated priorities via the specific earmarked reserve.

4.6 The majority of earmarked reserves, £79m, are committed to underpin the following ongoing activities:

- PFI sinking funds (principally schools) to protect assets £24m;
- New Homes Bonus to support service growth as used in recent budgets £20m;
- Schools balances £17m;
- Self-insurance reserves held to limit the level of premium and tax paid £17m; and
- Capital programme spend £1m.

4.7 The specific earmarked reserves of £71m are set aside to fund a range of priorities, including:

- Monies to fund the transformation and redundancy costs of implementing savings and changing the Council;
- Pension obligations, mainly for legacy London arrangements;
- Capital projects – highways and estate – to be funded (not from grant); and
- Corporate & Directorate projects – e.g. ICT changes, elections, and other areas of budget priority or pressure.

### Capital works

- 4.8 The capital works reserves of £109m include capital receipts, grants, and revenues set aside for asset and major repairs works. They are held for projects agreed by Council as part of the capital programme. The four year capital programme to 2020/21 was agreed as part of setting the 2017/18 budget in February 2017.
- 4.9 The budget agreed a four year programme of £99m with the main elements for projects in respect of:
- Bringing forward additional school places;
  - Maintaining highways and infrastructure assets;
  - Acquisition or development of additional non-HRA housing; and
  - Progressing regeneration schemes.
- 4.10 The budget further identifies how these projects are expected to be funded, from a combination of grant, capital receipts, revenue set aside for capital purposes and borrowing. The statutory conditions attached to these monies mean they have to be spent on capital projects and cannot be used as a substitute for revenue spending.

### Housing Revenue Account

- 4.11 The HRA reserves of £57m have been built up in recent years to support the strategy within the 30 year business plan to maintain existing stock to 'Decent Homes' standard and bring forward new build developments to increase the amount of stock available as part of the Council's 'Housing Matters' programme.
- 4.12 The HRA business plan for the next four years is summarised in the Council's annual budget as part of the capital programme. The budget notes the HRA business plan priorities and identifies £237m of expected capital commitments to 2020/21. This follows updated stock condition surveys, the target for an additional 500 homes, and future new build plans.
- 4.13 The £57m of HRA reserves will therefore be fully required to support these capital project plans.

### Other considerations and next steps

- 4.14 As well as having already committed £5m of reserves as part of the 2017/18 budget, the Council is currently facing a forecast in-year overspend of £13m. This arises in the main from the rising costs of children and adult social care, environment service costs, and delay in achieving some savings. If these pressures are not managed or alternative savings found then the overspend becomes a further call on reserves.

- 4.15 The Council does review its reserve position regularly and will do so again as part of preparing the 2018/19 budget. As noted above, this has to be done with great caution as reserves can only be used once.

## 5. PRESSURES AND RISKS

- 5.1 Every year, when setting the annual budget, the Council approves an amount to be set aside to cover specific identified budget pressures and identified budget risks. These arise as a result of mainly external factors outside the Council's control such as a change in legislation, or a change in demographics.
- 5.2 Not all budget pressures are recommended for funding, a number of them are expected to be contained within existing budgets. There are, however, those that the Executive Director for Resources and Regeneration considers unmanageable and need to be funded. If they are not funded, they would definitely contribute to an increase in the overspend at the end of the year.
- 5.3 The discussion in the budget report and the decisions on which pressures and risks to fund is linked to controlling the Council's overall overspend at the end of the year. Addressing the overspend pressures then allows the focus to be on savings.
- 5.4 Table 1 below summarises how this budget, approved by Council when setting the annual budget, has been committed from 2014/15 to 2017/18. It shows that all of the risk and pressures monies have been committed.

**Table 1: Use of pressures and risks budget 2014/15 to 2017/18**

Use of risk and pressures in Council's budget	14/15	15/16	16/17	17/18
	£m	£m	£m	£m
Total allocated risk and pressures budget	7.50	7.50	7.50	6.50
B/fwd from previous year		3.90		
Prior year allocations recouped as not needed				0.75
<b>Revised Total</b>	<b>7.50</b>	<b>11.40</b>	<b>7.50</b>	<b>7.25</b>
<b>Allocated in budget to in-year pressures (as set out below):</b>	<b>-3.60</b>	<b>-8.18</b>	<b>-3.75</b>	<b>-5.12</b>
<i>Actuarial Valuation</i>	1.00	1.00	1.00	
<i>Asset Management</i>	0.15			
<i>Concessionary Fares</i>	0.80	0.43	0.20	
<i>Highways</i>	0.35	0.35	0.35	0.35
<i>Looked After Children</i>	0.50			1.20
<i>Parking</i>	0.80			
<i>London living wage &amp; travel time</i>		2.20		
<i>Waste Disposal</i>		0.30		
<i>No recourse to public funds</i>		2.90		0.50
<i>Nightly paid accommodation</i>		1.00		

Use of risk and pressures in Council's budget	14/15	15/16	16/17	17/18
	£m	£m	£m	£m
<i>National Insurance changes</i>			2.00	
<i>Licensing</i>			0.20	0.20
<i>Business rates appeals</i>				0.50
<i>Apprenticeship Levy</i>				0.40
<i>Unachieved savings - Education Support</i>				0.40
<i>Unachieved savings - Waste Disposal and Parks income</i>				0.50
<i>Unachieved savings - advertising and wireless income</i>				0.35
<i>Leaving Care</i>				0.20
<i>CYP Transport</i>				0.50
<i>Business rates discretionary relief</i>				0.02
<b>Balance unallocated</b>	<b>3.90</b>	<b>3.22</b>	<b>3.75</b>	<b>2.13</b>
Allocated to additional pressures at year end (as set out below):		-3.22	-3.75	TBC
<i>No recourse to public funds</i>		1.20		
<i>Temporary accommodation</i>		2.02		
<i>Dry recycling costs</i>			1.00	
<i>Reduce future year savings target</i>			2.75	
<b>Final balance</b>	<b>-3.90</b>	<b>0.00</b>	<b>0.00</b>	<b>TBC</b>

## 6. SCHOOL DEFICITS

- 6.1 The latest available data from the end of March 2017 shows that Lewisham has three primary schools and nine secondary schools in deficit. The average deficit in primary schools is £75k and in secondary schools it is £402k. In Lewisham 14% of the schools have deficits.
- 6.2 There is no detailed national data published on school deficits but there is summarised data. The latest data available relates to the position for schools at the end of March 2016. Nationally (excluding academies) 6% of maintained schools have a deficit. The average deficit in primary schools is £37k and in secondary schools it is £373k.
- 6.3 In comparison with the national data, at end of March 2016 12% of Lewisham schools were in deficit. The average primary deficit was £42k and the secondary schools' deficit averaged £365k.
- 6.4 There is no specific data published on London. There is data published by the Department for Education which shows the in-year balance for each school (the difference between the income the school received and expenditure made for a year). However, this does not show any carry forward or reserves the school holds, making it impossible to see which schools are in deficit.

- 6.5 Last year we approached each London borough and asked them the number of schools they had in deficit and the size of those deficits. The responses we received are summarised in the attached table at Appendix 1. Compared to those Boroughs who shared this information it identifies a disproportionately high number of Lewisham secondary schools with a deficit. However, this has to be understood in the context that the majority of local authorities, unlike Lewisham, now have very low numbers of secondary schools because of the level of academies.

## **7. INCOME GENERATION**

- 7.1 The Committee recommended that the posts outlined in the update report to be filled as soon as possible. The Committee also recommended that the appointees to these should have the relevant experience of commercial strategy, innovative business models and procurement in order to maximise the opportunities available.
- 7.2 Since the committee meeting and over the course of the summer, officers have developed a job description and person specification for the main post. The job description and person specification have now been externally evaluated. This post is being advertised internally during October and the post-holder is expected to work with others in the Council to re-establish the in-house procurement function. It is intended that this will, in turn, provide the appropriate platform for the development of a more commercial approach to income generating activities for the Council.
- 7.3 As part of the Council's approach to this work, officers are currently liaising with a company of recruitment consultants specialising in procurement and commercial personnel for an individual who could be engaged for a short term period to support the new appointment in building the procurement and commercial base.
- 7.4 Members will continue to be update on progress.

## **8. FINANCIAL IMPLICATIONS**

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

## **9. LEGAL IMPLICATIONS**

No specific legal implications.

## **10. HUMAN RESOURCES IMPLICATIONS**

- 10.1 There are no human resources implications in this report.

## 11. CRIME AND DISORDER

11.1 There are no crime and disorder implications in this report.

## 12. EQUALITIES

12.1 There are no equality implications in this report.

## 13. BACKGROUND DOCUMENTS AND FURTHER INFORMATION

Short Title of	Date	Location	Contact
Medium Term Financial Strategy 2018/19 to 2021/22	19 July 2017 (M&C)	5th Floor Laurence House	David Austin
Financial Results for 2016/17	28 June 2017 (PAC)	5th Floor Laurence House	Selwyn Thompson
2017/18 Budget Report	22 February 2017 (Council)	5th Floor Laurence House	David Austin

**For further information on this report, please contact:**

David Austin - **Head of Corporate Resources on 020 8314 9114**

or

Selwyn Thompson - **Head of Financial Services on 020 8314 6932**

**APPENDIX 1 – London Boroughs schools in deficit at 31 March 2017**

Borough and type of school	No. schools	No. of schools forecasting a deficit				Deficits as % of total schools		
		No.	£0-499k	£500-999k	£1m+	£0-499k	£500-999k	£1m+
<b>Bexley</b>								
Primaries	31	0	0	0	0	0%	0%	0%
Secondaries	0	0	0	0	0	0%	0%	0%
<b>Bracknell Forest</b>								
Primaries	35	3	3	0	0	9%	0%	0%
Secondaries	4	1	1	0	0	25%	0%	0%
<b>Bromley</b>								
Primaries	11	1	1	0	0	9%	0%	0%
Secondaries	1	0	0	0	0	0%	0%	0%
<b>Croydon</b>								
Primaries	60	3	3	0	0	5%	0%	0%
Secondaries	6	3	2	1	0	33%	17%	0%
<b>Ealing</b>								
Primaries	64	2	2	0	0	0%	0%	0%
Secondaries	9	0	0	0	0	0%	0%	0%
<b>Enfield</b>								
Primaries	61	1	1	0	0	2%	0%	0%
Secondaries	11	5	2	0	3	18%	0%	27%
<b>Greenwich</b>								
Primaries	60	1	1	0	0	2%	0%	0%
Secondaries	5	3	1	1	1	20%	20%	20%
<b>Hackney</b>								
Primaries	52	5	5	0	0	10%	0%	0%
Secondaries	17	0	0	0	0	0%	0%	0%
<b>Harrow</b>								
Primaries	36	0	0	0	0	0%	0%	0%
Secondaries	2	0	0	0	0	0%	0%	0%

Borough and type of school	No. schools	No. of schools forecasting a deficit				Deficits as % of total schools		
		No.	£0-499k	£500-999k	£1m+	£0-499k	£500-999k	£1m+
<b>Havering</b>								
Primaries	50	8	8	0	0	16%	0%	0%
Secondaries	4	3	3	0	0	75%	0%	0%
<b>Hillingdon</b>								
Primaries	51	1	1	0	0	2%	0%	0%
Secondaries	2	1	0	1	0	0%	50%	0%
<b>Islington</b>								
Primaries		1						
Secondaries		1						
<b>Kingston</b>								
Primaries	31	1	1	0	0	3%	0%	0%
Secondaries	1	1	0	0	1	0%	0%	100%
<b>Lambeth</b>								
Primaries	58	4	4	0	0	7%	0%	0%
Secondaries	8	0	0	0	0	0%	0%	0%
<b>Lewisham</b>								
Primaries	63	3	3	0	0	5%	0%	0%
Secondaries	11	9	7	2	0	64%	18%	0%
<b>Richmond</b>								
Primaries	40	1	1	0	0	3%	0%	0%
Secondaries	2	0	0	0	0	0%	0%	0%
<b>Sutton</b>								
Primaries	33	1	1	0	0	3%	0%	0%
Secondaries	3	1	1	0	0	33%	0%	0%
<b>Waltham Forest</b>								
Primaries	31	3	3	0	0	10%	0%	0%
Secondaries	10	3	3	0	0	30%	0%	0%

<b>Overview and Scrutiny</b>		
<b>Report Title</b>	Lewisham Future Programme 2018/19 Revenue Budget Savings Report	
<b>Key Decision</b>	No	<b>Item No. 4</b>
<b>Ward</b>	All Wards	
<b>Contributor</b>	Executive Director for Resources & Regeneration	
<b>Class</b>	Part 1	<b>16 November 2017</b>

## 1. PURPOSE

- 1.1. To set out the officer revenue budget savings proposals to be considered by Scrutiny, and need to be approved as part of the preparation of a balanced budget for 2018/19.

## 2. EXECUTIVE SUMMARY

- 2.1. The Council's net General Fund budget for 2017/18 is £232.7m. This is based on using reserves for the fourth consecutive year to balance the budget and follows three years of Directorates overspending, in part due to the delivery of savings becoming harder. The current Directorate projections for 2017/18 are for an overspend of over £13m, of which £7m relates to previously agreed but as yet unachieved savings.
- 2.2. To put the Council's finances on a sustainable footing, the Medium Term Financial Strategy identifies the need for £33m of ongoing savings in the two years to 2019/22 - £22m in 2018/19 and £11m in 2019/20. This is on top of the need to address the persistent in-year overspend in Directorate budgets.
- 2.3. The MTFS anticipates that post 2020 approximately £10m per year of savings will be required. These savings projections remains an estimate pending confirmation of any policy, funding, or wider implications from the Chancellor of the Exchequer's Autumn Budget in November and Local Government Finance Settlement announcement in December. And the next Comprehensive Spending Review (CSR), expected in 2020.
- 2.4. From 2010 to 2020 this will bring the total savings made and required to £193m, of which £160m have been agreed with £153m delivered and £7m in the forecast overspend. This report concentrates on the £40m - £7m to be delivered (agreed and part of the 2017/18 budget) and the £33m to be identified (£22m in 2018/19 and £11m in 2019/20).
- 2.5. Through the Lewisham Future Programme approach officers have worked hard to identify possible new savings proposals towards meeting these

savings targets. In so doing, targets by work strand have been set on a differential basis to protect front-line services where possible.

2.6. The detail presented in this report identifies potential savings proposals from officers of £4.85m. By work strand these are:

Savings proposals for 2018/19	Prev. agreed	New proposals	Total	Target	Gap
	£'000	£'000	£'000	£'000	£'000
A - Smarter & deeper integration of social care & health	300		<b>300</b>	6,100	<b>-5,800</b>
B - Supporting People		70	<b>70</b>	0	70
D – Efficiency Review		1,000	<b>1,000</b>	0	1,000
E - Asset rationalisation		500	<b>500</b>	4,400	<b>-3,900</b>
I - Management & corporate overhead		1,290	<b>1,290</b>	3,300	<b>-2,010</b>
J - School effectiveness		360	<b>360</b>	600	<b>-240</b>
K - Drugs & alcohol		30	<b>30</b>	0	30
L- Culture & community services	130		<b>130</b>	1,000	<b>-870</b>
M - Strategic housing		250	<b>250</b>	600	<b>-350</b>
N Environment services			<b>0</b>	2,300	<b>-2,300</b>
O - Public Services		500	<b>500</b>	1,400	<b>-900</b>
P - Planning & economic development		270	<b>270</b>	600	<b>-330</b>
Q - Early intervention & safeguarding	150		<b>150</b>	1,700	<b>-1,550</b>
<b>Proposals</b>	<b>580</b>	<b>4,270</b>	<b>4,850</b>	<b>22,000</b>	<b>-17,150</b>

2.7. Proformas are provided for the new savings for 2018/19 and are appended to this report.

2.8. At this stage, if all these savings proposals are agreed and there are no surprises from the local government finance settlement in December, the Council's budget for 2018/19 would need to be set using £17.15m of reserves. By not overstating the level of possible savings at this stage this will hopefully give services the time to address the 2017/18 overspends and consolidate and extend the service changes already in train.

2.9. Overall the strategic direction for services in terms of the Lewisham Future Programme and Lewisham 2020 themes remains sound. Management focus is on:

- Catching up and delivering unachieved savings from 2017/18 and taking management action to bring overspends back in-line with budgets;

- Continuing the work to manage demand, improve service effectiveness and efficiency, and generate income to bring the return for this work through the financial monitoring in 2018/19; and
- Work on bringing forward further proposals to close this gap as soon as possible, including through 2018/19 so that part year effects can be taken.

2.10. Finally, the report notes that the Public Health savings are being made separate and there is over £15m of current expenditure in areas where there is discretion but no proposals at present. This spend will be kept under review as part of the work outlined above.

### **3. RECOMMENDATIONS**

3.1. The scrutiny committees are asked to:

3.1.1. Note the progress with identifying savings, the £17m shortfall against the target for 2018/19, and the implications for the use of reserves.

3.1.2. Review the new savings proposals presented in Section 9 and Appendices i to xii, totalling £4.3m and referenced: B4; D2; E8; I12, 13, 14, & 15; J3; K5; M8; O5; and P3.

3.1.3. Note the previously agreed savings for 2018/19 in Section 11, totalling £0.6m and referenced: A19; L8; and Q6 & 7.

3.1.4. Note the update on progress in relation to Public Health savings in Section 12.

3.1.5. Make any recommendations to the Public Accounts Select Committee for referral to Mayor & Cabinet.

### **4. STRUCTURE OF THE REPORT**

4.1. The report is structured into the following sections with supporting Appendices.

Section	Title
1	Purpose of the report
2	Executive summary
3	Recommendations
4	Structure of the report
5	Financial Context
6	Lewisham Future Programme Approach
7	Principles
8	Lewisham 2020

9	Savings
10	Other Areas
11	Previously Agreed Savings
12	Public Health Savings Update
13	Timetable
14	Financial implications
15	Legal implications
16	Conclusion
17	Background documents
	Appendices

## 5. FINANCIAL CONTEXT

- 5.1. The Council has a net General Fund budget for the current financial year, 2017/18, of £232.7m. The schools Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA) are discrete and so do not form part of this savings report.
- 5.2. In addition, the Council receives and spends other income and grants for General Fund services which are budgeted for on a net nil basis – i.e. expenditure matches the level of income. These include: Public Health, Better Care Fund & improved Better Care Fund, fees and charges; and various grants for areas such as troubled families and homelessness. Any overspend in these areas has to be met from other resources in the General Fund.
- 5.3. In 2016/17 the Council ended the financial year with a Directorate overspend position of £9m with the largest pressures being in the areas of Children’s Social Care, Joint Commissioning, Adult Social Care, and Environment. These pressures arise from a combination of the:
- Impact of government policy changes;
  - Market developments and responses to inspection findings;
  - Demand pressures as the population of Lewisham grows; and
  - Difficulties in delivering agreed savings with the full financial impact.
- 5.4. The 2017/18 budget is under pressure from the need to deliver services within the available level of financial resource and identify further savings. The 2017/18 budget was set using £5m of reserves as insufficient savings were agreed. This savings shortfall is carried forward and forms part of the £22m target for 2018/19. Furthermore, Directorates are currently forecasting an end of year overspend in the region of £13m, including £7m of as yet unachieved savings. Any overspend also has to be met from the use of the Council’s once-off reserves and provisions.

- 5.5. In the eight years between 2010/11 and 2017/18 the Council has agreed savings of £160m of which £153m have been delivered and £7m form part of the forecast overspend for 2017/18 as noted above.
- 5.6. In July 2017, the Council's Medium Term Financial Strategy (MTFS) was presented to members. This referenced a number of risks, the likelihood and impacts of which remain uncertain. The main risks are in the areas of:
- government policy and funding changes;
  - development and changes for London via the devolution agenda;
  - employment and business prospects impacting the local tax take; and
  - demographic change and the wider social implications resulting from the above.
- 5.7. For 2018/19 and beyond, to put the Council's finances on a sustainable footing, the MTFS identifies the need for £33m of ongoing savings in the two years to 2019/20 – split £22m in 2018/19 and £11m in 2019/20.
- 5.8. The MTFS also anticipates that post 2020 approximately £10m per year of savings will be required. These longer dated savings projections remain uncertain pending confirmation of any policy, funding, or wider economic changes. These estimates will be revisited for any implications from the Chancellor of the Exchequer's Autumn Budget in November and Local Government Finance Settlement announcement in December. And, looking further ahead, for the next Comprehensive Spending Review (CSR) expected in 2020.

## **6. LEWISHAM FUTURE PROGRAMME APPROACH**

- 6.1. The Lewisham Future programme is the Council's approach to making the transformational changes necessary to reposition itself strongly for the future while living within the financial resources at its disposal. It is guided by the Council's enduring values and Corporate Savings Principles agreed in 2010 (see Appendix x), the elected administration's manifesto commitments, and its emerging political priorities for the savings.
- 6.2. The Council continues to approach the task of identifying savings around the thematic and service areas agreed in the Programme. This involves looking at the anticipated savings required for the five years to 22/23, considering the finances available, growth and other pressures on Council services, and other wider social and economic risks and opportunities. The MTFS identifies a base line savings requirement of £52m over the next five years, equivalent to a reduction of 22% from the 2017/18 net General Fund budget of £232m.
- 6.3. Given the level of uncertainty noted in the financial context above, targets by work strand have only been set for the next two years, to 2019/20. These total £33m and will take the Council to the end of the current four year settlement from Government to 2019/20. As in previous years, the Lewisham Future Programme continues to try and protect front line services where possible and fairly reflect what has been delivered to date.

Work strand and savings target as % of net General Fund budget		£m
<b>A</b>	Smarter & deeper integration of social care & health	-9.2
<b>B</b>	Supporting people	-0.0
<b>D</b>	Efficiency	-0.0
<b>E</b>	Asset rationalisation	-6.6
<b>H</b>	Enforcement & regulation	-0.0
<b>I</b>	Management & corporate overheads	-4.9
<b>J</b>	School effectiveness	-0.9
<b>K</b>	Crime reduction	-0.0
<b>L</b>	Culture & community services	-1.5
<b>M</b>	Housing strategy & non-HRA services	-0.9
<b>N</b>	Environmental services	-3.4
<b>O</b>	Public services	-2.1
<b>P</b>	Planning & economic development	-0.9
<b>Q</b>	Safeguarding & early intervention services	-2.6
	<b>Total</b>	<b>-33.0</b>

- 6.4. As for 2017/18 the cross cutting work strands C, F & G have not been set targets. These areas, include business and customer transformation, shared services, and income generation. This is to avoid duplicate work and the risk of double counting. This does not mean work in these areas stops, indeed these areas are the focus of the Lewisham 2020 approach set by members (see below).
- 6.5. Savings identified by these enabling approaches will be tracked but with the main financial monitoring continuing via the service budgets. This is to ensure that the Council has a direct view and understanding of where savings are being taken from budgets and that the responsible budget holders are clear on the budgets they have and are responsible for managing within
- 6.6. The focus of the savings has to be on the net General Fund budget as this is the subject of the statutory requirement for the Council to set a balanced budget. However, in respect of the Lewisham 2020 transformation enablers it is also important to look at the full (gross) scale of activity to effectively change operational models and culture through different ways of working. This further highlights where the scale of the Council's activity is and where there are more opportunities to re-shape, rather than stop services, while delivering the savings required.

## 7. PRINCIPLES

- 7.1. As noted above, the proposals are presented by Lewisham Future Programme thematic work strand. They have been developed with regard to the nine savings principles defined by the Council to take a one Council view (avoid

cost shunting), build for sustainable options where possible, and be equitable by putting the customer first (see Appendix x).

7.2. Savings are presented in the context of the budget and scope of the service areas in each work strand. The savings are presented as (although not in this order): 1) those proposals officers are progressing, 2) those proposals which need further member input and decisions to progress, and 3) those areas under review but further work is required before savings can be proposed with certainty.

7.3. To facilitate tracking of the individual proposals, as was done last year, the referencing used by Lewisham Future Programme work strand is the same and the numbering continues on from the 2017/18 proposals.

## 8. LEWISHAM 2020

8.1. The savings proposals will also be assessed through the lens of the enabling approaches, set out in the Lewisham 2020 strategy, to help with monitoring how the savings and service changes are delivered.

8.2. The Lewisham 2020 themes are:

- Creating the conditions where communities will be able to support themselves;
- Actively exploring all opportunities to share services;
- Digitising our services and our interactions with residents (to help simplify and manage demand); and
- Developing entrepreneurial approaches to income generation, particularly in relation to assets.

8.3. The table below summarises examples of savings made to date and proposed (as set out in this report) by Lewisham 2020 transformation theme.

Transformation theme	Examples - proposed
<b>Communities supporting themselves</b>	<ul style="list-style-type: none"> <li>• None at this time</li> </ul>
<b>Sharing Services</b>	<ul style="list-style-type: none"> <li>• None at this time</li> </ul>
<b>Digitising services</b>	<ul style="list-style-type: none"> <li>• Implementing enterprise resource planning system for finance, HR &amp; payroll processes</li> </ul>
<b>Managing demand</b>	<ul style="list-style-type: none"> <li>• Offering better housing solutions for those in temporary accommodation</li> </ul>
<b>Income generation</b>	<ul style="list-style-type: none"> <li>• Improve accuracy of single person discount claims</li> <li>• Planning Services</li> </ul>

8.4. In addition to the approaches noted above, the level of savings required continues to require work on cost control in all areas (e.g. use of agency staff, contract management, etc.) and an acceptance of more service and financial risk through leaner corporate governance, risk and control arrangements.

**9. SAVINGS**

9.1. The £4m of savings presented in overview in this section all relate to the savings required of £22m in 2018/19. The £0.6m of previously agreed savings for 2018/19 that also contribute to this target are recapped in Section 11 below.

9.2. As there is a substantial gap in the level of savings proposed against the target required for 2018/19, the current financial position and ongoing work is also presented by work strand.

**A Smarter & deeper integration of social care & health**

Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
112.9	-44.3	<b>68.6</b>	<b>-6.1</b>

Scope

9.3. The largest part of this area’s spend relates to the delivery of Adult Social Care services, which offer a range of care and support services to help frail, disabled and other vulnerable adults to remain independent, active and safe. Support is provided in their own homes, in a community setting or in a care home. Also important to the success of this area is the work with partners on shaping local health services and support for the health of the local population.

9.4. This work strand now excludes changes to Public Health funding (including early years health visiting) as the ongoing annual reductions of this grant to 2019/20 are being managed separately to keep spending in line with available grant (see Section 12 below).

9.5. The gross level of expenditure reflects the level of annual Better Care Fund and improved Better Care Fund monies, income from self-funding clients, and other grants for these services. The net budget includes the contribution from the Adult Social Care precept raised as part of the Council Tax which is meeting the above inflationary rises to the London Living Wage.

9.6. The Adult Social Care Precept (ASCP) was levied in 2016/17 at 2% on Council Tax and in 2017/18 at 3%. Going into 2018/19 this has added £4.6m to the service budget. As part of the four year settlement with Government to

2019/20 the Council can levy a further 3% on Council Tax for the ASCP. The MTFs assumes this will be done by 1% on 2018/19 and 2% in 2019/20.

### Savings

- 9.7. In 2017/18 the service is forecasting an overspend of £1m which includes unachieved savings of £3m which have slipped.
- 9.8. Work continues to deliver these savings as planned. The savings are dependent on delivery of the extra care housing schemes, effective care planning, managing commissioning and market stability, and service reorganisations to take advantage of the systems upgrade and digital transformation work currently underway.
- 9.9. This service area is very dependent of the good working relationships with partners and there is a lot of potential change in respect of the integration of health and care governance, financing and operational arrangements, both locally and at the south east London regional level. This complicates planning.
- 9.10. No new savings are proposed at this time as the work still in progress needs to be concluded and the impact evaluated to avoid any unintended consequences. This leaves a savings gap for 2018/19 of £6.1m for this workstrand.

## **B – Supporting People**

### Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
17.6	-8.2	9.4	-0.0

### Scope

- 9.11. The service is focused on supporting those vulnerable people who are working to overcome addiction, the impact of violence or mental health issues to help them get back into main stream support.

### Savings

- 9.12. This service are is current forecasting a balanced budget for 2017/18.
- 9.13. No further savings target has been set for this area in 2018/19 following the re-procurement of contracts in recent years. This will be kept under review.

Nonetheless the service is proposing one saving for £70k in respect of service rental income.

Risks

9.14. The risk of taking this approach is felt to be minimal at 1% of the budget.

Summary

9.15. The potential saving for work strand B – is:

D – Efficiency Review	18/19 £'000	Key decision	Public consultation	Staff consultation
<b>B4 – Service economy rental income</b>	70	N	N	N

9.16. Please see appendix i for the saving proforma B4.

**D Efficiency Review**

Budget

9.17. No specific budget applies to this work strand and as such no savings target has been attributed. However, as set out in the MTFS, allowance is made in the financial modelling for the budget for annual inflationary increases. For 2018/19 these are £1.1m for pay and £2.6m for non-pay expenditure.

Savings

9.18. For the past four years the allocation of inflation has been reduced by £2.5m annually as a general cost control measure. It is now proposed to reduce the levels of inflationary growth allocated to services by £1.0m when setting the base budgets for 2018/19.

Risks

9.19. The risk to achieving this saving is that services will not be able to contain their expenditure within the tighter limits, either on staffing costs (including agency spend) or contract expenditure, resulting in an overspend.

Summary

9.20. The potential saving for work strand D – is:

D – Efficiency Review	18/19 £'000	Key decision	Public consultation	Staff consultation
<b>D2</b> – reduction in allocated inflation	1,000	Y	N	N

9.21. Please see appendix i for the saving proforma D2.

## E Asset rationalisation

### Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
47.7	-40.4	<b>7.3</b>	<b>-4.4</b>

### Scope

9.22. This service works to renew the physical fabric of the borough sustainably and to enhance the overall well-being of Lewisham as a place. This is managed through programme management capital delivery, school place expansion programme, town centre regeneration, asset strategy, contract management, maintenance of the corporate estate (including investment assets), and transport (including highways improvement and lighting).

### Savings

9.23. This service are is forecasting an overspend of £0.6m for 2017/18, mainly due to shortfalls income from utilities companies for licensed work and advertising income.

9.24. While not delivered exactly as profiled, the service has delivered the budget reductions agreed as savings in previous years. Given the scale of the Council's assets and landlord commitments, any significant future savings will need to come as income from development rather than cost reduction. By its nature such development is complex and takes time, many years, to bring forward.

9.25. As part of this work is ongoing to bring forward Private Rented Scheme (PRS) development options as a means to generating additional income for the Council while also providing additional housing stock in the Borough.

9.26. **E8** – Establishment of Joint Venture to develop Besson Street PRS - £0.5m

- Subject to the Mayor and Cabinet decision on the Besson Street procurement in December 2017, it is anticipated that the value realised from the proposed partnership will start to accrue from 2018/19.

Risks

9.27. The risks and challenges to achieving these savings will be the ability to appraise, design, procure, partner and deliver developments at pace and in line with the Council's, often competing, financial, economic development, planning and social objectives.

Summary

9.28. The potential saving for work strand E – is:

<b>E – Asset Rationalisation</b>	<b>18/19 £'000</b>	<b>Key decision</b>	<b>Public consultation</b>	<b>Staff consultation</b>
<b>E8 – income from PRS joint venture for Besson St.</b>	500	Y	N	N

9.29. Please see appendix ii for the saving proforma E8. This leaves a savings gap for 2018/19 of £3.9m for this work strand.

**H Enforcement & regulation**

9.30. No savings target has been set for this area following the major reorganisation and change of approach to an intelligence led and targeted response service. Some aspects of this service, in particular food standards, are subject to external inspection and the approach now in place is proven but with concerns noted for any further reductions. The service performance is being monitored before further risks and savings are considered.

**I Management & corporate overheads**

Budget

<b>2017/18 Budget book</b>			<b>Savings target for 2018/19 £m</b>
<b>Gross Exp. £m</b>	<b>Income £m</b>	<b>Net Gen. Fund Exp. £m</b>	
22.4	-5.7	<b>16.7</b>	<b>-3.3</b>

Scope

9.31. The services included within this work strand include the corporate and democratic core, the cost of members and senior management, and the corporate administrative services that help coordinate and support the externally focused work in Directorates. These services include: Human Resources; Legal and Electoral Services; Corporate Resources; Finance; Policy, Performance and Governance; and Strategy.

### Savings

9.32. Most of these services are spending to budget in 2017/18. The main exception is Information Technology where an overspend of £1.2m is forecast. This has arisen due to: 1) the higher than expected costs to complete the digital upgrade work as part of making Lewisham's technology fit for purpose going into the shared service with the London Borough of Brent; and 2) lower than expected savings from the expansion of the shared service to include other partners, most recently the London Borough of Southwark.

9.33. From this starting point, the four savings proposed in this work strand continue the rigorous focus on tightening up procedures to increase productivity and realise further efficiencies. They are:

9.34. **I12** – Administration budget cut - £0.02m

- Further reduce the administrative budget to support senior management

9.35. **I13** – More efficient and effective finance processes - £0.2m

- Following the move to Oracle Cloud as part of the 'Invest to Save' work to implement an Enterprise Resource Planning (ERP) system, revisit the finance operating model and procedures to streamline processes.

9.36. **I14** – Loss of the Police Officer secondment - £0.07m

- In 2017/18 the Police Officer secondment programme was ended by the Metropolitan Police Service.

9.37. **I15** – Review of accounting policies in respect of the balance sheet - £1.0m

- As part of the Treasury Management Strategy review the Council's Minimum Revenue Provision policy and re-evaluate the appropriate levels required in line with current asset valuations to remain prudent.

### Risks

9.38. The risks and challenges to achieving these savings will be to ensure Council business is covered satisfactorily, undue risk and cost shunts do not arise, and statutory obligations continue to be met in full. These risks remain particularly acute in the area of management and corporate overheads as the Council has emphasised savings from these corporate support functions and their related activities in services (e.g. local finance, technology and business support activities) to protect front line services to citizens.

### Summary

9.39. The savings being proposed for work strand I – are:

I – Management & corporate overheads	18/19 £'000	Key decision	Public consultation	Staff consultation
I12 – Administration budget cut	20	N	N	N
I13 – More efficient and effective finance processes	200	N	N	Y
I14 – Loss of the Police Officer secondment	70	N	N	N
I15 – Review of accounting policies in respect of the balance sheet	1,000	Y	N	N

9.40. Please see appendix iii to vi for the saving proforma proposals I12 to I15. This leaves a savings gap for 2018/19 of £2.0m for this work strand.

## J School effectiveness

### Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
2.6	-1.1	1.5	-0.6

### Scope

9.41. The Service includes all functions related to raising standards of achievement in schools; governors; elective home education; the Attendance and Welfare service; improving schools' and settings' capacity to meet the needs and raise standards for all children. The Service also includes Looked After Children education, Not in Education or Employment Training (NEET) reduction, a traded HR service for schools and places planning and delivery of those places across early years, mainstream school places and Special Education Needs (SEN) places.

### Savings

9.42. The service is currently spending to budget. While it is not anticipated that the Council's statutory duties for schools, and particularly safeguarding within them, will be removed schools funding is to be channelled to them directly. This is likely to change the relationship and level of engagement the Council has with schools and the related costs or recharges appropriate for the Council's work with schools in future.

9.43. The savings proposed for this are:

- 9.44. **J3** – Statutory functions for school effectiveness - £0.36m
- The Department for Education (DfE) has moved the grant supporting statutory education services to the schools.

Risks

9.45. The risks to this service include the demographic pressures with a growing number of children and young people in London, a rising level of need for additional support in schools with a high level of pupils eligible for free school meals, and the national funding formula changes which is putting cost pressures on Lewisham schools.

Summary

9.46. The savings being proposed for work strand J – are:

J – School Effectiveness	18/19 £'000	Key decision	Public consultation	Staff consultation
<b>J3</b> – Statutory functions for school effectiveness	360	?	?	?

9.47. Please see appendix vii for the saving proforma for proposal J3. This leaves a savings gap for 2018/19 of £0.24m for this work strand.

**K Crime reduction**

Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
3.1	-1.2	<b>2.9</b>	<b>-0.0</b>

Scope

9.48. The service is focused on Crime reduction, safer neighbourhood initiatives and CCTV. Supporting children and young people who are involved in or are the victims of crime.

Savings

- 9.49. No savings target has been set for this area as it is now almost entirely covered by the overlap with decisions on public health spending and reliance on London Mayoral funding. Overall the service is on budget but experiencing some pressures from Youth Justice and Remand costs.
- 9.50. However, a saving for £30k is proposed to reduce the allocated resource to support problem solving processes which could require small amounts of resources to deliver and tackle problems identified throughout the year.

Risks

- 9.51. The risk of taking this approach will be slower and less flexible response from the Council impacting users and partners.

Summary

- 9.52. The potential saving for work strand K – is:

K – Crime Reduction	18/19 £'000	Key decision	Public consultation	Staff consultation
<b>K5 – Reduce budget for problem solving support</b>	30	N	N	N

- 9.53. Please see appendix **i** for the saving proforma K5.

**L Culture & community services**

Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
16.5	-7.2	<b>9.3</b>	<b>-1.0</b>

Scope

- 9.54. The service area is responsible for libraries, arts and entertainment, adult education, community/neighbourhood development (including grants programme) and leisure, sports and recreation activities.

Savings

- 9.55. The service is on budget for 2017/18 with a previously agreed saving for 2018/19 – see Section 11 below. The majority of services here fall into those described in Section 10 below and no savings are proposed at this time.
- 9.56. This leaves a savings gap for 2018/19 of £1.4m for this work strand.

## M Housing strategy & non-HRA services

### Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
26.5	-20.9	5.6	-0.6

### Scope

- 9.57. This division includes the following service areas: housing strategy and programmes; housing needs (including housing options and homesearch); and private sector housing agency.

### Savings

- 9.58. The service is on budget for 2017/18 but with some variations in spending by area as welfare reforms impact and housing developments come on stream. The saving proposed is:
- 9.59. **M8** - Reduced costs of providing nightly paid accommodation - £0.25m
- This will be achieved by focusing on demand, cost, and developing more suitable alternative accommodation.

### Risks

- 9.60. The risks and challenges to achieving these savings are to address current pressures on No Recourse to Public Funds, Temporary Accommodation and an income shortfall on private sector leasing services while also delivering savings.

### Summary

- 9.61. The savings being proposed for work strand M – are:

M – Housing strategy and non HRA services	18/19 £'000	Key decision	Public consultation	Staff consultation
<b>M8</b> – Reduced costs of providing nightly paid accommodation	250	N	N	N

- 9.62. Please see appendix viii for the saving proforma for proposal M8. This leaves a savings gap for 2018/19 of £0.3m for this work strand.

## N Environmental services

### Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
35.9	-17.5	<b>18.5</b>	<b>-2.3</b>

### Scope

- 9.63. This division includes the following service areas: waste management (refuse and recycling); cleansing (street sweeping); Green Scene (parks and open spaces); fleet and passenger services; bereavement services, and markets.

### Savings

- 9.64. The service is forecasting an overspend of £2m in 2017/18. This is due to unachieved savings due to the delayed implementation of savings in respect of service changes and anticipated income streams, and rising contract and waste disposal costs.
- 9.65. A review of shared service options for refuse collection and the depot is underway but these are longer dated to deliver. An added complexity is that the Wearside depot site may be impacted by the Bakerloo Line extension. Transport for London (TfL) recently consulted on proposals for a ventilation and access shaft on the north eastern part of the Wearside depot site, together with a wider piece of land around this shaft for a works site. TfL are also proposing that overrun tunnels, which provide parking for trains that are not in operation, be located underneath this portion of the depot site. These tunnels may assist in the potential second phase of the Bakerloo Line extension from Lewisham to Hayes. This could have an impact on the future use of the site.
- 9.66. The focus is on delivering these previously agreed savings and exploring the potential future strategic options for the service. No new savings are proposed at this time. This leaves a savings gap for 2018/19 of £2.3m for this service.

## O Public services

### Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
14.7	-2.4	<b>12.3</b>	<b>-1.4</b>

### Scope

- 9.67. This division provides the 'front door' to a wide range of services across the Council. This includes the Customer Contact Centre; Registration; Revenues; Benefits; Business Support; Emergency Planning; and Parking Management services.

### Savings

- 9.68. The service is currently overspending by £1m in 2017/18 mainly due to income shortfalls, cost of collection, and adjusting to less administration grant while also implementing Universal Credit. It is anticipated that management actions already in train will correct this position by 2018/19.
- 9.69. Management is working on extending these efficiencies through further automation of online forms to support channel shift, changing customer engagement and practices, and improving debt collection practices.
- 9.70. The saving proposed for 2018/19 relates to debt collection and is:
- 9.71. **O5** – Council tax single person discount review - £0.5m
- Following a more detailed data matching exercise on those claiming this discount it is expected that more Council Tax will now be collected.

### Risks

- 9.72. The general risks and challenges to achieving savings in this area are the ability to communicate and change user expectations and the routes to engaging with the Council. This should also improve compliance and limit the opportunities for customers to incorrectly present their circumstances

### Summary

- 9.73. The saving being proposed for work strand O – is:

<b>O – Public Services</b>	<b>18/19 £'000</b>	<b>Key decision</b>	<b>Public consultation</b>	<b>Staff consultation</b>
<b>O5 – Council tax single person discount review</b>	500	N	N	N

- 9.74. Please see appendix viii for the saving proforma for proposal O9. This leaves a savings gap for 2018/19 of £0.9m for this work strand.

## **P Planning & economic development**

## Budget

2016/17 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
2.6	-1.6	<b>1.0</b>	<b>-0.6</b>

## Scope

- 9.75. This division provides employment and business support for local businesses or those seeking to invest in Lewisham; maintenance of the local economic assessment; strategic leadership on business employment and the EU. Development and the use of land in the long term public interest are achieved through a positive and proactive approach to shaping, considering, determining, and delivering development proposals.

## Savings

- 9.76. The service is currently forecasting a small underspend for 2017/18 due to slightly higher than anticipated income. As housing and planning policies continue to change and developments in Lewisham mature it is anticipated that the service will be able to generate more income.
- 9.77. The proposal is for the service to target additional income of £270k in 2018/19.

## Risks

- 9.78. The risks and challenges to achieving these savings are tied to the performance of the London economy and the related demand for planning services that result.
- 9.79. Please see appendix xii for the saving proforma for proposal K5. This leaves a savings gap for 2018/19 of £0.3m for this workstrand.

## **Q Safeguarding & early intervention services**

### Budget

2017/18 Budget book			Savings target for 2018/19 £m
Gross Exp. £m	Income £m	Net Gen. Fund Exp. £m	
38.5	-0.8	<b>37.7</b>	<b>-1.7</b>

### Scope

- 9.80. This work strand covers all Children's Social Care functions, including early intervention services such as Children's Centres and Targeted Family

Support. The service works with children who need to be looked after and safeguarded from harm.

- 9.81. The work strand also includes the services to individual children with complex needs; those with special educational needs; the youth service; and the youth offending service and health care commissioning for children and young people.

### Savings

- Overspending by £7.5m across children social care by £5.6m and targeted services/early intervention by £1.9m
  - Some £1m of undelivered savings and savings strategy focused on strengthened MASH arrangements and more local fostering options
- 9.82. In 2017/18 the service is forecasting an overspend of £7.5m which includes unachieved savings of £1m which have slipped. Overspending on these services is a recognised pressure for councils nationally.
- 9.83. The bulk of the overspend reflects higher than expected demand for these services which drives overspending on both staffing budgets to manage the work and through the cost of placements and support. In the long run the decisions in the MASH will help manage this demand and flow through to placements.
- 9.84. Consistent with the strategic direction established by the service following the Ofsted review in 2016/17, work is ongoing to better understand the data and performance of current social work practices to influence decision making and the allocation of resources to help reduce reliance on agency staff and the number and the cost of placements through earlier and alternative less costly interventions where possible. This is being supported by the digital transformation work in progress to improve systems and service information.
- 9.85. No new savings are proposed at this time as the work still in progress needs to be concluded. This leaves a savings gap for 2018/19 of £1.7m for this workstrand.

## **10. OTHER AREAS**

### Discretionary spend

- 10.1. In preparing the above there is over £10m of discretionary spend which has not been put forward for further consideration at this stage.
- 10.2. These budgets are for valued services. However, with some minimum statutory obligations, they are discretionary services. So if the savings proposals presented here and to follow do not meet the level of savings

necessary to set a balanced budget, then these discretionary spend areas may also need to be revisited before 2019/20.

## 11. PREVIOUSLY AGREED SAVINGS

- 11.1. In September 2016, the Mayor agreed savings for 2018/19. These, totalling £0.580m, are tabled below and re-presented to the Mayor for noting and re-endorsement:

### Previously Agreed 2018/19 Revenue Budget Savings Proposals

Ref.	Description	2018/19 £'000
<b>A</b>	<b>Smarter &amp; deeper integration of social care &amp; health</b>	
A19	Workforce productivity from better technology	300
<b>L</b>	<b>Culture and Community Services</b>	
L8	Facilities management – retender of contract for Deptford Lounge	130
<b>Q</b>	<b>Safeguarding and Early Intervention</b>	
Q6	Developing alternative pathways for care – improved planning	100
Q7	Redesign of CAMHS	50
	<b>Total</b>	<b>580</b>

## 12. PUBLIC HEALTH

- 12.1. Following the Spending Review and Autumn Statement 2015 the Government announced further cuts to funding for public health services and a continuing of the ring fence. In 2017/18 the additional responsibility for early years health visiting was transferred to local authorities as part of the public health funding.
- 12.2. For Lewisham, while the annual reduction is less than for the general fund, there is still a requirement of for an annual 2.6% reduction, or £0.7m, per year.
- 12.3. The proposals for reducing public health spending are being managed by the Community Services Directorate under the scrutiny of the Healthier Select Committee. For 2018/19 the saving of £0.7m is expected to be largely met through the shared services work across London to align and reduce tariffs for sexual health services.

## 13. TIMETABLE

- 13.1. The key dates for considering this savings report via scrutiny and Mayor and Cabinet (M&C) are as follows:

Review of Savings proposals	Children & Young People	Healthier	Housing	Public Accounts	Safer Stronger	Sustainable
Select Ctte.	1 Nov	1 Nov	9 Nov	16 Nov	2 Nov	8 Nov
M&C	6 December					

13.2. The M&C decisions are then subject to the usual Business Panel scrutiny call in process and reconsideration at the following M&C if necessary. This report will be presented to the Overview and Scrutiny Business Panel on the 19th December 2017.

13.3. If required, two more savings rounds can be taken through the decision process, still with the possibility of achieving a full-year effect of savings in 2018/19. The key dates for these rounds are as follows:

Review of Savings proposals	Children & Young People	Healthier	Housing	Public Accounts	Safer Stronger	Sustainable
Select Ctte.	11 Dec	30 Nov	14 Dec	20 Dec	13 Dec	14 Dec
M&C	10 January 2018					
Select Ctte.	30 Jan	24 Jan	31 Jan	6 Feb + Budget	25 Jan	18 Jan
M&C	7 Feb + Budget					

13.4. The Overview and Scrutiny Business Panel for these rounds will be 23 January and 20 February respectively.

13.5. In addition to the above, further proposals will need to be presented for decision during 2018/19, with the possibility of achieving a partial year effect for that year and full year effect for future years.

## 14. FINANCIAL IMPLICATIONS

14.1. This report is concerned with the saving proposals to enable the Council to address the future financial challenges it faces. There are no direct financial implications arising from the report other than those stated in the report and appendices itself.

## 15. LEGAL IMPLICATIONS

### **Statutory duties**

- 15.1. The Council has a variety of statutory duties which it must fulfil by law. The Council cannot lawfully decide not to carry out those duties. Even where there is a statutory duty there is often a discretion about the level of service provision. Where there is an impact on statutory duty that is identified in the report. In other instances, the Council provides services in pursuit of a statutory power, rather than a duty, and though not bound to carry out those activities, decisions about them must be taken in accordance with the decision making requirements of administrative law.

### **Reasonableness and proper process**

- 15.2. Decisions must be made reasonably taking into account all relevant considerations and disregarding all irrelevant matters. These are particular to the service reductions proposed and are set out in the body of the report. It is also imperative that decisions are taken following proper process. Depending on the particular service concerned, this may be set down in statute, though not all legal requirements are set down in legislation. For example, depending on the service, there may be a need to consult with service users and/or others and where this is the case, any proposals in this report must remain proposals unless and until that consultation is carried out and the responses brought back in a further report for consideration with an open mind before any decision is made. Whether or not consultation is required, any decision to discontinue a service would require appropriate notice. If the Council has published a procedure for handling service reductions, there would be a legitimate expectation that such procedure will be followed.

### **Staffing reductions**

- 15.3. If service reductions would result in redundancy, then the Council's usual redundancy and redeployment procedure would apply. If proposals would result in more than 20 but fewer than 100 redundancies in any 90 day period, there would be a requirement to consult for a period of 30 days with trade unions under Section 188 Trade Union and Labour Relations (consolidation) Act 1992. The consultation period increases to 45 days if the numbers are 100 or more. This consultation is in addition to the consultation required with the individual employees. If a proposal entails a service re-organisation, decisions in this respect will be taken by officers in accordance with the Council's re-organisation procedures.

### **Equalities Legislation**

- 15.4. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 15.5. 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.
- 15.6. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed in the paragraph above.
- 15.7. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 15.8. The Equality and Human Rights Commission has 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:  
<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>
- 15.9. <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>
- 15.10. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
- The essential guide to the public sector equality duty.
  - Meeting the equality duty in policy and decision-making.
  - Engagement and the equality duty: A guide for public authorities.
  - Objectives and the equality duty. A guide for public authorities.
  - Equality Information and the Equality Duty: A Guide for Public Authorities.

- 15.11. 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: <https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>
- 15.12. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. <https://www.equalityhumanrights.com/en/advice-and-guidance/making-fair-financial-decisions>. It appears at Appendix ix and attention is drawn to its contents.
- 15.13. The equalities implications pertaining to the specific service reductions are particular to the specific reduction.
- 15.14. Members are reminded that the overall equalities in respect of these savings and the other scrutinised and presented to Mayor & Cabinet in September 2015 were considered through the individual proposals and overall. Appendix xi presents that information for ease of reference.

### **The Human Rights Act**

- 15.15. Since the introduction of the Human Rights Act 1998 (HRA) the rights set out in the European Convention on Human Rights (ECHR) have been incorporated into UK law and can be enforced in the UK courts without recourse to the European courts.
- 15.16. Those articles which are particularly relevant in to public services are as follows:-
- |            |   |   |
|------------|---|---|
| Article 2  | - | the right to life   |
| Article 3  | - | the right not to be subject to inhuman or degrading treatment   |
| Article 5  | - | the right to security of the person                             |
| Article 6  | - | the right to a fair trial                                       |
| Article 8  | - | the right to a private and family life, home and correspondence |
| Article 9  | - | the right to freedom of thought, conscience and religion        |
| Article 10 | - | the right to freedom of expression                              |
| Article 11 | - | the right to peaceful assembly                                  |

Article 14 - the right not to be discriminated against on any ground

The first protocol to the ECHR added

Article 1 - the right to peaceful enjoyment of property

Article 2 - the right to education

15.17. Some of these rights are unconditional, such as the right not to be tortured or subject to degrading treatment. Others may be limited in finite and well defined circumstances (such as the right to liberty. Others are qualified and must be balanced against the need of the wider community – such as the right to a private and family life. Where there are human rights implications associated with the proposals in this report regard must be had to them before making any decision.

### **Crime and Disorder**

15.18. Section 17 of the Crime and Disorder Act 1998 requires the Council to have regard to the likely effect on crime and disorder when it exercises its functions, and the need to do all that it reasonably can to prevent crime and disorder in its area.

### **Best value**

15.19. The Council remains under a duty under Section 3 Local Government Act 1999 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 respect of this report.

### **Environmental implications**

15.20. Section 40 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 this report.

### **Specific legal implications**

15.21. Members’ attention is drawn to the specific legal implications arising in relation to particular proposals set out in this report in Appendices i to ix.

### **EQUALITIES IMPLICATIONS**

15.22. Each new saving proposal reviews the potential equalities implications for those impacted. In this case, with one exception, they are all Low or Not Applicable (N/A). The assessed medium impact is in respect of the crime

reduction proposal, K5. Subject to being agreed, these assessments will be kept under review as the services are implemented.

15.23. They current assessed equality implications for new proposals are as follows:

- **B4** Supporting People – Low as a 1% budget reduction
- **D2** Efficiency review – Low as applied evenly and proportionally across all areas of spend.
- **E8** Develop PRS – N/A as such schemes are in the market.
- **I12** Admin budget cut – N/A as this is not a service budget
- **I13** Finance restructure – Low and any staff change will be managed in line with the Council's HR policy for managing change
- **I14** Police Officer – N/A as this was an external scheme that had been cancelled
- **I15** MRP review – N/A as this is a technical accounting review
- **J3** School effectiveness – N/A as this is a funding change and not a service reduction
- **K5** problem solving – Medium as, while a small saving, this limits flexibility of service and partners
- **M8** less nightly paid – Low and positive as will help people into better accommodation
- **O5** Council Tax collection – N/A as no change to the policy
- **P3** Planning income – N/A as choice to use the service is discretionary

## 16. CONCLUSION

- 16.1. The Council expects to need to make further savings between now and 2019/20 as the resources available to run services continue to be reduced and because insufficient savings have been identified to date. This is resulting in the Council using its reserves when setting the budget. This is not sustainable as reserves are only available on a once off basis.
- 16.2. The expected amount and timing of the savings for 2018/19 and future years has been detailed above. However, the definitive position is dependent on the Autumn Budget and Local Government Finance Settlement due in November and December respectively. For these reasons the work of the Lewisham Future Programme continues.

## 17. BACKGROUND DOCUMENTS AND FURTHER INFORMATION

Short Title of Report	Date	Contact
Medium Term Financial Strategy <a href="http://councilmeetings.lewisham.gov.uk/documents/s51446/Medium%20Term%20Financial%20Strategy.pdf">http://councilmeetings.lewisham.gov.uk/documents/s51446/Medium%20Term%20Financial%20Strategy.pdf</a>	July 2017	David Austin
Budget 2017/18 <a href="http://councilmeetings.lewisham.gov.uk/documents/s47966/2017%2018%20Budget%20Report.pdf">http://councilmeetings.lewisham.gov.uk/documents/s47966/2017%2018%20Budget%20Report.pdf</a>	February 2017	David Austin

### Appendices

- i. B4 – Supporting People
- ii. D2 – Efficiency review proposal
- iii. E8 - Asset rationalisation proposal
- iv. I12 - Management & corporate overhead proposal Policy & Governance
- v. I13 - Management & corporate overhead proposal Finance
- vi. I14 - Management & corporate overhead proposal Counter Fraud
- vii. I15 - Management & corporate overhead proposal Accounting review
- viii. J3 - School effectiveness proposal
- ix. K5 – Crime problem solving
- x. M8 - Strategic housing proposal
- xi. O5 – Public services proposal
- xii. P3 – Planning income
- xiii. Corporate Savings Principles
- xiv. Making Fair Financial Decisions guidance
- xv. Summary of Equalities Implications
- xvi. Summary of savings proposals

For further information on this report, please contact:

David Austin, Head of Corporate Resources on 020 8314 9114

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**CONTENTS**

**Appendices**

- i. B4 – Supporting People
- ii. D2 – Efficiency review proposal
- iii. E8 - Asset rationalisation proposal
- iv. I12 - Management & corporate overhead proposal Policy & Governance
- v. I13 - Management & corporate overhead proposal Finance
- vi. I14 - Management & corporate overhead proposal Counter Fraud
- vii. I15 - Management & corporate overhead proposal Accounting review
- viii. J3 - School effectiveness proposal
- ix. K5 – Crime problem solving
- x. M8 - Strategic housing proposal
- xi. O5 – Public services proposal
- xii. P3 – Planning income

## Savings Proposals Appendices i to ix – October 2017

### Appendix i

1. Savings proposal	
Proposal title:	Service economy rental income
Reference:	B4
LFP work strand:	Supporting People
Directorate:	Community Services
Head of Service:	Head of Public Protection and Safety
Service/Team area:	Supporting People
Cabinet portfolio:	Cabinet Member for Health, Wellbeing, and Older People
Scrutiny Cttee(s):	Healthier / Safer Stronger Select Committees

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) Service Economy	No	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
The supporting people service funds housing related support via a number of providers to clients with varying needs. These range from high-support hostels to floating support in the community. To date savings proposals have been put forward totalling £5.5m since 2013.
<b>Saving proposal</b>
The service receives income from rental and the savings proposal is 50% if this income. The full amount is not proposed as this is required to support the services.

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
The use of the income would support provision if not used for savings.
<b>Outline risks associated with proposal and mitigating actions:</b>
These are minimal and any resources allocated to this area are used directly for commissioning services .

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	6,549	(1,171)	5,378	
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
a) Service Economy	70	0	0	70
<b>Total</b>	<b>70</b>	<b>0</b>	<b>0</b>	<b>70</b>

## Savings Proposals Appendices i to ix – October 2017

5. Financial information				
% of Net Budget	1%	%	%	1%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Y	N	N	N
If DSG, HRA, Health impact describe:				

6. Alignment to Lewisham 2020 priorities		
Main priority	Second priority	Lewisham 2020 priorities A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
A	D	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Medium	Medium	

7. Impact on Corporate priorities		
Main priority	Second priority	Corporate priorities 1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
8	9	
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
negative	negative	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Medium	Medium	

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:	low	Pregnancy / Maternity:	Low
Gender:	low	Marriage & Civil Partnerships:	Low
Age:	low	Sexual orientation:	Low
Disability:	low	Gender reassignment:	Low

## Savings Proposals Appendices i to ix – October 2017

9. Service equalities impact			
Religion / Belief:	low	Overall:	low
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
No specific legal implications

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
September 2017	Proposals prepared ( <b>this template and supporting papers – e.g. draft public consultation</b> )
October 2017	Proposals submitted to Scrutiny committees leading to M&C (despatch 24 October)
November 2016	Scrutiny meetings held with consultations ongoing
December 2017	Proposals to M&C for decision on 6 December (Despatch 29 Nov) and (full decision) reports returned to Scrutiny for review
January 2018	Transition work ongoing
February 2018	Transition work ongoing and budget set 21 February
March 2018	Savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix ii

1. Savings proposal	
Proposal title:	Corporate efficiency from unallocated inflation
Reference:	D2
LFP work strand:	Efficiency Review
Directorate:	Corporate
Head of Service:	Head of Corporate Resources
Service/Team area:	Strategic Finance
Cabinet portfolio:	Resources
Scrutiny Ctte(s):	Public Accounts Select Ctte

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) Corporate efficiency measure	Yes	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
This saving corporate and not related to any specific service area. It will be implemented through the annual budget process when agreed at Council in February 2018.
<b>Saving proposal</b>
The proposal is to not allocate £1m of the estimated £3.7m of inflation (£1.1m for pay and £2.6m for non-pay) to service budgets when setting the 2018/19 cash limits.

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
The impact cannot be identified specifically as this is a general corporate saving. The impact will however be very limited as it represents a reduction of less than a half of one percent from all service budgets. Services will have to manage how best to absorb the reduction to their budget. For example; negotiate contract or agency rates, hold vacancies, limit discretionary spend during the year, etc..
<b>Outline risks associated with proposal and mitigating actions:</b>
The risk is that services will not contain their expenditure within their budget. This would be identified quickly through the financial monitoring and highlighted for action.

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	232,700		232,700	

## Savings Proposals Appendices i to ix – October 2017

5. Financial information				
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
a) Corporate efficiency from unallocated inflation	1,000			1,000
Total	1,000			
% of Net Budget	0.5%	%	%	0.5%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	No	No	No
If DSG, HRA, Health impact describe:				

6. Alignment to Lewisham 2020 priorities		
Main priority	Second priority	Lewisham 2020 priorities
E		A. Strengthening community input
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	B. Sharing services
Low		C. Digitisation
		D. Income generating
		E. Demand management

7. Impact on Corporate priorities		
Main priority	Second priority	Corporate priorities
10		1. Community leadership and empowerment
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	2. Young people's achievement and involvement
Negative		3. Clean, green and liveable
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	4. Safety, security and a visible presence
Low		5. Strengthening the local economy
		6. Decent homes for all
		7. Protection of children
		8. Caring for adults and the older people
		9. Active, healthy citizens
		10. Inspiring efficiency, effectiveness and equity

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?
	N/A

## Savings Proposals Appendices i to ix – October 2017

<b>9. Service equalities impact</b>			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:		Pregnancy / Maternity:	
Gender:		Marriage & Civil Partnerships:	
Age:		Sexual orientation:	
Disability:		Gender reassignment:	
Religion / Belief:		Overall:	N/A
For any High impact service equality areas please explain why and what mitigations are proposed:			
N/A			
Is a full service equalities impact assessment required: Yes / No			No

<b>10. Human Resources impact</b>	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

<b>11. Legal implications</b>
State any specific legal implications relating to this proposal:
None – this saving, if agreed, will be taken as part of the Budget report to Council February 2018.

<b>12. Summary timetable</b>	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
March 2018	Savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix iii

1. Savings proposal	
Proposal title:	Income from Private Rented Scheme (PRS) Joint Venture
Reference:	E8
LFP work strand:	Asset Rationalisation
Directorate:	Resources and Regeneration
Head of Service:	Executive Director
Service/Team area:	Regeneration & Place
Cabinet portfolio:	Regeneration
Scrutiny Cttee(s):	Housing Select Committee

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) Generate rental income from PRS	Yes	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
<p>R&amp;P and Strategic Housing are currently procuring a Joint Venture (JV) partner from the private sector. The Council will dispose of the Besson Street site into the JV, who will build, own and operate circa 230 Private Rental Sector (PRS) units. These units will comprise of at least 35% discounted London Living Rent units and provide a GP surgery at nil cost.</p>
<b>Saving proposal</b>
<p>Accounting for the procurement costs, financing costs, and management costs, the net annual rental revenues paid by the JV to the Council (in the form of an investment return) will generate circa £500k of new income for the Council over a period of not less than 30 years.</p> <p>The procurement is due to conclude and a report be presented to M&amp;C on the 6 December 2017. It is anticipated that the JV will form in March 2018, with the land transfer (and receipt) in 2018/19 after successful planning approval.</p> <p>Annual rental income will be generated from approximately 2021/22 onwards.</p>

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
<p>Positive impact on housing provision within the Borough, improved access to private rented accommodation. Increased Council Tax receipts. New, improved GP practice.</p> <p>Council staffing/management of JV needs to be considered and provided.</p>
<b>Outline risks associated with proposal and mitigating actions:</b>

## Savings Proposals Appendices i to ix – October 2017

### 4. Impact and risks of proposal

Planning risk – JV appoints suitable architects and enters into a Pre-Planning Application to mitigate this

Financial risk – costs of build increase or rental levels decrease – JV competitively tenders build package and ensures that product produced can attract appropriate rental income

Partnership Risk – JV collapses – an extended public procurement exercise has been used with detailed HoTs agreed to ensure that the JV structure is robust and the most suitable partner appointed.

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	16,870	(9,479)	7,391	
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
a)	500			500
Total	500			500
% of Net Budget	7%	%	%	7%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	No	Yes	No
If DSG, HRA, Health impact describe:			Transfer of site to GF will increase HRA headroom	

### 6. Alignment to Lewisham 2020 priorities

Main priority	Second priority	Lewisham 2020 priorities
D	E	A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Medium	Medium	

### 7. Impact on Corporate priorities

Main priority	Second priority	Corporate priorities
6	10	1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence
Impact on main	Impact on second	

## Savings Proposals Appendices i to ix – October 2017

7. Impact on Corporate priorities		
priority – Positive / Neutral / Negative	priority – Positive / Neutral / Negative	5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Positive	Positive	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Medium	Medium	

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	Yes - New homes, community space and commercial space
	If impacting one or more wards specifically – which?
	New Cross

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:	N/A	Pregnancy / Maternity:	N/A
Gender:	N/A	Marriage & Civil Partnerships:	N/A
Age:	N/A	Sexual orientation:	N/A
Disability:	N/A	Gender reassignment:	N/A
Religion / Belief:	N/A	Overall:	N/A
For any High impact service equality areas please explain why and what mitigations are proposed:			
N/A			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
<p>A M&amp;C report is scheduled for the 6 December with full legal implications, including the formation of a JV and the approval to enter into this for the purpose of funding and developing the Besson Street site.</p> <p>The last M&amp;C report was the 13 July 2016 and obtained approval to start the procurement of the JV partner.</p>

12. Summary timetable
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc.), implementation:
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.

## Savings Proposals Appendices i to ix – October 2017

<b>12. Summary timetable</b>	
<b>Month</b>	<b>Activity</b>
September 2017	Dialogue with bidders
October 2017	Final bids submitted
December 2017	M&C approval of JV partner
March 2018	Obtain SoS approval for disposal
March 2018	Enter JV, form new LLP
December 2018	Planning application made
March 2019	Land transfer to JV, land receipt received

## Savings Proposals Appendices i to ix – October 2017

### Appendix iv

1. Savings proposal	
Proposal title:	Administrative budgets
Reference:	I12
LFP work strand:	Management & Corporate Overheads
Directorate:	Resources & Regeneration
Head of Service:	Head of Policy and Governance
Service/Team area:	Executive Support
Cabinet portfolio:	Resources
Scrutiny Ctte(s):	Public Accounts Select Ctte

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
Reduction of administrative budget	N	N	N

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
<p><b><u>Support to senior management and directorates</u></b></p> <p>This area of business provides support to senior management (Chief Executive, Executive Directors, Director and Heads of Service) and includes staffing and administrative costs. The function provides a wide range of administrative and clerical activities that support senior management in the planning and co-ordination of business within and across directorates. The function supports both internal (Mayor and Councillors) and external relations (with Government departments, partner agencies and the public). Significant reductions in staffing support have been delivered in recent years, culminating in the consolidation of most of these functions into a central location.</p>
<b>Saving proposal</b>
<p>A saving of £20k will be made from top slicing administrative budgets across the support activities to senior management.</p>

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
<p>Significant savings have already been made on the staffing support over recent years through rounds of staff cuts in this area of business. The consolidation of the remaining staffing support, largely to one floor, has exploited the scope for some efficiencies of co-location to mitigate the impact of such staff reductions and management of administrative costs.</p> <p>The focus now is on top slicing operational or administrative budgets but it does increase risks to meeting basic administrative needs. These risks are mitigated in part by excluding the key subscriptions budgets (the LGA and London Councils) from this saving and the beneficial impact of going increasingly “paperless” (reducing demand</p>

## Savings Proposals Appendices i to ix – October 2017

4. Impact and risks of proposal
for paper).
<b>Outline risks associated with proposal and mitigating actions:</b>
None noted

5. Financial information				
<b>Controllable budget: General Fund (GF)</b>	<b>Spend £'000</b>	<b>Income £'000</b>	<b>Net Budget £'000</b>	
	65	0	65	
HRA				
DSG				
Health				
<b>Saving proposed:</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>Total £'000</b>
Reduce administrative budget	20			20
<b>Total</b>				
<b>% of Net Budget</b>	<b>31%</b>	<b>%</b>	<b>%</b>	<b>31%</b>
<b>Does proposal impact on: Yes / No</b>	<b>General Fund</b>	<b>DSG</b>	<b>HRA</b>	<b>Health</b>
	Yes	No	No	No
<b>If DSG, HRA, Health impact describe:</b>				

6. Alignment to Lewisham 2020 priorities		
<b>Main priority</b>	<b>Second priority</b>	<b>Lewisham 2020 priorities</b>
E		A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
<b>Level of impact on main priority – High / Medium / Low</b>	<b>Level of impact on second priority – High / Medium / Low</b>	
M		

7. Impact on Corporate priorities		
<b>Main priority</b>	<b>Second priority</b>	<b>Corporate priorities</b>
10		1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people
<b>Impact on main priority – Positive / Neutral / Negative</b>	<b>Impact on second priority – Positive / Neutral / Negative</b>	
Neutral		
<b>Level of impact on main priority –</b>	<b>Level of impact on second priority –</b>	

## Savings Proposals Appendices i to ix – October 2017

7. Impact on Corporate priorities		
High / Medium / Low	High / Medium / Low	9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Low		

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No Specific Impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:	n/a	Pregnancy / Maternity:	n/a
Gender:	n/a	Marriage & Civil Partnerships:	n/a
Age:	n/a	Sexual orientation:	n/a
Disability:	n/a	Gender reassignment:	n/a
Religion / Belief:	n/a	Overall:	n/a
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
None

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
March 2018	Savings implemented as part of 2018/19 budget

## Savings Proposals Appendices i to ix – October 2017

### Appendix v

1. Savings proposal	
Proposal title:	Finance function efficiencies through the implementation of Oracle Cloud
Reference:	I13
LFP work strand:	I - Management and Corporate Overheads
Directorate:	Resources and Regeneration
Head of Service:	Head of Financial Services
Service/Team area:	Financial Services Division
Cabinet portfolio:	Resources
Scrutiny Ctte(s):	Public Accounts Select Ctte

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) Finance function service changes - £200k for 2018/19	No	No	Yes

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
<p>The Financial Services division forms part of the Resources and Regeneration Directorate. It provides a range of different services which include; a statutory accounting function including core reconciliations, financial business and management accounting advice to managers, as well as a payroll and pensions administration function. Similar to the approach taken in recent years, it should also be noted that discussions about 'finance' also includes the strategic finance team, which is part of the Corporate Resources division. This team provides a budget strategy, treasury management and pensions' investment function.</p>
<b>Saving proposal</b>
<p>The Financial Services Division is expected a saving at £300k over the course of the next two years, £200k for 2018/19 and £100k for 2019/20. This target could only be achieved in the context of ensuring that the Council continues to meet its financial statutory obligations. This proposal provides focus on the identification and delivery of the £200k saving for 2018/19.</p> <p>In May 2017, Mayor &amp; Cabinet took a decision to integrate the IT functionality of the finance, procurement, human resources and payroll services through the development and implementation of an integrated Enterprise Resources Planning (ERP) solution. This programme, known as Oracle Cloud, is being designed to deliver a solution which will enable joined up information, processes and decision making. Amongst the most important element of business change, which financial services want to assist with, is encouraging business managers to take an enterprise view, by providing them with properly joined up information and a single entry point to initiate actions, rather than the separate ones for finance and human resources etc.,</p>

## Savings Proposals Appendices i to ix – October 2017

### 3. Description of service area and proposal

To deliver these savings it will be necessary to undertake an in-depth review of the Council's finance function in terms of how the staff teams are arranged and specific duties they are required to undertake. The aspiration is to move the function more towards an advisory type position, but it will take time to get there. This work is underway and it will be possible to deliver revenue budget savings of £200k for 2018/19.

### 4. Impact and risks of proposal

#### Outline impact to service users, partners, other Council services and staff:

The new solution is expected to engender greater self service for manages and budget holders throughout the organisation. Full adoption of the solution will be essential if the organisation is to fully realise the benefits and achieve the efficiencies needed.

#### Outline risks associated with proposal and mitigating actions:

Delivering savings of this order could have a significant impact on the council's ability to achieve its statutory obligations, the most fundamental one of which is to close the annual accounts and achieve a clean audit opinion at the end of that process. This will come about if officers are unable to fully realise the benefits of the new Oracle Cloud solution and ensure that it is used in the appropriate way.

Some of the function's routine responsibilities such as making statutory government returns (NNDR, Section 251, CTB, RA and RO forms etc.) would continue to be affected by reductions in the staffing compliment. Therefore, unless the finance function is deemed 'business ready' by April 2019 when the new Oracle Cloud solution is expected to have gone live, then there would be major risks of taking any more money out of the function. These risks are being mitigated through close monotonrongo of the Oracle Cloud design and delivery programme to ensure that any deviations from the plan can be appropriately rectified.

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	4,682	(1,472)	3,210	
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
a) Finance function service changes	200			200
<b>Total</b>	200			200
<b>% of Net Budget</b>	6%	%	%	6%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	No	No	No

## Savings Proposals Appendices i to ix – October 2017

5. Financial information				
If DSG, HRA, Health impact describe:				

6. Alignment to Lewisham 2020 priorities		
Main priority	Second priority	Lewisham 2020 priorities A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
Digitisation	Sharing Services	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
High	Medium	

7. Impact on Corporate priorities		
Main priority	Second priority	Corporate priorities 1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Inspiring Efficiency, effectiveness and equity	N/A	
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
Positive	N/A	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
High	N/A	

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	None
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:		Pregnancy / Maternity:	
Gender:		Marriage & Civil Partnerships:	
Age:		Sexual orientation:	
Disability:		Gender reassignment:	
Religion / Belief:		Overall:	Low
For any High impact service equality areas please explain why and what mitigations are proposed:			

## Savings Proposals Appendices i to ix – October 2017

### 9. Service equalities impact

None

Is a full service equalities impact assessment required: Yes / No

No

### 10. Human Resources impact

Will this saving proposal have an impact on employees: Yes / No

Possibly

Workforce profile:

Posts	Headcount in post	FTE in post	Establishment posts	Vacant	
				Agency / Interim cover	Not covered
Scale 1 – 2					
Scale 3 – 5					
Sc 6 – SO2					
PO1 – PO5					
PO6 – PO8					
SMG 1 – 3					
JNC					
Total					
Gender	Female	Male			
Ethnicity	BME	White	Other	Not Known	
Disability	Yes	No			
Sexual orientation	Straight / Heterosex.	Gay / Lesbian	Bisexual	Not disclosed	

### 11. Legal implications

State any specific legal implications relating to this proposal:

There are no specific legal implications which arise from agreeing this budget saving proposal. Any staffing changes, once identified, will be managed in compliance with the Council's managing change policy.

### 12. Summary timetable

Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:

The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.

Month	Activity
September 2017	Proposals prepared ( <b>this template and supporting papers – e.g. draft public consultation</b> )
October 2017	Proposals submitted to Scrutiny committees leading to M&C (despatch 24 October)

## Savings Proposals Appendices i to ix – October 2017

<b>12. Summary timetable</b>	
November 2016	Scrutiny meetings held with consultations ongoing
December 2017	Proposals to M&C for decision on 6 December (Despatch 29 Nov) and (full decision) reports returned to Scrutiny for review
January 2018	Transition work ongoing
February 2018	Transition work ongoing and budget set 21 February
March 2018	Savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix vi

1. Savings proposal	
Proposal title:	Loss of seconded Police Officer to Counter Fraud team
Reference:	I14
LFP work strand:	I – Management and Corporate Overheads
Directorate:	Resources & Regeneration
Head of Service:	Head of Corporate Resources
Service/Team area:	Audit & Risk – Anti Fraud and Corruption Team (A-FACT)
Cabinet portfolio:	Resources
Scrutiny Ctte(s):	Public Accounts Select Ctte

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) Loss of Police Officer secondment	No	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
The Anti-Fraud and Corruption Team (A-FACT) fulfils the statutory obligation on the Council to investigate Housing fraud. It also investigates, in accordance with legislation, allegations of misuses of public resources or internal fraud and promotes good practices to help protect public funds.
<b>Saving proposal</b>
Reduce the A-FACT budget by £70k to recognise the loss of the seconded police officer to Lewisham Council.
During 2017/18 the Metropolitan Police Service recalled all their Detective Constables, including the one seconded to Lewisham Council. They also confirmed that they would not be renewing this scheme that saw police officers seconded to London Boroughs and that in future this partnership working would return to being wholly between the authority and their local force.

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
The loss of the Police Officer will mean that any criminal cases will have to be taken up by the local force rather than directly. In addition the Police Officer was the Council's Financial Investigator, able to pursue Proceeds of Crime cases. This access and skills are being lost.
<b>Outline risks associated with proposal and mitigating actions:</b>
The risks are the inability to pursue criminal cases or seek the recovery of assets without the support of the local police or other qualified investigators. The mitigations are to continue working closely with the Borough police force and look to train another

## Savings Proposals Appendices i to ix – October 2017

### 4. Impact and risks of proposal

member of the team and a Financial Investigator or access these skills through the CIPFA Counter Fraud hub on an as needed basis.

### 5. Financial information

Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	330	(30)	300	
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
a) Loss of Police Officer seondment	70			70
<b>Total</b>	<b>70</b>			<b>70</b>
<b>% of Net Budget</b>	<b>23%</b>	<b>%</b>	<b>%</b>	<b>23%</b>
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	No	Yes	No
If DSG, HRA, Health impact describe:			Some investigations concern housing matters	

### 6. Alignment to Lewisham 2020 priorities

Main priority	Second priority	Lewisham 2020 priorities
B		A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Medium		

### 7. Impact on Corporate priorities

Main priority	Second priority	Corporate priorities
10		1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
Negative		
Level of impact on main priority –	Level of impact on second priority –	

## Savings Proposals Appendices i to ix – October 2017

7. Impact on Corporate priorities		
High / Medium / Low	High / Medium / Low	9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Low		

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No Specific impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:		Pregnancy / Maternity:	
Gender:		Marriage & Civil Partnerships:	
Age:		Sexual orientation:	
Disability:		Gender reassignment:	
Religion / Belief:		Overall:	N/A
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
None

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
March 2018	Savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix vii

1. Savings proposal	
Proposal title:	Balance sheet review of accounting policies
Reference:	I15
LFP work strand:	Management and corporate overheads
Directorate:	Resources & Regeneration
Head of Service:	Head of Corporate Resources
Service/Team area:	Strategic Finance and Core Accounting
Cabinet portfolio:	Resources
Scrutiny Cttee(s):	Public Accounts Select Cttee

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) Review of MRP accounting policy	Yes	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
The service area facilitates the Council's Strategic Finance activities (managing the savings and budget setting process, providing corporate finance advice (including procurement), performing treasury management functions, and managing the pension fund) to support delivery of Council objectives.
<b>Saving proposal</b>
As part of the Treasury Management Strategy, review the Council's Minimum Revenue Provision (MRP) policy and re-evaluate the appropriate levels required in line with current asset valuations to remain prudent and comply with international finance and CIPFA accounting guidance.

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
This is a technical finance accounting adjustment that will not directly impact service users.
<b>Outline risks associated with proposal and mitigating actions:</b>
The risk is that if there is a sudden swing in the value of the Council's assets an in year charge would need to be taken to the Council's revenue budget. This will be mitigated by ensuring the asset position is considered with reference to the underlying value of the assets and any related borrowing costs to ensure a prudent approach.

5. Financial information				
Controllable budget:	Spend	Income	Net Budget	

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5. Financial information				
General Fund (GF)	£'000	£'000	£'000	
	N/A		N/A – this concerns the balance sheet not revenue account	
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
a) Review of MRP accounting policy	1,000			1,000
<b>Total</b>	1,000			1,000
<b>% of Net Budget</b>	%	%	%	%
<b>Does proposal impact on: Yes / No</b>	<b>General Fund</b>	<b>DSG</b>	<b>HRA</b>	<b>Health</b>
	Yes	No	No	No
<b>If DSG, HRA, Health impact describe:</b>				

6. Alignment to Lewisham 2020 priorities		
Main priority	Second priority	Lewisham 2020 priorities
N/A		A. Strengthening community input F. Sharing services G. Digitisation H. Income generating I. Demand management
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	

7. Impact on Corporate priorities		
Main priority	Second priority	Corporate priorities
10		1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
Neutral		
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Med		

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No Specific impact

## Savings Proposals Appendices i to ix – October 2017

8. Ward impact	
	If impacting one or more wards specifically – which?
	N/A

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:		Pregnancy / Maternity:	
Gender:		Marriage & Civil Partnerships:	
Age:		Sexual orientation:	
Disability:		Gender reassignment:	
Religion / Belief:		Overall:	N/A
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
TBC – this will be part of setting the Council's Treasury Strategy as part of the budget in February 2018

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
September 2017	Proposals prepared ( <b>this template and supporting papers – e.g. draft public consultation</b> )
October 2017	Proposals submitted to Scrutiny committees leading to M&C (despatch 24 October)
November 2016	Scrutiny meetings held with consultations ongoing
December 2017	Proposals to M&C for decision on 6 December (Despatch 29 Nov) and (full decision) reports returned to Scrutiny for review
January 2018	Transition work ongoing
February 2018	Transition work ongoing and budget set 21 February
March 2018	Savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix viii

1. Savings proposal	
Proposal title:	Statutory functions of School Effectiveness
Reference:	J3
LFP work strand:	School Effectiveness
Directorate:	Children and Young People
Head of Service:	Head of Standards and Inclusion
Service/Team area:	Access, Inclusion and Participation
Cabinet portfolio:	Children and Young People
Scrutiny Ctte(s):	Children and Young People

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
Statutory functions to be funded from DSG	No	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
The Attendance and Welfare service delivers services to ensure children and young people attend school and have appropriate access to education. This includes attendance and welfare, child employment and support for parents and schools on exclusions and the education of Looked After Children. Part of the service is traded with schools, the statutory functions have up to now been funded from the General Fund.
<b>Saving proposal</b>
The Department for Education removed the Education Services Grant (ESG) from Local Authorities in 2017/18. The grant was then treated as part of the General Fund. The Department for Education however moved the part of the grant that supported statutory education services to the Dedicated Schools Budget. It is now proposed that those former statutory services be funded out of the Dedicated Schools Grant.

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
None
<b>Outline risks associated with proposal and mitigating actions:</b>
The former education services grant has been incorporated into the new central block of the Dedicated Services Grant, potentially this could be reduced by central government or a fall in pupil numbers which would put pressure on these services. Over the past few years the level of the Dedicated Services Grant has been cash frozen and this is likely to continue in the future, making the need for efficiencies to be made in the service.

## Savings Proposals Appendices i to ix – October 2017

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	366	0	366	
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Statutory functions to be funded from DSG	366			366
Total	366			366
% of Net Budget	100%	%	%	100%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	Yes		
If DSG, HRA, Health impact describe:		Costs transferred to the DSG		

6. Alignment to Lewisham 2020 priorities		
Main priority	Second priority	Lewisham 2020 priorities A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
A	B	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Low	Low	

7. Impact on Corporate priorities		
Main priority	Second priority	Corporate priorities 1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
2	10	
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
Neutral	Neutral	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Low	Low	

## Savings Proposals Appendices i to ix – October 2017

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:	N/A	Pregnancy / Maternity:	N/A
Gender:	N/A	Marriage & Civil Partnerships:	N/A
Age:	N/A	Sexual orientation:	N/A
Disability:	N/A	Gender reassignment:	N/A
Religion / Belief:	N/A	Overall:	N/A
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
There are no specific legal implications

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
March 2018	Savings implemented when setting GF and DSG budgets for 2018/19

## Savings Proposals Appendices i to ix – October 2017

### Appendix ix

1. Savings proposal	
Proposal title:	Problem solving crime reduction
Reference:	K5
LFP work strand:	Crime reduction
Directorate:	Community Services
Head of Service:	Head of Public Protection and Safety
Service/Team area:	Crime, Enforcement and Regulation
Cabinet portfolio:	Community and Equalities
Scrutiny Committee(s):	Safer Stronger Select Committee

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) Problem solving crime reduction	No	No	No

3. Description of service area and proposal
<p><b>Description of the service area (functions and activities) being reviewed:</b></p> <p>The <b>Crime, Enforcement and Regulation Service</b> covers the following statutory areas:</p> <ul style="list-style-type: none"> <li>• Crime reduction service inc ASB, PREVENT</li> <li>• Statutory Nuisance</li> <li>• Licensing</li> <li>• Trading standards</li> </ul> <p>And the following non-statutory areas:</p> <ul style="list-style-type: none"> <li>• Serious Youth Violence</li> <li>• VAWG</li> <li>• Hate Crime</li> <li>• CCTV</li> <li>• Counter extremism</li> </ul> <p>The <b>CER service</b> was created in Aug 15. There has been significant investment in staff development and training to enable staff to deliver in this multi-faceted service. Areas such as <b>PREVENT, Serious Youth Violence, aspects of the VAWG service</b> etc are all externally funded.</p>
<p><b>Saving proposal</b></p> <p>The service has allocated funds to support problem solving processes which could require small amounts of resources to deliver and tackle problems identified throughout the year. The proposal is to reduce this budget and resource by 50%. The full amount is not proposed as this will significantly limit services being delivered directly to communities as problems are identified.</p>

4. Impact and risks of proposal
<p><b>Outline impact to service users, partners, other Council services and staff:</b></p> <p>The impact based on previous years will be a limited flexibility to deliver and support</p>

## Savings Proposals Appendices i to ix – October 2017

### 4. Impact and risks of proposal

problems that arise. This will impact on residents and partners.

#### Outline risks associated with proposal and mitigating actions:

Reduced service offer designed to tackle problems identified. The risks can not be mitigated as resources across the partnership are also reduced.

### 5. Financial information

Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	3,092	(1,233)	1,859	
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
a) Problem solving crime reduction	30	0	0	30
<b>Total</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>30</b>
<b>% of Net Budget</b>	<b>1%</b>	<b>%</b>	<b>%</b>	<b>1%</b>
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Y	N	N	N
If DSG, HRA, Health impact describe:				

### 6. Alignment to Lewisham 2020 priorities

Main priority	Second priority	Lewisham 2020 priorities
A		A. Strengthening community input
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	B. Sharing services
Medium		C. Digitisation
		D. Income generating
		E. Demand management

### 7. Impact on Corporate priorities

Main priority	Second priority	Corporate priorities
4	1	1. Community leadership and empowerment
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	2. Young people's achievement and involvement
negative	negative	3. Clean, green and liveable
Level of impact on main priority –	Level of impact on second priority –	4. Safety, security and a visible presence
		5. Strengthening the local economy
		6. Decent homes for all
		7. Protection of children
		8. Caring for adults and the older people

## Savings Proposals Appendices i to ix – October 2017

7. Impact on Corporate priorities		
High / Medium / Low	High / Medium / Low	9. Active, healthy citizens
Medium	Medium	10. Inspiring efficiency, effectiveness and equity

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:	Medium	Pregnancy / Maternity:	Low
Gender:	Medium	Marriage & Civil Partnerships:	Low
Age:	Medium	Sexual orientation:	Low
Disability:	Medium	Gender reassignment:	Low
Religion / Belief:	Medium	Overall:	Medium
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
TBC

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
March 2018	Savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix x

1. Savings proposal	
Proposal title:	Reduced costs of providing nightly paid accommodation
Reference:	M8
LFP work strand:	Housing non-HRA
Directorate:	Customer Services
Head of Service:	Head of Strategic Housing
Service/Team area:	Housing Needs and Refugee Services
Cabinet portfolio:	Housing
Scrutiny Cttee(s):	Housing Select Committee

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
Reduced costs of providing nightly paid accommodation	No	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
<p>The Housing Needs and Refugee Service manages the housing and homelessness assessment process, the statutory provision of emergency housing for homeless households, and the work that the Council is doing to support refugees.</p> <p>The London wide housing crisis has driven huge operational and financial pressures for all London local authorities in this area. In Lewisham there are now more than 1,800 households who are homeless and living in temporary accommodation, of whom more than 500 are living in “nightly paid” accommodation.</p> <p>Over the past five years the Council has pursued a wide ranging strategy to address these pressures. This has included: ambitious targets for Council house building; a range of projects to create better and cheaper forms of temporary accommodation of which PLACE/Ladywell has been the most high profile example; providing £40m of loan finance to Lewisham Homes to enable it to acquire properties for use for homeless households; and a focus on intervening with families earlier in the homelessness process in order to prevent rather than respond to potential problems.</p> <p>Through all of these measures, the number of households in nightly paid temporary accommodation has broadly stabilised at around 520, and there are on-going strategies in place to continue to reduce this number.</p>
<b>Saving proposal</b>
<p>The proposed saving is to reduce, by £250k, the budget of £3.05m which is held to fund “nightly paid” accommodation for homeless households.</p> <p>It is projected that this saving can be enabled in three ways:</p> <ol style="list-style-type: none"> <li>1. By reducing the number of households placed in nightly paid accommodation</li> <li>2. By reducing the average cost per placement for households placed in nightly</li> </ol>

### 3. Description of service area and proposal

accommodation

3. By generating income from alternative forms of temporary accommodation that are being bought or built by the Council

The reduction in the overall number of households is projected to be achieved by continuing the range of interventions set out above. Further property acquisitions, conversions, leases and developments are expected to come forward in the coming year which will help to provide alternatives to nightly paid options. In addition the continuing focus on homelessness prevention should continue to tackle the overall level of demand.

The reduction in average cost per placement can be achieved through the effective targeting of the most expensive placements, supported by high quality management information and reporting on cases and costs that has been developed over the past two years. This approach has already helped to reduce average placement costs even as the number of placements has stayed the same.

Finally, some alternative forms of temporary accommodation generate an income to the Council, and in some cases also generate an operating surplus over and above the costs of operation and of financing the original investment. The PLACE/Ladywell and Hamilton Lodge developments are examples of where this has been possible, and have already facilitated revenue savings in previous iterations of the budget setting process. Officers are bringing forward further similar projects which will, in due course, also generate an operating surplus to the Council. While most of these are projected to come on-stream from 2018/19 onwards, it is still expected that a small additional operational surplus can be made in the coming year and can contribute to the overall £250k saving.

### 4. Impact and risks of proposal

#### Outline impact to service users, partners, other Council services and staff:

The Council and its service users are negatively impacted by the on-going housing crisis and the efforts set out above to address this by sourcing better and more sustainable accommodation benefit both homeless households and the Council's financial position.

In that sense, this proposal mainly provides benefits rather than risks. That said, there are risks to delivery. The London housing crisis could worsen, and increase demand more than currently expected. Equally the savings are predicated on the continuing tight management of placement costs, and continuing delivery of acquisition and new build projects, without which the saving will not be deliverable.

#### Outline risks associated with proposal and mitigating actions:

Tight operational management of costs can be facilitated through a structured approach to decision making and the provision of regular and robust management information to support decisions.

The delivery of acquisition and development projects can be supported by ensuring sufficient operational resources, processes and access to technical support is in place.

## Savings Proposals Appendices i to ix – October 2017

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	28,263	(22,675)	5,588	
HRA	n/a	n/a		
DSG	n/a	n/a		
Health	n/a	n/a		
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Reduced costs of providing nightly paid accomodation	250			250
Total	250			250
% of Net Budget	5%	%	%	5%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	No	No	No
If DSG, HRA, Health impact describe:	n/a	n/a	n/a	n/a

6. Alignment to Lewisham 2020 priorities		
Main priority	Second priority	Lewisham 2020 priorities A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
E	A	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
High	Medium	

7. Impact on Corporate priorities		
Main priority	Second priority	Corporate priorities 1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Decent Homes for all	Inspiring efficiency, effectiveness and equity	
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
Positive	Positive	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Medium	Medium	

## Savings Proposals Appendices i to ix – October 2017

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:	Low	Pregnancy / Maternity:	Low
Gender:	Low	Marriage & Civil Partnerships:	Low
Age:	Low	Sexual orientation:	Low
Disability:	Low	Gender reassignment:	Low
Religion / Belief:	Low	Overall:	Low
For any High impact service equality areas please explain why and what mitigations are proposed:			
Nightly paid accommodation is least stable form of emergency accommodation. By providing alternatives to this form, residents will benefit from a positive impact			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
There are no specific legal implications from reducing this budget. The specific proposals that have enabled it to be made, and future iterations of those, are all considered separately at Mayor and Cabinet and legal implications are considered at that time.

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
April 2018	Budget reduced and savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix xi

1. Savings proposal	
Proposal title:	Council Tax single person discount review
Reference:	O5
LFP work strand:	Public Services
Directorate:	Customer Services
Head of Service:	Head of Public Services
Service/Team area:	Revenues / Council Tax
Cabinet portfolio:	Resouces
Scrutiny Ctte(s):	Public Accounts Select Ctte

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
Council Tax single person discount review	No	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
Council Tax collection and administration.
<b>Saving proposal</b>
<p>There are 125,000 households in the borough and of these 47,000 (37%) are in receipt of a single person discount. This is the highest percentage of single person discount claims in London.</p> <p>The Council has reviewed its single person discounts on an annual basis for many years using an external provider that carries out a data match exercise. This has generated additional Council Tax of over £700,000 pa. However, in 2017/18 the Council carried out a proof of concept using a more detailed data match, which identified a possible 2,500 incorrect claims and lost Council Tax of potentially up to £800,000 pa.</p> <p>The saving is the billing and collection of the additional Council Tax the review identified as due. The service believes it will collect at least £500K of this additional Council Tax in 2018/19.</p> <p>The reason the £500K is below the estimate of £800K, is because it is expected that further challenges to the discount withdrawal will be received once the Council sends a bill. In addition, the Council is expecting it is going to have to take a higher than normal level of enforcement action to collect the debt.</p>

4. Impact and risks of proposal
<b>Outline impact to service users, partners, other Council services and staff:</b>
The impact on service users will be that those Council Tax payers who are not entitled to a single person discount will have to pay more. There will be no impact on

## Savings Proposals Appendices i to ix – October 2017

### 4. Impact and risks of proposal

partners. There will be some additional administration for staff.

#### Outline risks associated with proposal and mitigating actions:

There is a risk that the data used is unreliable. However, Council Tax payers have been given two opportunities to challenge it before we withdrew the discount and sent an amended bill.

There is a risk that Council Tax payers may not pay the increased bill. However, the service will take enforcement action against those that do not pay their bill.

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	N/A	N/A	N/A	
HRA	-			
DSG	-			
Health	-			
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Council Tax single person discount review	500			
Total	500			
% of Net Budget	N/A	%	%	%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	No	No	No
If DSG, HRA, Health impact describe:				

### 6. Alignment to Lewisham 2020 priorities

Main priority	Second priority	Lewisham 2020 priorities A. Strengthening community input B. Sharing services C. Digitisation D. Income generating E. Demand management
D		
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
High		

### 7. Impact on Corporate priorities

Main priority	Second priority	Corporate priorities 1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence
10		
Impact on main	Impact on second	

## Savings Proposals Appendices i to ix – October 2017

7. Impact on Corporate priorities		
priority – Positive / Neutral / Negative	priority – Positive / Neutral / Negative	
Positive		5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
Low		

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:		Pregnancy / Maternity:	
Gender:		Marriage & Civil Partnerships:	
Age:		Sexual orientation:	
Disability:		Gender reassignment:	
Religion / Belief:		Overall:	n/a
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
None.

12. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.	
Month	Activity
March 2018	Savings implemented

## Savings Proposals Appendices i to ix – October 2017

### Appendix xii

1. Savings proposal	
Proposal title:	Planning savings
Reference:	P3
LFP work strand:	Planning and economic development
Directorate:	Resources and Regeneration
Head of Service:	Head of Planning
Service/Team area:	Planning
Cabinet portfolio:	Regeneration
Scrutiny Ctte(s):	Sustainable Development

2. Decision Route			
Saving proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) increase income	No	No	No

3. Description of service area and proposal
<b>Description of the service area (functions and activities) being reviewed:</b>
<p>The Government has recently laid before Parliament draft legislation relating to changes to the Planning Statutory Fees. It is proposed that planning application fees will be increased by 20%, which should be in place by 1 April 2018.</p> <p>Planning Application Fees for 2016/17 were £910,778 and are forecasted as £1.2m during 2017/18, against an annual budget of £929,000 for both years. An increase of 20% would have uplifted this income to £1,092,934, an increase of £182k (2016/17) and £1,440,000 a forecast increase of £240k (2017/18).</p> <p>However, we are only able to take advantage of the 20% increase in fees if we do not reduce our base budget. This Government requirement has been introduced to ensure that the application fee increase will be “ring-fenced” to improve planning capacity and customer service. Therefore, the Development Management (E44613) base budget of £1,751,393 cannot be reduced in the budget savings exercise for the foreseeable future.</p> <p>The Planning Service have therefore looked to identify opportunities to generate additional income as opposed to savings to the base budget.</p>
<b>Saving proposal</b>
<p>In total £270k made up of:</p> <p>£240k from the outline proposal for 2018/19 presented in the savings round for 2017/18. This was anticipated to come from £200k income and £40k restructure. Due to the ringfencing of the base budget, the £40k restructure figure is no longer achievable via a restructure but would be more than offset by the statutory fee increase.</p> <p>The additional £30k increase in income to the DM budget will come through a further</p>

## Savings Proposals Appendices i to ix – October 2017

### 3. Description of service area and proposal

review of and increase to chargeable services.

### 4. Impact and risks of proposal

#### Outline impact to service users, partners, other Council services and staff:

There will be an impact on service users through the increase of fees. However, these have not been reviewed for some time and we would be seeking to ensure that we are fully recovering the cost. The Planning Service are continuing to improve the Planning web pages to ensure that a free offer is available to any householders looking to undertake works in the Borough. Discussions with developers has indicated a willingness to pay increased fees if it enables a good level of service to be provided.

#### Outline risks associated with proposal and mitigating actions:

There is a risk that by increasing fees, less customers will choose to use the service. In order to minimise this, the Planning Service are already looking at customer satisfaction and ways of promoting and marketing services.

### 5. Financial information

Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	2,637	(1,582)	1,055	
HRA				
DSG				
Health				
Saving proposed:	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
income	270			270
Total	270			270
% of Net Budget	26%	5%	%	26%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Yes	No	No	No
If DSG, HRA, Health impact describe:				

### 6. Alignment to Lewisham 2020 priorities

Main priority	Second priority	Lewisham 2020 priorities
Income generating	Demand management	A. Strengthening community input
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	B. Sharing services
Low	Medium	C. Digitisation
		D. Income generating
		E. Demand management

### 7. Impact on Corporate priorities

Main priority	Second priority	Corporate priorities
		1. Community leadership and empowerment

## Savings Proposals Appendices i to ix – October 2017

7. Impact on Corporate priorities		
Decent Homes for all	Strengthening the local economy	2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
neutral	neutral	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
low	low	

8. Ward impact	
Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?

9. Service equalities impact			
Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:	n/a	Pregnancy / Maternity:	n/a
Gender:	n/a	Marriage & Civil Partnerships:	n/a
Age:	n/a	Sexual orientation:	n/a
Disability:	n/a	Gender reassignment:	n/a
Religion / Belief:	n/a	Overall:	n/a
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

10. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No
Workforce profile:	

11. Legal implications
State any specific legal implications relating to this proposal:
As increasing income to cover the full cost of undertaking service, no legal implications.

12. Summary timetable
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:

## Savings Proposals Appendices i to ix – October 2017

### 12. Summary timetable

The main savings timetable for 2018/19 has been included here FYI. Please amend for proposal if different.

Month	Activity
September 2017	Proposals prepared
October 2017	Proposals submitted to Scrutiny committees leading to M&C (despatch 24 October)
November 2016	Scrutiny meetings held with consultations ongoing
December 2017	Proposals to M&C for decision on 6 December (Despatch 29 Nov) and (full decision) reports returned to Scrutiny for review
January 2018	Transition work ongoing
February 2018	Transition work ongoing and budget set 21 February
March 2018	Savings implemented

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## Appendix xiii

### Corporate Savings Principles

Prior to the General Election in 2010, the Labour Government instituted a programme of austerity planned over a five year period. In 2010 the Coalition Government increased the level of and pace of “fiscal consolidation” (i.e. tax increases and spending cuts) that applied to the nation’s public finances. In 2013 these were increased again such that the original plans of the (then) Labour Government to reduce public spending have been increased dramatically. To ensure that this scale of service cuts did not impact adversely on front-line services the Mayor and Cabinet agreed a set of principles to underpin the Council’s decision making. These principles ensure that we:

- 1) Take account of the impact on service outcomes and social results for customers and citizens
- 2) Be prudent and sustainable for the longer term, we will not just opt for short term fixes
- 3) Reflect a coherent “one organisation” approach that avoids silo-based solutions
- 4) Encourage self-reliance, mutualism and cooperative endeavour
- 5) Mitigate potential harm in accordance with an appropriate assessment of needs
- 6) Be mindful of the impact on the geography of fairness across Lewisham (and our boundaries)
- 7) Involve service users, staff and other stakeholders in the redesign of services for the future
- 8) Consider the current or potential actions of other public agencies and the voluntary sector locally, including sharing and reshaping services (Total Place)
- 9) Consider the impact on the Lewisham approach where we listen to all voices, take account of all views and then we move forward to implement.

Appendix xiv



**Making fair financial decisions  
Guidance for decision-makers**

3<sup>rd</sup> edition, January 2015

## **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.

## **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.

## 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](http://www.equalityhumanrights.com)

## 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.

## 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.

## 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.

**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 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 xv**

### **Summary of Equalities Implications**

Please see section 15.22 of the main report.

APPENDIX xvi

**2018/19 SAVINGS - SUMMARY TABLE OF NEW PROPOSALS WITH PROFORMA AT NOVEMBER 2017**

Ref.	Description	18/19 £'000	Key Decision	Public Consultation	Staff Consultation
<b>B</b>	<b>Supporting People</b>				
B4	Service economy rental income	70	N	N	N
<b>D</b>	<b>Efficiency Review</b>				
D2	Reduction in allocated Inflation	1,000	Y	N	N
<b>E</b>	<b>Asset Rationalisation</b>				
E8	Income from PRS joint venture - Besson St.	500	Y	N	N
<b>I</b>	<b>Management and Corporate Overheads</b>				
I12	Administration budget cut	20	N	N	N
I13	More efficient & effective finance processes	200	N	N	Y
I14	Loss of the Police Officer secondment	70	N	N	N
I15	Review of accounting policies in respect of the balance sheet	1,000	Y	N	N
<b>J</b>	<b>School Effectiveness</b>				
J3	Statutory functions for school effectiveness	360	N	N	N
<b>K</b>	<b>Crime reduction</b>				
K5	Crime problem solving	30	N	N	N
<b>M</b>	<b>Housing strategy and non-HRA funded services</b>				
M8	Reduced costs of providing nightly paid accommodation	250	N	N	N
<b>O</b>	<b>Public Services</b>				
O5	Council tax single person discount review	500	N	N	N
<b>P</b>	<b>Planning and economic development</b>				
P	Service income	270	N	N	N
	<b>Sub Total</b>	<b>4,270</b>			
	Previously Agreed (A19, L8 and Q 6 & 7)	580			
	<b>TOTAL</b>	<b>4,850</b>			

Ref.	Description	18/19 £'000	Key Decision	Public Consultation	Staff Consultation	Select Ctte	Comment
<b>B</b>	<b>Supporting People</b>						
B4	Service economy rental income	70	N	N	N	Healthier	
<b>D</b>	<b>Efficiency Review</b>						
D2	Reduction in allocated Inflation	1,000	Y	N	N	Public Accounts	
<b>E</b>	<b>Asset Rationalisation</b>						
E8	Income from PRS joint venture - Besson St.	500	Y	N	N	Housing/Public Accs	
<b>I</b>	<b>Management and Corporate Overheads</b>						
I12	Administration budget cut	20	N	N	N	Public Accounts	
I13	More efficient & effective finance processes	200	N	N	Y	Public Accounts	
I14	Loss of the Police Officer secondment	70	N	N	N	Public Accounts	
I15	Review of accounting policies in respect of the balance sheet	1,000	Y	N	N	Public Accounts	
<b>J</b>	<b>School Effectiveness</b>						
J3	Statutory functions for school effectiveness	360	N	N	N	Children and Young People (CYP)	
<b>K</b>	<b>Crime reduction</b>						
K5	Crime problem solving	30	N	N	N	Safer Stronger	
<b>M</b>	<b>Housing strategy and non-HRA funded services</b>						

Ref.	Description	18/19 £'000	Key Decision	Public Consultation	Staff Consultation	Select Ctte	Comment
M8	Reduced costs of providing nightly paid accommodation	250	N	N	N	Housing	
<b>O</b>	<b>Public Services</b>						
O5	Council tax single person discount review	500	N	N	N	Public Accounts	
<b>P</b>	<b>Planning and economic development</b>						
P	Service income	270	N	N	N	Sustainable Development	
	<b>Sub Total</b>	<b>4,270</b>					
	Previously Agreed: A19; L8; and Q 6f & 7a.	300 130 50				Healthier Safer Stronger CYP	
	<b>TOTAL</b>	<b>4,850</b>					

<b>Public Accounts Select Committee</b>		
Title	Financial Forecasts 2017/18	
Contributor	Executive Director for Resources and Regeneration	Item 6
Class	Part 1 (open)	16 November 2017

## 1. EXECUTIVE SUMMARY

- 1.1 This report sets out the financial forecasts for 2017/18 as at 30 September 2017. The key areas to note are as follows:
- i. There is a forecast overspend of £13.1m against the directorates' net general fund revenue budget. This is set out in more detail in sections five to nine of this report. This compares to a final outturn of £7m for 2016/17 which resulted after applying £2.8m of funding for 'risks and other budget pressures' against the directorates' year-end overspend of £9.8m for that year.
  - ii. The Dedicated Schools Grant (DSG) is expected to balance at the year end. It is expected that there will be 13 schools who will have a licensed deficit. This is set out in more detail in section 11 of this report.
  - iii. The Housing Revenue Account (HRA) is currently projecting an additional surplus of £0.79m. This is set out in more detail in section 12 of this report.
  - iv. As at 30 September 2017, some 51.0% of council tax due and 63.5% of business rates due had been collected. At this point last year, 50.9% of council tax due and 64.0% of business rates due had been collected. This is set out in more detail in section 13 of this report.
  - v. For the 2017/18 capital programme, the revised budget is now £102.4m, compared to the figure presented to Mayor & Cabinet on 19 July 2017 of £116.4m. The budget has been amended to take account of newly approved schemes and the re-profiling of spend on other schemes. The changes to the 2017/18 capital programme budget are set out in Appendix 1, and the updated profiling of major projects is set out in Appendix 2. As at 30 September 2017, some £37.4m or 37% of the revised budget had been spent, which is below the profile figure expected if the programme is to be delivered in full. This is set out in more detail in section 14 of this report. The comparable figure to 30 September last year was 30% of the revised budget of £87.4m, with the final outturn being 84% of the revised budget of £84.8m.

## 2. PURPOSE

- 2.1 The purpose of this report is set out the financial forecasts for 2017/18 as at the end of September 2017, projected to the year end.

## 3. RECOMMENDATIONS

- 3.1 The Public Accounts Select Committee is recommended to:

- 3.1.1 Note the current financial forecasts for the year ending 31 March 2018 and action being taken by the Executive Directors to manage the forecasted year-end overspend.
- 3.1.2 Note the revised capital programme budget, as set out in section 14 of this report, with further detail attached at appendices 1 and 2.

#### 4. POLICY CONTEXT

- 4.1 Reporting financial results in a clear and meaningful format contributes directly to the council's tenth corporate priority: inspiring efficiency, effectiveness and equity.

#### 5. DIRECTORATE FORECAST OUTTURN

- 5.1 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a forecast year end overspend of £13.1m is being reported as at the end of September 2017. At the same time last year, an overspend of some £9.6m was forecast. Members should note that for 2017/18, there is a sum of £2.1m held corporately for managing 'risks and other budget pressures' which emerge during the year. As in previous years, the Executive Director for Resources and Regeneration will give due consideration as to when it might be appropriate to apply this sum to alleviate budget pressures. This consideration will happen towards the end of the financial year, after assessing the progress that has been made to manage down the current forecast overspend.

**Table 1 – Overall Directorate position for 2017/18**

Directorate	Gross budgeted spend	Gross budgeted income	Net budget 2017/18	Variance Sept 2017/18	Variance May 2017/18
	£m	£m	£m	£m	£m
Children & Young People (1)	66.7	(18.0)	48.7	7.6	7.0
Community Services	167.0	(80.0)	87.0	1.4	1.5
Customer Services (2)	102.7	(60.1)	42.6	4.5	4.6
Resources & Regeneration	76.9	(51.8)	25.1	(0.4)	(0.3)
<b>Directorate Totals</b>	<b>413.3</b>	<b>(209.9)</b>	<b>203.4</b>	<b>13.1</b>	<b>12.8</b>
Corporate Items	29.3	(0.0)	29.3	0	0
<b>Net Revenue Budget</b>	<b>442.6</b>	<b>(209.9)</b>	<b>232.7</b>	<b>13.1</b>	<b>12.8</b>

(1) – gross figures exclude £290m Dedicated Schools' Grant expenditure and matching grant income

(2) – gross figures exclude approximately £220m of matching income and expenditure for housing benefits.

- 5.2 Similar to the scale of the variances projected last year, the current overspending projections are significantly greater than those in recent earlier years. This suggests that the council continues to face budget pressures of a different order than normal.
- 5.3 Members should note that Directorate Expenditure Panels (DEPs) and the Corporate Expenditure Panel (CEP) have remained in operation throughout 2017/18. Towards the end of last year, the operation of the CEP in terms of its effectiveness was reviewed by the Chief Executive and the Executive Director for Resources and Regeneration. This concluded that the CEP would continue to remain in operation. This will ensure that a regular corporate oversight of the council's financial spending position remains. Although the council ended last

year with an overall overspend of £7m, these measures ensured that the variance was no worse. Although some of the budget pressures reported throughout the course of the last year have been alleviated with the allocation of corporate funding, a number of pressures have continued into this financial year.

- 5.4 Furthermore, delivering a large package of revenue budget savings for 2017/18 is managerially complex and challenging. There is an inherent risk that some savings will be delivered later than planned, which would result in overspends within the year. As a result, officers continue to focus on monitoring the progress of savings being implemented.
- 5.5 The table below sets out the proportion of agreed revenue budget savings to be delivered during the course of the year. Any variances are included in the overall forecasts shown in the table above. It should be noted that the forecast delivery in the community services includes an estimated £3m to be achieved through application of the improved Better Care Fund (iBCF) rather than as originally planned. This is subject to formal agreement of the use of the iBCF by the Clinical Commissioning Group (CCG). The delivery against original plans is likely to be achieved in future years.

**Table 2 – Forecast Savings Delivery**

Directorate	Savings Agreed for 2017/18	Forecast Delivery	Variance	
	£m	£m	£m	%
Children & Young People	3.9	3.0	0.9	23%
Community Services	9.1	8.1	1.0	11%
Customer Services	4.1	2.7	1.4	34%
Resources & Regeneration	2.5	2.4	0.1	4%
Corporate	2.6	2.6	0.0	0%
<b>Total</b>	<b>22.2</b>	<b>18.8</b>	<b>3.4</b>	<b>15%</b>

## 6. CHILDREN AND YOUNG PEOPLE'S SERVICES

- 6.1 As at the end of September 2017, the Children and Young People's directorate is forecasting a £7.6m overspend. The actual year-end outturn for 2016/17 was an overspend of £7m.

**Table 3 – Children & Young People Directorate**

Service Area	Gross budgeted spend	Gross budgeted income – including grants*	Net budget	Forecast over/ (under) spend Sept' 2017	Forecast over/ (under) spend May 2017
	£m	£m	£m	£m	£m
Children's Social Care – includes No Recourse to Public Funds	38.5	0.9	37.6	5.7	5.1
Education, Standards and Inclusion	2.6	1.5	1.1	(0.3)	0.0
Targeted Services and Joint Commissioning	25.6	13.6	12.0	2.2	1.9
Schools	0.0	2.0	2.0	0.0	0.0
<b>Total</b>	<b>66.7</b>	<b>18.0</b>	<b>48.7</b>	<b>7.6</b>	<b>7.0</b>

\* The government grants include the Adoption Reform Grant, SEND reform grant, Troubled Families grant and Music grant

- 6.2 The most significant cost pressures for the directorate fall within the *children's social care* division which amounts to £5.7m. It is expected that this year, the *no recourse to public funds* budget will be in a balanced position by the year-end. The key issues relating to the directorate's budget pressures have been set out in the following paragraphs.
- 6.3 The placement budget for *looked after children* is currently forecast to overspend by £2.1m. This is based on an average of 477 looked after children for the year. The forecast assumes all of the agreed revenue budget savings will be delivered in full in this area.
- 6.4 There is an additional pressure on the *section 17* unrelated to no recourse to public funds of £0.8m. This budget meets the families who are intentionally homeless. In addition, the salaries and wages budget shows a forecast overspend of £1.4m. Furthermore, a total investment of £0.6m has been made in the 'new front door' service which is designed to meet safeguarding requirements and bring costs down in the future.
- 6.5 The unachieved savings across the directorate amount to £1.6m, of which £0.7m relates to previous years' savings. The other budget pressures in the rest of the directorate are within the Partnerships and Targeted Services area.
- 6.6 The final outturn on schools' transport at end of 2016/17 was an overspend of £1.2m. In 2017/18, it is expected to be in the region of £0.7m. Members should note that demand reduction measures have resulted in a 10% decrease in numbers on transport and there is currently a review of fleet and passenger transport services underway. The revenue budget savings from this review have been built into the forecast in full.
- 6.7 The education psychologists' budget has seen increased spending pressure due to the increased demand for Education Health and Care Plans (EHCP), where the numbers issued has doubled this year. The overspend is expected to £0.5m. In addition, the short breaks budget is expected to overspend by £0.3m, although work is underway to bring this back within budget.
- 6.8 There has been no provision made in the accounts for the government's Troubled Families Programme. The second phase of the programme came into effect in 2015 and runs through to 2020. Part of the income depends on payments by results. In 2016/17, the target was to identify 964 families and make successful claims for 482 families. Some 976 families were identified and claims made for 376. While work continues with these families, it is now uncertain whether retrospective claims will be allowed for these families, the forecast also assumes that all future targets will be met. The sum involved is £0.2m.
- 6.9 The Department for Education removed the Education Services Grant (ESG) from local authorities in 2017/18. The grant was previously treated as part of the General Fund. The Department for Education however, moved the part of the grant that supported statutory education services to the Dedicated Schools Budget. It is now proposed that those former statutory services be funded out of the Dedicated Schools Grant saving £0.3m.
- 6.10 The key unit costs and activity levels within children's social care are summarised in the following table.

**Table 4 – Fostering Client Numbers**

Placement type	Average weekly unit costs		Client numbers
	Sept' 2017 (£)	Sept' 2016 (£)	Sept' 2017
Local authority fostering	407	433	169
Agency fostering	907	902	199
Residential homes	3,695	3,350	41

6.11 The unit cost information set out in the table above demonstrates the importance of the directorate's strategy for shifting the balance of provision towards fostering.

## 7. COMMUNITY SERVICES

7.1 As at the end of September 2017, the Community Services directorate is forecasting an overspend on £1.4. At the same time last year, the year-end forecast was an overspend of £3.1m, with the actual year-end outturn being an overspend of £3.8m.

**Table 5 – Community Services Directorate**

Service Area	Gross budgeted expenditure	Gross budgeted income	Net budget	Forecast over/ (under) spend Sept 2017/18	Forecast over/ (under) spend May 2017/18
	£m	£m	£m	£m	£m
Adult Services Division	115.5	(46.6)	68.8	1.3	1.1
Cultural and Community Development	16.8	(7.5)	9.4	0.1	0.1
Public Health	16.0	(17.6)	(1.6)	0.0	0.0
Crime Reduction & Supporting People	17.7	(8.3)	9.4	0.2	0.3
Strategy & Performance	1.3	(0.1)	1.2	(0.1)	0.0
<b>Reserves</b>	(0.2)	0.0	(0.2)	(0.1)	0.0
<b>Total</b>	<b>167.0</b>	<b>(79.9)</b>	<b>87.0</b>	<b>1.4</b>	<b>1.5</b>

7.2 The *adult services* division is forecast to overspend by £1.3m. The main variances relate to placement budgets where existing pressures are compounded by the cost of new transition cases of £0.9m, by pressures from earlier discharges from hospital and by the difficulty in achieving the £4.5m savings required for 2017/18. The projections above assume that the majority of both the improved Better Care Fund (iBCF) and the Adult Social Care Support Grant will be available to address pressures and reduce the need to impose savings. The projections also assume that £1m of the iBCF will be used to fund entirely new services. The plans for use of this funding are currently being developed and projections in future months will take full account of the financial effect of these plans. To date only £0.3m has been committed, but projections assume that the balance will be spent. To the extent that this spend is on expenditure already projected the service overspend will reduce.

7.3 The *cultural and community services division* is forecasting an overspend of £0.1m. This pressure relates primarily to budget for community centres. There was a review of the current facilities management arrangements for the seven buildings directly managed by the Community Resources Team in order to deliver

a saving of £0.07m for the 2017/18 financial year. This work includes the option to outsource management functions to a third part provider with experience in either managing community facilities or to a social housing provider. Delays in the implementation of this work coupled with a loss of income of £0.036m from the closure of several building during 2016/17 following the implementation of voluntary sector accommodation plan (*report to Mayor & Cabinet on 11 November 2015*) have created the budget pressure of £0.1m. There are a number of smaller variances across the budgets for the Libraries Service (including Deptford Lounge), the Community Sector Grants budget and the Culture and Community Development (staffing) budget which at this stage largely cancel each other out.

- 7.4 There is a nil variance currently projected on the *public health* budget at this stage. It is expected that the complex set of savings required to balance the budget, including very significant changes to the London-wide arrangements for sexual health, will all be delivered. This area will be kept under close review during the financial year.
- 7.5 There is an overspend of £0.2m projected on *crime reduction and supporting people*. There are two separate budget pressures within the Youth Offending Service which total £0.4m. These pressures are being partially offset by underspends of £0.2m across the rest of the Division.
- 7.5.1 There is a projected overspend of £0.2m on the budget for secure remand placements which is resulting from a combination of a reduction in government grant funding from the Ministry of Justice and a significant upturn in the level of remand placements required by the courts. Remand levels have been very high in the early part of the financial year but have now levelled off resulting in a reduction in the projected overspend position. However, secure remand placements can be a volatile area of spend which is dependent on the nature and severity of the offences being committed by young people within the borough and the operation of the court process.
- 7.5.2 Secondly, following the adverse service inspection by the Youth Justice Board, a 'new' staffing structure is being put in place to address the issues raised and to implement the HM Inspectorate of Prisons improvement plan. This is projected to create a £0.2m pressure on the core budget for the *youth offending service* in 2017/18.
- 7.5.3 There is a budget pressure of £0.1m on the Supporting People Programme. This is the result of the committed contract costs in relation to the core VAWG (Violence Against Women and Girls) Service. Following the loss of external funding the service has been given in principle agreement to draw on the earmarked reserve of £239k for VAWG in order to bridge the funding gap, some £119.5k per annum for 2017/18 and 2018/19 to cover the budget shortfall. This is not currently reflected in the service budget. This overspend will be matched by a variance on the Community Services Reserves budget.
- 7.5.4 The projected overspends are being offset by underspends on Environmental Health of £0.1m (staffing & income), Prevention & Inclusion Team £0.1m (staffing) and Crime, Enforcement and Regulation £0.1m (staffing). This leaves an overall net projected overspend of £0.2m across the Division.
- 7.6 The *strategy and performance* service which includes the directorate management team budget is showing a small underspend.

- 7.7 There is a projected variance on the Community Services Reserves. This is a resulting of the proposed drawdown of £0.1m against the earmarked reserve for VAWG (Violence Against Women and Girls). This is matched against the overspend shown on the Supporting People Programme.

## 8. CUSTOMER SERVICES

- 8.1 As at the end of September 2017, the Customer Services directorate is forecasting an overspend of £4.5m. At the same time last year, the year-end forecast was an overspend of £2.2m, with the actual year-end outturn being an overspend of £1.4m.

**Table 6 – Customer Services Directorate**

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend Sept 2017/18	Forecast over/ (under) spend May 2017/18
	£m	£m	£m	£m	£m
Strategic Housing	27.5	(21.9)	5.6	0.2	0.2
Environment	35.8	(17.3)	18.5	2.4	2.4
Public Services*	34.1	(20.5)	13.6	0.7	0.8
Technology and Change	5.3	(0.4)	4.9	1.2	1.2
<b>Total</b>	<b>102.7</b>	<b>(60.1)</b>	<b>42.6</b>	<b>4.5</b>	<b>4.6</b>

\* (excludes £210m of matching income and expenditure in respect of housing benefits)

- 8.2 The *Strategic Housing service* is projecting an overspend of £0.2m. Most areas of the service are projected to spend to budget, as the one-off underspends last year totalling more than £1m are not expected to recur in 2017/18. There is a £0.2m overspend projected on the staffing budget for the *no recourse to public funds* team.
- 8.3 The *Environment division* is forecasting an overspend of £2.4m. As at the end of September 2017, net overspends of £1.0m on *refuse services* and £0.4m on *strategic waste management* are projected. The projection for *refuse services* takes account of additional costs arising from the delay in implementing the move to fortnightly collections and in implementing a new service for food and garden waste collections. The budget assumed that the fortnightly collection and new services would be implemented at the beginning of the financial year. The leasing of several new vehicles, following the disposal of a number of vehicles during the year, has added to the forecast overspend. New refuse vehicles are due to be received in April 2018. There is a projected shortfall in income on the *trade refuse* budget of £0.2m and *domestic refuse* debt write-offs of £0.2m. The *strategic waste management* forecast assumes that expenditure on flytipping continues at current levels, although it is hoped that with the initiatives being developed. This will reduce later in the year.
- 8.4 The *passenger services* budget is projecting an overspend of £0.5m for 2017/18. A saving of £1m was originally agreed to passenger services budgets by Mayor & Cabinet over a two year period. In 2016/17, a saving of £0.5m was agreed, with £0.5m in 2017/18. Given that these savings are yet to be delivered in full and are predicated on the successful outcome of the transport review, they have

subsequently been partially reduced by growth funding of £0.5m in 2017/18. However, for accounting purposes, the Customer Services directorate holds no direct budget for passenger services, as all costs are budgeted to be fully recharged out to the end service users (primarily Children & Young People and Community Services directorates) who are ultimate budget holders. A significant level of cost reductions are expected to be achieved by passenger services across the two-year period, which will result in a reduction in the costs recharged to these two directorates. These reduced costs will however be reflected, if not separately identified, in the user directorates projected outturn position, rather than that of the Customer Services directorate.

- 8.5 The *green scene* budgets are projecting an overspend of £0.3m largely as a result of projected overspends on arboreal services of £0.2m. An escalating number of insurance claims for damage from trees, often caused by weather related issues, have resulted in greater than expected remedial tree works. An overspend on grounds maintenance costs for parks of £0.1m is also forecast.
- 8.6 The *bereavement services* budgets are projecting an overspend of £0.1m, arising partly from higher than budgeted costs for the mortuary service and coroners court, in addition to lower than anticipated crematorium income. Given the volatile nature of this budget, it will continue to be monitored closely throughout the year.
- 8.7 The *Public Services division* is forecasting an overspend of £0.7m. Some £0.3m of this is in the *revenues service*, principally in the central debtors' team and on the IMT budget for the collection of council tax. The gross costs of the *parking service* are £0.4m above budget, although this is offset by increased income from fixed penalty notices of £0.4m and £0.3m from pay and display charges. The service for *housing benefits* is expected to overspend by £0.4m due to a reduction in grant received from the Department of Work and Pensions. Finally, *service point* is projected to overspend by £0.4m due to a combination of income shortfalls in both *registrars* of £0.2m, and *Inprint* of £0.2m.
- 8.8 The *Technology and Change* division is forecasting a £1.2m overspend. Last year the service delivered budget savings of £1m, primarily through introducing a new shared ICT service and reducing the cost of our infrastructure contracts. For 2017/18, the division is expected to deliver a further saving of at least £0.35m, but a reduction in the division's budget, combined with a new pressure from software licences, means that overall the division is still projecting an overspend of £1.2m. This is expected to be managed down through extending the shared service to the London Borough of Southwark and reducing the demand for certain services, such as printing, to bring the division back to a balanced budget in 2018/19.

## 9. RESOURCES AND REGENERATION

- 9.1 As at the end of September 2017, the Resources and Regeneration directorate is forecasting an underspend of £0.4m. At the same time last year, the year-end forecast was for an underspend of £0.5m, with the actual year-end outturn being an underspend of £2.4m.

**Table 7 – Resources and Regeneration Directorate**

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend Sep 2017/18	Forecast over/ (under) spend Aug 2017/18
	£m	£m	£m	£m	£m
Corporate Resources	5.9	(3.2)	2.7	0.0	0.0
Corporate Policy & Governance	4.5	(0.3)	4.2	(0.4)	(0.3)
Financial Services	4.7	(1.5)	3.2	0.0	0.0
Executive Office	0.2	0.0	0.2	0.0	0.0
Human Resources	2.7	(0.2)	2.5	(0.1)	(0.2)
Legal Services	3.2	(0.4)	2.8	0.0	0.0
Strategy	4.9	(2.8)	2.1	(0.2)	(0.2)
Planning	2.6	(1.6)	1.1	(0.2)	0.0
Regeneration & Place	48.1	(40.5)	7.7	0.5	0.4
Reserves	0.0	(1.4)	(1.4)	0.0	0.0
<b>Total</b>	<b>76.9</b>	<b>(51.8)</b>	<b>25.1</b>	<b>(0.4)</b>	<b>(0.3)</b>

- 9.2 The *regeneration & place* division is forecasting an overspend of £0.5m. There continues to be an underachievement of income from utilities companies against the network management budget of £0.3m. This reflects improved utility company practices and IT systems. There is also a net overspend of £0.2m forecast in relation to garages that were transferred from the Housing Revenue Account in 2015/16. Officers are making continued efforts to maximise the net rental income to fully achieve budget savings.
- 9.3 In the *corporate policy & governance* division, there is underspending forecast on both employee costs of £0.3m and on supplies & services expenditure of £0.1m. In *human resources*, there is underspending forecast on staffing budgets of £0.1m. The *strategy* division is forecasting an underspend of £0.2m, mainly across employee cost budgets. The *planning* division is forecasting an underspend of £0.2m that is driven by high levels of income.
- 9.4 There are no significant variances currently being forecast within the *corporate resources, financial services or legal services* divisions.

## 10. CORPORATE PROVISIONS

- 10.1 The *corporate financial provisions* include working balances, capital expenditure charged to the revenue account (CERA), and interest on revenue balances. These provisions are not expected to overspend although, with the impact of continued reductions in service budgets, there is ever greater pressure on working balances. Certainty on their outturn only becomes clear towards the end of the financial year.

## 11. DEDICATED SCHOOLS' GRANT

11.1 The total DSG currently stands at £289.6m and is broken down as follows

	DSG including Academies £'000	DSG After Academies Recoupment £'000
Schools Block	215.4	188.6
Early Years Block	23.5	23.5
High Needs Block	50.7	48.1
<b>2017-18 Total DSG</b>	<b>289.6</b>	<b>260.2</b>

11.2 The funding of schools still causes concern. While the government has confirmed that no school will lose under the national funding formula next year and there will be sufficient funding for a 0.5% uplift in funding rates for both 2018/19 and 2019/20, schools will have extra costs as a consequence of inflation and the unexpected reduction in pupils in Lewisham. Currently, there are 13 of our schools in deficit with a further 6 at risk. The forecast suggests that Lewisham schools will face a 7% real terms reduction over the coming three years.

11.3 Schools are being encouraged to plan their budgets much earlier than has traditionally been the case and officers have recommended to schools that they set draft budgets in the Autumn Term, with the governing body finally confirming the budget in the spring. Planning the budget in the autumn allows enough time for a school to undertake consultations should it need to change or reduce the staffing. This will allow implementation in the following September.

11.4 Our experience is that deficits are often not identified until the year end, which delays the implementation of recovery plans and consequently, in the first year of the recovery plan the deficit rises thereby increasing the level of savings that the school needs to achieve. In other words, late identification of a deficit and/or delays in implementing a recovery plan will have a direct impact on the school.

11.5 Initial feedback from school bursars indicated that they did not feel equipped to undertake early planning, more from a technical budgeting point of view than conceptually. Medium term planning is different from setting an annual budget and a different approach is needed. Since it includes use of sensitivity analysis to flex plans so governors can understand the best case, worst case and most likely scenarios. This includes predictions around pupil numbers, funding and inflation. In order to help schools do this early planning, two training sessions were held for schools, with just over 80 people attending.

11.6 A training session was also held for Governors on Managing Schools' Finance and Meeting the Financial Challenge.

11.7 Over the last 18 months significant work has been undertaken to make schools aware of the financial constraints and to improve the financial management in schools.

11.8 The following support to schools have been delivered over the last year

- o 21 Finance based training sessions
- o 58 Finance visits to schools
- o 53 HR health checks completed
- o 30 reorganisation consultations underway

11.9 Officers and schools continue to work closely with teacher and support staff trade unions.

11.10 Other major developments to assist schools with their financial management include the issuing of a new Self checking budget monitoring and budget planning toolkits. Budget returns and budget monitoring returns are now being made on time and the new escalation process is proving effective.

11.11 The budget monitoring statements for schools for schools are due and 57% have been received by the due date. This compares with 38% this time last year

11.12 The central side of the DSG is expected to end the year in a balanced position.

## **12. HOUSING REVENUE ACCOUNT**

12.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2017/18. The balanced HRA budget seen in the table includes a budgeted surplus of £0.79m, which is to be transferred to reserves at year end as a part of the 30 year HRA plan.

12.2 The forecast position for September 2017 is for an additional surplus of £0.79m. Within that position, there is a net increase in expected income of £0.7m due to lower than budgeted void loss and a slowdown in stock loss, an underspend of £0.05m on housing needs and an underspend of £0.06m on external grant allowances paid.

12.3 There is the potential for further increases in the current reported surplus due to potential reductions in Insurance Premiums, Bad Debt Impairments and energy charges. These will be reported on as they become clearer.

12.4 The monitoring position does not currently take account of any financial effects relating to the council's costs arising as a result of the response to Grenfell tragedy. These will be reported on as and when they become known.

**Table 8 – Housing Revenue Account**

Service Area	Expenditure Budget	Income Budget	2017/18 budget	Forecast over/ (under) spend
	£m	£m	£m	£m
Customer Services – Housing	12.5	(3.5)	9.0	(0.05)
Lewisham Homes & R&M	36.9	0	36.9	(0.06)
Resources	2.1	0	2.1	0.00
Centrally Managed Budgets	47.8	(95.8)	(48.0)	(0.68)
<b>Total</b>	<b>99.3</b>	<b>(99.3)</b>	<b>0</b>	<b>(0.79)</b>

**13. COLLECTION FUND**

- 13.1 As at 30 September 2017, £65.6m of council tax had been collected. This represents 51.0% of the total amount due for the year of £128.7m. This is slightly below the profiled collection rate of 51.3% if the overall target for the year of 96% is to be met. At the same time last year, the collection rate to date was 50.9%.
- 13.2 Business rates collection is at 63.5%, an increase of 2.0% compared to the same period last year, but 1.2% lower than the profiled collection rate if the overall target rate for the year of 99% is to be achieved.

**14. CAPITAL EXPENDITURE**

- 14.1 The overall spend to 30 September 2017 is £37.4m. This represents 37% of the revised budget of £102.4m. At this point last year, 30% of the revised budget of £87.4m had been spent, with the final outturn being 84% of the revised budget of £84.8m.
- 14.2 The 2017/18 capital programme budget, and the capital programme budget for future years has been updated and is proposed for agreement by Mayor & Cabinet. The changes to the 2017/18 budget are set out in Appendix 1 and the revised four year capital programme budget is summarised in Appendix 2.

**Table 9 – Capital Programme spend to date**

2017/18 Capital Programme	Revised Budget M&C 19/07/17	Revised Budget M&C 15/11/17	Spend to 30 Sep 2017	Spent to Date (Revised Budget)
	£m	£m	£m	%
Community Services	0.5	0.7	0.1	14%
Resources & Regeneration	16.3	15.2	4.3	28%
CYP	23.8	21.1	8.3	39%
Customer Services	1.4	1.8	0.3	17%
Housing (General Fund)	16.1	26.0	13.1	50%
<b>Total General Fund</b>	<b>58.1</b>	<b>64.8</b>	<b>26.1</b>	<b>40%</b>
Housing Matters Programme	31.3	10.5	3.5	33%
Decent Homes Programme	25.0	25.0	7.7	31%
Other HRA capital	2.0	2.1	0.1	5%
<b>Total HRA</b>	<b>58.3</b>	<b>37.6</b>	<b>11.3</b>	<b>30%</b>
<b>Total Expenditure</b>	<b>116.4</b>	<b>102.4</b>	<b>37.4</b>	<b>37%</b>

- 14.3 The table below shows the current position on the major projects in the 2017/18 general fund capital programme (i.e. those over £1m in 2017/18).

**Table 10 – Major Capital Projects**

2017/18 Capital Programme	Revised Budget M&C 19/07/17	Revised Budget M&C 15/11/17	Spend to 30 Sep 2017	Spent to Date (Revised Budget)
	£m	£m	£m	%
Housing Regeneration Schemes (Excalibur, Heathside & Lethbridge)	8.2	8.2	1.2	15%
School Places Programme	15.2	12.5	6.2	50%
Other Schools Capital Works	7.7	7.8	1.6	21%
Disabled Facilities / Private Sector Grants	2.4	2.2	0.4	18%
Highways and Bridges (TfL)	2.8	2.4	1.4	58%
Catford town centre	2.4	3.5	0.6	17%
Asset Management Programme	4.0	3.6	0.3	8%
Highways and Bridges (LBL)	4.3	5.3	2.1	40%
Travellers Site Relocation	1.1	0.0	0.0	0%
Acquisition – Hostels Programme	1.3	1.4	0.6	43%
Grove Park Street Improvements	1.2	0.1	0.0	0%
Lewisham Homes Property Acquisition loan	0.0	10.0	10.0	100%
<b>Total Major Projects</b>	<b>50.6</b>	<b>57.0</b>	<b>24.4</b>	<b>43%</b>
Other Projects	7.5	7.8	1.7	22%
<b>Total Projects – General Fund</b>	<b>58.1</b>	<b>64.8</b>	<b>26.1</b>	<b>40%</b>

- 14.4 The main sources of financing the capital programme are grants and contributions and capital receipts from the sale of property assets. Some £12.4m has been received so far this year, comprising £0.3m in respect of previous year's Housing stock transfers, £4.9m (net) from Housing Right to Buy sales and Capital Receipts and £7.2m of grants and contributions.

## 15. FINANCIAL IMPLICATIONS

- 15.1 This report concerns the financial forecasts for the 2017/18 financial year. However, there are no direct financial implications in noting these.

## 16. LEGAL IMPLICATIONS

- 16.1 The Council must act prudently in relation to the stewardship of Council taxpayers' funds. The Council must set and maintain a balanced budget.

## 17. CRIME AND DISORDER ACT IMPLICATIONS

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

## 18. EQUALITIES AND ENVIRONMENTAL IMPLICATIONS

- 18.1 There are no equalities or environmental implications directly arising from this report.

## 19. CONCLUSION

- 19.1 The council will continue to apply sound financial controls throughout the duration of the financial year. However, the short and medium term outlook remains difficult and the continued strong management and fiscal discipline will be required to enable the council to meet its financial targets for 2017/18 and beyond.

### BACKGROUND PAPERS AND APPENDICES

Short Title of Report	Date	Location	Contact
Financial Outturn for 2016/17	7 <sup>th</sup> June 2017 (M&C)	5 <sup>th</sup> Floor Laurence House	Selwyn Thompson
2017/18 Budget	22 <sup>nd</sup> February 2017 (Council)	5 <sup>th</sup> Floor Laurence House	David Austin

For further information on this report, please contact:

Selwyn Thompson, Head of Financial Services on 020 8314 6932

**PROPOSED 17/18 CAPITAL PROGRAMME  
APPROVED TO LATEST BUDGET**

	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>APPROVED CAPITAL PROGRAMME BUDGET</b>		
<b>Mayor &amp; Cabinet – 19 July 2017</b>		<b>116,433</b>
<b>New Schemes</b>		
Glass Mill Soft Play	266	
Fleet Vehicles Replacement Scheme 2017/18	500	
Lewisham Homes Property Acquisition loan	10,000	
Wearside car park works and building demolition	<u>100</u>	10,866
<b>Approved variations on existing schemes</b>		
<u>Re-Phasing Budgets</u>		
General Fund:		
School Places Programme	(2,728)	
Other schemes	<u>(1,370)</u>	(4,098)
Housing Revenue Account:		
Housing Matters Programme	<u>(20,800)</u>	(20,800)
<b>Revised Capital Programme Budget 2017/18</b>		<u><b>102,401</b></u>

**APPENDIX 2**

Major Projects over £2m	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m
<b>GENERAL FUND</b>					
ICT - Tech Refresh	0.7	0.7	0.5	0.5	2.4
School Places Programme	12.5	17.7	1.0	0.8	32.0
Schools - Minor Works Programme	3.7				3.7
Schools - Other Capital Works	4.2				4.2
Highways & Bridges - TfL	2.4				2.4
Highways & Bridges - LBL	5.3	3.1	3.5	3.5	15.4
Catford town centre regeneration	3.5	4.8	3.3	0.8	12.4
Asset Management Programme	4.0	3.9	2.5	2.5	12.9
Excalibur Regeneration	2.7				2.7
Heathside & Lethbridge Regeneration	5.5	1.1			6.6
Lewisham Homes – Property Acquisition	10.0	10.0	6.0		26.0
Disabled Facilities Grant	1.2	0.7	0.7	0.7	3.3
Private Sector Grants and Loans	1.0	0.6	0.6	0.6	2.8
Fleet Replacement	0.5	2.6			3.1
Other Schemes	7.6	3.8	0.3	0.2	11.9
	<b>64.8</b>	<b>49.0</b>	<b>18.4</b>	<b>9.6</b>	<b>141.8</b>
<b>HOUSING REVENUE ACCOUNT</b>					
Aids and Adaptations	0.4	0.4	0.5	0.5	1.8
Hostels Programme	1.6	0.4	0.4	0.4	2.8
Housing Matters Programme	10.6	77.1	34.1	1.9	123.7
Decent Homes Programme	25.0	36.2	38.1	53.1	152.4
	<b>37.6</b>	<b>114.2</b>	<b>73.1</b>	<b>55.9</b>	<b>280.8</b>
<b>TOTAL PROGRAMME</b>	<b>102.4</b>	<b>163.2</b>	<b>91.5</b>	<b>65.5</b>	<b>422.6</b>

<b>Public Accounts Select Committee</b>		
Report Title	<b>Treasury Management Mid-year Review 2017/18</b>	
Key Decision	No	Item No: 7
Ward	All	
Contributors	<b>Head of Corporate Resources</b>	
Class	Part 1	Date: 16 November 2017

## 1. EXECUTIVE SUMMARY

- 1.1 The report presents the current economic conditions in which the Council is operating in respect of its investments and borrowing. It then sets out the Council's treasury performance and capital position as at 30 September 2017. It also provides updates on the arrangements in place and an assessment of the current Treasury Management strategy as required by the Chartered Institute of Finance and Accountancy (CIPFA) Code of Practice.
- 1.2 The UK economy has performed disappointingly in 2017, with weak growth influenced by the large element of uncertainty about the final form that Brexit might take. The outlook for the next two to three years includes a number of potential risks, including:
- The pace and scale of any future changes to the UK base rate;
  - Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows;
  - Recapitalisation of European banks and a resurgence of the Eurozone sovereign debt crisis; and
  - Volatile or weakening global growth, particularly in the US, China and Japan.
- 1.3 In terms of performance, the capital expenditure estimate for 2017/18 has fallen to £102m, from £124m, principally in respect of the HRA. On current plans no difficulties are envisaged for the current or future years in complying with the Code's requirements for prudential borrowing. Council investments are managed within the agreed parameters and delivered a yield (on an annualised basis) for the six months to 30 September of 0.48% (down from 0.59% last year). For the risk profile this performance is in line with the benchmark group of London Authorities.
- 1.4 There are no changes proposed to the Treasury Management strategy at this time.

## 2. STRUCTURE

- 2.1. The rest of this report is structured with the following sections:

- Purpose
- Recommendations
- Policy Context
- Background and Prior Year Outturn
- Economic Update
- Treasury Management Strategy Statement and Annual Investment Strategy Update
- The Council's Capital Position (Prudential Indicators)
- Investment Portfolio 2017/18
- Borrowing
- Debt Rescheduling
- Other Issues

### **3. PURPOSE OF THE REPORT**

3.1 This mid-year review has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. It covers the following:

- (i) An economic update for the first part of 2017/18;
- (ii) A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- (iii) The Council's capital expenditure (prudential indicators);
- (iv) A review of the Council's investment portfolio for 2017/18;
- (v) A review of the Council's borrowing strategy for 2017/18;
- (vi) A review of any debt rescheduling undertaken during 2017/18; and
- (vii) A review of compliance with Treasury and Prudential Limits for 2017/18.

### **4. RECOMMENDATIONS**

4.1. The Public Accounts Select Committee are asked to note the report, in particular the macroeconomic context, performance of investments to date, updates on capital expenditure and borrowing in line with CIPFA requirements and the Council's treasury management strategy.

### **5. POLICY CONTEXT**

5.1 The contents of this report are consistent with the Council's policy framework. It supports the achievement of the Council's corporate priority to ensure efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community.

## 6. BACKGROUND AND PRIOR YEAR OUTURN

### Background

- 6.1. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 6.2. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 6.3. Accordingly, treasury management is defined as:  
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 6.4. The Council complies with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011). The primary requirements of the Code are as follows:
1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
  2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
  3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
  4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
  5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Public Accounts Select Committee.

## 2016/17 Treasury Management Outturn

6.5. The overall treasury management portfolio as at 31 March 2017 is set out in the table below:

Treasury Management Outturn 2016/17	Outstanding at 31 March 2017	Average Coupon Rate	Average Remaining Duration	Outstanding at 31 March 2016
	£m	%	Years	£m
<b>Fixed Rate Borrowing</b>				
Public Works Loan Board	76.7	5.4	21.6	78.0
Market Loans	89.2	4.7	36.9	88.3
<b>Sub-total – Fixed Rate Borrowing</b>	<b>165.9</b>	<b>5.1</b>	<b>29.3</b>	<b>166.3</b>
<b>Variable Rate Borrowing</b>				
Public Works Loan Board	0.0	0.0	N/A	0.0
Market Loans	25.0	4.5	21.8	25.0
<b>Sub-total – Variable Rate Borrowing</b>	<b>25.0</b>	<b>4.5</b>	<b>21.8</b>	<b>25.0</b>
<b>Total Debt</b>	<b>190.9</b>	<b>4.8</b>	<b>25.6</b>	<b>191.3</b>
<b>Investments</b>				
Money Markets	92.4	0.4	N/A	90.5
Fixed Term Deposits	245.1	0.7	116 days	220.0
Notice Deposits	35.0	0.5	N/A	20.0
<b>Total Investments</b>	<b>372.5</b>	<b>0.6</b>	<b>116 days</b>	<b>330.5</b>

6.6. The net borrowing requirement for 2016/17 was minus £0.4m, this being £11.3m less than the net borrowing requirement of £10.9m for 2015/16 as set out in the table below:

Net Borrowing Requirement	2016/17	2015/16
	£m	£m
Capital Investment	46.8	72.3
Capital Grants	(15.9)	(36.2)
Capital Receipts	(19.2)	(11.7)
Revenue	(4.7)	(11.9)
<b>Net position</b>	<b>7.0</b>	<b>12.5</b>
MRP	(6.1)	(1.6)
Maturing Debt	(1.3)	0
<b>Net Borrowing Requirement</b>	<b>(0.4)</b>	<b>10.9</b>

6.7. In previous years the Council has financed its net borrowing requirement from temporary cash balances it holds. As at 31 March 2017, this internal borrowing totalled £51.7m, which is the difference between the Capital Financing Requirement (CFR) and the Council's actual borrowing.

Debt and CFR Movement	2016/17	2015/16
	£m	£m
Capital Financing Requirement *	242.6	241.7
External Debt	(190.9)	(191.3)
<b>Difference – internal borrowing</b>	<b>51.7</b>	<b>50.4</b>

\* Excluding other long term liabilities

- 6.8. With the exception of capitalised interest of £0.9m on one loan, there was no new borrowing in 2016/17. Two PWLB loans matured and were repaid in 2016/17, reducing the outstanding loan balance by £1.3m.

## 7. ECONOMIC UPDATE

- 7.1. The Economic update is provided by our treasury advisors Capital Asset Services:

### UK

- 7.2. After the UK economy surprised on the upside with strong growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 came in at only +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back on their expenditure.
- 7.3. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole.
- 7.4. The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise. The Bank of England Inflation Reports during 2017 have clearly flagged up that they expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time.
- 7.5. Inflation actually came in at 2.9% in August, (this data was released on 12 September), and so the Bank revised its forecast for the peak to over 3% at the 14 September meeting MPC. This marginal revision can hardly justify why the MPC became so aggressive with its wording; rather, the

focus was on an emerging view that with unemployment falling to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action.

- 7.6. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour e.g. in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.
- 7.7. On 2 November the MPC voted to increase the Bank Rate to 0.5%; the big question now is whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate. As at the start of October, short sterling rates are indicating that financial markets do not expect a second increase until May 2018 with a third increase in November 2019, and the Bank of England's own forecasts are based on two more rate hikes priced in over three years. Minutes released from the recent meeting indicate that the Bank is in no hurry to raise rates again, suggesting further increases will be limited.
- 7.8. Some forecasters are flagging up that they expect growth to improve significantly in 2017 and into 2018, as the fall in inflation will bring to an end the negative impact on consumer spending power while a strong export performance will compensate for weak services sector growth. If this scenario were to materialise, then the MPC would have added reason to embark on a series of slow but gradual increases in Bank Rate during 2018. While there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.

### **Eurozone**

- 7.9. Economic growth in the EU, (the UK's biggest trading partner), has been lacklustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and now looks to have gathered ongoing substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter 2 (2.3% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in August inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.

### **USA**

- 7.10. Growth in the American economy has been volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1%, resulting in an overall annualised figure of

2.1% for the first half year. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with three increases since December 2016; and there could be one more rate rise in 2017 which would then lift the central rate to 1.25 – 1.50%. There could then be another four more increases in 2018. At its June meeting, the Fed strongly hinted that it would soon begin to unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

### **Asia**

- 7.11. Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems
- 7.12. Japan is struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

### **Interest rate forecasts**

- 7.13. The Council’s treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
<b>Bank Rate</b>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
<b>5yr PWLB Rate</b>	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
<b>10yr PWLB Rate</b>	2.20%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
<b>25yr PWLB Rate</b>	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%
<b>50yr PWLB Rate</b>	2.70%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%

- 7.14. Capita Asset Services undertook its last review of interest rate forecasts on 9 August after the quarterly Bank of England Inflation Report, and before the recent rate increase on 2 November.
- 7.15. The overall balance of risks to economic recovery in the UK is currently to the downside but huge variables over the coming few years include what final form Brexit will take, when finally agreed with the EU. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Monetary policy action failing to stimulate sustainable growth and to get inflation up consistently to around monetary policy target levels.

7.16. The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- The pace and timing of increases in the Fed. Funds Rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

## **8. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE**

8.1. The Treasury Management Strategy Statement (TMSS) for 2017/18 was approved by Council on 22 February 2017.

8.2. No changes to the current treasury strategy are proposed at the current time.

## **9. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)**

9.1. This section of the report is structured to update on:

- a) The Council's capital expenditure plans;
- b) How these plans are being financed;
- c) The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- d) Compliance with the limits in place for borrowing activity.

### **Prudential Indicator for Capital Expenditure**

9.2. This table below shows the original estimates for capital expenditure in 2017/18 and the changes since the capital programme was agreed by Council in the Budget.

Capital Expenditure	Original Feb 17 £m	Revised Sep 17 £m	Change £m	%
<b>General Fund</b>				
Building Schools for the Future	0.0	0.0	0.0	0%
Schools – Primary Places and Other Capital Works	20.6	21.1	0.5	2%
Highways, Footways and Bridges	3.5	7.7	4.2	120%
Major Regeneration Schemes	10.1	22.0	11.9	118%
Town Centres and High Street Improvements	0.0	0.0	0.0	0%
Asset Management Programme	3.8	3.6	(0.2)	(5%)
Other Schemes	7.5	10.4	2.9	39%
<b>Sub total</b>	<b>45.5</b>	<b>64.8</b>	<b>19.3</b>	<b>42%</b>
<b>Housing Revenue Account</b>	<b>78.0</b>	<b>37.6</b>	<b>(40.4)</b>	<b>(52%)</b>
<b>Total</b>	<b>123.5</b>	<b>102.4</b>	<b>(21.1)</b>	<b>(17%)</b>

- 9.3. The General Fund revised capital expenditure plan at the half year increased by 42%, reflecting an updated Highways TFL-funded budget, further loan capital to fund Lewisham Homes' acquisition programme, and the addition of new projects such as the Fleet replacement programme and the PLACE/Deptford project. The Housing Revenue Account revised capital expenditure plan has been reduced by 52% to reflect the re-profiled spend on the New Homes, Better Places programme.

#### **Financing of the Capital Programme**

- 9.4 The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure in 2017/18. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure Financing	Original Feb 17 £m	Revised Sep 17 £m	Change £m	%
Grants and contributions	21.0	25.7	4.7	22%
Capital Receipts	21.2	19.1	(2.1)	(10%)
General reserves / revenue	76.0	44.8	(31.2)	(41%)
<b>Sub total</b>	<b>118.2</b>	<b>89.6</b>	<b>(28.6)</b>	<b>(24%)</b>
<b>Borrowing Required</b>	<b>5.3</b>	<b>12.8</b>	<b>7.5</b>	<b>142%</b>
<b>Total</b>	<b>123.5</b>	<b>102.4</b>	<b>(21.1)</b>	<b>(17%)</b>

- 9.5 The CFR forecast for 2017/18, which is the underlying external need to incur borrowing for a capital purpose, has increased since it was reported in February's Budget; this is largely due to an increase of £7.5m in borrowing required as per the above table, which takes into account the arrangement between the Council and Lewisham Homes to finance their property acquisition programme (see section 11.4). There are no other changes at this stage and a full outturn position, including the operational boundary, will be presented with the 2018/19 Budget in February 2018.

### **Limits to Borrowing Activity**

- 9.6 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) is only undertaken for capital purposes. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the next two financial years. This allows some flexibility for limited early borrowing for future years. 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 utilised if it is deemed to be prudent. The forecast position for the end of 2017/18 has changed from that reported in the Budget, on the assumption that the change in external debt will not be as high as originally forecast. The CFR is forecast to be approximately £36m higher than the actual level of external debt, as shown in the below table.

	2016/17 Actual £m	2017/18 Forecast (as per February 2017 Budget) £m	2017/18 Forecast (at 30 September 2017) £m
External Debt at 1 April	191.3	190.9	190.9
Change in External Debt	(0.4)	46.0	25.2
Other Long-Term Liabilities	243.8	236.2	236.2
<b>Gross Debt at 31 March</b>	<b>434.7</b>	<b>473.1</b>	<b>452.3</b>
<b>Capital Financing Requirement at 31 March</b>	<b>486.4</b>	<b>477.2</b>	<b>488.1</b>
<b>Borrowing – Over / (Under)</b>	<b>(51.7)</b>	<b>(4.1)</b>	<b>(35.8)</b>

- 9.7 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The level for 2017/18 was set at £529.1m in the Budget and includes on balance sheet PFI schemes and finance leases as well as borrowing. It is the expected maximum borrowing

need with some headroom for unexpected movements and is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

- 9.8 The table below shows the updated Operational Boundary forecast for 2017/18, that is the limit which external debt is not normally expected to exceed, and the updated 2017/18 Authorised Limit if the new Operational Boundary were to be applied. Mid-year forecasts indicate that the Council is operating well within the limits approved in the February 2017 Budget.

	2016/17 Actual £m	2017/18 Forecast (as per February 2017 Budget) £m	2017/18 Forecast (at 30 September 2017) £m
Maximum External Debt at 31 March	190.9	236.9	216.1
Other Long-Term Liabilities	243.8	236.2	236.2
<b>Operational Boundary for the Year</b>	<b>434.7</b>	<b>473.1</b>	<b>452.3</b>
Provision for Non Receipt of Expected Income	56.0	56.0	56.0
<b>Authorised Limit for Year</b>	<b>490.7</b>	<b>529.1</b>	<b>508.3</b>

- 9.9 The Executive Director for Resources and Regeneration reports that no difficulties are envisaged for the current or future years in complying with either of these prudential indicators.

## 10. INVESTMENT PORTFOLIO 2017/18

- 10.1. In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 7, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades, as rates have been very low and in line with the 0.25% Bank Rate in force since August 2016. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.
- 10.2. The Council held £426m of investments as at 30 September 2017 (£372m at 31 March 2017) and the investment portfolio yield for the first six months of the year is 0.48% (compared to 0.59% this time last year).
- 10.3. The Council is a member of a London treasury benchmarking group (organised by Capita Asset Services) along with 12 other London authorities. An extraction of the latest available benchmarking report is shown in Appendix 2. This shows that the return on investments in June is in-line with the model

weighted average rate of return provided by the Council's treasury advisors and based on the overall risk the investments are exposed to.

10.4. A full list of investments held as at 30 September 2017 is shown below:

Counterparty	Duration (Days)	Principal £m	Interest Rate	Interest £k
Barclays Bank Plc (TD)	183	20.000	0.590%	59,162
United Overseas Bank Ltd (TD)	364	10.000	0.550%	54,849
Societe Generale (TD)	186	10.000	0.420%	21,403
OP Corporate Bank Plc (TD)	365	15.000	0.550%	82,500
Societe Generale (TD)	184	10.000	0.400%	20,164
Credit Industriel et Commercial (CD)	184	5.000	0.430%	10,147
Landesbank Hessen-Thuringen Girozentrale (Helaba) (TD)	364	10.000	0.630%	62,827
Credit Agricole Corporate and Investment Bank (TD)	117	10.000	0.270%	8,655
Bank of Montreal (TD)	364	10.000	0.570%	56,844
Close Brothers Limited London (TD)	185	5.000	0.600%	15,205
Landesbank Hessen-Thuringen Girozentrale (Helaba) (TD)	364	5.000	0.650%	32,411
Cooperatieve Rabobank U.A. (TD)	364	5.000	0.540%	26,926
Landesbank Hessen-Thuringen Girozentrale (Helaba) (TD)	364	5.000	0.610%	30,416
Credit Industriel et Commercial (CD)	184	15.000	0.370%	26,091
The Royal Bank of Scotland Plc (CD)	364	10.000	0.730%	69,829
The Royal Bank of Scotland Plc (CD)	361	10.000	0.680%	64,552
Commonwealth Bank of Australia (TD)	364	15.000	0.520%	77,786
Commonwealth Bank of Australia (TD)	364	10.000	0.520%	51,858
UBS AG (CD)	364	10.000	0.550%	52,121
The Royal Bank of Scotland Plc (CD)	364	5.000	0.660%	31,547
OP Corporate Bank Plc (TD)	364	10.000	0.510%	50,860
Australia and New Zealand Banking Group Ltd (TD)	364	25.000	0.500%	124,658
Cooperatieve Rabobank U.A. (TP)	364	5.000	0.450%	22,438
UBS AG (CD)	364	15.000	0.480%	71,803

- 10.5 In addition to the fixed investments above, the Council holds certain funds in money market funds and notice accounts. A list of these investments held as at 30 September 2017 is shown below:

**Money Market Funds**

Counterparty	Principal £m	Average Interest Rate
Blackrock	6.490	0.120%
Standard Life (Ignis)	30.000	0.200%
Insight	30.000	0.170%
Federated (PR)	30.000	0.210%

**Notice Accounts**

Counterparty	Principal £m	Interest Rate
Santander UK Plc (180 Day Notice)	20.000	0.550%
Lloyds Bank Plc (175 Day Notice)	20.000	0.650%
Bank of Scotland Plc (175 Day Notice)	20.000	0.650%
Goldman Sachs International Bank (185 Day Notice)	5.000	0.865%
Goldman Sachs International Bank (185 Day Notice)	5.000	0.825%
Goldman Sachs International Bank (185 Day Notice)	10.000	0.785%

- 10.6 The Executive Director for Resources and Regeneration confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2017/18.

**Investment Counterparty List**

- 10.7 The current investment counterparty criteria selection approved in the TMSS is meeting the requirements of the treasury management function.

**11. BORROWING**

- 11.1. The Council's latest forecast capital financing requirement (CFR) for 2017/18 is £488m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing).
- 11.2. The balance of external and internal borrowing is generally driven by market conditions. The Council has borrowings of £201m and has utilised £19m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

- 11.3. It is anticipated that further borrowing, most likely internal borrowing, will be undertaken during this financial year as the capital programme develops, which will require ongoing monitoring.
- 11.4. In June 2017 the Council took out a new £10m loan with the PWLB and advanced it to Lewisham Homes to finance their acquisition programme to address temporary accommodation pressures. The loan agreement allows for a maximum of £20m to be drawn down by Lewisham Homes, the additional £10m to be borrowed from the PWLB as required (although it is not expected to be borrowed in this financial year). As per the terms of the loan agreement, the deal is effectively cost neutral to the Council and exempt from MRP providing sufficient security is held against the borrowing. Officers will monitor the ongoing programme to ensure this security meets this criteria over the life of the loan.

## **12. DEBT RESCHEDULING**

- 12.1. Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling was undertaken during the first six months of 2017/18.
- 12.2. However, the Council is close to finalising a deal to restructure one of its LOBO loans this financial year. The terms of the restructure will, over the remaining lifetime of the loan, result in a revenue benefit of approximately £25m.

## **13. OTHER ISSUES**

### **Revised CIPFA Codes**

- 13.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) is currently conducting an exercise to consult local authorities on revising the Treasury Management Code and Cross Sectoral Guidance Notes, and the Prudential Code. CIPFA is aiming to issue the revised codes during November.
- 13.2. A particular focus of this exercise is how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the authority at a much higher level than can be attained by treasury investments. One recommendation is that local authorities should produce a new report to members to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the authority have been apportioned between treasury and non-treasury investments. Officers are monitoring developments and will report to members when the new codes have been agreed and issued, and on the likely impact on the Council.

### **Market in Financial Instruments Directive (MiFID) II**

- 13.3. The EU has now set a deadline of 3 January 2018 for the introduction of regulations under MiFID II. These regulations will govern the relationship that financial institutions conducting lending and borrowing transactions will have

with local authorities from that date, reclassifying local authorities from professional clients to retail clients. In order to maintain these relationships and continue accessing the investment opportunities that form part of the current treasury strategy, the Council is undertaking an “opt-up” process to preserve its current professional status with each relevant institution. Officers expect to have opted-up where necessary by the January deadline.

#### **14. FINANCIAL IMPLICATIONS**

- 14.1. There are no additional financial implications other than those mentioned in the body of the report.

#### **15. LEGAL IMPLICATIONS**

- 15.1. Authorities are 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.
- 15.2. 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.
- 15.3. 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.

#### **16. ENVIRONMENTAL IMPLICATIONS**

- 16.1. There are no specific environmental implications relating to this report.

#### **17. HUMAN RESOURCES IMPLICATIONS**

- 17.1. There are no specific human resources implications relating to this report.

#### **18. CRIME AND DISORDER IMPLICATIONS**

- 18.1. There are no specific crime and disorder implications relating to this report.

## **19. EQUALITIES IMPLICATIONS**

19.1. There are no specific equalities implications relating to this report.

For further information about this report, please contact:

David Austin, Head of Corporate Resources on 020 8314 9114.

## APPENDIX 1 - Extract from Credit worthiness Policy

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 £25m £20m £15m 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 £25m £20m £15m 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 £25m £20m £15m 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*

APPENDIX 2 - Extract of the Benchmarking Data with 12 other London Authorities June 2017

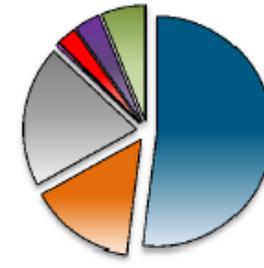
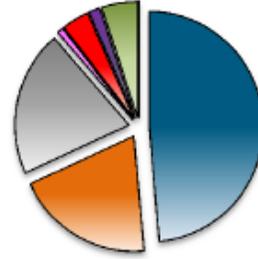
London Borough Of Lewisham

Summary Sheet

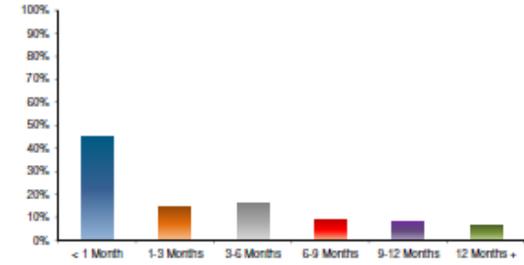
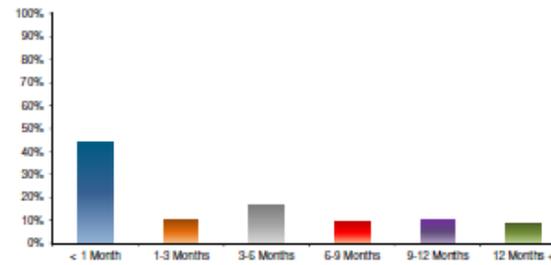
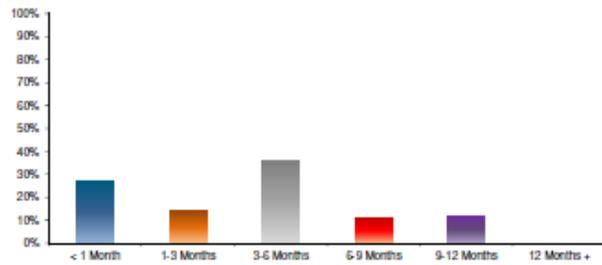
London Borough Of Lewisham	Benchmarking Group 2 (15) Basic Portfolio Characteristics	London (21)
WARoR	0.48%	0.56%
WAM	128	125
WATT	190	267
WA Credit Risk	3.90	2.96
Model WARoR	0.48%	0.57%
Difference	0.00%	-0.01%
Model Band	0.42% - 0.55%	0.50% - 0.63%
Performance	Inline	Inline

Asset Breakdown

- Fixed Deposits
- Calls & O/N
- MMFs
- USDBFs
- Struct. Prods.
- Bonds
- CDs



Maturity Profiles



APPENDIX 2 - Extract of the Benchmarking Data with 12 other London Authorities June 2017

London Borough Of Lewisham							
Peer Comparison							
	London Borough Of Lewisham	Benchmarking Group 2 (15) Basic Characteristics		London (21)		Population Average (224)	
Principal	£417,652,000	£271,451,724		£279,707,850		£80,296,263	
WARoR	0.48%	0.62%		0.56%		0.50%	
WAM	128	148		125		101	
WATT	190	305		267		189	
WA Credit Risk	3.90	3.23		2.96		3.50	
Portfolio Breakdown							
Fixed Deposits	51.48%	48.57%	13	52.00%	19	47.57%	189
Calls & O/N	19.15%	19.61%	12	15.03%	17	23.54%	191
MMFs	19.79%	20.41%	14	19.87%	19	21.90%	161
USDBFs	0.00%	0.91%	2	0.42%	2	2.01%	25
Struct. Prods.	0.00%	3.84%	7	2.75%	7	0.35%	10
Bonds	0.00%	1.60%	2	3.72%	4	0.91%	15
CDs	9.58%	5.06%	6	6.20%	7	3.73%	45
Institution Breakdown							
Banks	74.22%	58.99%	15	51.83%	21	55.10%	212
Building Socs.	5.99%	4.60%	8	4.05%	10	8.27%	99
Government	0.00%	13.24%	10	20.48%	17	11.85%	103
MMFs	19.79%	20.40%	14	19.79%	19	21.91%	162
USDBFs	0.00%	0.91%	2	0.42%	2	2.01%	25
MLDBs	0.00%	0.93%	1	1.94%	2	0.33%	3
Other	0.00%	0.93%	2	1.50%	4	0.53%	10
Domestic/Foreign Exposure							
Domestic	40.70%	64.68%	15	64.77%	21	67.19%	216
Foreign	39.51%	14.02%	8	15.02%	12	8.87%	98
MMFs	19.79%	20.40%	14	19.79%	19	21.93%	162
USDBFs	0.00%	0.91%	2	0.42%	2	2.01%	25
Maturity Structure							
< 1 Month	26.97%	44.35%		45.49%		48.05%	
1-3 Months	14.37%	10.32%		14.63%		12.26%	
3-6 Months	35.92%	16.32%		16.44%		22.61%	
6-9 Months	10.77%	9.67%		8.93%		7.41%	
9-12 Months	11.97%	10.50%		8.21%		6.17%	
12 Months +	0.00%	8.84%		6.31%		3.50%	

## Definitions

<b>WARoR</b>	Weighted Average Rate of Return	This is the average annualised rate of return weighted by the principal amount in each rate.
<b>WAM</b>	Weighted Average Time to Maturity	This is the average time, in days, till the portfolio matures, weighted by principal amount.
<b>WATT</b>	Weighted Average Total Time	This is the average time, in days, that deposits are lent out for, weighted by principal amount.
<b>WA Risk</b>	Weighted Average Credit Risk Number	Each institution is assigned a colour corresponding to a suggested duration using Capita Asset Services' Suggested Credit Methodology 1 = Yellow; 1.25 = Pink 1; 1.5 = Pink 2, 2 = Purple; 3 = Blue; 4 = Orange; 5 = Red; 6 = Green; 7 = No Colour
<b>Model WARoR</b>	Model Weighted Average Rate of Return	This is the WARoR that the model produces by taking into account the risks inherent in the portfolio.
<b>Difference</b>	Difference	This is the difference between the actual WARoR and the model WARoR; Actual WARoR minus Model WARoR.

Public Accounts Select Committee		
Title	Select Committee work programme 2017-18	
Contributor	Scrutiny Manager	Item 8
Class	Part 1 (open)	16 November 2017

## 1. Purpose

- 1.1 To advise Committee members of the work programme for the 2017-18 municipal year, and to agree the agenda items for the next meeting.

## 2. Summary

- 2.1 In April, the committee drew up a draft work programme for the municipal year 2017-18.
- 2.2 The work programme can be reviewed at each Select Committee meeting to take account of changing priorities.

## 3. Recommendations

- 3.1 The Committee is asked to:

- Note the work plan attached at **Appendix B** and discuss any issues arising from the programme;
- look at the items scheduled for the next meeting and clearly specify the information and analysis required, based on desired outcomes, so that officers are able to meet expectations;
- review all forthcoming key decisions, attached at **Appendix C**, and consider any items for further scrutiny.
- give consideration to the report at **Appendix D**, which sets out the policy and legislative programme of the newly elected government.

## 4. Work programme

- 4.1 The work programme for 2017-18 was agreed at the 19 April 2017 meeting.
- 4.2 The Committee is asked to consider if any urgent issues have arisen that require scrutiny and if any existing items are no longer a priority and can be removed from the work programme. Before adding additional items, each item should be considered against agreed criteria. The flow chart attached at **Appendix A** may help Members decide if proposed additional items should be added to the work programme. The Committee's work programme needs to be achievable in terms of the amount of meeting time available. If the Committee agrees to add additional item(s) because they are urgent and high priority, Members will need to consider which medium/low

priority item(s) should be removed in order to create sufficient capacity for the new item(s).

## 5. The next meeting

5.1. The following reports are scheduled for the meeting on 20 December 2017:

Agenda item	Review type	Link to corporate priority	Priority
Household budgets	Single meeting review	Inspiring efficiency, effectiveness and equity	High
Private Finance Initiatives	Performance monitoring	Inspiring efficiency, effectiveness and equity	Medium
Annual complaints report	Performance monitoring	Inspiring efficiency, effectiveness and equity	Medium
Asset management update	Performance monitoring	Inspiring efficiency, effectiveness and equity	Low

## 6. Financial implications

6.1. There are no financial implications arising from the implementation of the recommendations in this report. There may be financial implications arising from some of the items on the work programme (especially reviews) and these will need to be considered when preparing those items/scoping those reviews.

## 7. Legal implications

7.1. In accordance with the Council's Constitution, all scrutiny select committees must devise and submit a work programme to the Business Panel at the start of each municipal year.

## 8. Equalities implications

8.1. The Equality Act 2010 brought together all previous equality legislation in England, Scotland and Wales. The Act included a new public sector equality duty, replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. 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.

8.2. 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.

8.3. There may be equalities implications arising from items on the work programme and all activities undertaken by the Committee will need to give due consideration to this.

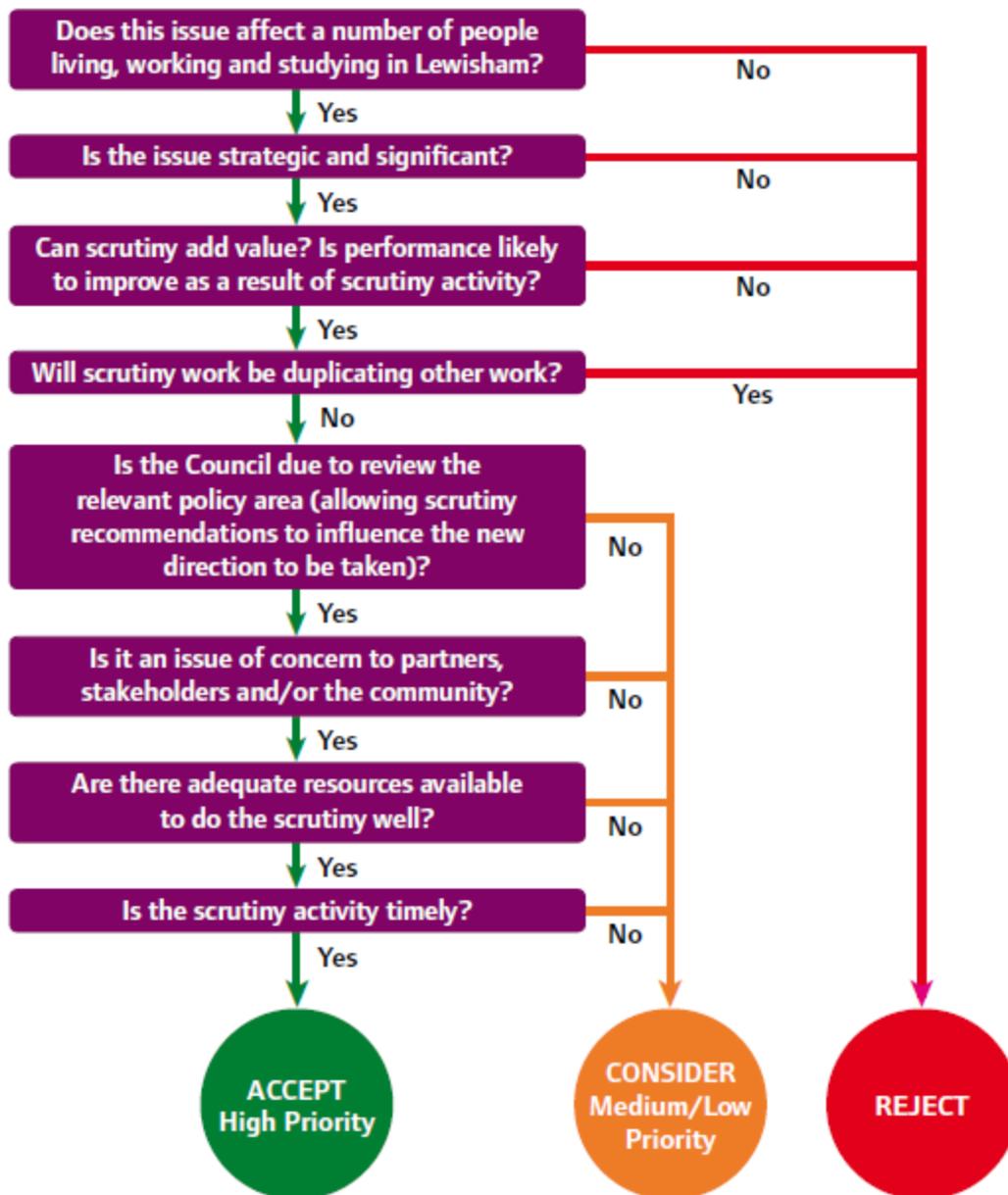
### **Background documents**

Lewisham Council's Constitution  
Centre for Public Scrutiny: The Good Scrutiny Guide

### **Appendices**

Appendix A – Scrutiny work programme – prioritisation process  
Appendix B – 2017-18 work plan  
Appendix C – Key decision plan

## Scrutiny work programme – prioritisation process



**Public Accounts Select Committee Work Programme 2017/18**

**Programme of work**

Work Item	Type of review	Priority	Strategic priority	Delivery deadline	19-Apr	28-Jun	13-Jul	27-Sep	16-Nov	20-Dec	06-Feb	21-Mar
Lewisham Future Programme	Performance monitoring	High	CP10	Ongoing					Savings			
Election of Chair and Vice-Chair	Constitutional requirement	High	CP10	Apr								
Select committee work programme 2017/18	Constitutional requirement	High	CP10	Ongoing								
Income generation and commercialisation	Performance monitoring	High	CP10	Jun								
Management report	Performance monitoring	Medium	CP10	Ongoing								
School budgets (Jointly with CYP select committee)	Performance monitoring	High	CP 2	Jun								
IT Strategy update	Standard item	High	CP10	Jun								
Final outturn 2016/17	Performance monitoring	Medium	CP10	Jun								
Medium term financial strategy	Standard item	Medium	CP10	Jul								
Financial forecasts 2017/18	Performance monitoring	High	CP10	Ongoing								
Mid-year treasury management review	Performance monitoring	Medium	CP10	Nov								
Cost pressures in adult and children's social care	Performance monitoring	High	CP10	Sep								
Communicating the Council's budget position	Policy development	High	CP10	Sep								
Household budgets review	Rapid review	High	CP10	Dec		Scope				Evidence	Report	
Private finance initiatives	Standard item	Medium	CP10	Jun								
Annual complaints report	Performance monitoring	Low	CP10	Dec								
Asset management update	Performance monitoring	Medium	CP10	Dec								
Annual budget 2018/19	Standard item	High	CP10	Jan								
Business rates consultation	Standard item	High	CP10	Tbc								
Audit panel update	Constitutional Requirement	Low	CP10	Mar								

	Item completed
	Item on-going
	Item outstanding
	Proposed timeframe
	Item added

Meetings						
1)	Wed	19 Apr		5)	Thu	16 Nov
2)	Wed	28 Jun		6)	Wed	20 Dec
3)	Thu	13 Jul		7)	Tue	6 Feb
4)	Wed	27 Sep		8)	Wed	21 Mar

Shaping Our Future: Lewisham's Sustainable Community Strategy 2008-2020		
	Priority	
1	Ambitious and achieving	SCS 1
2	Safer	SCS 2
3	Empowered and responsible	SCS 3
4	Clean, green and liveable	SCS 4
5	Healthy, active and enjoyable	SCS 5
6	Dynamic and prosperous	SCS 6

Corporate Priorities		
	Priority	
1	Community Leadership	CP 1
2	Young people's achievement and involvement	CP 2
3	Clean, green and liveable	CP 3
4	Safety, security and a visible presence	CP 4
5	Strengthening the local economy	CP 5
6	Decent homes for all	CP 6
7	Protection of children	CP 7
8	Caring for adults and older people	CP 8
9	Active, healthy citizens	CP 9
10	Inspiring efficiency, effectiveness and equity	CP 10

## FORWARD PLAN OF KEY DECISIONS

### Forward Plan November 2017 - February 2018

This Forward Plan sets out the key decisions the Council expects to take during the next four months.

Anyone wishing to make representations on a decision should submit them in writing as soon as possible to the relevant contact officer (shown as number (7) in the key overleaf). Any representations made less than 3 days before the meeting should be sent to Kevin Flaherty, the Local Democracy Officer, at the Council Offices or kevin.flaherty@lewisham.gov.uk. However the deadline will be 4pm on the working day prior to the meeting.

A "key decision"\* means an executive decision which is likely to:

- (a) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates;
- (b) be significant in terms of its effects on communities living or working in an area comprising two or more wards.

September 2017	<b>Business Rates - London pooling</b>	25/10/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
August 2017	<b>Discretionary Business Rates Scheme 2017/2018 Revaluation Support</b>	25/10/17 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia,		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Cabinet Member Resources		
August 2017	<b>Lewisham Homes Business Plan</b>	25/10/17 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member for Housing		
August 2017	<b>Introduction of a new Public Space Protection Order</b>	25/10/17 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Janet Daby, Cabinet Member Community Safety		
September 2017	<b>Addition to Lewisham's Local List - No.7&amp;8 Bell Green Gasholders</b>	25/10/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
September 2017	<b>Extension of Existing contract plus contract variation for the delivery of day services at the Calabash Centre</b>	25/10/17 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Joan Millbank, Cabinet Member Third Sector & Community		
September 2017	<b>Single Tender Action for Warm Homes Fund</b>	07/11/17 Overview and Scrutiny Business Panel	Janet Senior, Executive Director for Resources & Regeneration and Councillor Rachel Onikosi, Cabinet Member Public Realm		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
March 2017	<b>Achilles Street Regeneration Proposals</b>	15/11/17 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member for Housing		
May 2017	<b>Transfer of the Applications Support Function to the LB Brent Shared Service</b>	15/11/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
June 2017	<b>Joint Strategic Depot Review</b>	15/11/17 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Rachel Onikosi, Cabinet Member Public Realm		
September 2017	<b>Adoption of Lewisham Cycling Strategy</b>	15/11/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
June 2017	<b>New Precision Manufactured Homes: Edward Street</b>	15/11/17 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member for Housing		
September 2017	<b>Precision Manufactured Homes</b>	15/11/17	Kevin Sheehan,		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	<b>and GLA Innovation Fund Update</b>	Mayor and Cabinet	Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member for Housing		
	<b>Update on Fire Safety in Lewisham</b>	15/11/17 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member for Housing		
August 2017	<b>Fostering Strategy</b>	15/11/17 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
June 2017	<b>Gypsy and Traveller Local Plan Update</b>	15/11/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
June 2017	<b>Ladywell Playtower: selecting a restoration partner</b>	15/11/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>Lewisham Poverty Commission</b>	15/11/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Councillor Joe Dromey, Cabinet Member Policy & Performance		
	<b>New Homes Programme Update Parts 1&amp;2</b>	15/11/17 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member for Housing		
September 2017	<b>Consultation on removal of subsidies for Day Care meals</b>	15/11/17 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
August 2017	<b>Response to Consultation regarding changes to Targeted Short Breaks Provision</b>	15/11/17 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>Cutting Energy Costs through new local energy supply models</b>	15/11/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Rachel Onikosi, Cabinet Member Public Realm		
	<b>Wide Horizons refinancing</b>	15/11/17 Mayor and Cabinet	Sara Williams, Executive Director, Children and		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>Disposal of the former Saville Centre</b>	15/11/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
September 2017	<b>Main Grants Programme</b>	15/11/17 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Joan Millbank, Cabinet Member Third Sector & Community		
September 2017	<b>Contract Award and Approval to Proceed with 1 FE expansion at Ashmead School</b>	15/11/17 Mayor and Cabinet (Contracts)	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>School Kitchen Facilities Maintenance</b>	15/11/17 Mayor and Cabinet (Contracts)	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
September 2017	<b>Business Rates - London</b>	22/11/17	Janet Senior, Executive		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	<b>Pooling</b>	Council	Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
September 2017	<b>Financial Regulations and Directorate Schemes of Delegation</b>	22/11/17 Council	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
May 2017	<b>Report of the Barriers to Participation Working Party</b>	22/11/17 Council	Janet Senior, Executive Director for Resources & Regeneration and Councillor Suzannah Clarke, Chair Planning Committee C		
September 2017	<b>LGO finding against the Council</b>	22/11/17 Council	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>Lewisham Poverty Commission</b>	22/11/17 Council	Janet Senior, Executive Director for Resources & Regeneration and Councillor Joe Dromey, Cabinet Member Policy & Performance		
	<b>Appointment Process for a</b>	22/11/17	Adam Bowles, Head of		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	<b>Chief Executive</b>	Council	OD & HR and Councillor Alan Hall, Chair of Overview & Scrutiny Committee		
	<b>Northgate Contract Extension</b>	28/11/17 Overview and Scrutiny Business Panel	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
September 2017	<b>Review of Implementation of the Armed Forces Community Covenant</b>	06/12/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Damien Egan, Cabinet Member for Housing		
September 2017	<b>Financial Monitoring 2017/18</b>	06/12/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
May 2017	<b>Lewisham Future Programme 2018/19 Revenue Budget Savings</b>	06/12/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
September 2017	<b>School Deficits</b>	06/12/17 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Councillor Paul Maslin, Cabinet Member for Children and Young People		
September 2017	<b>Brownfield Land Register</b>	06/12/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
September 2017	<b>Planning Service Annual Monitoring Report 2016-17</b>	06/12/17 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
September 2017	<b>Contract Awards for Support Services for Young People with Housing and Support Needs</b>	06/12/17 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
September 2017	<b>Contract Extension for Shared Care Adult Substance Misuse Services</b>	06/12/17 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Janet Daby, Cabinet Member Community Safety		
September 2017	<b>Contract Extension Provision of Homecare Services (Lead Provider)</b>	06/12/17 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best,		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Cabinet Member for Health, Wellbeing and Older People		
August 2017	<b>School Improvement Partnership</b>	10/01/18 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
September 2017	<b>Council Tax Base</b>	10/01/18 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
	<b>Schools Minor Works Programme</b>	10/01/18 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
April 2017	<b>Proposed revision to the contract structure of the Downham Health &amp; Leisure Centre PFI</b>	10/01/18 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Joan Millbank, Cabinet Member Third Sector & Community		
September 2017	<b>Council Tax Base</b>	17/01/18 Council	Janet Senior, Executive Director for Resources &		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
			Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
June 2017	<b>Deptford Lounge &amp; Tidemill Academy Facilities Management and Centre Management Contract Award</b>	07/02/18 Mayor and Cabinet (Contracts)	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>Update on Fire Safety in Lewisham</b>	28/02/18 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member for Housing		
September 2017	<b>Agreed Syllabus Review and Syllabus Launch</b>	21/03/18 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		

**FORWARD PLAN – KEY DECISIONS**

<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>