

# Public Document Pack

## Council Summons and Agenda

All Members of the Council are summoned to attend the meeting to be held on Wednesday, 28 February 2024.



Jeremy Chambers, Monitoring Officer  
20 February 2024

Wednesday, 28 February 2024

**7.30 pm,**  
Civic Suite  
Catford Road  
London SE6 4RU

For more information contact: Head of Governance and Committee Services  
(emma.campbellsmith@lewisham.gov.uk)

### Part 1

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## MINUTES OF THE COUNCIL

Wednesday, 17 January 2024 at 7.30 pm

PRESENT: Councillors Tauseef Anwar (Chair), Yemisi Anifowose, Atkinson, Chris Barnham, Paul Bell, Peter Bernards, Chris Best, Andre Bourne, Bill Brown, Juliet Campbell, Suzannah Clarke, Will Cooper, Liam Curran, Laura Cunningham, Brenda Dacres, Amanda De Ryk, Sian Eiles, Ese Erheriene, Billy Harding, Coral Howard, Edison Huynh, Mark Ingleby, Mark Jackson, Liz Johnston-Franklin, Eva Kestner, Louise Krupski, Jack Lavery, Aisha Malik-Smith, Joan Millbank, Hilary Moore, John Muldoon, Oana Olaru, Jacq Paschoud, John Paschoud, Stephen Penfold, Kim Powell, James Rathbone, James Royston, Sakina Sheikh, Luke Sorba, Eva Stamirowski, Rudi Schmidt, Aliya Sheikh, Liam Shrivastava, Hau-Yu Tam, James-J Walsh, Luke Warner, Carol Webley-Brown and Susan Wise

ALSO PRESENT: Jennifer Daothong, Jeremy Chambers and Emma Campbell Smith

Apologies for absence were received from Councillor Natasha Burgess, Councillor Ayesha Lahai-Taylor and Councillor Rosie Parry

### 1. Minutes

MOVED by the Speaker, SECONDED by the Deputy Speaker and RESOLVED that the minutes of the last meeting held on 22 November be agreed as a true record.

### 2. Declaration of Interests

None.

### 3. Young Mayor's Budget

The Speaker welcomed the Young Mayor, Gentai Gen-One, and his Advisors Llywella Paige-Hoban, Morgan Seward, Micah Spence, Kehinde Onasanya, Marvin Gordon, Gideon Ofori-Owusu and Jacob Nick.

The Cabinet Member for Children and Young People addressed the Council and highlighted the success of Lewisham's Young Mayor's programme, which was in its 18<sup>th</sup> year.

The Young Mayor and Advisors gave a presentation. The slides are appended to the minutes.

### 4. Announcements or Communications

There were 4 announcements.

The Deputy Mayor (Acting as Mayor) Cllr Dacres announced that the former Mayor, Damien Egan had resigned on 10 January following his selection by the Labour Party to fight the Kingswood byelection in Bristol. She shared some of the highlights of his 14 years at Lewisham, first as a councillor and later as Mayor.

On behalf of the borough, the Deputy Mayor thanked the former Mayor (who was not present at the meeting) and wished him every success in the Kingswood byelection. She informed the council that donations would continue to be made to the Lewisham Foodbank, the Mayor's Charity for 23/24, until the mayoral byelection.

The second announcement concerned the 43<sup>rd</sup> anniversary of the New Cross fire. The Deputy Mayor informed the Council that a memorial service for the 14 young people who perished in the fire would take place at St Andrew's Church in Brockley at 10:30am on 18 January 2024. The service would be live streamed.

Cllr Cooper, Cabinet Member for Housing Management and Homelessness, announced an additional landlord licensing scheme designed to empower the council to tackle landlords that do not meet their responsibilities, and to speed up enforcement action.

The Speaker announced that 27 January would be Holocaust Memorial Day and the Council stood to observe a minute's silence.

## **5. Petitions**

None.

## **6. Public Questions**

Supplementary questions were asked and answered as follows (paraphrased):

### Supplementary question to PQ32 to Cllr Campbell

The Cabinet Member declined to answer as it did not arise from the original question.

### Supplementary question to PQ33 to the Deputy Mayor (Acting as Mayor)

Q: Will you commit to giving a proper answer rather than a blanket answer to the public questions relating to the conflict in Gaza, and explain why didn't this time?

A: The fairest way to respond to all questioners asking about the same subject was to provide the same answer. I want the government to find a peaceful solution. The role of the council was to ensure that residents in the borough, who were affected by conflict, were supported.

### Supplementary question to PQ34 to the Deputy Mayor (Acting as Mayor)

Q: Does the deputy mayor believe that Israel's acts are self defence?

A: We are all horrified by the killings and hope for a sustained ceasefire, but our role is to support local residents. It is important to distinguish between the government's role and what the council can do.

Supplementary question to PQ35 to the Deputy Mayor (Acting as Mayor)

Q: Will the council take political leadership to call for a ceasefire now?

A: We all horrified and I, like many others, want the government to work towards a sustained ceasefire.

Supplementary question to PQ36 to the Deputy Mayor (Acting as Mayor)

Q: How will the council ensure local pension funds aren't supporting Israeli occupation.

A: I would urge you to consider what the role of the council is and what the role of central government is, and push for a Labour government as soon as possible.

Supplementary question to PQ37 to the Deputy Mayor (Acting as Mayor)

Q: When will the council make a statement in support of ceasefire and divest pension funds in cos supporting war crimes.

A: Reiterated the points previously made.

Supplementary question to PQ39 to the Deputy Mayor (Acting as Mayor)

The Deputy Mayor declined to answer as it did not arise from the original question.

Supplementary question to PQ40 to Cllr Campbell

The Cabinet Member declined to answer as it did not arise from the original question.

Supplementary question to PQ42 to Cllr Campbell

The Cabinet Member declined to answer as it did not arise from the original question.

Supplementary question to PQ41 to Cllr Campbell

The question was disallowed as it did not arise from the original question.

This item was disrupted due to a protest in the public gallery. The Speaker repeatedly asked protesters to keep the noise down to enable the meeting to go ahead.

Cllr Barnham, having sought advice from the Monitoring Officer, MOVED a motion without notice in accordance with [relevant section] of the constitution, Cllr Campbell SECONDED and it was RESOLVED that the meeting be adjourned.

The meeting was adjourned at 20:37. Councillors left the Chamber.

Once the public gallery had been cleared, Councillors returned to the Chamber and the Speaker resumed the meeting at 20:50.

**7. Member Questions**

**8. Council Tax Base Report 2024/25**

MOVED by Cllr De Ryk, SECONDED by Cllr Rathbone and RESOLVED that the Council:

1. note the Council Tax Base calculation for 2024/25, as set out in the annual Council Tax Base government return, attached at Appendix A;
2. agree a Council Tax Base of 90,414.0 Band D equivalent properties for 2024/25;
3. agree a budgeted Council Tax collection rate of 95.0%;
4. agree no changes be made to the Council Tax Reduction Scheme (CTRS) for 2024/25, that eligible claimants make a minimum contribution of 25% towards their council tax;
5. agree the continuation of the discretionary Council Tax discount of 100% for care leavers up to the age of 25, as set out in section five of this report;
6. agree that the existing policy of a 0% discount for second homes be continued for 2024/25, as set out in section five of this report;
7. agree that from 2025/26 a 100% premium be applied to second homes, as set out in section five of this report;
8. agree that the existing policy of a 0% discount for empty homes Class A (an empty property undergoing structural alteration or major repair to make it habitable) be continued, as set out in section five of this report;
9. agree that the existing policy of a 0% discount applied immediately for empty homes – Class C (a substantially empty and unfurnished property) be continued, as set out in section five of this report;
10. agree that the existing Long Term Empty Property homes premium of: 100% for properties empty between two and five years, 200% for those empty for over five years, and 300% for properties that remain empty for 10 years or more continues, as set out in section five of this report;
11. agree that as per Clause 76(1) of the Levelling-Up and Regeneration Bill 2022-23, from the 1 April 2025, the definition of a Long Term Empty Property home be amended to a dwelling which has been unoccupied and substantially unfurnished for a continuous period of one year (currently two years), as set out in section five of this report;
12. agree that from 1 April 2025 the 100% premium applied to Long Term Empty Property be applied to properties which have remained empty for at least one year, as set out in section five of this report;
13. agree the continuation of the existing policy of a 25% 'sanctuary' discount to ensure residents eligible for a single person discount are not financially worse off as a result of housing a refugee, as set out in section five of this report;
14. agree the continuation of the discretionary War Disablement Pensions and War Widow Pensions scheme discount as set out in section five of this report;
15. note the proposed 2024/25 National Non Domestic Rate (NNDR) estimated net yield of £58m, based on current information available.
16. agree to delegate the approval of the final 2024/25 NNDR1 form to the Acting Executive Director for Corporate Resources for submission by the deadline of 31 January 2024.

## **9. Review of the Statutory Statement of Principles for Gambling**

MOVED by Cllr Powell, SECONDED by Cllr Wise and RESOLVED that the draft Statement of Principles for Gambling for 2023-2026 at Appendix 1 be approved and published with immediate effect.

#### **10. Scrutiny Meeting Date Change**

Cllr Schmidt amended the recommendations that were set out in the published papers.

It was then MOVED by Cllr Schmidt, SECONDED by Cllr Erheriene and RESOLVED that:

- There will not be an additional meeting of the Overview and Scrutiny Committee on 23 January 2024
- The meeting of the Public Accounts Select Committee scheduled for 23 January 2024 will move to 29 January 2024.
- The business for the OSC meeting on 23 January will be merged into the PASC agenda for consideration on 29 January.
- The meeting of Sustainable Development Select Committee scheduled for 29 February 2024 will move to 13 March 2024.

#### **11. Appointment of a Trustee to Deptford St Paul Charity**

MOVED by the Deputy Mayor (Acting as Mayor) Cllr Dacres, SECONDED by Cllr Atkinson and RESOLVED to appoint Josie Ashdown as a nominative trustee to the Deptford St Paul Charity, with immediate effect.

#### **12. Motions**

None

#### **13. Appointment of the Chief Executive**

The Acting Chief Executive, Jennifer Daothong, left the Chamber.

The Speaker informed the Council that this item appeared on a supplementary agenda which had been published a day late because the report was with the Monitoring Officer at the time of publication.

In accordance with S100B Local Government Act 1972, the Speaker declared that, in his opinion, the item of business was urgent and had to be decided at this meeting.

It was MOVED by the Deputy Mayor (Acting as Mayor) Cllr Dacres, SECONDED by Cllr Schmidt and RESOLVED to approve the appointment of Jennifer Daothong, Acting Chief Executive as Chief Executive, including designation as Head of Paid Service, Returning Officer, and Electoral Registration Officer.

# Agenda Item 2



## Council

### Declaration of Interests

**Date:** 28 February 2024

**Key Decision:** No

**Class:** Part 1

**Ward(s) affected:** n/a

**Contributors:** Chief Executive (Head of Governance and Committee Services)

### Outline and recommendation

Members are asked to declare any interests they may have on any agenda item.

#### Declaration of interests

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

#### 1 Personal interests

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

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

#### 2 Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person\* for profit or gain
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).

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

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

### **(3) Other registerable interests**

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

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

### **(4) Non registerable interests**

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



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

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

## **(6) Sensitive information**

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

## **(7) Exempt categories**

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

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

# Agenda Item 3



## Council

### **Announcements or Communications**

**Date:** 28 February 2024

**Class:** Part 1

**Contributors:** Head of Governance and Committee Services

### **Outline and recommendations**

Members are asked to receive any announcements or communications from the Speaker, the Mayor, members of the Executive or the Chief Executive.



## Council

### Petitions

**Date:** 28 February 2024

**Class:** Part 1

**Contributors:** Head of Governance and Committee Services

### Outline and recommendation

Members are invited to receive any petitions from members of the Council or the public

1. The Council is invited to receive petitions (if any) from members of the Council or the public. There is no requirement for Councillors to give prior notice of any petitions that might be presented.
2. Public petitions that meet the conditions described in the Council's published petitions scheme and about which the Head of Governance and Committee Services has been notified in advance, will be accepted and may be presented from the public gallery at the meeting.
3. Any person who lives, works or studies in Lewisham can organise a petition, including those under the age of 18.
4. We accept both paper and e-petitions. We do not accept hybrid petitions.
5. The requirements of the Council's petition scheme apply to both paper and e-petitions. E-Petitions should use the council's system which can be found on the council's website: <https://lewisham.gov.uk/mayorandcouncil/influence/submit-or-view-a-petition>.
6. Paper petitions can be sent to: Governance and Committee Services, 1<sup>st</sup> Floor, Laurence House, Catford Road, SE6 4RU.

# Agenda Item 5



## Council

### Public Questions

**Date:** 28 February 2024

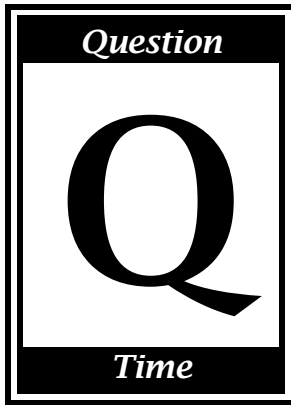
**Class:** Part 1

**Contributors:** Head of Governance and Committee Services

### Outline and recommendation

Members are asked to consider questions received from members of the public.

Questions received from members of the public will be published together with written answers on the day before the meeting. Questioners are entitled to ask a supplementary question at the meeting, time permitting.



# **LIST OF PUBLIC QUESTIONS AND ANSWERS**

Public questions and answers for the Council Meeting of the London Borough of Lewisham to be held on Wednesday 28 February 2024.

**PUBLIC QUESTION NO. 1**

**28 February 2024**

Question asked by: Alan Hall

Relevant Directorate: Community Services

Member to reply: Councillor James-J Walsh

**Question**

As LGBT+ History Month in February 2024 comes to a close, how will Lewisham Council review this and how much funding is to be allocated in the budget 2024/5 for any LGBT+ community activities for the financial year ahead? Please include all sources of funds.

**Reply**

The programme of cultural events is reviewed annually and allocated a budget; the review is based on the range of cultural events that the Council has agreed to support over the year, how funding was allocated in the previous year, and best spread of the available budget across the range of cultural events to ensure equity. In 2023/24 we ran a small grants programme for LGBTQ+ history month worth £5,000 and further provided a range of communication support throughout the month. It is intended that this allocation will continue for 2024/5.

The source of the cultural events budget is the General Fund.

**PUBLIC QUESTION NO. 2**

**28 February 2024**

Question asked by: Charlotte Bilciffe

Relevant Directorate: Chief Executive

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

We have received the generic response both in emails and in person when asking Lewisham Council to call for a cease fire, the underlying theme seems to be that we need to understand the difference between the government and the council.

If this is so, isn't part of the council's job to pass on the views, needs and wishes of the constituents. Your constituents want their voices asking for justice and peace to be heard. Will you allow our voices and demand to be heard and make it clear that Lewisham wants to be on the right side of history again and calls for a ceasefire!

**Reply**

Due to currently being in the pre-election period (PREP) for the upcoming Mayoral By-Election, Lewisham Council's communications activity is legally restricted. PREP guidance states the Council cannot publish any material that appears to be designed to affect public support for a political party or candidate.

This guidance restricts what I can say in this written response and any verbal response to a supplementary question posed at the Full Council meeting on 28th February.

I have been horrified by the loss of life of both Israelis and Palestinians following the events of recent months in Israel and Gaza – my thoughts are with everyone affected by this conflict, both in the region and here in Lewisham.

Our role at the council is to ensure that those affected by the conflict in our borough are brought together and supported.

The council has developed a dedicated web page on its website which directs residents to support services available both locally and nationally  
<https://lewisham.gov.uk/articles/news/support-for-people-affected-by-the-middle-east-crisis>

The council will continue to work with its faith and community groups to establish what more can be done to bring communities together and offer support to those who continue to be affected.

I refer the questioner to my response given to council questions on this matter on 17 January 2024.



**PUBLIC QUESTION NO. 3**

**28 February 2024**

Question asked by: Rashid Irshad

Relevant Directorate: Chief Executive

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Will Lewisham council condemn Israel as it has Hamas and now call for a ceasefire as the ICJ has requested of Israel to protect Palestinians and to afford them safety.

**Reply**

Due to currently being in the pre-election period (PREP) for the upcoming Mayoral By-Election, Lewisham Council's communications activity is legally restricted. PREP guidance states the Council cannot publish any material that appears to be designed to affect public support for a political party or candidate.

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The council will continue to work with its faith and community groups to establish what more can be done to bring communities together and offer support to those who continue to be affected.

I refer the questioner to my response given to council questions on this matter on 17 January 2024.

**PUBLIC QUESTION NO. 4**

**28 February 2024**

Question asked by: Grace Thompson

Relevant Directorate: Chief Executive

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Will Lewisham Council condemn Israel as it has Hamas and now urgently call for a ceasefire as the ICJ has requested of Israel to protect Palestinians and to afford them safety?

**Reply**

Due to currently being in the pre-election period (PREP) for the upcoming Mayoral By-Election, Lewisham Council's communications activity is legally restricted. PREP guidance states the Council cannot publish any material that appears to be designed to affect public support for a political party or candidate.

This guidance restricts what I can say in this written response and any verbal response to a supplementary question posed at the Full Council meeting on 28th February.

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The council has developed a dedicated web page on its website which directs residents to support services available both locally and nationally

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The council will continue to work with its faith and community groups to establish what more can be done to bring communities together and offer support to those who continue to be affected.

I refer the questioner to my response given to council questions on this matter on 17 January 2024.

**PUBLIC QUESTION NO. 5**

**28 February 2024**

Question asked by: Alan Hall

Relevant Directorate: Chief Executive

Member to reply: Councillor Paul Bell

**Question**

HM Government has updated its Guidance to support local authorities and their partners to deliver effective health scrutiny on 9th January 2024. Will Lewisham Council outline how this will be considered?

**Reply**

The guidance removes the ability of local health overview and scrutiny committees (HOSCs) to formally refer matters to the Secretary of State where they relate to reconfigurations of local health services. The Secretary of State themselves will have a broad power to intervene in local services - and Lewisham's HOSC (the Healthier Communities Select Committee) will have the right to be formally consulted on how the Secretary of State uses their power to "call in" proposals making reconfigurations to local health services. The terms of reference of Lewisham's Healthier Communities Select Committee will be updated in due course to reflect this change, which became effective on 31 January 2024. Other aspects of health scrutiny remain unchanged – Local HOSCs remain statutory consultees on reconfigurations; and health and care providers are required to engage with them as they do currently. The power to require representatives of NHS bodies to attend formal meetings; the power to get information from NHS bodies; and the power to require NHS bodies to have regard to scrutiny's recommendations also remain. The Healthier Communities Select Committee will engage with commissioners and providers when notifiable reconfigurations are under development; continue to work with Local Healthwatch; and where appropriate, help co-ordinate / support an appropriate request to the Secretary of State for intervention. The guidance reiterates the importance of health scrutiny principles (being outcome focussed, balanced, inclusive, collaborative and evidence informed). The guidance suggests that these principles will need to play a strong part in the redrafting of local memoranda of understanding between HOSCs and health system partners – and when our health and social care scrutiny protocol is updated, these principles will be central.

**PUBLIC QUESTION NO. 6**

**28 February 2024**

Question asked by: Jean Branch

Relevant Directorate: Corporate Resources

Member to reply: Councillor Amanda De Ryk

**Question**

What service contracts has the Council awarded to, renewed or extended with Fujitsu or its subsidiaries since December 2019? Please specify the service provided, contract value and end date?

**Reply**

The Council has not been in any service contracts with Fujitsu or its subsidiaries since December 2019.

Our Shared Technology Partner (STS) purchased two Fujitsu Siemens document scanners in the financial year 2019/20.

**PUBLIC QUESTION NO. 7**

**28 February 2024**

Question asked by: Jean Branch

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

**Question**

Which housing associations attended the last partnership working meeting and when is the next one scheduled?

**Reply**

The next partnership meeting is scheduled for April 2024. The following housing associations attended the last partnership meeting held in December 2023 : L&Q Group, Hyde Housing, Phoenix Community Housing, Hexagon Housing Association, Notting Hill Genesis, Peabody Housing Association, Southern Housing Group, Clarion Housing Association, Wandle Housing Association and Housing for Women. The meeting was also attended by Pinnacle Group who manage around 1,800 homes on behalf of the council under the Brockley Private Finance Initiative.

**PUBLIC QUESTION NO. 8**

**28 February 2024**

Question asked by: Josh Lucas Mitte

Relevant Directorate: Community Services

Member to reply: Councillor Juliet Campbell

**Question**

With regard to my question (12 of July 2023) when will the Council publish its response to the Lewisham Disabled People Commission report of March 2023 and the Equal Pavements Pledge?

**Reply**

The Council responded to the Lewisham Disabled People's Commission report on 6 December 2023, in a paper which was published on the Council's website and approved by its Mayor and Cabinet. This response noted that "The Council are additionally considering the Equal Pavement Pledge, and assessing the viability of the commitments contained within it. At present, this cannot be committed to as a result of the financial implications on the Council and businesses, but it remains under consideration."

**PUBLIC QUESTION NO. 9**

**28 February 2024**

Question asked by: Josh Lucas Mitte

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

What progress has the Council made in ensuring EV charging points it has installed are next to parking bays that are exclusively for the use of electric vehicles (PQ3 of 12.07.23 refers)

**Reply**

The Council have adopted a strategy for Lewisham's electric vehicle infrastructure implementation plan 2023-2026, which can be found in [Highways and Transport Appendix](#). This is being used to develop a policy for electric vehicle charge points.

There are currently 244 electric vehicle charging points throughout the borough that will be reviewed and dedicated bays will be implemented. As part of the Sustainable Streets programme, the Council will also be installing further dedicated bays in Catford and Deptford. The Council will be consulting on other areas later this year.

**PUBLIC QUESTION NO. 10**

**28 February 2024**

Question asked by: Kate Richardson

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

In response to PQ52 of 27.09.23 about mobility issues when accessing trains from Catford Bridge due to traffic restrictions in Adenmore Road the Council said it would publish by the end of the year a review of access to all railway stations across the borough. Where will I find it on the Council's website?

**Reply**

The responsibility rests with the relevant rail companies. The Council has previously pressed for the requested information through the Transport Liaison Forum and will follow it up at the next Forum in March.



**PUBLIC QUESTION NO. 11**

**28 February 2024**

Question asked by: Kate Richardson

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

**Question**

Due to residents concern around HMO developments across the borough especially in the south, when will residents have access to the updated HMO register taking into account the new rules around Article4 on HMOs?

**Reply**

The HMO register has not been recently updated due to the implementation of a new licensing IT system. Once the data is migrated into the new IT system, we will be able to provide a full up to date HMO register, that will be updated in real time as we make decisions on licences. This will include licences issued under the Mandatory and Additional Licensing Schemes. We are aiming to have the data migrated and the system implemented in April 2024.

**PUBLIC QUESTION NO. 12**

**28 February 2024**

Question asked by: Rohit Tiwari

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

It seems the Council has stopped enforcing pavement parking restrictions pending the roll-out of its Controlled Parking Zones. How many penalty notices for pavement parking has the Council issued in each of the last three years? Please provide the figures for each year separately.

**Reply**

The Council takes pavement parking very seriously and continues to enforce against erroneous pavement parking. The table below provides information on the number of penalty charge notices issued across the borough over the last three full years. To assist, the public may contact the Council's enforcement line on 0208 787 5397 to report contravening vehicles.

Calendar Year	No of Penalty Charge Notices (PCNs) Issued*
2021	1125
2022	857
2023	1033

\*This is Inclusive of PCNs issued to vehicles parked wholly or partly parked on footway, cycle track, verge on a footway, verge or land between two carriageways, central reservation or footway comprised in an urban road.

**PUBLIC QUESTION NO. 13**

**28 February 2024**

Question asked by: Rohit Tiwari

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

How has the Council exercised its newly acquired discretion and increased the penalty charge for fly-tipping which is a growing nuisance in the borough?

**Reply**

The Council intends to use the discretionary increase for fixed penalty notices for fly tipping as soon as possible. The increased amounts, as indicated in the table below, will shortly part of the annual Fees and Charges process.

As normal, and to assist with educating the public on the expectation of the Council's determination to reduce fly tipping, the increased fixed penalty charges will be promoted as part of an awareness campaign before the introduction of the increased charge.

The Council will continue to tackle the minority of people who continue with this anti-social behaviour that is unhygienic, unsightly, and unlawful.

Offence	Previous maximum amount	New maximum amount	Early payment discount
Fly tip - more than a small car boot load	£400.00	£1000.00	£650.00

**PUBLIC QUESTION NO. 14**

**28 February 2024**

Question asked by: Mark Morris

Relevant Directorate: Place

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Camden Council has successfully used its planning enforcement powers to require the removal of 19 redundant phone kiosks on Tottenham Court Road. In Lewisham there are many phone kiosks which are often vandalised and some are not even working. Redundant phone kiosks can attract flyposting and other anti-social behaviour, while also adding to street clutter. Will Lewisham Council consider using its planning enforcement powers and ability to negotiate with TfL to remove any redundant phone kiosks, especially in areas where there is currently a high number of phone kiosks, such as between Lewisham Broadway Theatre and Lewisham Hospital?

**Reply**

The phone boxes which Camden Council had taken enforcement action, were subject to a planning condition that required their removal in the event that they were no longer in use. As the phone boxes were no longer in use as functional telecommunications equipment, Camden Council were able to take enforcement action for their removal.

Should a similar situation arise in Lewisham, the Planning Service would be able to take enforcement action as that would be a breach of planning control.

We will of course look at this matter further if the author can provide specific details of the phone boxes not in use and officers will also explore putting into place a way for residents to share the locations of phone boxes with us that they believe not to be in use so that we can investigate further with a view to enforcing.

**PUBLIC QUESTION NO. 15**

**28 February 2024**

Question asked by: Mark Morris

Relevant Directorate: Place

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Lewisham Mayor and Cabinet papers from the 24 January 2024 set out that the Catford Regeneration Partnership Limited (CRPL), which is a wholly owned company of Lewisham Council, faces post COVID levels of arrears of rent and service charge in the region of £1.2M, which is posing a challenge to the cashflow of Catford Regeneration Partnership Limited. Please state how many tenants currently do not have repayment plans in place and what level of arrears is in total owed by these tenants.

**Reply**

There are nine tenants with arrears, eight of which have repayment plans in place and the Company is in advanced discussions with the remaining tenant to arrange a re payment plan.

**PUBLIC QUESTION NO. 16**

**28 February 2024**

Question asked by: Marcus Mayers

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

**Question**

Concerning Q16 of 22.11.23 what efficiency savings has the Council identified to cover the cost of bringing Lewisham Homes in-house? Please specify the amount to be saved and in which area of expenditure using the headings in the Expenditure summary on page 106 of the Council's 2023 accounts.

**Reply**

Since the transfer of Lewisham Homes into the council on 1st October 2023 we have worked over the last 4 months to make a number of efficiency savings based on the merger of corporate functions. This has delivered £131k of in-year savings, with a further £167k in progress. These savings fall under the header: Supervision and Management - General Expenses.

We have also improved contract management and how we allocate works to our repairs contractors. This will deliver better value for money and efficiency savings going forward but this has not yet been quantified.

**PUBLIC QUESTION NO. 17**

**28 February 2024**

Question asked by: Marcus Mayers

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

**Question**

When did the Council first become aware that its wholly owned subsidiary, Lewisham Homes was failing tenants and leaseholders?

**Reply**

Prior to bringing Lewisham Homes back in house, Lewisham Homes reported their performance to the council via contract management meetings and to the council's Housing Select Committee.

Therefore, the challenges that Lewisham Homes was facing in terms of achieving Decent Homes Standard and delivering the repairs service in particular, were known and the council monitored the almo's performance.

These challenges are common to many social housing providers, especially those operating in London.

Once Lewisham Homes had transferred into the council, the difficult decision was taken to self-refer to the Regulator of Social Housing in December 2023, based on potential breaches of the Home Standard. This followed further data analysis and an understanding of ongoing challenges in achieving compliance with the current and impending consumer standards. We continue to work with the regulator on our repairs transformation programme and will continue to update residents on our progress with this.

**PUBLIC QUESTION NO. 18**

**28 February 2024**

Question asked by: Peter George

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

**Question**

With reference to the answer to Q10 of 17.01.24, I'm aware that a number of people did not receive an email inviting them to submit a supplementary question. When did the Council check that its initial invitation had gone to all those concerned and what were the results?

**Reply**

All residents who had not requested a supplementary question before the meeting, received an email inviting them to ask a question.

Everyone who supplied their supplementary question before the meeting, received a response.

Two residents indicated before the meeting that they wished to ask a supplementary question but had not supplied their questions. We have since been in touch with both residents.



**PUBLIC QUESTION NO. 19**

**28 February 2024**

Question asked by: Peter George

Relevant Directorate: Chief Executive

Member to reply: Councillor Schmidt

**Question**

Does the Chair of Overview & Scrutiny agree with Amanda de Ryk (Q11 of 17.01.24) that restricting the number of written questions Councillors can submit has been a success because the amount of time required to answer oral supplementary questions has not exceeded 30 minutes?

**Reply**

I do not believe the change has impacted our ability to scrutinise the Council, so yes, I would agree it has been a success. Asking questions in Full Council is an important tool that local councillors have in holding the Council accountable in a public forum. However, it is not practical or effective to use this mechanism for all the work that councils carry out in ensuring accountability. We have 7 scrutiny committees and 3 task and finish groups that all carry out public scrutiny. These are supported by work happening informally in meetings, briefings and via emails.

**PUBLIC QUESTION NO. 20**

**28 February 2024**

Question asked by: Mark Bennett

Relevant Directorate: Place

Member to reply: Councillor Schmidt

**Question**

The Council has carried out consultations with the intention of creating new Controlled Parking Zones (CPZ) that will cover the entire borough starting with Catford, Honor Oak Park & Deptford. When will Councillors review these consultations to consider their effectiveness including whether they are run in an ethical and competent manner?

**Reply**

The Council's Sustainable Streets programme set out a phased consultation approach to identify and prioritise areas across the borough that would potentially benefit from improvements and help encourage active travel. One of the measures proposed is the introduction of permit parking to help ensure parking is managed and regulated fairly, whilst ensuring parking congestion is reduced.

All such consultation results are considered by the Council's Mayor and Cabinet Committee for decision. Results of the consultations that were carried out across the Catford / Crofton Park and Deptford areas in early 2023 were reported to Mayor and Cabinet Committee, as part of the agreed Council decision making process, on the 19th July 2023. It was agreed that the Deptford, Honor Oak Park and Ravensbourne Park areas be taken forward.

The report also set out the Council's commitment to review any new measures introduced after a period of approximately six months to help identify any potential issues. This can be found within the recommendations of the report. Any changes or improvements will be considered at this time.

A link to the 19<sup>th</sup> July Mayor and Cabinet has been provided below.

[Lewisham Council - Agenda for Mayor and Cabinet on Wednesday, 19th July, 2023, 6.00 pm](#)

**PUBLIC QUESTION NO. 21**

**28 February 2024**

Question asked by: Mark Bennett

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

**Question**

What proportion of the Council's housing stock is known to suffer from damp / mould and what proportion of category 1 or 2 cases receive a mould wash within 24 hours of being identified?

**Reply**

There are currently 601 open damp and mould cases in the council's housing stock of circa 13,800 homes. This constitutes around 4.3% of homes.

We have just mobilised a stock condition survey that will provide a full dataset on the number of homes that do not meet the Decent Homes Standard, including homes where damp and mould may be an issue.

We are in the process of identifying category 1 and category 2 cases under the Health and Housing Safety Rating System in order to better prioritise remedial actions, including mould washes within 24 hours where required.

**PUBLIC QUESTION NO. 22**

**28 February 2024**

Question asked by: Patricia Richardson

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

**Question**

In 2001 the then residents of Lewisham were asked in a postal referendum to choose whether to have an elected Mayoral system of local government. The result from a low turnout was a very small majority in favour.

Since then, 23 years ago, the population has increased considerably and the demographics have changed.

Is there any way in which the council could consult its current electorate to determine whether this system of local government should continue?"

**Reply**

Please see the notice below from the Chief Executive and Electoral Registration Officer which can be found on the councils website -

<https://lewisham.gov.uk/mayorandcouncil/elections/the-electoral-system>

Any petition which meets the threshold set out in the notice would trigger a local governance review.

"In accordance with the Local Authorities (Referendums) (Petitions & Directions) Regulations 2000 and the Local Authorities (Referendums) (Petitions) (England) Regulations 2011, I am giving notice that the number equal to 5% of the number of local government electors shown in the electoral register for the authority's area, as of 15 February 2024, is 10,127 electors.

The number published above shall be used for verification purposes in relation to any petition presented to us in the period of 12 months beginning with 1 April 2024. [\*]

Jennifer Daothong  
Chief Executive and Electoral Registration Officer  
London Borough of Lewisham  
Laurence House  
Catford  
SE6 4RU

[\*] Where the number published in any year is less than the number published in the preceding year, the number to be used for verification purposes, in relation to any petition presented to the authority in the period beginning on the date of publication of the lesser number and ending immediately before 1 April in that year, shall be that lesser number." The council has no plans to review this model of governance.

**PUBLIC QUESTION NO. 23**

**28 February 2024**

Question asked by: Patricia Richardson

Relevant Directorate: Place

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

As the Lee Neighbourhood Forum link to be notified of planning applications in the designated LBN Forum area, i.e. Lee Green Ward and part of Blackheath Ward, the notifications have not been consistent for quite a period of time, in spite of the Forum reporting back on this glitch in procedure.

If the Forum is officially recognised by the electorate in the coming Referendum, Thursday 15th February 2024, it will be even more important that the glitch is ironed out. Will this be done?"

**Reply**

The Planning Service has recently identified the anomaly in our software that reverts to the historic and now incorrect email address. Whilst we explore a solution to the software, an interim measure has been taken to manually check each application in Lee Green and Blackheath wards on a weekly basis to ensure correct consultation of applications. We apologise for this inconvenience but for now will be ensuring that the correct communications will be made whilst our software providers find a permanent solution.

**PUBLIC QUESTION NO. 24**

**28 February 2024**

Question asked by: Clare Terry

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

**Question**

In March 2023 I notified Lewisham Homes of a leaking downpipe on the outside wall of my flat that is causing severe damp inside (Job Reference 5244079 refers). How long should it take the Council repair leaks that could resolve the damp problem?

**Reply**

The service standard is that the repair to a downpipe should be completed within a 20 day timescale.

The Repairs Service accepts that there were significant delays in carrying out this repair with the target completion date moving from November 2023 to February 2024 for a range of reasons including the implementation of a new housing management system and contractor capacity. The works have now been scheduled and the resident advised.

**PUBLIC QUESTION NO. 25**

**28 February 2024**

Question asked by: Janet Hurst

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

**Question**

I appreciate that 67% of SEND appeals upheld (Q15 of 17.01.24) is lower than the national average. It is however still a high failure rate and implies unnecessary stress for the parents & carers involved as well as being a waste of public money. At the very least, how does the Council intend improving its review procedures to identify cases that are likely to be won on appeal and therefore best settled before going to tribunal?

**Reply**

I appreciate the pressures families can face when children need additional support in education. We are committed wherever possible to resolving issues through mediation, avoiding families having to appeal unnecessarily to the formal Tribunal.

Tribunal appeals have increased nationally (for example, by 29% in 2021-22 compared to the previous year). The appeal rate for Lewisham has been below the national rate (1.6% nationally in 2021, while 1.3% for Lewisham).

Where appeals are made, the Council's SEN Team works with the Tribunal Officer on reviewing the decision making on a case-by-case basis to ensure robust reviews and decision making processes are in place for these cases.



**PUBLIC QUESTION NO. 26**

**28 February 2024**

Question asked by: Janet Hurst

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

Where on the Council's website will I find the report referred to in Q5 of July 2023 concerning road safety improvements?

**Reply**

The evidence-led approach to improving road safety mentioned in the response to Question 5 of the July 2023 Council meeting was referring to the road danger reduction assessment and prioritisation methodology. This was adopted as policy following approval by the Mayor and Cabinet on 19 July 2023 and it is used to assess and prioritise all locations where concerns have been raised by local residents, community groups, and elected members, including smaller residential streets.

The methodology gives priority to areas based on a number of factors, including personal injury collisions, speeds, traffic volumes and any other local features such as proximity to schools, when making decisions about where the Council's limited available funding is spent. More information on that methodology can be found at Section 4.4 and Appendices D and E within the attached report.

<https://councilmeetings.lewisham.gov.uk/documents/s110853/Highways%20and%20Transport%20Capital%20Programme%20report.pdf>

**PUBLIC QUESTION NO. 27**

**28 February 2024**

Question asked by: Khalil Malouf

Relevant Directorate: Chief Executive

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

In the past 127 days, Israel has killed over 27,000 Palestinians in Gaza, some 13,000 of which are children. This is over 1% of Gaza's population, the equivalent to 3,000 people in Lewisham killed or 97,000 Londoners killed. They have blocked aid, creating disease and a chronic shortage of medical supplies, establishing conditions for hundreds of thousands more Palestinians in Gaza to die of preventable illnesses, according to public health experts. What is the number of Palestinians in Gaza that need to be killed before Lewisham Council will call for a ceasefire?

**Reply**

Due to currently being in the pre-election period (PREP) for the upcoming Mayoral By-Election, Lewisham Council's communications activity is legally restricted. PREP guidance states the Council cannot publish any material that appears to be designed to affect public support for a political party or candidate.

This guidance restricts what I can say in this written response and any verbal response to a supplementary question posed at the Full Council meeting on 28th February.

I have been horrified by the loss of life of both Israelis and Palestinians following the events of recent months in Israel and Gaza – my thoughts are with everyone affected by this conflict, both in the region and here in Lewisham.

Our role at the council is to ensure that those affected by the conflict in our borough are brought together and supported.

The council has developed a dedicated web page on its website which directs residents to support services available both locally and nationally

<https://lewisham.gov.uk/articles/news/support-for-people-affected-by-the-middle-east-crisis>

The council will continue to work with its faith and community groups to establish what more can be done to bring communities together and offer support to those who continue to be affected.

I refer the questioner to my response given to council questions on this matter on 17 January 2024.

**PUBLIC QUESTION NO. 28**  
**28 February 2024**

Question asked by: Stephen Locke

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

I have been told that the Council is planning to replace all street litter bins with a new fox-proof design. In our ward (Crofton Park) these are urgently needed. What is the timetable for this project, and when is the target completion date?

**Reply**

The Council is working towards providing litter bins with a type that have a closed top. These bins will allow waste to be deposited but will have a small aperture to deposit waste in which should deter foxes.

Once a new design is agreed, litter bins will be replaced as and when required and on a case by case basis. Wholesale roll-out is currently not planned due to budgetary constraints.

**PUBLIC QUESTION NO. 29**

**28 February 2024**

Question asked by: Stephen Locke

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

How does the Council intend consulting residents about the location of replacement bins and for getting feedback on the effectiveness of the rollout as the project proceeds?

**Reply**

The Council is working towards providing litter bins with a type that have a closed top. Once a new design is agreed, litter bins will be replaced as and when required and on a case by case basis. Wholesale roll-out is currently not planned due to budgetary constraints.

**PUBLIC QUESTION NO. 30**

**28 February 2024**

Question asked by: Richard Elliott

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

What is the overall cost to Lewisham Council of concessionary fare schemes and how much of that is met from parking fines and charges?

**Reply**

In 2022/23 the overall cost to the Council of concessionary fares is £7m. The total of parking fines and charges is £5.9m, which was used to subsidise the £7m concessionary fares.

**PUBLIC QUESTION NO. 31**

**28 February 2024**

Question asked by: Margaret Clarke

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

**Question**

What role if any does the Council envisage for co-housing communities and how does it support their creation?

**Reply**

The Council's Housing Strategy 2020-2026 commits the Council to delivering the homes that Lewisham needs. The Strategy states 'We will ensure that the diversity that makes Lewisham so strong is reflected in our housing with mixed communities and a variety of tenure types' which could include co-housing communities. The UK Co-housing Network defines co-housing as follows : 'Co-housing communities are intentional communities, created and run by their residents' and they include homes for ownership and rent and for a variety of demographic groups, so they would fit with the strategic commitment set out above. However, the Strategy is clear that the priority for the Council given the ongoing housing crisis, rising levels of homelessness and current housing register demand, is the development of social housing as this is the tenure that offers the greatest affordability and security and can best meet these needs.

**PUBLIC QUESTION NO. 32**

**28 February 2024**

Question asked by: Margaret Clarke

Relevant Directorate: Place

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Does the Council currently use or have plans to use digital 3D representations (also known as mirroring) in development control and highways planning?

**Reply**

The Planning Service use software called “Vu.City” which is a digital 3D modelling tool designed to assist officers in assessing the impact any proposed development may have on the surrounding area in terms of design, impact on heritage assets and impact on neighbouring amenity.

**PUBLIC QUESTION NO. 33**

**28 February 2024**

Question asked by: Gina Raggett

Relevant Directorate: Community Services

Member to reply: Councillor James-J Walsh

**Question**

The Blackheath Village library at Age Exchange has 1) No access to computers; 2) No study space; 3) Limited after-school openings – currently 3 days a week for a total of 7 hours if a volunteer is present. Does the council have plans to improve this wholly inadequate provision?

**Reply**

The library area within the Reminiscence Centre has a volunteer present for 24 hours per week at these times:

Monday 9:00AM-12PM & 2PM-5PM (6 hrs)

Tuesday 9:00AM-12PM & 2PM-5PM (6 hrs)

Wednesday 9:00AM-12PM (3 hrs)

Thursday 12PM-2PM & 3PM-5PM (4 hrs)

Friday 9:00AM-12PM & 3PM-5PM (5 hrs)

However, the Centre is open Mon-Fri 8:30AM-5PM and Sat 10AM-4PM, that is 48.5 hours per week, when the library collections remain fully accessible to visitors.

The Reminiscence Centre offers numerous seats across the building, which are often used by visitors who use their own laptop for research and/or work.

The council is in regular conversation with Age Exchange about the library provision at the Reminiscence Centre, which is about to undergo some reorganisation of the space to improve the user experience and better promote the wider library offer. We will share further details about this in due course.



**PUBLIC QUESTION NO. 34**

**28 February 2024**

Question asked by: Gina Raggett

Relevant Directorate: Community Services

Member to reply: Councillor James-J Walsh

**Question**

The Council's website claims that EcoCommunities are still running Grove Park and Crofton Park libraries. This contradicts previous announcements. Can the council please provide an update as to what the future holds for these libraries?

**Reply**

The Grove Park community Library reopened in January 2024 and successfully celebrated the 70th anniversary of the building, with community activities and visitors. The organisation responsible for this library is S&B Childcare.

Crofton Park Library is now run by V22 and operating as usual.

The related web pages have been updated and reflect the correct tenant information.

**PUBLIC QUESTION NO. 35**

**28 February 2024**

Question asked by: Chris Maines

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

How many (by ward) Electric Vehicle charging points are there in the borough and how many are projected to roll out over the next 12 months ?

**Reply**

There are currently 244 publicly available EV charge points within Lewisham. A link to locations can be found below, and unfortunately the Council does not keep a ward by ward record at this time.

<https://chargefinder.com/en/london/charging-station/gked88>

The council is planning to deliver a further 39 EV charging points via the Sustainable Streets programme and is currently assessing various models and applying for additional funding to increase these numbers further. This number may increase based on the rolling programme for Sustainable Streets.

**PUBLIC QUESTION NO. 36**

**28 February 2024**

Question asked by: Sophie Hodson

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

**Question**

What steps are the council taking to ensure children in socially deprived areas of Lewisham aren't further disadvantaged by school redundancies in the current school funding crisis.

**Reply**

Funding for Lewisham schools – as for all schools in England - is largely determined by a national funding formula and not by the Council.

The biggest factor in school funding relates to pupil numbers. In recent years we have unfortunately seen a decline in the number of primary age school admissions (although admissions to our secondary schools continue to be more healthy). As funding is determined by a national formula set by central government, the ability of the Council to direct funding to more socially deprived areas of the borough is limited.

The Council is very aware of the financial challenges facing Lewisham schools. School governors are responsible for financial management in their schools and the Council has been supporting schools to set 3-year rolling budgets. As part of the budget-setting process by schools, each will consider opportunities for longer term sustainability, with redundancies very much a last resort.

**PUBLIC QUESTION NO. 37**

**28 February 2024**

Question asked by: Andra McMillan

Relevant Directorate: Chief Executive

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Brenda Dacres said at the last council meeting that the council 'will be focussing on residents in Lewisham' and will 'continue to work with our faith groups, community groups' in Lewisham. So far, 27 local community groups have signed the open letter backing a ceasefire statement and pension divestment. Will Lewisham council listen to these community groups and back the same demands?

**Reply**

Due to currently being in the pre-election period (PREP) for the upcoming Mayoral By-Election, Lewisham Council's communications activity is legally restricted. PREP guidance states the Council cannot publish any material that appears to be designed to affect public support for a political party or candidate.

This guidance restricts what I can say in this written response and any verbal response to a supplementary question posed at the Full Council meeting on 28th February.

I have been horrified by the loss of life of both Israelis and Palestinians following the events of recent months in Israel and Gaza – my thoughts are with everyone affected by this conflict, both in the region and here in Lewisham.

Our role at the council is to ensure that those affected by the conflict in our borough are brought together and supported.

The council has developed a dedicated web page on its website which directs residents to support services available both locally and nationally  
<https://lewisham.gov.uk/articles/news/support-for-people-affected-by-the-middle-east-crisis>

The council will continue to work with its faith and community groups to establish what more can be done to bring communities together and offer support to those who continue to be affected.

I refer the questioner to my response given to council questions on this matter on 17 January 2024.

**PUBLIC QUESTION NO. 38**

**28 February 2024**

Question asked by: Shezara Francis

Relevant Directorate: Chief Executive

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Brenda Dacres said in response to several questions that she was horrified by the death of Palestinians and had joined David Lammy in calling for a 'cessation to hostilities' in Gaza, or in other words, a ceasefire. If this is the case, when will she make a statement in favour of this?

**Reply**

Due to currently being in the pre-election period (PREP) for the upcoming Mayoral By-Election, Lewisham Council's communications activity is legally restricted. PREP guidance states the Council cannot publish any material that appears to be designed to affect public support for a political party or candidate.

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I have been horrified by the loss of life of both Israelis and Palestinians following the events of recent months in Israel and Gaza – my thoughts are with everyone affected by this conflict, both in the region and here in Lewisham.

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The council will continue to work with its faith and community groups to establish what more can be done to bring communities together and offer support to those who continue to be affected.

I refer the questioner to my response given to council questions on this matter on 17 January 2024.

**PUBLIC QUESTION NO. 39**

**28 February 2024**

Question asked by: Michael Bachmann

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

**Question**

In October 2023 we asked the Council to collect surplus wheelie bins at York House in Sydenham (CAS-3865541-G3X2D9 refers as well as follow up in December CAS-3928199-N2R8K9 and January CAS-3946636-P7L8T9). The bins have still not been taken away. How has the service review referred to in Q31 of 28.09.22 affected the Council's ability to collect surplus wheelie bins from residents?

**Reply**

The Council apologises for the delay. A collection has been scheduled by 20th February and the collection service will be reviewed to improve service times.

**PUBLIC QUESTION NO. 40**

**28 February 2024**

Question asked by: Michael Bachmann

Relevant Directorate: Community Services

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Before he resigned, when did the previous Mayor last meet the local Met commander and what was discussed?

**Reply**

The last meeting between the Mayor and the BCU Commander took place on Wednesday 4th October. I refer the questioner to the response given on this matter (PQ17, 17 January 2024).

**PUBLIC QUESTION NO. 41**

**28 February 2024**

Question asked by: Lee Powell

Relevant Directorate: Place

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

What percentage of Catford Regeneration Partnership Ltd tenants are up to date with both their rent and service charge payments; and how much is now owed in unpaid rent and service charges?

**Reply**

57% tenants are up to date with both rent and service charge. Currently the portfolio is owed approximately £1.3M in commercial rent and service charge.

Repayment plans are in place for the majority of those in arrears with one tenant in advanced discussions to arrange a repayment plan.



**PUBLIC QUESTION NO. 42**

**28 February 2024**

Question asked by: Lee Powell

Relevant Directorate: Place

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Is Lewisham council legally required to recover the loans it has made to Catford Regeneration Partnership Ltd and if so, when does it expect Catford Regeneration Partnership Ltd to start repaying those loans?

**Reply**

Lewisham Council is required to recover any loan it makes to third party organisations. To this end, it has been working closely with CRPL to regenerate the wider Catford Town Centre, although this remains in the pre-development stage. In the development stage the Council does not have to make any provision to repay its own borrowing until the assets have been re-developed and ready for use. This has allowed the Council to grant a repayment holiday to Catford Regeneration Partnership Ltd (CRPL).

The Council has agreed that CRPL can have a further repayment holiday until 2026 as they finalise the plans for the Catford Town Centre Regeneration

**PUBLIC QUESTION NO. 43**

**28 February 2024**

Question asked by: Amy Humphries

Relevant Directorate: Chief Executive

Member to reply: Deputy Mayor Dacres (Acting as Mayor)

**Question**

Over 28,000 Palestinians have been killed by Israel in Gaza in what the ICJ has called a 'plausible genocide'. A petition calling for a ceasefire statement and divestment from the council's pensions scheme away from complicit companies and companies funding other human rights abuses and war crimes has gained over 1K signatures. Will the council commit to these demands now?

**Reply**

Due to currently being in the pre-election period (PREP) for the upcoming Mayoral By-Election, Lewisham Council's communications activity is legally restricted. PREP guidance states the Council cannot publish any material that appears to be designed to affect public support for a political party or candidate.

This guidance restricts what I can say in this written response and any verbal response to a supplementary question posed at the Full Council meeting on 28th February.

I have been horrified by the loss of life of both Israelis and Palestinians following the events of recent months in Israel and Gaza – my thoughts are with everyone affected by this conflict, both in the region and here in Lewisham.

Our role at the council is to ensure that those affected by the conflict in our borough are brought together and supported.

The council has developed a dedicated web page on its website which directs residents to support services available both locally and nationally  
<https://lewisham.gov.uk/articles/news/support-for-people-affected-by-the-middle-east-crisis>

The council will continue to work with its faith and community groups to establish what more can be done to bring communities together and offer support to those who continue to be affected.

I refer the questioner to responses given to council questions on these matters on 17 January 2024.

**PUBLIC QUESTION NO. 44**

**28 February 2024**

Question asked by: Peter Richardson

Relevant Directorate: Community Services

Member to reply: Councillor James-J Walsh

**Question**

A previous answer from council confirmed that the cannon installed at the Manor House Garden, Lee were in the ownership of the council. As the cannon carriages now need reconstruction and the cannon seem to fall under the clauses of the Lease and so the responsibility of V22 Foundation is there no way the council could contribute funding to the tenant who is trying to raise funds to complete the restoration?

**Reply**

While the ownership of the cannons remains with the council, V22 are responsible for their upkeep and more generally for the safety of visitors to the House.

V22 understand that the cannons are worthy of new mountings and are working, with a local building contractor, to have the situation addressed.

Whilst the council is not in the position to allocate funding directly to this project, we will continue to review and explore the opportunities for external funding.

**PUBLIC QUESTION NO. 45**

**28 February 2024**

Question asked by: Peter Richardson

Relevant Directorate: Community Services

Member to reply: Councillor James-J Walsh

**Question**

The Lease and Service Agreement signed between Lewisham Council and V22 Foundation to run the library service in the building and buildings at the Manor House Lee contain many clauses for maintenance and upkeep of both the interior and exterior of the building. It is noticeable that since the completed restoration of 2009 there are now signs of wear and tear, and damage to plaster work, paint work, and general deterioration. Under the Lease and Service Agreement does the Council have its own duty to examine what needs to be done and if so when was this last carried out?

**Reply**

Council officers visit the building regularly and are aware of the programme of works that V22 has in place to adequately maintain the building.

In fact officers were impressed by the restoration work that completed very recently on the upper ground floor, which sensitively restored the paintwork within the West End extension.

V22 have a maintenance programme, through which the Baring Room was redecorated in 2022, as were the lights. Room 1 was decorated while the work at the upper ground floor was being carried out. All the internal doors are due for assessment and repair where needed later in the year.

Substantially larger works would be subject to successful grant funding applications, which V22 would submit as part of a wider heritage bid to funders.

**PUBLIC QUESTION NO. 46**

**28 February 2024**

Question asked by: Julia Webb

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

**Question**

.Now the 2-question limit has been in place for a while, there seems to be no reason why secondary questions and answers can't be formally recorded. We need a full and transparent record of statements made in council. Is the council prepared to do this?

**Reply**

Secondary questions and answers will be summarised in the minutes and a web cast of each full council meeting is available on the councils website.

**PUBLIC QUESTION NO. 47**

**28 February 2024**

Question asked by: Julia Webb

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

**Question**

How many weeks during this year will councillors attend meetings? In particular, how many working weeks will there be between the end of the second run of electoral purdah, and the councillors' summer break? There seems to be a lot of political campaigning at home and around the country, and little attention paid to urgent casework.

**Reply**

Committee meetings are scheduled throughout the year. Most committees do not meet during the school summer holidays – for the academic year 2023/24 this is 26 July to 27 August inclusive - however regulatory committees continue to meet throughout the summer. The pre-election period for the Greater London Authority elections comes to an end on Thursday 2 May 2024. Many council meetings will continue during the pre-election period, as they have done during this pre-election period for the Lewisham Mayoral byelection. Committee meeting dates for 2024/25 will be agreed at the Council AGM on 27 March.

# Agenda Item 6



## Council

### Member Questions

**Date:** 28 February 2024

**Class:** Part 1

**Contributors:** Head of Governance and Committee Services

### Outline and recommendation

To receive questions from Members of the Council.

### Questions from Members of the Council

Section C, paragraph 14 of the Constitution provides for questions relevant to the general work or procedure of the Council to be asked by Members of the Council. Copies of the questions received and the replies to them will be published as an attachment to this document on the day before the meeting.



## Council

### **Report title: 2024/25 Budget Report**

**Date:** 28 February 2024

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Executive Director for Corporate Resources

### **Outline and Recommendations**

The purpose of this report is to set out the overall financial position of the Council in relation to 2023/24 and to set the Budget for 2024/25. This report allows Council Tax to be agreed and housing rents to be set for 2024/25. It sets the Capital Programme for the next four years and the Council's Treasury Strategy for 2024/25.

The report provides information on the revenue budget reduction proposals necessary to help balance the budget for 2024/25, the allocation of budget growth to meet inflation pressures and service overspending and prepare to address the budget requirement for 2025/26.

Council is asked to consider the recommendations listed in this report at Section 2.



## Timeline of engagement and decision-making

The Greater London Authority have confirmed their Budget and precept proposals.

Mayor and Cabinet approved the draft 2024/25 Budget Report for recommendation to Full Council on the 7 February 2024.

Public Accounts Select Committee considered the draft 2024/25 Budget Report on the 29 January 2024.

Financial Monitoring P8 was approved by Mayor and Cabinet on 24 January 2024.

The Council Tax Base was approved by Council on the 17 January 2024.

## 1. Summary

1.1 This report sets out the context and range of budget assumptions which Council is required to agree to enable it to set a balanced budget for 2024/25. These include the following:

### 1.2 General Fund

- In respect of the General Fund, the assumed net revenue expenditure budget is £293.838m. This is made up of provisional Settlement Funding from government (revenue support grant and business rates), the inclusion of Section 31 grant relating to business rates funding and forecast Council Tax receipts including an increase in Council Tax of 4.99% with the detail set out in Section 6.
- The changes to the prior year General Fund position to meet the 2024/25 net revenue budget of £293.838m are proposed on the basis of the following assumptions:
  - £7.945m of revenue budget reductions have been included for 2024/25, of which £2.315m were previously agreed and £5.630m assumed to be agreed and implemented.
  - An assumed 4.99% increase in Band D Council Tax for Lewisham's services for 2024/25; including the 2.99% increase in the core Council Tax as announced in the provisional Local Government Finance Settlement and 2% increase for the Adult Social Care precept.
  - £36.709 of funding allocated for risks and pressures in 2024/25, primarily to cover the services reporting a £30m overspend in 2023/24.
  - £1.844m of additional pay inflation to cover the gap from 2023/24.
  - £5.816m of pay inflation for 2024/25.
  - £4.401m of non-pay inflation for 2024/25.

### 1.3 Dedicated Schools Grant, Pupil Premium and Additional Autumn Statement Funding

- The 2024/25 overall Dedicated Schools Grant (DSG) allocation is £363.126m (a 7% increase) (of which, £40.225m is part of the Early Years Block and remains provisional). Of this money, the Council will passport through the monies

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allocated to the Academy schools and notes that £11.381m relates to national policy changes on the EY entitlement offer being extended, so is effectively linked to new responsibilities.

- Schools block – A net increase of £9.63m (4%).
- Central Services to Schools block – A net reduction of £0.295m (10%). This funding is for services that support schools including admission.
- High Needs block – A net increase of £2.373m (3%). This funding supports those young people with Special Needs. In addition, Schools Forum have agreed to supplement this budget by £0.7m in 2024/25 and the Council continues to work with the Department for Education (DfE) on the national cumulative deficit being carried by Councils for running these services.
- Early Years block – A net increase of £15.381m (38%). Overall, there is an increase in the hourly rates for 3-4 year olds from £6.33 to £7.24 (14%) and for 2 year olds £7.52 to £10.64 (41.4%) and the introduction of new funding for 2 year olds with working parent entitlement from 1 April 2024 at £10.64 and under 2 year olds from 1 September 2024 at an hourly rate of £14.52.
- Pupil Premium - funding rates are confirmed to increase by circa 1-2%, however the school-by-school final allocation will be advised in the summer 2024. The 2023/24 pupil premium figure is currently £15.167m.
- Pupil numbers have decreased by a net 251, with a 351 decrease in primary and a 100 increase in secondary pupil numbers.

#### 1.4 Housing

- A proposed rent increase at a maximum permissible of 7.7% (an average of £8.57 per week) in respect of dwelling rents, 7.7% (average £3.10 per week) in respect of hostels, and a range of other proposed changes to service charges on the same basis. The proposed annual expenditure for the Housing Revenue Account (HRA) is £224.3m in 2024/25, including the capital and new build programme.
- The proposed Capital Programme (HRA) budget for 2024/25 to 2028/29 of £620.8m, of which £112.8m is for 2024/25;
- Prior to the in-sourcing, from the 1 October 2023, of the Council's Arms Length Management Organisation (ALMO) – Lewisham Homes developed action plan to manage the problems related to damp and disrepair. These include undertaking property MOT's, to fully identify damp & disrepair within the Councils stock.
- Continuing to conduct urgent reviews and physical inspections of every property on the damp and disrepair logs.
- Upon completion of MOT's/surveys, repairs and follow-up actions are being taken to resolve the issues identified. This may require the allocation of additional resources which may not be fully forecasted within the current HRA budget allocations. Discussions are on-going with service heads on how to fund the cost of these repairs which may result in capital plans being reprioritised for existing stock.

#### 1.5 Other Income and Grants

- Section 6 of the report sets out the detail of changes to other sources of income, including grants.

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- The following grants continue into 2024/25 and are broadly unchanged from 2023/24: Public Health Grant (£26.9m), Better Care Fund (£10.9m for the Council) and the Improved Better Care Fund (£14.9m).
- The following grants have increased and being used to fund pressures for 2024/25: Social Care Grant (£27.9m) and the ASC Market Sustainability and Improvement Fund (£6.0m).
- The following grants have continued but at significantly reduced levels and are being used to fund once off pressures only: New Homes Bonus (£2.0m) and Services Grant (£0.6m).
- The Discharge Grant provided in 2023/24 replaced monies already provided by Health partners and did not provide capacity for new growth, although this has been increased in 2024/25 to £3.5m it will be needed in full to meet additional demand.
- On 24 January 2024 government announced an additional £500m nationally of funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant. The allocation of this will be made in the Budget on the 6 March 2024. This additional funding will replace the £1.5m planned once off use of reserves in 2024/25.

## 1.6 Treasury

- The report updates the Council's Treasury Management Strategy for both borrowing and investments. The proposed approach and levels of risk the Council takes in its Treasury functions remains prudent, in-line with last year, and officers continue to explore alternative investment options and opportunities to undertake debt restructuring in order to reduce cashflow, balance sheet risk and best fund the capital plans set out.
- There are no material changes to the strategy.

## 1.7 Capital

- The proposed Capital Programme (General Fund and Housing Revenue Account) budget for 2024/25 to 2027/28 is £558.0m; split £171.0m (31%) for the General Fund and £387.0m (69%) for the Housing Revenue Account. Of this programme £207.7m is for 2024/25 with £112.8m on the General Fund and £114.3m on the Housing Revenue Account.

## 2. Recommendations

2.1 It is recommended that Council approve the recommendations shown below in respect of the 2024/25 Budget.

2.2 That, having considered the views of those consulted on the budget, and subject to proper process, as required, Council:

### **General Fund Revenue Budget**

2.3 note the 2023/24 forecast projected overall variance of £19.9m, after the use of corporate provisions and reserves, or 7.5% of the agreed budget of £263.680m as set out in Section 6 of this report and that this year-end overspend will be met from corporate provisions and reserves;

2.4 endorse the budget cut reduction measures of £2.315m and £8.423m, with an anticipated assumed minimum delivery of £5.6m in 2024/25, as set out in Section 6 of the report and summarised in Appendix Y1 and Y2a and Y2b;

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- 2.5 agree the allocation of £54.277m of resources from; the corporate risks and pressures, adult social care precept, new homes bonus, social care grant, ASC market sustainability and improvement fund, discharge grant, New Homes Bonus and Services Grant in 2024/25 to be invested in funding quantified budget pressures and opportunities, both recurring and once-off, as set out in Section 6;
- 2.6 agree a General Fund Budget Requirement of £293.838m for 2024/25 be approved;
- 2.7 agree to a 4.99% increase in Lewisham's Council Tax element. This will result in a Band D equivalent Council Tax level of £1,566.58 for Lewisham's services and £2,037.98 overall. This represents an overall increase in Council Tax for 2024/25 of 5.8% and is subject to the GLA precept for 2024/25 being increased by £37.26 (i.e. 8.58%) from £434.14 to £471.4, in line with the GLA's draft budget proposals;
- 2.8 note the Council Tax Ready Reckoner which, for illustrative purposes, sets out the Band D equivalent Council Tax at various levels of increase. This is explained in Section 6 of the report with more detail in Appendix Y4;
- 2.9 consider the Section 25 Statement from the Chief Finance Officer, the Executive Director for Corporate Resources. This is attached at Appendix Y5;
- 2.10 agree the draft statutory calculations for 2024/25 as set out at Appendix Y6;
- 2.11 note the prospects for the revenue budget for 2024/25 and future years as set out in Sections 6 and 7;
- 2.12 agree and ask officers to continue to develop firm proposals to redesign and transform services and inform the capital strategy by bringing them forward in good time to support the work towards a savings and investment round to help plan early to meet the future forecast medium term finance strategy objectives;

#### **Other Grants (within the General Fund)**

- 2.13 note the adjustments to and impact of various specific grants for 2024/25 on the General Fund as set out in Section 6 of this report;

#### **Dedicated Schools Grant and Pupil Premium**

##### Schools Block

- 2.14 note the provisional gross Dedicated Schools Grant (DSG) allocation of £363.126m before the Department's adjustments to fund Academy schools;
- 2.15 note the provisional DSG allocation for £240.662m be the Schools' Budget (Schools Block) for 2024/25 covering both maintained schools and academies, and that this includes £7.5m of funding that schools currently receive via the Mainstream Additional Grant;
- 2.16 agree, as recommended by Schools Forum, the once-off transfer of circa £0.7m of Schools Block funding to the High Needs Block;

##### Central Schools Services Block (CSSB)

- 2.17 note the construct and allocation of £3.014m for the CSSB block allocation for 2024/25, a reduction of circa £0.295m from the £3.309m 2023/24 allocation;

##### High Needs Block (HNB)

- 2.18 note the provisional HNB £79.225m to support the Council's statutory duty with regards to Special Education Needs (SEN), a net increase of £2.373m relative to 2023/24. And that the HNB will be finalised in March for deductions arising for institutions funded by the Education and Skills Funding Agency (ESFA);

##### Early Years Block (EYB)

- 2.19 note the Dedicated Schools Grant allocation to the EYB of £40.225m;

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- 2.20 note that the Department for Education has increased hourly funding for 3 and 4 year olds from £6.33 to £7.24 (14.4%) and with respect to 2 year old disadvantaged funding, the hourly rate has increased from £7.52 to £10.64 (41.5%);
- 2.21 note the introduction of new funding from 1 April 2024 for 2 year old working parent entitlement of £10.64 per hour and new funding for under 2 year olds from 1 September 2024 at £14.52 per hour;

#### Pupil Premium

- 2.22 note that the pupil premium will continue in 2024/25, that the per-pupil funding is expected to increase by 1% for primary and 2% for secondary, with the total quantum confirmed in summer 2024;

#### Housing Revenue Account

- 2.23 note the consultation report on proposed service charge increases to tenants and leaseholders in the Brockley area, presented to tenants and leaseholders on 2 November 2023, as attached at Appendix X2a and X2b;
- 2.24 note the consultation report on proposed service charge increases to tenants and leaseholders presented to the remaining tenants and leaseholders on 13 November 2023 as attached at Appendix X3.
- 2.25 agree to set an increase in dwelling rents of 7.7% (an average of £8.57 per week) – as per the Governments formula rent increases to be applied to rents for 2024/25 and as outlined in section 9 of this report;
- 2.26 agree to set an increase in the hostels accommodation charge by 7.7% (or £3.10 per week), in accordance with Governments direction for formula rent increases to be applied to rents for 2024/25;
- 2.27 approve the following average weekly increases/decreases for dwellings for:

2.27.1 service charges to PFI managed dwellings (Brockley) to ensure full cost recovery and 9.9% inflationary uplift for 2024/25;

• caretaking	9.9%	(£0.35)
• grounds	9.9%	(£0.21)
• communal lighting	9.9%	(£0.01)
• bulk waste collection	9.9%	(£0.15)
• window cleaning	9.9%	(£0.00)
• tenants' levy	0.00%	(£0.00)

2.27.2 service charges to Council managed dwellings:

• caretaking	7.70%	(£0.59)
• grounds	7.70%	(£0.10)
• window cleaning	7.70%	(£0.03)
• communal lighting	7.70%	(£0.10)
• block pest control	7.00%	(£1.80)
• waste collection	7.70%	(£0.07)
• heating & hot water	7.70%	(£1.23)
• tenants' levy	0.00%	(£0.00)
• bulk waste disposal	7.70%	(£0.05)

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- sheltered housing 0.00% (£0.00)

2.27.3 the following average weekly percentage changes for hostels and shared temporary units for;

- service charges (hostels) – caretaking etc.; 7.70% or £5.92pw energy cost increases for heat, light & power; 10.0% or £0.71pw;
- water charges increase; 7.70% or £0.02pw;

2.28 approve an increase in garage rents by 8.90% (£1.58 per week) for Brockley PFI and Council residents as outlined in Appendix X4;

2.29 note that the budgeted expenditure for the Housing Revenue Account (HRA) for 2024/25 is £224.3m, split £111.5m revenue and £112.8m capital, which includes the decent homes and new build programmes;

### **Treasury Management Strategy**

2.30 approve the Treasury Management Strategy 2024/25 including the prudential indicators and treasury indicators;

2.31 approve the Annual Investment Strategy and Creditworthiness Policy, set out in further detail at Appendix Z2;

2.32 approve the Investment Strategy as set out in Section 10 of this report, along with the operational boundary & authorised limit for the year as set out in tables D4 and D5 in this report;

2.33 approve the Minimum Revenue Provision (MRP) policy as set out in Section 10.27 of this report;

2.34 agree to delegate to the Executive Director of Corporate Resources the authority during 2024/25 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;

2.35 approve the overall credit and counterparty risk management criteria, as set out at Appendix Z2, the proposed countries for investment at Appendix Z5, and that it formally delegates responsibility for managing transactions with those institutions meeting the criteria to the Executive Director for Corporate Resources.

### **Capital Programme**

2.36 approve the 2024/25 to 2027/28 Capital Programme of £558.0m as set out in Section 11 of this report and Appendix W1;

2.37 agree to delegate to the Executive Director for Corporate Resources authority to amend the scheme mix within the Capital programme to respond to the risks as set out as long as this is done within the total programme parameters approved and that regular updates on the capital programme, reflecting any changes, are regularly reported back to Mayor & Cabinet.

## **3. Policy Context**

3.1 The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy. The Council launched its Corporate Strategy in November 2022, with seven corporate priorities as stated below:

### **Corporate Priorities**

3.2 The Council's corporate priorities are:

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- Cleaner and Greener,
- Strong Local Economy,
- Quality Housing,
- Children and Young People,
- Safer Communities,
- Open Lewisham,
- Health and Wellbeing.

### **Values**

- 3.3 Values are critical to the Council's role as an employer, regulator, securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers and members, between the council and partners and between the council and citizens. In taking forward the Council's Budget Strategy, we are guided by the Council's five core values:
- Ambitious;
  - Inclusive;
  - Collaborative;
  - Accountable;
  - Trustworthy.
- 3.4 The setting a balanced budget for 2024/25 directly supports the achievement of the Council's corporate priorities. As required under the CIPFA Financial Management Code of Practice, the Council must demonstrate how its budget is aligned to its corporate priorities. Appendix Y3 sets out how the proposed budget for 2024/25 would align to the seven priorities set out above.
- 3.5 As noted in the 2023/24 budget, the Council's strong and resilient framework for prioritising action has served the organisation well in the face of reductions to local government spending, growth in demand for services with a growing population and increasing costs due to inflation. This continues to mean, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone.
- 3.6 This joint endeavour helps work through complex challenges, such as the pressures faced by health and social care services and housing, and to secure investment in the borough for new homes, school improvements, regenerating town centres, renewed leisure opportunities and improvement in the wider environment. This work has and continues to contribute much to improve life chances and life opportunities across the borough through improved education opportunities, skills development, and employment. Of course, there is still much more that can be done to realise our ambitions for the future of the borough; ranging from our work to support housing supply and business growth, through to our programmes of care and support to some of our most vulnerable and troubled families.
- 3.7 It remains clear that the Council cannot do all that it once did, nor meet all those expectations that might once have been met, for we are in a very different financial position than just a decade ago. Severe financial constraints have been imposed on Council services with budget reductions to be made year on year on year. The Council's responses to this on-going pressure are addressed in this report; including further budget reduction proposals for 2024/25 and noting that the Autumn Statement suggested that Local Government funding from 2025/26 would be severely

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constrained. This is pending a long overdue reset of the Fair Funding arrangements and review of Council Tax and Business Rates as revenue raising mechanisms to fund local services.

- 3.8 At the same time, as set out at Section 6 of the report, the use of resources to address risks and pressures through positive investments is an opportunity. These investments are also supported via the capital programme at Section 11. This spending deals with both existing pressures, principally for overspending services, additional significant inflationary pressures and supports the Council in refocusing and changing services where new opportunities and expectations for how the Council can better deliver them to support the community are identified.
- 3.9 The cost of living crisis continues to impact our residents, businesses, and the Council alike and the proposed 2024/25 budget seeks to continue to best support the borough as a whole.

## **4. Structure Of the Report, Policy Context, And Background**

4.1 The 2024/25 Budget Report is structured as follows:

Section 1	Summary
Section 2	Recommendations
Section 3	Policy Context
Section 4	Structure of the Report
Section 5	Background
Section 6	General Fund Revenue Budget and Council Tax
Section 7	Future Years' Budget Strategy and Risks
Section 8	Dedicated Schools Grant and Pupil Premium
Section 9	Housing Revenue Account
Section 10	Treasury Management Strategy
Section 11	Capital Programme
Section 12	Consultation on the Budget
Section 13	Financial Implications
Section 14	Legal Implications
Section 15	Equalities Implications
Section 16	Climate Change and Environmental Implications
Section 17	Crime and Disorder Implications
Section 18	Health and Wellbeing Implications
Section 19	Background Papers
Section 20	Glossary
Section 21	Report Author and Contact
Section 22	Appendices



## 5. Background

- 5.1 This section sets out the main national macro-economic and public spending position, the current position in respect of local government finance, and some of the key Council services as context for the Budget spending details.

### National Context

- 5.2 In 2023, the United Kingdom's economy was still in a period of recovery. Gross Domestic Product (GDP) growth for the for the last three months to December 2023 has been flat at around 0.6% as at December 2023. However, the growth outlook for 2024 is less positive with an expectation that the economy experiences GDP growth of 0.0% as at Q4 of 2024 based on the Bank of England forecast in November 2023.
- 5.3 The UK unemployment rate rose slightly to 4.3% in 2023, and this continues to be a pressure in terms of concerns for shortages of workers in the UK economy. Inflation rose to 11.1% in October 2022 and has now reduced to 4.0% in December 2023, but it is still above the long term target of 2%. The public sector often experiences a lag in inflation (through its retrospective agreement of inflation in contracts and wage negotiations) and it was the persistently high level of inflation which forced the Bank of England to increase interest rates to 5.25%. Based on the current Bank of England forecasts and recent escalating global uncertainties impacting trade, the expectation is that interest rates are likely to remain at or close to these levels for an extended period.
- 5.4 The cost of living crisis refers to the fall in "real" disposable incomes that the UK has experienced since the financial crash in 2008 but more acutely since late 2021. Most recently it is being caused predominantly by high inflation outstripping wage and benefit increases, and although the recent falls in inflation have helped to reduce the cost of living crisis, the situation for many persists.
- 5.5 Public debt remained high at around 101.2% of GDP in Q2 of 2023, and the intention of Government, as set out in the Chancellors Budget in March 2023 and unchanged in the Autumn Statement, is to reduce this over the next four years to 2027/28. The consequence of this, along with recent tax cuts, is a contributing factor to the expected reduction in public sector funding over this same period. With the recognition that, as an unprotected area for government spending, local government risks bearing a significant and disproportionate share of these reductions from 2025.
- 5.6 Overall, the UK economy in 2023 was slowly recovering from the global pandemic with low GDP growth rate. The challenge of the cost of living crisis, inflation above the Bank of England target, and high levels of public debt, are all issues which the UK Government and Bank of England still have to manage appropriately to reduce the risk of recession and rising unemployment. In addition, the wars in Ukraine and Gaza and uncertainty over the safety of trade routes through the Suez Canal all increase the overall risks to the UK economy.

### Local Government

- 5.7 The final Local Government Finance Settlement was announced on 5 February 2024. This is another one year only settlement pending the review of relative needs and resources (also known as the fair funding review).
- 5.8 The settlement has provided a potential increase of 6.6% in council core spending power in cash terms for Lewisham. Existing funding streams will continue including the Adult Social Care Market Sustainability and Improvement Funding and the Discharge Fund. The government expects these will support councils to meet the extra cost and demand-led pressures to keep providing services at pre-pandemic levels. Despite this, there is continuing widespread concern from the Local Government Association and others that there remains a significant funding gap for the sector to meet all its statutory service requirements, for example temporary accommodation and social care. The

government's response to this has been to allow Councils to increase their council tax by the adult social care precept element and the overall social care grant funding.

- 5.9 Along with the settlement announcement, the Government confirmed the continuation and an increase of 2% to the Adult Social Care (SC) precept on Council Tax in 2024/25, created to give local authorities who are responsible for social care the ability to raise new funding to spend exclusively on Adult Social Care. Since 2016/17, when this was additional local tax burden flexibility was introduced, the Council has raised the SC precept. Applying the maximum precept of 2% for 2024/25 will generate an extra £2.698m of revenue for Adult Social Care services.
- 5.10 The Government also announced that the limit by which Councils can increase their core Council Tax (inclusive of levies) without a referendum, remains at a maximum level of 2.99%.
- 5.11 With 2024/25 effectively being another roll forward year with some growth on specific grants, the fundamental review of the way local government is financed has again been deferred until at least the 2026/27 financial year, and potentially later. The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence as the current method is based on indices from 2013/14. Alongside this the overdue reform of the Business Rates Retention arrangements, which aims to reform the elements of the business rates retention system in England.
- 5.12 While this position is confirmed for one year only, officer's medium-term assumptions are that this recognises a higher funding baseline, including all the housing, health, social care and market sustainability grants, as the starting point for the fair funding review, but excluding the services grant. Nonetheless, due to the uncertainty surrounding the public finances overall and levelling up intentions of the government, the local government fair funding review, combined with the expectation that demand for services continues to grow, the Council fully expects to have to continue to seek savings to balance future year's budgets.
- 5.13 Last year the Council was able to set its budget without planning to use reserves. However, the 2023/24 forecast overspend position at £19.9m is such that it has been necessary to identify and implement both in year budget reduction proposals and bring forward new proposals for 2024/25. The Council has identified £7.945m of savings necessary to set a balanced budget, being £2.315m which were previously and a further £5.630m which have been identified for inclusion in the base budget for 2024/25.

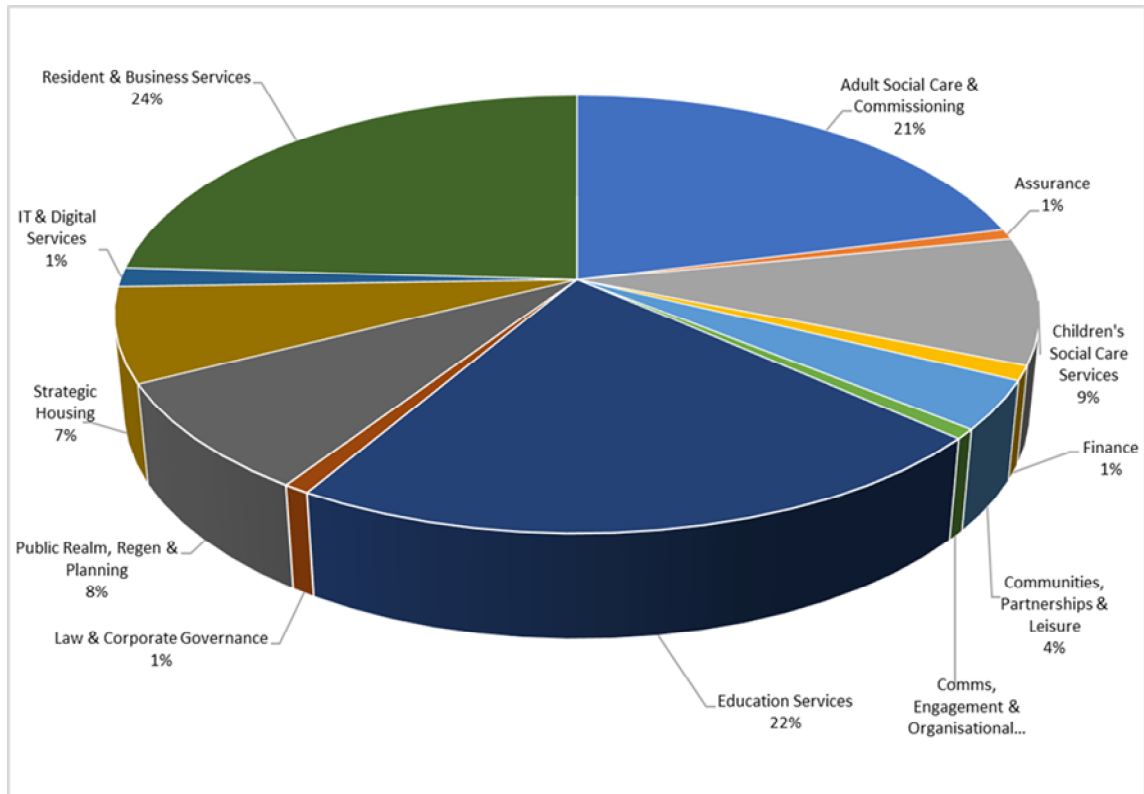
### **Cost of Living Crisis**

- 5.14 The Cost of Living crisis is still having severe detrimental effects on households across the country, with Lewisham residents being particularly vulnerable due to their comparatively low income and high deprivation levels (Lewisham being ranked eighth in London and 63 nationally on the Indices of Multiple Deprivation).
- 5.15 On the 23 of November 2022, Council passed a motion to declare a Cost of Living emergency in the Borough. This called on the Government to use its powers to support people through the worst financial crisis to hit the country in decades. Following this, a programme of action was developed by Lewisham Council to support residents through the crisis by utilising existing resources, securing funding from identified sources to support delivery, and enhancing partnership work across the Borough with the voluntary community sector and anchor institutions.
- 5.16 The programme addresses the following areas in relation to the Cost of Living Crisis:
- Food justice,
  - Energy advice and fuel poverty,

- Income maximisation,
  - Debt triage,
  - Warm Welcomes (more detail below), and
  - Communications.
- 5.17 In April 2023, Lewisham Council launched the food justice action plan in partnership with a range of local partners to combat food insecurity by:
- Reducing the risk of Lewisham residents experiencing food injustice;
  - Ensuring children and young people have access to nutritious, sustainable and culturally appropriate sources of food throughout the year;
  - Co-ordinating resources to maximise the support available to those in crisis;
  - Promoting and developing 'Money First' approaches where appropriate.
- 5.18 Since this action plan was published, almost £0.09m from the Community Food Justice Grants has been distributed to support 19 of the community food project providers in the Borough.
- 5.19 The Council has invested over £0.2m of Public Health and local area NHS funding into the food justice programme. This has helped to fund local food-giving projects such as social supermarkets and foodbanks.
- 5.20 Furthermore, during 2023/24 the Council has invested over £2.2m from the Household Support Fund to expand free school meals for all primary school children, including holiday activities, and a further £1m has been distributed to schools to contribute to feeding children via localised schemes and investment in school kitchens.
- 5.21 In line with energy advice and fuel poverty support, during 2022/23, the Council supported over 1,150 households in Lewisham and reprocurd the South London fuel poverty advice service. To allow community energy partners to deliver practical support to households facing fuel poverty, the Council provided £0.3m of funding. In 2023/24 £0.2m of funding was provided for residential energy efficiency measures.
- 5.22 In line with income maximisation, Lewisham Council has supported over 1,150 residents with income gains of almost £0.5m as at December 2023.
- 5.23 In partnership with Policy in Practice, the Council have contacted over 1,200 households to increase uptake of Pension Credits of approximately £1.6m.
- 5.24 Following its success during 2022/23, Lewisham Council worked in partnership with Lewisham Local to relaunch Warm Welcomes during 2023/24. Warm Welcomes is an initiative which makes local places accessible for residents to stay warm, have some refreshments and find out about services in their area in light of the current Cost of Living crisis.
- 5.25 In collaboration with Citizens Advice Lewisham pop-up services across the Borough have been hosted on a weekly basis, to provide residents with Cost of Living support. The provision of advice outreach via Citizens Advice has also utilised funding from the Household Support Fund.
- 5.26 Lewisham Council has received four iterations of the Household Support Fund, of which the 2023/24 iteration totalled over £5.3m. The continuation of this Fund into 2024/25 has not been confirmed by central Government at this stage. If no longer provided this will negatively impact the supply of free school meals and Cost of Living payments, amongst other things.

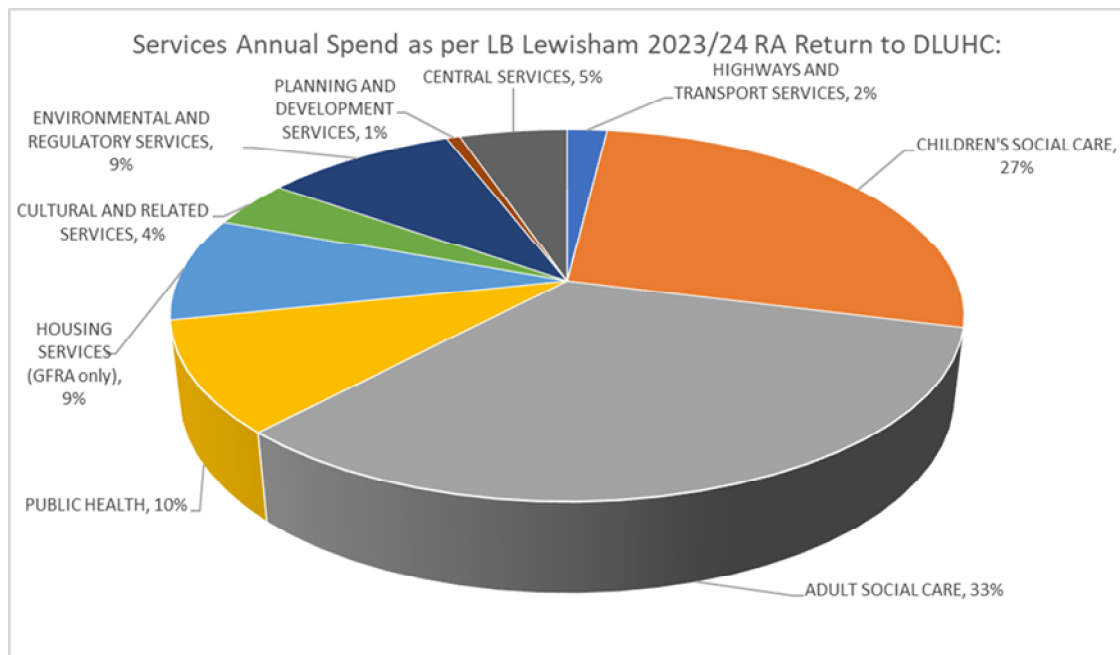
- 5.27 The Council will also continue to support resident financially through income maximisation and debt triage to reduce the negative impact of this possible withdrawal of funding.
- 5.28 Lewisham Council has also provided support via Lewisham Works, the Council's directly delivered employment service. Through this service, the Council has already supported over 600 residents with bespoke 1:1 holistic employment and training support. This has led to 250 residents securing good work tailored to their needs, and 250 gaining new skills.
- 5.29 Councillors also resolve to continue working with partners to support local communities, particularly the most vulnerable, through the coming months, by:
- Continuing our award-winning apprenticeships programme and jobs and skills service to support Lewisham residents into good, sustainable jobs;
  - Building on Lewisham Council's status as a Living Wage Council to become a Living Wage Place to create more well-paid local jobs for local people;
  - Driving increased social value outcomes and benefits from our supply chains and contractors via our procurement activities and practices.
- 5.30 In addition to Council led programmes, Lewisham is lucky to have an incredible network of community groups, charities, and other local organisations, that offer a wide range of support. The webpage for Cost of Living support can be found here: <https://lewisham.gov.uk/myservices/cost-of-living>
- 5.31 This webpage offers residents links to a range of services to support them during this difficult time, including: food support; coping with debt; warm welcomes; extra support for those with children; support staying warm; help with employment and training; help with household bills; mental health and well-being advice; and finally links for those fortunate enough to be able to support others through donating to the Lewisham Local Cost of Living crisis appeal or through volunteering opportunities with Lewisham Local.
- Budget Context**
- 5.32 The Council spends over £1.32bn annually on services for residents. The gross expenditure budgets for each general fund service area (excluding the HRA) in the Council are as below:

2023/24 Gross Expenditure of £1.32bn



*Resident and Business Services gross budgets include Housing benefits being transferred to claimants and Education Services gross budgets include Housing benefits being transferred to claimants and includes DSG being transferred to schools.*

5.33 In respect of the services element of this annual spend, it is the gross spend built from the £264m general fund budget and income from grants, fees and charges, the money is directed as follows:



5.34 The Council serves a population of 300,553 people (census 2021) who live in 132,416 households. Residents of Lewisham are diverse, with 35.6% of the population born outside of the UK. The number of residents is also growing; and has grown by nearly

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9% since the last census in 2011 which is higher than both the increase for London of 7.7% and the overall increase for England of 6.6%. As at the date of the most recent census, Lewisham now ranks 44<sup>th</sup> for total population out of 309 local authority areas in London, moving up one place in a decade, and is the 13<sup>th</sup> most densely populated of the 33 London boroughs. More information on the make-up of the borough can be found on the [Lewisham Observatory – Welcome to the Lewisham Observatory site](#).

- 5.35 The Council works hard to be available for residents when they need it. Through the Customer Services access point, the Council received 86,775 calls during 2022/23. In addition, through the registry office, the Council processed 8,516 births, deaths and marriages in 2022/23.
- 5.36 In addition to supporting a diverse and growing population, the budget contributes to the Council’s commitment to extend local democracy. In 2023, Lewisham Council undertook a second report as part of a series of surveys to better understand challenges facing Small to Medium Enterprises with ethnically diverse owners.
- 5.37 Lewisham continues to welcome more of those seeking asylum in the UK, including continuation of the 25% ‘sanctuary’ discount for Council Tax, which was introduced in 2023/24, to ensure residents eligible for a single person discount are not financially worse off as a result of housing a refugee. The Council also continues to welcome Ukrainian refugees fleeing the war with Russia. In addition to specific support for refugees, the Council provided support for the cost of Council Tax to over 22,000 households.
- 5.38 The budget supports a wide range of age groups across more than 600 individual services.
- 5.39 For young people, the schools’ budget provides for 72 maintained schools from nursery level through to secondary. The Borough had the highest school attendance in inner London for primary and secondary. With 97% of pupils attending a “Good” or “Outstanding” school. Furthermore, the Council ran over 40 holiday programme days with free activities and lunches for school children and young people aged 4 to 16.
- 5.40 Our Strategic Housing service benefits a large number of residents. The work done with partners to deliver Social Housing and Temporary Accommodation helps provide for the accommodation needs of residents. As at the end of 2022/23, Lewisham Council were landlords of 11,953 general needs accommodation households, 484 sheltered accommodation households and 2,718 temporary accommodation households (including partnership placements). The Council made 1,045 social lets to households on the housing register in 2022/23. However, the number of individuals in temporary accommodation continues to rise, specifically in nightly paid services, partially due to the ongoing cost of living crisis. During 2022/23, work-on-site commenced for 328 social housing dwellings.
- 5.41 The Borough has over 11,500 businesses registered and, in line with our corporate priority to assist with access to high-quality job opportunities, the budget funds adult education and apprenticeships. During 2022/23, the Council supported 66 apprentices to undertake work and help another 37 employees upskill.
- 5.42 The Adult Social Care service provides a range of support to vulnerable users that helps them remain active and independent, with 1,461 older and vulnerable residents being supported to return to everyday life following a hospital stay during 2022/23. The service undertook 6,822 adult social care assessments and reviews and supported 3,558 older and vulnerable residents to stay independent across all packages of care. As well as physical care needs, these services provide support to those with mental health or disability needs. The national Social Care reforms which are in part being delayed will impact how we deliver services to resident. The provisional Local Government Finance Settlement includes further funding towards the implementation

of these changes in 2024/25, although more will be required in future years as the full impact of the new legislation is understood and quantified.

- 5.43 The budget also maintains key universal services such as libraries, arts and entertainment centres and sports and recreation facilities. In 2022/23 the Council had 976,649 library visits and 1,332,539 leisure centre visits.
- 5.44 Maintaining a clean and green environment is beneficial for all. The amount of waste recycled, composted, or re-used is growing year on year. In 2022/23 the service collected 85,392 tonnes of household waste of which 19,367 tonnes of recycling was recycled, composted, or sent for reuse. The service also made 227,760 commercial bin and sack collections.
- 5.45 The Council is responsible for maintaining roads and footpaths within the Borough. During 2022/23, the Council delivered eight new school streets, 23 new cycle hangars and 35 new electric vehicle charging points. Lewisham Council also manages the parking service, including permits and enforcement, and within 2022/23 74,670 parking permits were approved. These are service areas which will play a significant part in supporting the delivery of a zero-carbon borough.
- 5.46 Residents enjoy the Borough's green spaces, and the budget supports the work that the Green Scene service does to maintain the high standard of Lewisham's parks. There are 48 parks in the borough of which 23 parks (and green spaces) hold the coveted 'Green Flag' rating.
- 5.47 In 2023, the Council adopted the first Affordable Workspace Strategy for Lewisham, with a focus on the creative sector along with other key growth areas. We provided over £2.3m in grant funding to the expansion of Cockpit Arts, which opened in December 2023. This delivered over 15,000 sq ft of new and refurbished workspace for creatives.
- 5.48 The rest of the report sets out the position of the financial settlements as they impact on the Council's overall resources:
- General Fund Revenue Budget for 2024/25;
  - Council Tax level for 2024/25;
  - Other Grants for 2024/25;
  - Dedicated Schools Grant (DSG) for 2024/25;
  - Housing Revenue Account (HRA) and level of rents for 2024/25;
  - Treasury Management Strategy for 2024/25; and
  - Capital Programme for 2024/25 to 2027/28.

## **6. General Fund Revenue Budget and Council Tax**

- 6.1. This section considers the General Fund revenue budget and Council Tax. The General Fund budget for 2024/25, assuming a Council Tax increase of 4.99%, is £293.838m. Further details of the budget reduction measures included for 2024/25 are provided at Appendices Y1, Y2a and Y2b.
- 6.2. It is structured as follows:
- Update on 2023/24 Revenue Budget;
  - The Budget Model, including:
    - Settlement Funding Assessment; Council Tax, Grants, and Budget Reduction Proposals;

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- Budget Pressures to fund;
- Overall Budget Position for 2024/25.

### **Update on 2023/24 Revenue Budget**

- 6.3. The Council's revenue budget for 2023/24 was agreed at Council on 1 March 2023. The general fund budget requirement was set at £263.680m.
- 6.4. The financial position of the council is monitored on a monthly basis by officers with support from the Finance team. These monitoring reports are presented monthly to the Executive Management Team (EMT) and quarterly to Mayor and Cabinet and scrutinised by the Public Accounts Select Committee.
- 6.5. Budget holders are challenged to maintain a tight control on spending throughout the year. The Council operates a devolved system of financial accountability with clear delegations and responsibility set out in the financial and procurement regulations and schemes of delegation in the Constitution.
- 6.6. The November (period 8) budget monitoring report was reported to Mayor and Cabinet in January 2024. This report presented a pressure of £19.9m on General Fund budgets after the commitment of £11.5m from corporate provisions and reserves.,

### **Directorates**

- 6.7. Table A1 sets out the latest forecast budget variances on the General Fund by Directorate based on November budget monitoring.

**Table A1: Forecast outturn for 2023/24 as at end of November 2023**

General Fund	Net Budget 2023/24	Forecast Outturn 2023/24	Period 8 Forecast Variance 2023/24
	£m	£m	£m
Children & Young People	75.2	92.2	17.0
Community Services	85.6	88.7	3.2
Housing	.4	18.3	9.9
Place	19.4	20.2	0.8
Corporate Resources	38.0	35.9	(2.1)
Chief Executives	11.2	12.4	1.2
Salary Pay Award	0.0	1.5	1.5
<b>Directorate Totals</b>	<b>237.7</b>	<b>269.2</b>	<b>31.4</b>
Corporate Provisions and Reserves	0.0	(11.5)	(11.5)
Corporate Items	26.0	26.0	0.0
<b>Corporate Budget Totals</b>	<b>26.0</b>	<b>14.5</b>	<b>(11.5)</b>
<b>General Fund Totals</b>	<b>263.7</b>	<b>283.7</b>	<b>19.9</b>

- 6.8. The paragraph below explains the reported position at Period 8 in summary. The full detail is as reported to Mayor and Cabinet on the 24 January:

### **Children and Young People - £17.0m Pressure**

- 6.9. *Children's Social Care*: The Projected overspend for Children's Social care in 2023/24 is £14.1m, an adverse movement of £5m since Period 4. This adverse movement is mainly due to an increase in spend on care placements (£10.8m). The number of high-cost children, with these children having longer stays than previously anticipated due to

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challenges moving them into suitable lower cost placements and the impact of a net increase in care being provided to other children looked after. Other smaller elements of the overspend include salary costs (£1.5m over) and various such as s17 and No Recourse to Public Funds payments (£31.8m over).

- 6.10. The Directorate continues to develop stronger prevention services and work towards more intervention and support strategies.
- 6.11. *Education Services*: The Projected overspend for Education services in Period 8 is £3.7m, an adverse movement of £0.9m since Period 4, due primarily to the level of demand on home to school transport and children with complex needs.
- 6.12. *Families, Qualities and Commissioning*: The projected underspend for Family, Quality and Commissioning for 2023/24 is £0.8m, an improvement of £0.3m on the Period 4 position due to mitigating actions taken by the service. The service is currently undergoing a period of transition and transformation as it works towards an intervention and support model, making best use of government grants, such as the Supporting Families Grant and funding from Public Health and the Integrated Care Board (formally CCG).

#### Community Services - £3.2m Adverse

- 6.13. *Adult Social Care and Commissioning*: There is a £3.5m forecast overspend at Period 8, an adverse movement of £2.5m since Period 4. The adverse movement is due to increases in the number of Learning Disabilities transition clients from Children's Social care, which are now reflected in the forecast. There is also an increase in Learning Disabilities supported accommodation costs for revised care packages and some higher spend on agency staff than anticipated to manage the hospital discharge process.
- 6.14. This position is after the commitment of some once off resources set aside corporately in the 23/24 budget for the impact of Fair Cost of Care reform. Reliance on these once off contributions must be addressed through savings in the 24/25 service plan, including delivery of the committed savings plans.
- 6.15. *Communities Partnerships & Leisure*: An underspend of £0.3m is expected within the service due to additional income across the service and a reduction in the general fund subsidy to the Adult Lewisham Learning Service.

#### Place - £0.8m Adverse

- 6.16. *Public Realm*: A balanced position is reported on the Division, an overall improvement of £1m since Period 4. Pressures remain on service areas such as Street Environmental Services due to operational costs in refuse collection. These are being offset in year by income overachievements and in-year once-off cost reduction measures within the Division.
- 6.17. *Planning*: There is a £0.6m pressure on the Planning division, which continue to experience staffing pressures and national delay in setting new planning application fees. Building Control are forecasting a £0.2m overspend due to a reduction in income levels.
- 6.18. *Regeneration*: £0.2m overspend due to unachieved income generation savings.

#### Housing - £9.9m Adverse

- 6.19. *Strategic Housing*: £9.9m pressure reported at Period 8, a £0.9m adverse movement since Period 4. At November 2023 there are 1,181 people in nightly paid services compared to 764 in April 2021 and 985 in April 2022. In addition, people are staying longer in Temporary Accommodation (TA) as the service is unable to move them out due to the lack of suitable alternative accommodation. The specific pressures were presented in more detail in the Period 8 report to Mayor and Cabinet of the 24 January.

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- 6.20. As well as the demand and supply pressures, they include the impact of the Housing Benefit limitation recharge, income arrears in the current economic environment, and the cost of repairs and incentive payments to help prevent homelessness. Various mitigations are being pursued to bring down these pressures, including incentives and acquisition of additional properties to meet the demand.

#### Corporate Resources - £2.1m Favourable

- 6.21. *Resident and Business Services*: £1m underspend due to the reduction in supported accommodation costs and additional income from debt collection activities.
- 6.22. *IT and Digital Services*: £0.3m underspend due primarily to vacancies being held within the team where recruitment continues to prove challenging.
- 6.23. *Finance and Assurance*: are broadly balanced.
- 6.24. *Concessionary Fares*: £0.7m underspend in respect of the payments due to the Greater London Authority (GLA) for those people travelling on public transport who are eligible for free or discounted travel. These costs are expected to rise in 2024/25 with fare increases and as demand continues to recover post pandemic.

#### Chief Executive - £1.1m Adverse

- 6.25. *Law and Governance*: £1.4m overspend based on a £1.8m pressure in Legal Services due to agency and external expenditure to deliver Social Care legal work (challenges recruiting in this area) and the level of workload. There are also cost pressures on property work as well as the more complex Capital development schemes, this includes disputes, contract drafting, advice on grants/structuring/tax VAT/grant regimes. Partially mitigated by a £0.4m underspend due to vacancies within Policy and Information Governance teams.
- 6.26. *People & Organisational Development and Communications and Engagement*: £0.3m underspend due to vacancies across the services, held to mitigate some of the Council's financial pressure.

#### Corporate Provisions and Reserves - £11.5m Adverse

- 6.27. Corporate Provisions are budgets held centrally for corporate purposes and do not form part of the controllable expenditure of the service directorates. They include Capital Expenditure charged to the Revenue Account (CERA), Treasury Management budgets such as Interest on Revenue Balances (IRB) and Debt Charges, Corporate Working Balances and various provisions for items such as early retirement strain and voluntary severance.
- 6.28. It is planned that Corporate Provisions and Reserves will contribute £11.5m of funding to support the Council's inflationary pressures and to support service risks released against the overspend in line with the previously agreed budget reduction measures to reduce the forecast overspend.
- 6.29. Given that the forecast outturn position is a £19.9m overspend (after the planned use of provisions and reserves) the funding of this will fall to the remaining provisions budgets (if available) and then reserves, with the final position declared in the outturn report to Members.

#### The Budget Model

- 6.30. This section of the report sets out the construction of the 2024/25 base budget. This section is structured as follows:
- Budget assumptions, including:
    - Settlement Funding Assessment,
    - Council Tax,

- Grants, and
  - Budget Reductions.
  - Budget pressures to be funded.
- 6.31. The Council has made substantial reductions to its expenditure over the last thirteen years. Subject to the outcome of the future multi-year Comprehensive Spending Review (CSR) and the outcome of the government's fair funding review, now not expected earlier than 2025/26, the Council expects to continue to need to make further reductions for at least the next three to four years (see Section 7). This section of the report summarises a series of proposals that would enable the Council to set a balanced budget for 2024/25 as part of a sustainable financial strategy to 2027/28.

### **Settlement Funding Assessment (SFA)**

- 6.32. The final Local Government Finance Settlement of the 5 February 2024 confirmed the level of funding available to the Council for 2024/25, consisting of the Council's share of the Revenue Support Grant (RSG) and its Baseline Funding Level (BFL); collectively the Settlement Funding Assessment (SFA).
- 6.33. Pending the Fair Funding review, 2024/25 has effectively been a roll forward of 2023/24, with no amendments to the funding formula or approach. The RSG has been uplifted in-line with September 2023 Consumer Price Index (CPI) inflation of 6.7%. The approach to setting the BFL has also remained consistent with the small business rate multiplier again frozen for 2024/25 whilst the standard multiplier will increase with CPI. Local authorities are compensated for the income shortfall for the under indexation of the multiplier for the small business rate multiplier via the section 31 grant.
- 6.34. In addition to this compensation, Local Authorities have continued to receive section 31 grant to compensate for the previous change to uplifting the multiplier by the typically lower CPI rather than Retail Price Index (RPI). Whilst this change is not new, the recent high levels of inflation, coupled with the differential between RPI and CPI, has meant that the level of the s31 grant has grown substantially over the previous two years. The Council had not previously built this grant into base budget, holding it back as a contingency for in-year overspends. A change to this strategy was signalled in the July 2023 Medium term Financial Strategy (MTFS). This was to recognise the levels of service spending pressure requiring funding coupled with continuing significant overspends in-year. It is appropriate that £15m of this grant be injected when setting the base budget for 2024/25. This further increases the Council's reliance on Government grants which remain at risk of substantial change through the long awaited Fair Funding Review.
- 6.35. The percentage combined increase in the SFA for 2024/25 is 4.65%. The total increase is £6.091m for 2024/25 and brings the overall SFA level to £137.197m. This and the £15m of section 31 grant will be used to fund the base budget for 2024/25.

### **2024/25 Council Tax**

#### Collection Fund

- 6.36. Collection Fund surpluses or deficits reflect whether the Council over or under achieves its Council Tax collection targets. Therefore, this requires a calculation to be made of how much the Council has already received for the Council Tax in the current and past years and how much of the outstanding debt it expects to collect.
- 6.37. The statutory calculation was carried out for the 15 January (date prescribed by the relevant statutory instrument). This calculation showed there is an estimated surplus on the Collection Fund in respect of Council Tax, for the years to 2023/24 of £2.638m. This reflects the ongoing work of the Public Services team to carefully collect all

monies owing to the Council and the prior adjustments made to the assumed collection rate given the impact of Covid-19.

- 6.38. This surplus is shared with the precepting authority, the Greater London Authority (GLA), in proportion to relative shares of budgeted Council Tax income in the current financial year. Taking account of the cumulative surplus and the forecast contributions for prior year deficits, £2.043m is forecast to be the net surplus to be included in the calculation of Lewisham's budget as the additional Council Tax collected in year and transferred to a collection fund reserve against potential future year deficits. The remaining balance of £0.595m is allocated to the GLA.

#### Council Tax Reduction Scheme

- 6.39. Members should note that the Council agreed on the 17 January 2024 that no changes are to be made to the Council Tax Reduction Scheme (CTRS) for 2024/25. Members agreed that the fixed percentage reduction in liability for the working age claimants of the scheme should remain at 75% for 2024/25. This means that everyone eligible and of working-age has to continue to pay a minimum of 25% of their council tax liability.

#### Council Tax Levels

- 6.40. Since 2016/17, the government has allowed councils with social care responsibilities to apply a percentage increase on council tax (the Adult Social Care precept). The additional income being ring-fenced to Adult Social Care (ASC) services. To date, Lewisham has applied a 14% increase over the seven year period. The government is once again allowing councils to apply a precept for 2024/25 of 2%. For 2024/25 this will generate £2.698m of additional income for ASC services.
- 6.41. This report proposes that Council approve the 2% ASC precept for 2024/25 to obtain the maximum benefit permitted. If implemented this charge has to be identified on the face of the Council Tax bill and made clear in the accompanying guidance for rate payers.
- 6.42. The final Local Government Finance Settlement announced on the 5 February 2024 confirmed the intention for a core referendum principle of up to 3% (previously 2%) in 2024/25, as announced at the Autumn Statement on the 22 November 2023. This is in addition to the flexibility to raise the Adult Social Care Precept set out above.
- 6.43. The government's assumptions in the local government finance settlement 2024/25 include the raising of both Council Tax and the Adult Social Care precept in each and every year to meet the recognised funding pressures faced by the sector. This increase in core Council Tax of 2.99% (i.e. within the limit of the 3% referendum threshold) would provide additional funding of approximately £4.0346m.
- 6.44. In considering budget reduction proposals and the level of Council Tax, Members make political judgements, balancing these with their specific legal responsibilities to set a balanced budget for 2024/25 and their general responsibilities to steward the Council's finances over the medium term.
- 6.45. Should Council choose to set a different Council Tax increase, Members will need to be mindful that any increase below this recommendation will result in additional budget pressures, resulting in greater use of reserves in the short term and require additional cuts for the 2024/25 budget to be identified. Any increase in the core element above this recommendation would require support in a local referendum due to the limit set by the Secretary of State.
- 6.46. In 2023/24, the Band D Council Tax in Lewisham is £1,926.27 on a base of 88,904.9 Band D equivalent properties. Of this, £434.14 relates to the activities of the GLA which the Council pays over to them on collection. Lewisham's element is £1,492.13.

- 6.47. The GLA is consulting on a precept of £471.40 (Band D equivalent) for 2024/25, an increase of £37.26 or 8.58%, and a final decision is expected on or after the 22 February 2024.
- 6.48. For 2024/25, the Band D Council Tax in Lewisham is recommended to be £2,037.98 on a base of 90,414.0 Band D equivalent properties (the base was approved by Council on the 17 January 2024). Of this, £471.40 relates to the activities of the GLA which the Council will pay over to them on collection, an 8.58% increase. Lewisham's element will be £1,566.58, which includes a 2024/25 increase of £74.45 (4.99%).
- 6.49. Table A2 below shows, for illustrative purposes, the Council Tax payable by a Lewisham resident in a Band D property in 2024/25 under a range of possible Council Tax increases, and the financial implications of this for the Council. A Council Tax Ready Reckoner is also attached at Appendix Y4.
- 6.50. The starting point is for an assumed 4.99% increase in Lewisham's Council Tax for 2024/25, which includes the maximum core increase permissible without a referendum. Any reduction from this level of increase will reduce the level of income the Council collects and will increase the draw on reserves for 2024/25 and the budget gap in future years.

**Table A2: Band D Council Tax Levels for 2024/25**

Amounts Payable by Residents - Band D					
Uplift in Lewisham Council Tax	Lewisham Element (inc. Precept)	GLA Element	Total Council Tax	Increase in Total Council Tax vs. 2023/24	Lewisham Annual Income Forgone vs. 4.99% Uplift
	£	£	£	%	£m
4.99% increase	1,566.58	471.40	2,037.98	5.80	-
3.99% increase	1,551.67	471.40	2,023.07	5.03	(1.35)
2.99% increase	1,536.74	471.40	2,008.14	4.25	(2.70)
1.99% increase	1,521.82	471.40	1,993.22	3.48	(4.05)
1.00% increase	1,507.05	471.40	1,978.45	2.71	(5.38)
0.50% increase	1,499.59	471.40	1,970.99	2.32	(6.06)
Council Tax Freeze	1,492.13	471.40	1,963.53	1.93	(6.73)

#### Levies

- 6.51. There are three bodies which charge a levy against Lewisham's Council Tax: the London Pensions Fund Authority (LPFA); the Environment Agency; and the Lee Valley Park Authority. The details of these levies are provided in Appendix Y6.

#### **2024/25 Grants**

- 6.52. This section of the report considers the other funding streams which the Council currently receives and relies on for 2024/25 and future years. The critical point for the budget is that spend of these grants is managed by the Council to ensure commitments are maintained within the resources available. This is to avoid putting additional pressure on the General Fund.
- 6.53. These other funding streams are Public Health, Better Care Fund, and various other grants. This section of the report is structured as follows:
- New Homes Bonus;
  - Better Care Fund and improved Better Care Fund 2024/25;

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- Discharge Fund;
- Public Health Grant 2024/25;
- Social Care Grant;
- Market Sustainability and Improvement Fund; and
- Services Grant.

#### New Homes Bonus

- 6.54. The New Homes Bonus (NHB) sits alongside the Council's planning system and is designed to create a fiscal incentive to encourage housing growth. The Department for Levelling Up, Housing and Communities (DLUHC) pays the NHB as un-ringfenced grant to enable local authorities to decide how to spend the funding. The scheme design sets some guidance about the priorities that spend should be focused on, in that it is being provided to 'help deliver the vision and objectives of the community and the spatial strategy for the area in line with local community wishes'.
- 6.55. In the final Local Government Finance Settlement statement, the Secretary of State announced that for 2024/25 the NHB would continue for one more year but without legacy payments.
- 6.56. The allocation for 2024/25 in Lewisham is £1.993m, this is a significant increase on the £0.114mm received in 2023/24. Given the uncertain nature of this funding, or indeed the grant, the NHB is treated in the Budget as one off monies to be used to support temporary accommodation above the growth built into base, but not recurring spend, while the necessary savings are identified, agreed and implemented.

#### Better Care Fund and improved Better Care Fund

- 6.57. The national Better Care Fund (BCF) was announced by the Government in the June 2013 Spending Round, to support transformation and integration of health and social care services to ensure local people receive better care. The BCF is a pooled budget paid to the National Health Service (NHS) that shifts resources into social care and community services for the benefit of the NHS and local government. The BCF does not represent an increase in funding but rather a realignment of existing funding streams with new conditions attached.
- 6.58. For Lewisham the value of the BCF in 2024/25 has not yet been announced although it is expected that this may increase by approximately 5%, or circa £600k more than the 2023/24 funding of £27.442m. The local plan must be agreed with the Integrated Care Board (ICB) which replaces the Lewisham Clinical Commissioning Group (CCG) and will require the approval of NHS England.
- 6.59. The Fund must be used in accordance with the final approved plan and through a section 75 pooled fund agreement. The full value of the element of the Fund linked to non-elective admissions reduction target will be paid over to Lewisham ICB at the start of the financial year. However, the ICB may only release the full value of this funding into the pool if the proposed admissions reduction target is met. If the target is not met, the ICB may only release, into the pool, a part of that funding proportionate to the partial achievement of the target. Any part of this funding that is not released into the pool due to the target not being met must be dealt with in accordance with NHS England requirements. The partners have agreed contingency arrangements to address this risk and they will continue into 2024/25.
- 6.60. In 2017/18, the government also introduced the improved Better Care Fund (iBCF) to work alongside the BCF. The iBCF in 2023/24 was £14.941m and this grant has not been increased for 2024/25. It is intended to fund adult social care activity. Plans for its use in 2024/25 will also require the agreement of the local ICB. The grant is likely to be spent in substantially the same way as in 2023/24.

### Discharge Fund

- 6.61. The final Local Government Finance Settlement contained a grant that was first provided in 2023/24, the Discharge Fund, ring fenced for ASC and intended to support capacity and discharge. This grant allocation for 2024/25 is £3.491m but is generally a like-for-like replacement of previous funding made available from the ICB for discharge pressures and is therefore passed to ASC in 2024/25 to meet the existing service commitment.

### Public Health Grant

- 6.62. In 2023/24 the Council's allocation for Public Health Grant is £26.9m, the allocation for 2024/25 is £27.6m, an increase of £0.7m (circa 2.6%), which is significantly below inflation.
- 6.63. The grant remains ring-fenced and the agreed commitment of these funds will therefore need to be reviewed annually by the Director of Public Health in consultation with the section 151 officer.

### Social Care Grant

- 6.64. The provisional Local Government finance settlement in December 2023 committed £1.506bn more for Social Care grant nationally for 2024/25. This has increased Lewisham's grant from £23.4m in 2023/24 to £27.9m in 2024/25 (a 19% increase on top of a 60% increase last year). This grant comes with the discretion to spend it on both adults and children social care, although Government has since indicated that they expect c70% of the grant be used for ASC. The Budget proposes that the increase be used in 2024/25 to fund pressures within both Children's and Adults Social Care, including salary and non-salary inflation pressures, maintaining the 70% allocation to ASC.
- 6.65. On 24 January 2024 government announced an additional £500m nationally of funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant. The allocation of this was provided in the final Local Government Settlement on 5 February 2024. This provided additional 'top up' (once off) funding of £2.85m which will be used to support pressures funding in childrens' social care and contingency for further social care pressures on a once off basis in 2024/25.
- 6.66. The detail is set out in the allocation of resources to pressures later in this section.

### Market Sustainability and Improvement Fund (MSIF)

- 6.67. In 2021 Government announced wide-ranging and ambitious reform of the adult social care system, intended to protect people from unpredictable costs, offer more choice and control over care received, offers outstanding quality and be accessible to those that need it. This reform must be underpinned by a sustainable care market. To support this ambition and fund the implementation of the reforms government announced an additional £1.4bn of funding over the next three years. For Lewisham in 2023/24 this was a grant allocation of £3.203m. This funding was ring-fenced for Adult Social Care pressures arising from the implementation of the reforms to support the care market.
- 6.68. While the ASC funding reforms have been pushed back to October 2025, the existing Market Sustainability and Fair Cost of Care Fund has been combined with the £400m of ringfenced new funding, also set out in the Autumn Statement. Funding has been distributed using the ASC relative needs formula, and for Lewisham this equates to £5.984m of funding, or £2.781m of new funding. However, the settlement has also rolled in the previous MSIF Workforce Fund, which reduces the net growth. The government expects this grant funding to enable local authorities to make tangible improvements to adult social care in particular to address discharge delays, social care

waiting times, low fee rates and workforce pressures in the adult social care sector. There are reporting requirements against these objectives.

### Services Grant

- 6.69. The Services grant was introduced in 2022/23 and the Council allocation was £6.6m. The Department of Levelling Up Communities and Housing (DLUCH) explicitly stated that the Services Grant was a one-off funding source and will not be taken into consideration for transitional protection or as part of core funding when the Fair Funding Review takes place. As such, this funding was not used to support our baseline funding requirement but instead provided us with once-off capacity to manage the financial risks being carried. Whilst there has been a third year allocation of this grant, it has significantly reduced to £0.6m for 2024/25 (down from £3.7m in 2023/24). Again the Council will not rely on this grant for ongoing budget funding and will utilise it to support emerging one off pressures in 2024/25 as set out in this section.

### **2024/25 Budget Reduction Proposals**

- 6.70. In previous years various budget reduction measures for 2024/25 were agreed in December 2020, February 2021 and February 2022 by Mayor and Cabinet and these total £2.315m. These proposals included both Executive and non-Executive decisions and a summary of these cuts is attached as Appendix Y1 to this report.
- 6.71. The Council published its Medium Term Financial Strategy (MTFS) on the 19 July 2023, utilising assumptions available at that time to forecast what the likely funding shortfall would be for the period 2024/25 – 2027/28. This analysis produced a cumulative budget gap over the four year period of circa £15m, but with no budget gap requiring new savings in 2024/25.
- 6.72. That position was updated and revised over the Summer, notably to reflect increased service pressures in childrens' and adults social care and temporary accommodation, as well as more stubborn than expected inflation. This culminated in a revised MTFS going to Public Accounts Select Committee in November 2023.
- 6.73. Given the increased costs seen in the overspending position, and the lack of expectation that Government would provide new or additional funding based on the Autumn Statement (and now confirmed in the provisional Local Government Finance Settlement), officers began the process to identify measures to reduce both the 2023/24 overspend and the resultant 2024/25 pressures requiring funding.
- 6.74. This process identified proposals totalling £7.523m for 2024/25. As part of this officers were also asked to provide a 'deliverability confidence' factor for each proposal. This reflected the potential risk to achieving the reduction in full, and in part mitigates the future risk of non-delivery of the initiative. After applying the deliverability factor the net savings figure is £6.305m for 2024/25. In addition, there were a number of items which were either capital savings or once off, which were excluded for base budget setting purposes, meaning that the figure utilised for the 2024/25 budget is £5.630m. This builds on the £2.315m of initiatives identified and approved in 2021/22 and 2022/23 for delivery in 2024/25.
- 6.75. Of the proposals put forward, £1.108m (£877m net) require Mayor and Cabinet approval and £7.315m (£5.428m net) are officer decisions for implementation. The proposals which require Mayor and Cabinet approval will be brought forward as required under the Council's Constitution, with many of these relating to the generation of income and approved by Mayor and Cabinet on the 7 February 2024. These proposals are set out in detail in Appendices Y2a and Y2b.
- 6.76. These total net budget reduction measures of £7.945m (the £2.315m previously agreed and the £5.630m net new) have been included in the 2024/25 budget calculation. They must be achieved in order to maintain a balanced budget and manage the established overspend. The delivery of these cuts will be monitored, any shortfall will have to be



covered, in the short term pending services offering alternative proposals, through the use of reserves.

## **Budget Pressures to be Funded**

### 2023/24

- 6.77. In 2023/24, the funds set aside in the budget model to meet specific identified budget pressures and potential budget risks was £25.131m. This was supplemented by £10.102m of additional Social Care grant uplift, the £2.280m of the new Market Sustainability and Fair Cost of Care Fund grant and the ASC precept of £2.525m. Furthermore, the £0.114m of New Homes Bonus and £3.696m of Service Grant was utilised for once off pressures, totalling pressures and identified risks funding of £43.848m in 2023/24.

### 2024/25

- 6.78. The MTFS presented to PASC in November set aside £31.01m for inflation, budget pressures and risks for 2024/25. This was based on the assumed increases in funding generated from the SFA, Council Tax and the £15m of section 31 grant supported by assumed budget reduction measures to further increase capacity to fund pressures. Following the announcement of the provisional Local Government Finance Settlement, and the finalisation of the budget reduction proposals, this level of funding has been revised to £35.405m, principally through the inflation allocated in the SFA.
- 6.79. To this it is recommended that the £1.950m of the £3.852m of additional social care grant which was received for 2022/23 but not taken into base budget, plus the £4.539m of additional social care grant for 2024/25 be used to address current pressures. It is also recommended that the £2.781m of growth in the ASC Market Sustainability and Improvement Fund (further netted off for the rolling in of the MSIF Workforce Fund) be included, though ring-fenced to ASC. In addition, the uplift in the Discharge Fund of £1.397m will also be ring-fenced to ASC. These actions will provide £10.667m of funding for social care base budgets, with the risk remains that in the event that these are reduced or withdrawn in future years then additional pressures will fall directly onto the Council's service budgets via a greater call on Council Tax or the SFA.
- 6.80. To the funding of these pressures can be added the NHB of £1.993m, and a third year, although significantly reduced, allocation of the Services Grant of £0.604m for 2024/25. The late announcement of the Social Care grant 'top up' of £2.850m will also be utilised for children's social care and social care pressures emerging during 2024/25. These can only fund once off pressures given the temporary nature of these grants.
- 6.81. In terms of accounting for these elements of growth in the Budget, it is proposed that these investments and pressures are allocated in line with the decisions of this Budget from the corporate risk and pressures monies and £2.698m from the Adult Social Care precept to the relevant Directorates when determining their cash limits for 2024/25. These will be set out in the Budget book to be published before the start of the financial year.
- 6.82. Using cash budgets (in particular grants such as the Social Care Grant and ASC Market Sustainability and Improvement Fund) presents a structural risk for future years, although the medium planning assumptions are that this level of funding for 2024/25 from government is in recognition of the continuing funding pressures faced by local authorities and will effectively have to form part of any future baseline funding assessment.
- 6.83. The budget pressures anticipated in 2024/25 have been reviewed and it is recommended that the following identified pressures are funded now, set against the Corporate Strategy priorities. Table A3 provides a summary of the corporate risk and pressures budget and those pressures and risks that are being recommended to be

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funded. The detail of these and the allocation between once off and ongoing funding is in Appendix Y7.

**Table A3: Summary of 2024/25 Budget Pressures to be Funded**

Description	£'000	£'000
Adult Social Care precept <u>Ongoing</u>	2,698	2,698
Inflation, Risk & Pressures budget available in 2024/25	35,405	
ASC Market Sustainability and Improvement Fund (net)	2,781	
2022/23 Social care grant uplift (taken in arrears)	1,950	
2024/25 Social care grant uplift (additional)	4,539	
2024/25 Discharge Fund (additional)	1,397	
		46,072
<u>Once-off</u>		
New Homes Bonus	1,993	
Services Grant	664	
Top Up Social Care Grant	2,850	
		5,507
<b>Total Resources Available for Risks and Pressures in 2024/25</b>		<b>54,277</b>
<b>Recommended Allocations</b>		
<b>Corporate Strategy Priorities</b>		
Quality Housing	-10,993	
Children and Young People	-17,086	
Health and Wellbeing	-10,781	
<b>Total Corporate Strategy priorities</b>		<b>-38,860</b>
<b>Organisational value for money</b>		
Corporate Services		-2,006
Technology and Audit		
<b>Salary inflation for 2024/25</b>		<b>-5,816</b>
<b>Salary uplift shortfall for 2023/24</b>		<b>-1,844</b>
<b>Non-pay inflation for 2024/25</b>		<b>-4,401</b>
<b>Pressure Contingency</b>		<b>-1,350</b>
<b>Grand Total Funded Pressures</b>		<b>-54,277</b>

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#### Temporary Accommodation (-£9.993m)

- 6.84. The costs and demand for temporary accommodation have increased significantly during 2023/24, growing beyond the £3.5m of budget growth allocated in 2023/24. This pressure is three fold in that the number of people in nightly paid accommodation has grown (from 764 in April 2021 to 985 in April 2022 to now 1,181 in November 2023). People are also staying longer in temporary accommodation as the service is unable to move them out due to the lack of suitable alternative accommodation and there is additional pressure on the service in terms of landlord payments and recharges for Housing Benefit payments which have exceeded the caps and limits (otherwise known as HB limitation recharges) and not covered through the Department for Work and Pensions (DWP) Housing Benefit claim.
- 6.85. This is a recognised national pressure and there is therefore competition across London which further exacerbates this issue. Whilst there are a number of actions which the service are taking to reduce and minimise the budget pressure, given the persistent and systemic nature of this pressure it is prudent to ensure that this is fully funded in 2024/25. To note, the £1.993m of New Homes Bonus has been allocated to this pressure on a once off basis and will not be built into base budget and therefore action will need to be taken in 2024/25 to address this to ensure that the 2025/26 budget setting process is not reliant on this temporary funding.

#### Corporate Support for Delivery of Quality Housing (-£1.000m)

- 6.86. The Council's commitment to both the delivery of new housing supply in the borough and the necessary investment in its existing housing stock is both ambitious and necessary. The capital programme as set out in Section 11 provides the detail of the level of investment and the funding sources for this. Whilst much of the programme can be funded via the use of grants and receipts, there is a large proportion of this which will be funded via the use of borrowing. This borrowing will have a revenue impact in terms of both the direct cost of borrowing (interest and principal repayment) as well as the requirement under the regulations to make a Minimum Revenue Provision (see Section 10 for more detail). These will collectively increase the annual revenue costs to the Council and thus pressure funding must be allocated corporately to meet this.

#### Children and Young People (-£17.086m)

- 6.87. The funding provided to Children and Young People is intended to fund the established overspends in both children's social care and general fund education services.
- 6.88. In children's social care the main cost pressure is in placements. The placements pressure in 2022/23 was £4.4m, the increase since then (despite the number of children supported being relatively stable) is due to the cost per child, as the children receiving support have higher levels of need. A major problem is finding appropriate placements due to challenges in the national residential market as identified in last year's national review of Children's Social Care. As a consequence more bespoke placements have had to be created which can be very expensive. One of the key drivers for cost is staff ratios, negotiations with providers often lead to the provider mandating much higher staffing levels than we would recommend in order for them to accept the placement.
- 6.89. The directorate have been working towards more intervention and support strategies, this involves improved commissioning work with the PAN London Commissioning Alliance to secure more favourable rates and work undertaken to create alternative capacity such as the Amersham and Northover in house provision as well as further support offered to parents and young people. Further opportunities similar to this are being sought, however these are medium to long term solutions.

- 6.90. As these actions embed, the expectation is for a stabilisation in placement numbers and costs with a focus in the longer term of working towards a reduction in the cost base. However, there is a risk this reduction will be offset by increased costs associated with early intervention and support work including staffing and section 17 intervention such as mental health, legal etc.
- 6.91. In education services the primary persistent overspend is in the cost of home to school transport for Special Education Need (SEN) pupils, this is after £1.5m of pressures funding was included in 2023/24.
- 6.92. Whilst there are a number of actions which the service are taking to reduce and minimise the budget pressure, given the persistent and systemic nature of this pressure it is prudent to ensure that this is fully funded in 2024/25. To note, the late announcement of the 'top up' social care grant has in part been utilised to support the pressures funding and is once off in nature and therefore action will need to be taken in 2024/25 to address this to ensure that the 2025/26 budget setting process is not reliant on this temporary funding.

Health and Wellbeing: Concessionary Fares (-2.500m)

- 6.93. The concessionary fares budget is held within Corporate Resources but is shown on a separate line reflecting that this is not expenditure that the service can influence. The expenditure is based on the number of people travelling on public transport who are eligible for free or discounted travel and is set annually by the Greater London Authority (GLA) and payable to it. It is expected that the expenditure in 2024/25 will be £2.500m more than the budgeted level based on information provided to the Council in September 2023.

Health and Wellbeing: Public Health Funerals (-£0.080m)

- 6.94. Under the Public Health (Control of Diseases) Act 1984, local authorities are responsible for organising public health funerals. This type of funeral arrangement happens where a person dies within the borough and when no relatives of the deceased can be found, or the relatives of the deceased cannot or will not arrange a funeral. A public health funeral cannot be 'applied for' as an alternative funeral arrangement choice by members of the public. There has been an increase in the number of referrals since 2021 and this trend has continued through 2023/24. Whilst the cause of the increase is inconclusive it is likely that the cost of living crisis is a factor. As this is a statutory function of the Council additional funding is needed to support this pressure.

Health and Wellbeing: Adult Social Care (-£8.201m)

- 6.95. As set out in the paragraphs above, there a number of specific ring-fenced grants provided for specific elements of adult social care, including the ASC Market Sustainability and Improvement Fund and the Discharge Fund which are to be allocated to adult social care to meet the expected demand in services. This will enable the service to ensure that the legislative changes and reform implementation, especially the Fair Cost of Care and able to be delivered in line with Government requirements whilst not destabilising an already fragile marketplace for care services. The funding available for discharge costs essentially replaces existing funding available from the ICB. In addition to this the adult social care precept raised is to be applied to adult social care services.
- 6.96. The uplift in Social Care grant has also been utilised to support growth and pressures within the services, and whilst government states that this is to be utilised to support both adults and children's social care, there is an expectation that c70% of this is allocated to ASC. The growth and pressures funding provided in 2024/25 complies with this expectation.

Organisational value for money (-£2.006m)

- 6.97. In addition to the corporate strategy the Council is a large and complex organisation. Over the precious decade the Council's support services have borne a significant proportion of the budget cuts. This was recognised in the 2019/20 and 2020/21 budget round and this investment is to ensure that the resourcing for some corporate services remains sufficient. In particular; resident services and technology – which has underpinned the Council's ability to transform its ways of working and engagement with residents during and post pandemic. In addition work as part of the capital strategy is underway to assess the level of capital investment required to sustain the Council's technology infrastructure in a secure, resilient, and optimal state.
- 6.98. In prior years savings were taken from the corporate insurance reserves to ensure that where these were deemed to be increasing beyond the levels required to prudently provide for potential claims that these were drawn down on to support front line service budgets. These savings were time limited and the reserve levels are now considered to be at the level where further contributions to revenue budgets can no longer be made.
- 6.99. Finally there is a £1.000m pressure in Legal Services due to agency and external expenditure to deliver Social Care legal work (challenges recruiting in this area) and the level of workload. There are also cost pressures on property work as well as the more complex Capital development schemes, this includes disputes, contract drafting, advice on grants/structuring/tax VAT/grant regimes. This reflects the pressures reported in 2023/24 and require funding to sustain the level of service required to support the Council.

#### Inflation

- 6.100. The Government's inflation target for the United Kingdom is defined in terms of the Consumer Price Index (CPI) measure of inflation which excludes mortgage interest payments. Since April 2011, the CPI has also been used for the indexation of benefits, tax credits, and public service pensions.
- 6.101. 2023 has seen CPI reduce from its 40 year highs in 2022, with the rate reducing from its highest point of 10.7% in November 2022 to a figure of 4.6% in October 2023. However, the reduction in inflation was slower than originally forecast and there is a lag between the rate of CPI and the level of inflation experienced by the Council through its contract inflation uplift obligations and salary negotiations and agreements.
- 6.102. This was reflected between the agreed Medium Term Finance Strategy in July 2023, where the Council was assuming to budget 3% for pay award and 2.5% for non-pay inflation, and the MTFS presented to PASC which provided for inflationary uplift to both pay and net non-pay budgets of 4%.
- 6.103. There remains some risk that if inflation does not return to the Bank of England's long term forecast of 2% as quickly as expected that there may be additional pressures in 2024/25 and/or 2025/26. This will be reviewed and reported to Members as part of the 2024/25 MTFS process and regular financial monitoring.
- 6.104. Unless pre-defined by statute or otherwise agreed, all services are expected to uplift their fees and charges annually in line with inflation, or for full cost recovery if this is higher, to allow for stability in real terms.

#### Salary inflation 2024/25 (-£5.816m)

The 2024/25 assumed salary uplift has been based on a pay award of 4%. This reflects a judgement based on the final 2023/24 agreement which averaged to almost 6%, and the current and forecast levels of inflation anticipated for 2024/25.

#### Salary inflation 2023/24 unfunded (-£1.844m)

- 6.105. The 2023/24 budget growth of £7.120m for the pay award was equivalent to 5%, this was set based on the final 2022/23 agreement which averaged to almost 6%, and in the absence of an agreed position. The final agreed settlement for 2023/24 equates to

an average uplift of circa 6%, which has created a forecast budget shortfall of £1.844m in 2023/24 which has been funded in year from reserves or corporate provisions. This increase needs to be permanently funded in 2024/25.

#### Non-pay inflation (-£4.401m)

- 6.106. The revised MTFS assumed a 4% uplift for net non-pay inflation which equates to £4.401m. This is in addition to any specific pressures funding set out above, and it's the Council's assumption fees and charges are uplifted by inflation to partially offset this pressure.

#### Pressures Contingency (-£1.350m)

- 6.107. Given the ongoing pressures in key services, predominantly children's social care and temporary accommodation, and the concern that inflation will not fall as quickly as planned, it is considered prudent to hold (on a once off basis) a contingency for pressures of £1.350m. This is funded from a combination of the Services Grant and a proportion of the 'top up' Social Care grant and will enable the Council to absorb some increases during the year. However, this is not permanent budget, but once off in nature and measures will need to be identified during the year to ensure that there is no ongoing reliance on this funding.

#### **Summary of Budget Pressures and Investment**

- 6.108. In conclusion, it is a matter of good budgeting to make a general allowance for risk and uncertainty, particularly at such a time of rapid change in the local government sector.
- 6.109. There are some pressures to be funded, which can be quantified within a reasonable range. These fully commit the MTFS allocation and additional resources received for 2024/25.
- 6.110. There are also a number of other risks and potential budget pressures to consider which are less easy to quantify with any certainty which may become an additional call on reserves through the year if they arise. These will be regularly monitored and reported. However, due to the immediate spending pressures faced and unlike in previous years, we are unable to set aside any of the base Budget to fund these risks should they emerge during 2024/25. There is the £1.350m allowance of once off monies to fund in year pressures but any further pressures will have to be met from corporate provisions and reserves pending action being taken to bring spending back in line with the available Council resources and Budget.

#### **Overall Budget Position for 2024/25**

- 6.111. For 2024/25, the overall budget position for the Council is an assumed General Fund Budget Requirement of £293.838m, as set out in Table A4 below:

**Table A4: Overall Budget Position for 2024/25**

Detail	Expenditure/ (Income) £m	Expenditure/ (Income) £m
Settlement Funding Assessment (SFA) for 2024/25	(137.197)	
Council Tax 2024/25 at 4.99% increase	(141.641)	
Section 31 grant	(15.000)	
<b>Assumed Budget Requirement for 2024/25</b>		<b>(293.838)</b>
Base Budget for 2023/24	263.680	
<b>Plus:</b> Additional Pay inflation 2024/25	5.816	
<b>Plus:</b> Pay Inflation 2023/24	1.844	
<b>Plus:</b> Non-pay Inflation	4.401	
<b>Plus:</b> Budget pressures to be funded	34.011	
<b>Plus:</b> Adult Social Care Precept	2.698	
<b>Less:</b> Uplift in Social Care Grant 2022/23	(1.950)	
<b>Less:</b> Uplift in Social Care Grant 2024/25	(4.539)	
<b>Less:</b> Net Market Sustainability and Improvement Fund	(2.781)	
<b>Less:</b> Discharge Fund	(1.397)	
<b>Less:</b> New overspend reduction proposals	(5.630)	
<b>Less:</b> Agreed cuts	(2.315)	
<b>Total</b>		<b>293.838</b>

**Note:** the uplift in Social Care grant and Market Sustainability and Improvement Fund grants will be fully applied to growth and pressures within social care in accordance with the final Local Government Finance Settlement but not built into the net base budget requirement.

6.112. The statutory calculation for the 2024/25 budget requirement is attached to this report at Appendix Y6.

6.113. At this time, on the budget assumptions for the General Fund set out above, no use of reserves to set the balanced base budget is required for 2024/25.

#### Use of Provisions and Reserves

6.114. If the need should arise to balance the budget for any in-year pressures using reserves, the Executive Director for Corporate Resources advises that ongoing measures should be identified to rectify this position as quickly as possible and in any event, by the following year. The use of once off resources is therefore just delaying the need to make an equivalent level of saving in the following year.

6.115. In addition to the above, as part of the accounts closing process, the ability for the Council to replenish reserves for ongoing work planned for over more than one year and the impact of any risks will be reviewed and assessed and reported on. These risks include:

- Agreed budget reduction proposals experience delays or are not delivered;
- Service pressures cause overspends;
- Transformation and change projects overrun or do not deliver the anticipated benefits;
- Capital programme overruns hit revenue; and

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- Further savings are not identified, putting strain on future budgets.
- 6.116. Further discussion of the use of reserves and planning for future budgets form part of the s151 officer's section 25 report at Appendix Y5 and will continue to be reviewed and brought back for Member consideration as part of the next Medium Term Financial Strategy in 2024.

## 7. Future Years Budget Strategy and Risks

- 7.1. This section of the report considers the updated forecast Medium Term Financial Strategy for the Council, as amended in November 2023, and presented to PASC and the key financial risks associated with both the draft budget for 2024/25 and the longer term risks associated with the four year financial planning window.

### Future Years Budget Strategy

- 7.2. Utilising the information available at that time to form assumptions as to the likely income receivable and costs pressures to be funded, the Council forecast what the likely funding shortfall would be for the period 2024/25 – 2027/28. This analysis produced a base case cumulative budget gap over the four year period of circa £20m before allowing for any future demand pressures and service overspending.
- 7.3. Essentially the Council will require c£10m per annum to fund a combination of pay and no-pay inflation with some funding available for unavoidable cost pressures. This cannot all be recovered through increases in Council Tax with the difference being the budget gap. Depending on the timing and impact of the Fair Funding Review, the Council will need to identify savings of between £5m - £15m per annum. The amounts are 'spiky' due to the uncertainty of funding reforms and the risk higher due to some of the larger spending services' inability to stay within allocated budgets in recent years.
- 7.4. For example; on the basis that the key pressure to be managed is that of general market inflation, the MTFs does not provide pressures funding of the scale currently funded in 2023/24 and 2024/25 to support systemic pressures and fragile markets as seen in children's social care and temporary accommodation.
- 7.5. If pressures such as these arise, or are not adequately managed and mitigated, the scale of reductions required will be equivalently larger.
- 7.6. This, coupled with the once off nature of the £5.507m of funding assumed to be needed in 2024/25, has resulted in EMT implementing a targeted approach to developing savings from strategic service changes over more than one year. This will also enable discussion of possible upfront investment required for those items which may be invest-to-save schemes linked to the transformation of service delivery and corporate effectiveness as opposed to budget and service reductions. These 'deep dives' into services such as children's social care, SEN transport, temporary accommodation and the HRA more generally will be required to ensure that the Council can reduce its reliance on the once off funding and keep spending within the forecast MTFs Budget resources allowances.
- 7.7. Existing governance arrangements will be utilised where appropriate to ensure that there is rigorous oversight of the programmes that are brought forward to support these reduction measures. In particular, EMT sitting as a strategic change board.

### Risks

- 7.8. The final Local Government Settlement again provided only a single year rollover settlement and the Autumn Statement suggested that the growth provided in the current spending round would be funded via reductions in spending in future spending rounds. Therefore, officers are reasonably confident in the forecasting for 2024/25, but



have had to make their own assumptions for the remaining four year period in the MTFS. The modelling for 2025/26 – 2028/29 is heavily caveated based on this uncertainty.

- 7.9. The Funding Reforms to Business Rates and the Social Care funding reforms have been further delayed and are not expected until 2026/27 which introduces further risk and uncertainty. However, the new Non-Domestic Ratings Act introduced passed in October 2023 and is effective from 1 April 2024. It provides for separator multipliers to be applied to the small businesses compared to the standard rates and that these can be independently changed and increased. Government has confirmed that they will be freezing the small business multiplier and uplifting the standard rate multiplier by CPI, and that local authorities will be protected via section 31 funding. However, the detail to fully assess the impact of this is not yet available and the longer term impact of the decoupling may introduce increased risk in future years. It also means any return to the London collaboration around a business rate pool remains for the future.
- 7.10. The scale of social care funding is increasing and Local Government grows ever more reliant on both local taxes and the various social care grants (iBCF, BCF, PH, SCG, market sustainability with a combined value of c£100m) to support services. At £100m and growing these additional grants only committed from one year to the next represent over 33% of the core budget of £293m. Any significant changes to these will increase the risk to the Council which may have to make sudden and drastic changes to service delivery within social care or proportionately reduce other services. The mitigation to this risk would usually be to hold higher levels of reserves to give time to be able to respond but reserves are now declining as being used to support current levels of (over)spending. If this continues beyond the very short term it is not sustainable for the MTFS.
- 7.11. There also remains the significant risk that the general fund may be required to support both the ring fenced HRA and schools budget. The housing repairs and maintenance costs required to meet the decent homes standard may be unable to be accommodated within the current HRA budget allocations, hence the importance of not overspending the HRA budget in 2024/25 and the request for budget savings of at least 10% on non-repairs HRA budgets. In addition to the SEN transport costs may in the general fund, the statutory override (which ringfences the current circa £14m unfunded SEN deficit to schools reserves) may be lifted, meaning that the general fund reserves would be required to meet this.
- 7.12. Apart from funding stream risks there are a number of other risks and issues which, although difficult to quantify with absolute certainty, could prove significant should they materialise.
- 7.13. Officers continue to undertake work to fully assess and monitor these risks. These risks and other potential budget pressures are discussed in more detail below:
  - Legislative or policy changes
  - Service Investment
  - National / London Living Wage;
  - Redundancy;
  - Unachieved budget reduction;
  - Wider public service delivery failure; and
  - Further inflation.

#### Legislative or Policy Changes

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- 7.14. There are a number of areas within the Council where it is expected that government will introduce new legislation or policy which will require service changes and drive cost increases. Specifically in waste services, where Government has consulted on resource and waste strategy reforms. For example, the for drinks containers, where consumers will be incentivised to take their empty drinks containers to return points hosted by retailers.
- 7.15. Combined with Extended Producer Responsibility for packaging, where manufacturers will pay the full costs of managing and recycling their packaging waste, with higher fees being levied if packaging is harder to reuse or recycle.
- 7.16. Consistency in household and business recycling collections. The Environment Bill requires all local authorities to arrange for the collection of glass, metal, plastic, and paper and card, from households, for recycling. Domestic properties to receive separate weekly food waste collections from households, including flats, and the proposals for the free collection of garden waste and to provide separate collections for dry recycling.
- 7.17. Though Lewisham currently provide the collection of the glass, metal, plastic, paper and card from household and offers the service to businesses within the borough, we collect co-mingled. Once guidance has been provided, Lewisham will need to carry out a TEEP assessment, to assess whether a single stream service would be Technically, Environmentally and Economically Practicable (TEEP). Lewisham also provide a weekly collection of food waste from kerbside properties; this will now need to be rolled out across the borough to estates and flats.
- 7.18. In 2020, DLUHC introduced a statutory override that separated local authorities; Dedicated Schools Grant (DSG) deficits from the wider finances, the effect of this override is that the council does not need to make provision from our general reserves to cover the DS deficits. The statutory override was due to end at the end of 2023/24 but has recently been extended until 2025/26. However, the extension of the override is not permanent and the DSG deficit is forecast to be circa £14m by the end of 2023/24. In the event that the override was removed this risk and deficit would fall to the general fund reserve and budget to meet.

#### Service Investment

- 7.19. It may be that in addition to the broader, macro-economic pressures set out below, that specific service pressures will arise in year that cannot be contained within existing budget and will require specific and additional funding.

#### National / London Living Wage

- 7.20. The Council has for some years now ensured it pays the London Living Wage to staff and contractors where this has been possible to contract for. However, there have remained some areas where this has not always been possible – for example; sub-contractors on some works contracts and contracting for some care services. The recent increases in living wage and focus on modern slavery and ethical charter considerations in procurement rules go some way to closing this remaining gap to ensure all employees are paid a fair wage.
- 7.21. The budget impact of these changes is a risk of additional contract costs to the Council. These will vary according to the contract and areas of spend depending on past practice and how suppliers elect to pass on some or all of these costs. The risk cannot therefore be easily quantified at this time.

#### Redundancy

- 7.22. The Council will seek to minimise the impact of cuts on services and jobs. However, a significant proportion of the Council's budget goes on staff salaries and wages, so it will not always be possible to make significant investments in service transformation and

redesign to achieve budget cuts over the next four years without an impact on jobs. The cost of redundancy depends on age, seniority, and length of service of the individuals affected, and it is not possible to calculate the overall financial impact at this stage. For these reasons the risk cannot be easily quantified at this time.

#### Unachieved Budget Reductions

- 7.23. The strategic governance process for monitoring the delivery of agreed budget reduction measures, overseen by EMT, will provide visibility of progress, risks, challenges, and robust governance of the programme as a whole. Alongside, the PMO will be monitoring and reporting on programme-wide delivery of cuts, risks and equalities impact. Clear roles and responsibilities (between the PMO and service Directors) have been drawn up in order to ensure there are clear lines of accountability.
- 7.24. In the event that this approach cannot ensure the full delivery of the budget cuts and pressures arise in the year and are not able to be contained with Directorate budgets, they may become an additional call on corporate provisions and reserves until alternative cuts are agreed and implemented.

#### Wider public service delivery failure

- 7.25. There is risk from immediate cost of living pressures growing with the risk of future economic growth stalling with associated rising unemployment which sits alongside the risk of service pressures in other areas of the public sector driving need onto local authorities as the public provider of last resort. For example, the risks of failing infrastructure for energy, water and transport, rising health waiting lists and delays to treatment, withdrawal of financial support through the benefits system, and rising crime and anti-social behaviour increasing community tensions. These risks combine with a growing and longer living population in the Borough with greater needs and more vulnerabilities, all of which put demand on Council services at greater cost. Estimating these potential impacts is challenging.

#### Inflation

- 7.26. In setting the 2024/25 budget, the Council has budgeted for salary inflation of 4% and (net) non-salary inflation of 4%. In order to remain within these funding parameters services are expected to seek to negotiate contract efficiencies to drive through better value where possible. However, for some contracts this will not be possible due to contractual inflation linked clauses within the contract or negotiation where allowed, e.g. linked to the London Living Wage rather than CPI. It is also possible that for contracts where inflation is held in 2023/24, that this will cause significant upward pressure on costs in 2024/25, in that it won't be possible to absorb inflation for more than one year. Furthermore, the Council only budgets for inflation uplift on a net basis, and if fees and charges are not raised by inflation (and this is possible where these are set by Government) or if the level of demand for the services means that less income is generated overall, this will also increase the inflationary pressure on budgets. Any additional pressures will be met in 2024/25 from reserves and require correction in the 2025/26 budget setting process, meaning that the inflation lag may outstrip current inflation within the economy.
- 7.27. The Council will ensure that it monitors these and any other risks materialising via the monthly financial monitoring to EMT, and the quarterly reporting to Mayor and Cabinet. These will inform the 2024/25 Medium Term Financial Strategy and the planned 'deep dive' processes will ensure that the reliance on reserves and other once off grants in 2024/25 is reduced and service pressures contained within the forecast budgetary allowances in order to ensure the financial robustness of the Council.

## 8. Dedicated Schools Grant and Pupil Premium

### Update on 2023/24 Dedicated Schools Grant

- 8.1. The 2023/24 Dedicated Schools Grant (DSG) grant allocation was advised by the Department for Education (DfE) in December 2022. The information provided at that time was the gross figure before academy recoupment, high needs adjustment and revision of the Early Years Block pending January census validation. The table below shows the projected outturn position for the DSG for 2023/24 against the revised funding available. Please note that the Early Years Block remains provisional and will not be confirmed until later in the Summer 2024 (i.e. post closure of accounts).

**Table B1: DSG Projected Outturn 2023/24**

DSG Projected Outturn	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
Gross Budget	231.0	3.3	76.9	24.8	336.1
In Year Virement	(0.7)	0	0.7	0	0.0
ESFA Holdback	(47.5)	0.0	(0.4)	0.0	(48.0)
<b>DSG Budget</b>	<b>182.8</b>	<b>3.3</b>	<b>77.1</b>	<b>24.8</b>	<b>288.1</b>
Expenditure	182.5	3.3	80.1	24.8	290.8
<b>Total Spend</b>	<b>182.5</b>	<b>3.3</b>	<b>80.1</b>	<b>24.8</b>	<b>290.8</b>
<b>Variance</b>	<b>(0.3)</b>	<b>0.0</b>	<b>3.0</b>	<b>0.0</b>	<b>2.7</b>

- 8.2. In the Schools Block there is an underspend in the Growth fund of £0.3m, which will be carried forward, and £0.7m has been agreed with School's Forum to be transferred to support the high needs block and is shown as an in year virement. This forms part of the regulations that enable a maximum transfer of 0.5% in agreement with Schools Forum.
- 8.3. Whilst the Central Schools Block is forecasting a balanced position this is post the application of corporate support. This element has been decreasing over the previous three years and will continue to do so and therefore there is a risk that this will create a pressure in future years.
- 8.4. The High Needs continues to show a pressure against the available funding. Lewisham has been progressing a mitigation plan and is now working with the DfE as part of the Delivering Better Value initiative (Phase 3). Lewisham is awaiting the outcome of an application for a £1m, 18 month grant which support further initiatives to arrest the growth of the deficit.
- 8.5. In the Early Years Block the DfE has confirmed the final numbers for 2022/23 and there is an unused balance of £0.8m. Schools forum has agreed to the proposal to transfer £0.6m to the High Needs Block and £0.2m to support the pressure on the Inclusion Fund. The high needs block forecast includes this income.
- 8.6. In overall terms the DSG cumulative deficit is expected to be circa £14m at the end of 2023/24 reflecting the pressure on the High Needs Block (after allowing for support from Schools Block and Early Years).

### Dedicated Schools Grant and Pupil Premium for 2024/25

- 8.7. This section of the report considers the Dedicated Schools' Grant (DSG) and the Pupil Premium Grant for 2024/25.

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8.8. The Dedicated Schools Grant is the main source of funding for Schools and Early Year Providers. The grant is constituted of four parts, the Schools Block, Central Services Schools Block (CSSB), High Needs Block (HNB), and the Early Years Block (EYB). Funding is based on National Funding Formulae which determines each of the blocks and collectively determines the overall DSG. The gross allocation of DSG for 2024/25 is £363.126m, compared with £336.035m in 2023/24. Representing an increase of £27m.

**Table B2: Dedicated Schools Grant 2023/24 vs. 2024/25**

	Schools Block	CSSB	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
2024/25	240.662	3.014	79.225	40.225	363.126
2023/24	231.030	3.309	76.852	24.845	336.035
Net Movement	9.632	(0.295)	2.373	15.381	27.091
% Increase/(Decrease)	4%	(10%)	3%	38%	7%

- 8.9. It should be noted that this is the gross DSG allocation before the adjustment undertaken by the DfE to recoup funding for Academy Schools and the adjustment necessary for the inter-borough use of high needs places. Within the £15.381m increase for the Early Years Block is £11.381m of funding for national policy changes on the EY entitlement offer being extended, so is effectively linked to new responsibilities. The funding is not guaranteed as it is based on actual take up at specific census dates.
- 8.10. The Schools Block is the main basis to support the Schools Delegated budget share. Schools’ forum met on the 18<sup>th</sup> January 2024 and agreed to a zero % increase in the Minimum Funding Guarantee (MFG), there are currently 33 schools on MFG. It is proposed that approximately £0.7m be transferred to support the pressure on the high needs block. Of the £9.6m uplift on this grant there is £7.5m of funding that schools currently receive via the Mainstream Additional Grant, as such this is not new money.
- 8.11. The High Needs Block, which supports SEND, remains under continued financial strain, the increase for 2024/25 is circa £2.373m (i.e. 3%). This is significantly lower than has been the case over the last few years, as such will result in continued pressure on the HNB. A point to note is that the pupil led funding is based on pupils in special schools and units. As the Council’s mitigation strategy progresses towards more in house provision, funding should also improve, albeit not at the same cost as stated above. The work and initiatives proposed as part of the DfE Delivering Better Value initiative will further enable the Council to seek to stop the growth in the deficit.
- 8.12. The Central School Services Block has again been reduced in 2024/25, with a net reduction of £0.295m from 2023/24. There is an expectation that this will continue to reduce year-on-year. This reduces the funding available to support Local Authority Statutory functions.
- 8.13. The funding for Early Years remains provisional subject to a pupil data cleansing exercise based on January 2024, as such the final budget will not be known until the summer of 2024, which is in line with previous years.
- 8.14. The Early Years Block will be further complicated by changes in national policy which extends the Early Years offer:
- 3 and 4 Year Old Offer (current offer at £7.24 per hour),
  - 2 Year Old Offer - disadvantage (current offer at £7.24 per hour),
  - 2 year old working parent entitlement (new offer as at 1st April 2024 at £10.64 per hour), and

- Under 2 years old entitlement covering 9 months to 2 years (from 1st September 2024 at £14.52 per hour).

### Pupil Premium Grant for 2024/25

- 8.15. The pupil premium will continue in 2024/25. Pupil premium is based on factor known as Free School Meals Ever 6. At the time of writing we have been advised of the following increase in the funding rates. The final allocation will not be known until the summer of 2024. The 2023/24 pupil premium figure is currently £15.167m:
- Primary schools £1050, increase of £15 (1%),
  - Secondary schools £2570, increase of £40 (2%), and
  - Children Looked After £2570 increase of £40 (2%).

### Pupil Numbers

- 8.16. The total changes in pupil numbers are as shown in Table B3 below. Overall, there is a net reduction in numbers of 251 pupils compared with 227 in 2023/24, this represents a net reduction of 0.7%. Whilst relatively small at present, this is the sixth consecutive year of fall and This reduction in numbers could potentially have implications for those schools directly affected.
- 8.17. The primary numbers are continuing to decrease year-on-year with the secondary schools now benefitting from the previous primary school bulge classes/expansions now feeding into the secondary schools. Also, more secondary school aged children choosing to stay in Lewisham secondary schools.

**Table B3: Total Changes in Pupil Numbers from 2023/24 to 2024/25**

	Primary Age Pupils	Secondary Age Pupils	Variance
2024/25	22,201	11,728	33,928
2023/24	22,552	11,628	34,179
<b>Variance</b>	<b>(351)</b>	<b>100</b>	<b>(251)</b>
<b>Variance (%)</b>	<b>(1.56)</b>	<b>0.86</b>	<b>(0.73)</b>

### Potential Risks

- 8.18. As set out in this section, there remain a number of risks in respect of funding for schools. These include:
- Impact of any overspends and the resultant requirement to establish a deficit recovery plan if the overspend is greater than 1%. In the event that the deficit cannot be contained, this pressure could potentially fall on the Schools Block, or potentially the General Fund triggering a review of services within CYP.
  - In 2019, the DfE introduced changes which now mean that where schools have deficits, these must be held against the overall schools reserves not exceeding 40%.
  - Schools continue to face pressures arising from changes in policy. Examples include teachers' pay awards, support staff pay award, and pension's changes. This could have a varying degree of impact for Schools.
  - Budget plans from Schools suggest that some are operating with a structural deficit dependent on reserves. Schools Finance are working with these schools to mitigate this risk.

- The rising costs of utilities and other pressures, e.g., increase in contracts such as school meals has not been recognised in full in the funding allocations, and schools may struggle to meet these costs over the coming year.
- The forecast level of inflation may mean that contract uplifts and potential pay awards will continue to outstrip the increases in the funding allocations.
- Cost of living crisis for individuals may potentially mean that more children need additional support.
- Early Years National Policy - as described in this report, there is significant changes in the provision of the Early Years Entitlement offer. The implementation will be over a period of 2 years. The figures provided in this report are based on DfE estimate of take up but will be finalised post census. The under 2's element provides a more specific risk as the funding is allocated for 12 months, whilst the implementation is due from September 2024. There is further complexity arising from the timing of the implementation which has been raised with the DfE.
- The funding allocation for high needs is significantly lower than in previous years and is likely to result in a larger overspend for 2024/25.

## 9. Housing Revenue Account (HRA)

- 9.1. The budgeted expenditure for the HRA in 2024/25 is £224.5m, including the capital and full new build programme.
- 9.2. It is structured as follows:
- Update on the HRA financial position for 2023/24;
  - Update on the HRA Business Plan; and
  - Future Years' Forecast.

### Update on the HRA Financial Position for 2023/24

- 9.3. The HRA is budgeted to spend over £118m in 2023/24. The latest forecast on the HRA for 2023/24, is that net expenditure cannot be contained within budget by the year end. Revenue Repairs and Maintenance is forecast to overspend by £4.7m as at P6 and Major Works recovery is expected to be lower than budget by approximately £7.9m. Overall the HRA is forecasting a deficit of £6.5m as at P8 after taking management action. This will be mitigated by the use of once-off contingencies, reserves and revenue working balances.

### Update on the HRA Business Plan

- 9.4. The Housing self-financing system was implemented on 1 April 2012 when the HRA subsidy scheme was abolished. The 30 year financial model has been developed based on current management arrangements and rental income estimates, updated for efficiencies and cost pressures. In addition, policy objectives such as decent homes, sheltered housing and new build plans are incorporated into the modelling.
- 9.5. The plan underwent a major revision in 2015 for a 1% reduction in social rents applied each year for four years from 2016/17 to 2019/20. The impact of the change was a loss of actual rental income of £2.8m when measured against the actual rent roll for the 4 financial years. A loss of £25m against the budgeted resources for the same period and an overall loss of resources assessed at £374.0m over the life of the 30 year business plan.

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- 9.6. Subsequently, from April 2020 government lifted the rent reduction policy and allowed councils with social housing stock to return to the previous method of rent increase calculations to at least 2025. This method of rent increase is based on CPI + 1%, which was the Government's policy for rent increases. This method had been implemented in Lewisham and became effective for rental increases applied from April 2020 onwards.
- 9.7. However, due to the cost-of-living crises and high inflation which would impact on rent increases, Government issued a consultation in September 2022 seeking opinion from Local Authorities on capping rent increases for 2023/24 to 3%, 5% or 7%, or to allow increases to follow the policy guidance of CPI + 1%. Any capping of increases would result in a loss to the HRA. The consultation closed on 12th October 2022.
- 9.8. The council responded to the consultation and agreed that, like local authorities across London and the country, we were very concerned about the impact of the cost of living crisis on residents and that we are doing everything we can to support residents, target help at those who need it most and that it is right that something is done to protect social housing tenants.
- 9.9. However, we face significant challenges in doing so and that without further support from Government to mitigate the funding gap, the imposition of a rent cap will severely impact on our ability to maintain decent homes, maintain, and invest in our existing stock, meet building safety and new regulatory requirements, and continue building new social homes.
- 9.10. It was imperative that the Government recognise the financial pressures on Councils and provide us with additional funding. Significant financial pressures are already bearing down on local authority HRAs. Primarily these pressures have been driven by the previous policy to reduce social housing rents by 1% for four years from 2016/17 but have also been compounded by the impacts of the COVID-19 pandemic, rising inflation impacting on the HRA cost-base and increasing demands on funding as noted above whilst continuing to achieve a balanced HRA.
- 9.11. While it is essential that rents increases are kept as low as possible, any cap in rent increases should be accompanied by additional funding from the Government, via a grant of some kind or through re-opening of the HRA self-financing settlement, in order to allow housing providers to continue to invest in their stock and meet their obligations.
- 9.12. The government's response to the consultation was to confirm and issue a notice to the regulator of social housing to cap rent increase to a maximum of 7% in 2023/24, without additional funding to housing providers.
- 9.13. For financial year 2024/25, Government has not sought to reduce or cap the forecast rent increases which are based on CPI + 1%. The CPI data for September 2023 was 6.7% and therefore rent will increase by 7.7% based on the government's formula rent calculation. This results in an average increase of £8.57pw over a 52-week period. This will increase the full year average dwelling rent for the London Borough of Lewisham HRA stock (as at April 2023) from £111.33pw to £119.91pw.
- 9.14. The HRA financial model has therefore been updated with current government formula rent calculations at a maximum of 7.7% for financial year 2024/25. Long term rental forecasts are based on the assumption of rent increases based on CPI + 0.5%.
- 9.15. Our top priority is to make our blocks safe; we also want to get all of our homes to decent homes standard and, particularly following the tragic case of Awaab Ishaak, make all homes safe from damp and mould. Given the age of much of our stock, these works are costly and will severely impact the HRA. The lack of funding from the



government means we are increasingly having to choose which of these crucial works to prioritise.

- 9.16. There is a further complication in that due to recent legislative changes, leaseholders cannot be recharged for some of the fire remediation works leading to further income losses.
- 9.17. Sustainability and carbon reduction ambitions, as well as improving thermal comfort for our tenants is another pressure on the HRA.
- 9.18. The Government's inflation target for the United Kingdom is defined in terms of the Consumer Price Index (CPI) measure of inflation. Since April 2011, the CPI has also been used for the indexation of benefits, tax credits, and public service pensions.
- 9.19. For financial planning purposes, the HRA is assuming average pay inflation, for the longer term of 2% per annum, based on the Governments CPI Inflation target. Non-pay inflation is also based on the Governments CPI inflation target of 2.0% per annum. In the short term, pay inflation is estimated at 5% for 2024/25. Non-pay inflation such as R&M, materials and contract costs are forecast at 6.7% for 2024/25.
- 9.20. In order to protect the business plan and provide the same level of investment and services, any reduction in income will need to be off-set though increased efficiencies and reprioritisation of investment requirements across stock condition and/or development plans.
- 9.21. A review of current investment needs and priorities continues to be refreshed, based on updated surveys and inflation estimates. This includes assumptions on future liabilities, such as maintaining decent homes, fire programme, sustainability, planned works and improvements, cuts, and other requirements. These assumptions have been used to inform the resource need and identify potential gaps in funding and opportunities for additional income and grants. Work is continually ongoing to identify and update investment needs. As this work is completed and updated information becomes available, which includes the results of the damp and disrepair MOTs, the resource needs will be updated which may affect future requirements.
- 9.22. The plan also contains costs associated with the new build programme currently being implemented by the authority. Table C1 provides an illustration of the expected HRA budget for the next five years, which includes the current 7.7% rent increase estimates for 2024/25. The HRA debt cap which was imposed when the self-financing regime was implemented (£127.3m) has now been abolished. The HRA will now be subject to prudential borrowing rules (as per the General Fund).

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**Table C1: Update on the HRA Business Plan**

HRA Income & Expenditure Estimates - 5 year Forecast	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
<b>Income:</b>					
Rental income	(87.7)	(89.9)	(94.5)	(99.5)	(101.2)
Tenants service charge income	(7.3)	(7.4)	(7.5)	(7.5)	(7.6)
Leasehold service charge income	(6.6)	(6.7)	(6.8)	(7.0)	(7.1)
Hostel charges and grant income	(1.5)	(1.5)	(1.6)	(1.6)	(1.6)
Major Works recoveries	(6.3)	(6.4)	(6.5)	(6.7)	(6.8)
Other income	(1.7)	(1.8)	(1.8)	(1.8)	(1.8)
Interest earned on balances	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
<b>Total Income</b>	<b>(111.5)</b>	<b>(114.1)</b>	<b>(119.1)</b>	<b>(124.5)</b>	<b>(126.5)</b>
<b>Expenditure:</b>					
Management costs	48.2	47.9	49.5	52.9	55.4
Repairs & maintenance	18.2	18.5	18.7	19.9	21.0
PFI Costs	6.8	6.8	6.9	1.7	0.0
Interest & other finance costs	6.6	9.4	12.6	15.5	17.1
Depreciation	26.7	27.2	27.7	28.2	28.6
Revenue Contribution to Capital	5.0	4.1	3.1	5.9	4.3
<b>Total Expenditure</b>	<b>111.5</b>	<b>113.9</b>	<b>118.5</b>	<b>124.1</b>	<b>126.4</b>
<b>Surplus/(deficit):</b>					
<b>Surplus/(deficit)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(0.6)</b>	<b>(0.4)</b>	<b>(0.1)</b>
<b>HRA Reserves:</b>					
Opening HRA reserves	9.6	9.6	9.8	10.3	10.8
Contribution to/(Drawdown) from reserves	0.0	(0.2)	(0.6)	(0.4)	(0.1)
<b>Closing HRA Reserves</b>	<b>9.6</b>	<b>9.8</b>	<b>10.3</b>	<b>10.8</b>	<b>10.9</b>
<b>Forecast Capital Programme &amp; Funding:</b>					
Capital programme (including decent Homes)	90.1	70.5	55.1	55.1	59.4
New Build construction & on-going costs	22.7	84.0	118.0	49.5	16.4
<b>Total Capital Expenditure</b>	<b>112.8</b>	<b>154.5</b>	<b>173.1</b>	<b>104.6</b>	<b>75.8</b>
<b>Capital Programme Funded By:</b>					
MRR Opening Balance	0.0	0.0	0.0	0.0	0.0
Revenue Contribution to Capital	(5.0)	(4.1)	(3.1)	(5.9)	(4.3)
Depreciation	(26.7)	(27.2)	(27.7)	(28.2)	(28.6)
GLA Grants	(14.6)	(36.1)	(17.3)	(7.4)	0.0
RTB Receipts	(3.7)	(16.7)	(24.3)	(10.3)	(3.2)
Sale Receipts	(1.0)	(1.0)	(16.4)	(17.1)	0.0
Other Receipts	0.0	0.0	0.0	0.0	0.0
Borrowing	(61.8)	(69.4)	(84.3)	(35.7)	(39.7)
<b>Total Capital Funding</b>	<b>(112.8)</b>	<b>(154.5)</b>	<b>(173.1)</b>	<b>(104.6)</b>	<b>(75.8)</b>
<b>Capital shortfall</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>HRA Actual Debt Level (Forecast)</b>	<b>188.4</b>	<b>257.9</b>	<b>342.3</b>	<b>377.9</b>	<b>417.5</b>

*Note: The New Build construction costs includes all approved schemes and unapproved pipeline schemes within the programme and may change as scheme assessments progress.*

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- 9.23. As can be seen from the above table, the expected total expenditure, before financing, for the HRA in 2024/25 is £224.3m, comprising £111.5m operational costs and £112.8m capital and full new build costs.
- 9.24. The HRA capital forecasts in the Table C1 differ from the figures presented in Section 11 (Table E3). This is because the overall capital programme in Section 11 only includes schemes that have been approved by Mayor & Cabinet, whereas the HRA forecast business plan includes both approved schemes and unapproved pipeline schemes.
- 9.25. The Lewisham Homes ALMO was in-sourced on 1<sup>st</sup> October 2023 as agreed by Mayor & Cabinet in their meeting of 9th December 2022. Consequently, there is a half year of management fees paid to Lewisham Homes and a half year of direct costs within the HRA budget allocation for 2023/24. Budget allocations will be updated in 2024/25 to reflect the full in-sourcing of the ALMO.
- 9.26. Work is ongoing to assess the once-off costs of the in-sourcing and savings that may be achieved. A further update will be provided to Mayor & Cabinet once plans are sufficiently progressed.

### **Future Years Forecast**

- 9.27. The key purpose of the proposed HRA budget is to ensure that there are sufficient resources to support lifecycle works, such as; repairs and maintenance, the Decent Homes programme and, a key priority for the current administration, delivery of new social homes in the borough.
- 9.28. There is an ongoing process to identify opportunities for efficiencies to deliver services for improved value for money and this will be further developed and implemented in 2024/25. Any savings and efficiencies delivered against the HRA business model and future budgets can be re-invested to off-set constrained rent rises or to help bridge any investment gap identified. Discussions are ongoing to identify appropriate savings. For example, there is already an assumed reduction in management costs in 2024/25 to reflect stock losses through Right to Buy Sales.
- 9.29. Separate reports which set out in detail the proposals relating to service charges for Brockley and Council housing residents are attached at Appendices X2a and X2b and Appendix X3, respectively.

### **Rental Income and Allowances**

- 9.30. Following completion of the legislative requirements for 4 years of rental contraction, Government confirmed rents would return to the previous method of rent increase calculations for 2020/21 onwards. This was based on the previous formula rent calculation of CPI + 1% and would be for a minimum 5-year period to financial year 2025/26. For the purpose of business and financial planning, it was assumed that that rental charges will be increased in line with this.
- 9.31. In line with the formula rent calculation policy, rents for 2024/25 will increase by 7.7% based on CPI of 6.7% (as at September 2023) + 1% for 2024/25 and CPI + 1% up until 2025.
- 9.32. A 7.7% increase in average rents for HRA dwelling stock 2024/25 equates to an average increase of £8.57pw over a 52-week period. This will increase the full year average dwelling rent for the London Borough of Lewisham from £111.33pw to £119.91pw. The proposed increase will result in additional income of £6.140m for the HRA against 2023/24 income levels.

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- 9.33. It should be noted that the HRA cost base for management and maintenance, materials and capital investment will be inflated based on inflation increases similar to or based on the CPI/RPI output data. In addition, debt interest charges will also increase based on the need to borrow for HRA investment needs and increase in interest rates applied to debt.
- 9.34. At the present time, for financial planning purposes, the financial models used by the council currently forecast future CPI to be 2.0% annually for the period beyond 2025 and would equate to an annual average increase of 2.5% to be applied to rents. It should be noted that any variation to the forecast CPI rate of 2% would affect the annual average forecasts stated above. The financial model for the HRA is assuming average pay inflation, for the longer term of 2% per annum, based on the Governments CPI Inflation target. Non-pay inflation is also based on the Governments CPI inflation target of 2.0% per annum. In the short term, pay inflation is estimated at 5% for 2024/25. Non-pay inflation such as R&M, materials and contract costs are forecast at 6.7% for 2024/25.
- 9.35. A rent rise higher than the rent limit calculation, set by Government, will result in additional recharges to the HRA via the Housing Benefit (HB) subsidy limitation charges. Any rise above this level will be lost through additional limitation recharges and therefore result in no benefit to the HRA.
- 9.36. Tenants were asked to provide comments and feedback on the proposed rent changes and illustration for inclusion in the Mayor and Cabinet budget report at meetings held with Brockley PFI and Council tenants. Full details of residents' feedback, additional comments received, minutes of meetings and the response to the additional comments received are contained in Appendix X1.
- 9.37. The main comments received from Council residents concerning the proposals for rents and garages was that there are issues of affordability given the current cost of living crises and increase in unemployment. The main comments regarding service charges were questioning value for money as charges are increasing but service delivery is not improving.
- 9.38. Council residents comments regarding affordability and value for money concerning the proposals for rents, garages and service charges.
- 9.39. Details of the options for the rent and service charge changes for 2024/25 were presented to the Housing Select Committee on 28<sup>th</sup> November 2023. The committee noted the contents of the report.

### **Other Associated Charges**

- 9.40. There are a range of other associated charges. These include garage rents, tenants levy, hostels, Linkline, private sector leasing, heating, and hot water. These charges and any proposed changes to them for 2024/25 are set out in detail in Appendix X4 and Appendix X5.

### **Summary**

- 9.41. The gross budgeted expenditure for the HRA in 2024/25 is £224.3m, £111.5m revenue and £112.8m capital. Council is asked to approve a rent increase of 7.7% having considered tenant's feedback following consultation held in November 2023 as set out above (and with more detail in Appendices X2, X3, and X4). The current average weekly rent is £111.33 in 2023/24. This will increase to £119.91pw in 2024/25, an increase of approximately £8.57pw from 2023/24 levels.

## 10. Treasury Management Strategy 2024/25

- 10.1. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate, with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 10.2. 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 that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 10.3. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either for day-to-day revenue purposes or for larger capital projects. Treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund.
- 10.4. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, arising usually from capital expenditure, and are separate from the day-to-day treasury management activities.
- 10.5. Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: "The management of the local authority's borrowing, investments and cash flows, including 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".
- 10.6. Additionally, this report sets out the current economic conditions in which the Council is operating in respect of its investments and borrowing. It details the Council's treasury performance (focused on security, liquidity and return in that order) and forecast capital position and provides updates on performance against the current Treasury Management Strategy as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.
- 10.7. During 2023/24 the Council has not exceeded its Prudential or Treasury indicators. Council investments are managed within the guideline parameters however on 21 November 2023 an investment of £10m was made in Close Brothers Bank for a twelve-month term and this exceeded the guidelines which recommend a maximum of six months term. By 21 May 2024 the Council will be back inside its investment guidelines.

### Treasury Management Strategy for 2024/25

- 10.8. The strategy for 2024/25 covers two main areas:
  - 10.8.1. Capital issues:

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- The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable, and sustainable;
- The minimum revenue provision (MRP) policy.

#### 10.8.2. Treasury management issues:

- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the Authority;
- Prospects for interest rates;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness policy; and
- The policy on use of external service providers.

#### 10.8.3. There is a requirement to produce Investment Management Practices for Service and Commercial Investment.

### **Capital Strategy**

#### 10.9. The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to produce a Capital Strategy, which will provide the following:

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- An overview of how the associated risk is managed; and
- The implications for future financial sustainability.

#### 10.10. The aim of the strategy is to ensure that all elected Members on full Council fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

#### 10.11. The Capital Strategy is reported separately from the Treasury Management Strategy; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy shows:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- For non-loan type investments, the cost against the current market value; and
- The risks associated with each activity.

#### Capital Position (Prudential Indicators)

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- 10.12. The Council's capital expenditure plans are the key driver of treasury management activity. The output of capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.
- 10.13. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet service activity and the Council's Capital Strategy. This involves both the management and monitoring of cash flows and, where capital plans require, the arrangement of appropriate borrowing facilities.
- 10.14. Forward projections for borrowing as at 31 March 2024 are summarised below in Table D1, which shows the actual external debt from treasury management operations and other long-term liabilities against the underlying capital borrowing need (the Capital Financing Requirement - CFR) which is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness, and its underlying borrowing requirements.

#### Capital Expenditure and Financing

- 10.15. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

**Table D1: Capital Expenditure Forecast**

Capital Expenditure Forecast	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m
Non-HRA	57.3	95.0	57.1	9.2
HRA	88.0	112.7	134.2	88.8
<b>Total</b>	<b>145.3</b>	<b>207.7</b>	<b>191.3</b>	<b>98.0</b>

- 10.16. Table D2 below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

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**Table D2: Capital Financing Forecast**

Capital Financing Forecast	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m
Grants	12.7	29.5	14.4	3.7
S106 & CIL	6.5	98.4	4.5	0.3
Capital Reserves	4.1	2.6	0.8	0
Corporate Reserves	6.4	6.2	0.9	1.7
Capital Receipts	0.1	0.9	1.2	0.5
Right to Buy Receipts	3.9	8.2	4.3	0
Revenue Contribution	0.1	0	0	0
Prudential Borrowing	23.5	39.1	31.0	3.0
<b>General Fund</b>	<b>57.3</b>	<b>94.9</b>	<b>57.1</b>	<b>9.2</b>
Grants	4.4	1.7	18.1	13.8
Major Repairs Reserve	26.2	26.7	27.2	27.7
Right to Buy Receipts	1.4	3.2	13.6	7.6
Revenue Contribution	5.9	2.0	2.2	2.9
Prudential Borrowing	50.1	79.2	73.1	36.8
<b>HRA</b>	<b>88.0</b>	<b>112.8</b>	<b>134.2</b>	<b>88.8</b>
<b>Total</b>	<b>145.3</b>	<b>207.7</b>	<b>191.3</b>	<b>98.0</b>

10.17. Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI (Private Financing Initiative) and leasing arrangements that already include borrowing instruments.

The Council's Borrowing Need or CFR (Capital Financing Requirement) is shown below:

10.18. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

10.19. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

10.20. The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes.



**Table D3: External Debt Projections**

	2022/23 Actual	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	£m	£m	£m	£m	£m
External Debt at 1 April	224.7	223.5	264.6	372.5	459.7
Expected change in External Debt	(1.1)	41.1	107.9	87.3	19.6
PFI and other Long-Term Liabilities	203.4	182.4	180.7	169.7	158.7
<b>Gross Debt at 31 March</b>	<b>426.9</b>	<b>447.0</b>	<b>553.1</b>	<b>629.4</b>	<b>638.0</b>
CFR - HRA	99.5	148.6	224.5	292.0	322.1
CFR – General Fund PFI and other Long-Term Liabilities	461.8	480.5	512.7	534.5	526.0
<b>Total Capital Financing Requirement at 31 March</b>	<b>561.3</b>	<b>629.1</b>	<b>737.2</b>	<b>826.5</b>	<b>848.0</b>
<b>Borrowing – over/(under)</b>	<b>(134.4)</b>	<b>(182.1)</b>	<b>(184.1)</b>	<b>(197.2)</b>	<b>(210.1)</b>

Treasury Indicators: Limits to Borrowing Activity

10.21. There are two measures of limiting external debt; the ‘operational boundary’ and ‘authorised limit for external debt’, which the Council reports on as part of its prudential indicators. Both are described in further detail in the following paragraphs.

The Operational Boundary for External Debt

10.22. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. The Council’s operational boundary is set out in Table D4 below.

10.23. IFRS 16 will come into effect in financial year 2024/25 and operating leases will be recognised on the balance sheet as a liability. The lease finance is a form of debt, so a provision has been included in other long-term liabilities.

**Table D4: Operational Boundary**

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Maximum External Debt as at 31 March	264.6	372.5	459.7	479.3
PFI and other Long-Term Liabilities	182.4	180.7	169.7	158.7
Provision for Non-Receipt of Expected Income	56.0	56.0	56.0	56.0
<b>Operational Boundary for Year</b>	<b>503.0</b>	<b>609.1</b>	<b>685.4</b>	<b>694.0</b>

The Authorised Limit for External Debt

10.24. This is a key prudential indicator represents a control on the maximum level of borrowing. This represents the legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term but is not sustainable in the longer term.

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10.25. This is a statutory limit determined under Section 3(1) of the Local Government Act 2003 and needs to be set and revised by full Council. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised. The authorised limits are as set out in the Table D5.

**Table D5: Authorised Limits for External Debt**

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
<b>Operational Boundary for Year</b>	<b>503.0</b>	<b>609.1</b>	<b>685.4</b>	<b>694.0</b>
Additional 10% Margin*	50.3	60.9	68.5	69.4
<b>Authorised Limit for Year</b>	<b>553.3</b>	<b>670.0</b>	<b>753.9</b>	<b>763.4</b>

\* The authorised limit is obtained by adding 10% to the Operational Boundary.

Ratio of Financing Costs to Net Revenue Stream

10.26. This indicator identifies the trend in the cost of capital, (borrowing and PFI and other long-term obligation costs), against the net revenue stream.

**Table D6: Ratio of Financing Costs to Net Revenue Stream**

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Ratio of Financing Costs to Net Revenue Stream	12.1%	11.5%	10.0%	11.1%	12.1%

10.27. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream.

10.28. The Council does not invest in commercial or service investments primarily for a return therefore there is nothing to report for this indicator.

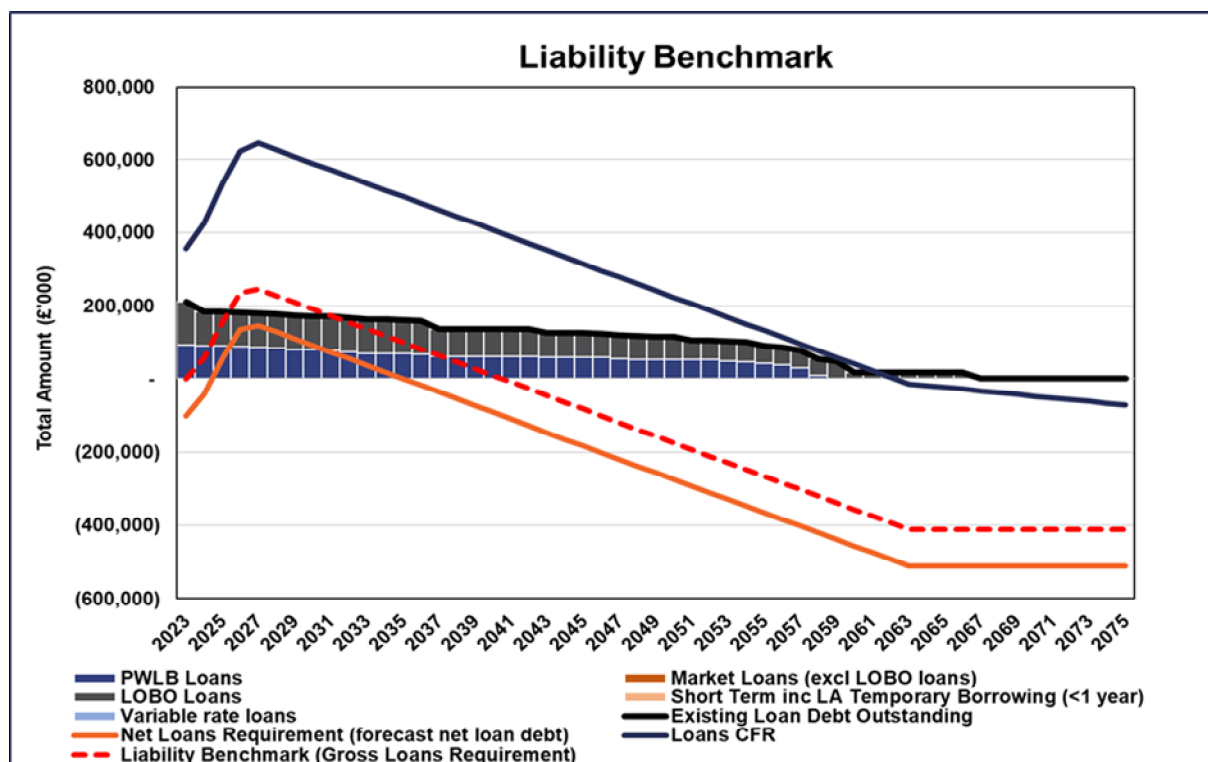
**Liability Benchmark**

10.29. The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

10.30. There are four components to the LB:

1. Existing loan debt outstanding: the Council's existing loans that are still outstanding in future years.
2. Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. Net loans requirement: this will show the Council's gross loan debt at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance (the liquidity allowance is cash that is kept as working capital for day to day expenses of the council).

**Graph D1: Liability Benchmark**



### Minimum Revenue Provision (MRP) Policy Statement

10.31. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision – VRP). The MRP must be determined by the Council as being a prudent provision having regard to the DLUHC (Department for Levelling Up, Housing and Communities) Statutory Guidance on Minimum Revenue Provision.

10.32. The MRP is the amount the Council charges to the revenue account and does not correspond to the actual amount of debt repaid, which is determined by treasury related issues. Historically the Council has applied a consistent MRP policy which comprises prudential borrowing being repaid over the useful life of the asset concerned and previous borrowing being repaid at the rate of 4% (equivalent to 25 years) of the outstanding balance.

10.33. In 2016/17, this policy was changed to reflect the useful lives of the specific asset classes on the Council's balance sheet. It moved to:

- A straight line MRP of 14% equivalent to seven years for plant and equipment (such as IT and vehicles); and
- A straight line MRP of 2.5% equivalent to forty years for property (such as land and buildings).

10.34. In 2017/18, a third element was added to the Council's MRP policy, whereby no MRP need be charged on capital expenditure where the Council has assessed that sufficient collateral is held at a current valuation to meet the outstanding CFR liability, and that should it be determined at any point that insufficient collateral is held to match the Council's CFR liability, a prudent MRP charge will commence.

10.35. In 2019/20 the Council commissioned an independent review of its current MRP policy to ensure it is fit for current and future spending plans, as well as a review of historic

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calculations and a reconciliation to the CFR to identify any potential efficiencies. The review was undertaken by the Council's treasury advisors, Link Group.

- 10.36. The Council implemented one of the recommendations from the report from 2019/20 onwards, specifically to adjust for an historic overcharging of MRP from 2003/04 as a result of a miscalculation in the 'Adjustment A' figure (an accounting adjustment designed to ensure minimal changes in liability when new capital financing regulations were introduced in 2003/04). The Prudential Code allows for MRP to be reduced appropriately, in line with an authority's own judgement, where Adjustment A reflects an error that increases the current MRP liability. As such, the Council reduced its ongoing liability by reducing its MRP charge to account for the higher Adjustment A figure, whilst additionally offsetting current and future years' MRP charges to recover the historic overcharging since 2003/04.
- 10.37. Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP). The value of the overcharge has been Cumulative VRP overpayments made as at 31 March 2022 is £7.1m.
- 10.38. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
- 10.39. Capital expenditure incurred during the year will not be subject to an MRP charge until the following year, or in the year after the asset becomes operational.
- 10.40. MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.
- 10.41. For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

### **Borrowing Strategy**

- 10.42. The Council's external debt as at 31 March 2024, gross borrowing plus long term liabilities, is expected to be £447.0m. The Council's borrowing strategy is consistent with last year's strategy.
- 10.43. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as an alternative funding measure. This strategy is considered prudent while investment returns are lower than the cost of borrowing and counterparty risk remains an issue to be considered.
- 10.44. The Executive Director for Corporate Resources will continue to monitor interest rates in the financial markets and adopt a pragmatic and cautious approach to changing circumstances. For instance, if it was felt that there was a significant risk of a sharp fall in long and short term rates then long term borrowing will be postponed and potential rescheduling from fixed rate funding into short-term borrowing considered.
- 10.45. Alternatively, if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast (perhaps arising from an acceleration in rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks) then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in future years.

### Policy on Borrowing in Advance of Need

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

#### Debt Rescheduling

10.47. Rescheduling of current borrowing in our debt portfolio is more likely to occur now that interest rates have risen to the same level as some of our current loans. The reasons for any rescheduling to take place will include:

- The generation of cash savings and/or discounted cash flow savings;
- Helping to fulfil the Treasury Strategy; and
- Enhancing the balance of the portfolio (to amend the maturity profile and/or the balance of volatility).

10.48. The Council will continue to explore rescheduling opportunities as appropriate in respect of the financing of its PFIs and external loans.

10.49. During 2023/24 two LOBO loans to the value of £25m were repaid and this will leave the Council with LOBO loans to the value of £104m nominal value as at 31 March 2024 of which £25m will be in their call period in 2024/25 for fixed rate LOBO loans, along with £14.9m of capitalised interest in respect of the stepped LOBO loan. In the event that the lender exercises the option to change the rate or terms of the loans within their call period, the Council will consider the terms being provided and also the option of repayment of the loan without penalty.

10.50. Debt rescheduling opportunities will be monitored on a regular basis and if an opportunity arises to repay borrowing on favourable terms then this will be considered by the Executive Director of Corporate Resources. Any debt rescheduling that takes place will be reported to Mayor and Cabinet and subsequently to Council at the earliest meeting possible.

#### Sources of Borrowing

10.51. The approved sources of long-term and short-term borrowing are:

1. HM Treasury's PWLB lending facility (formerly the Public Works Loan Board).
2. any institution approved for investments (see below).
3. any other bank or building society authorised to operate in the UK.
4. any other UK public sector body.
5. UK public and private sector pension funds (except Lewisham Pension Fund).
6. UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.
7. UK Infrastructure Bank.
8. Insurance companies.
9. investors in capital market bonds and retail bonds issued by the Council.
10. individuals lending via a peer-to-peer platform where appropriate Individuals lending via a peer-to-peer platform where any necessary counterparty checks (for example proof of identity or money laundering requirements) are

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conducted by the platform.

11. investors in capital market bonds and retail bonds issued by the Council.
- 10.52. Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
1. Leasing.
  2. Hire purchase.
  3. Private Finance Initiative.
  4. Sale and leaseback.

## **Investment Strategy & Creditworthiness Policy**

### Policy – Management of Risk

- 10.53. The Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals predominantly with financial instruments (as managed by the Strategic Finance – Treasury Management Team); non-financial investments, essentially the purchase of income yielding assets, are summarised at the end of this report, and covered in Investment Management Practices (IMPs) and within the separate Capital Strategy.
- 10.54. The Council’s investment strategy has regard to DLUHC’s Guidance on Local Government Investments (“the Guidance”), the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”), and CIPFA’s Treasury Management Guidance Notes 2021.
- 10.55. The Council’s investment priorities will be security first, liquidity second, then return. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Council’s risk appetite.
- 10.56. In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs to meet the day to day needs of the Council and to meet its obligations. The Council invests its surplus cash in Money Market Funds it makes investment for periods up to 12 months with high credit rated financial institutions.
- 10.57. The Council uses Link Group, Treasury Services Limited as its external treasury management advisor. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information including, but not solely, our treasury advisors.
- 10.58. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
- 10.59. The Guidance and CIPFA Treasury Management Code places a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:
1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus

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avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.

2. **Other information**; ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end, the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings, as well as information on outlooks and watches. This is fully integrated into the credit methodology provided by the advisors in producing its colour codings which show the varying degrees of suggested institution creditworthiness. This has been set out in more detail at Appendix Z2.
3. **Other information sources** used will include the financial press, share prices and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. The Council has defined the list of **types of investment instruments** that the treasury team are authorised to use in the financial year, and these are listed in Appendix Z2 under the categories of “specified” and “non-specified” investments:
  - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year; and
  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
5. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the credit criteria provided by advisors, and are set out in Appendix Z2.
6. **Interest rate limits** are set out in Table D8 below and place restrictions on the exposure to variable and fixed rate investments.
7. The Council Council has placed a limit on the amount of its investments which are invested for **longer than 365 days** see Table D9.
8. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see Appendix Z5).
9. All investments will be denominated in **sterling**.
10. As a result of the change in accounting standards for 2022/23 under IFRS 9, the Council will, on an ongoing basis, consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant changes at the end of the year to the General Fund. (In November 2018 a temporary override allowed local authorities a statutory override to delay implementation of IFRS 9 for five years ending 31/03/23. More recently, a further extension to the over-ride to 31/03/25 has been agreed by Government. The Council does not at present have any pooled investments, though has scope to do so as per the creditworthiness policy in Appendix Z2.

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- 10.60. Investments will be made with reference to the core balances and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). In order to maintain sufficient liquidity, the Council will seek to utilise its notice accounts, certificates of deposit, money market funds and short-dated deposits (overnight to three months). The remainder of its investments will be placed in fixed term deposits of up to 24 months to generate improved returns, depending on prevailing market conditions.
- 10.61. The Council will pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

#### Creditworthiness Policy

- 10.62. The Council's Treasury Management Team applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- Credit 'watches' and 'credit outlooks' from credit rating agencies;
  - CDS spreads that may give early warning of changes in credit ratings; and
  - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 10.63. This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:
- Yellow            5 years\*
  - Purple            2 years
  - Blue              1 year (only applies to nationalised or semi nationalised UK Banks)
  - Orange           1 year
  - Red                6 months
  - Green             100 days
  - No colour        Not to be used\*\*

*\* For UK Government debt or equivalent and collateralised deposits where the collateral is UK Government debt.*

*\*\* Except for those building societies rated BBB- or higher as set out in the policy and LVNAV's in Money Market Funds.*

#### Country Limits

- 10.64. The Council has determined that it will only use approved counterparties from the UK and from other countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix Z5. This list will be added to, or deducted from, by officers should country ratings change in accordance with this policy.



### Building Societies

- 10.65. The Council can invest in UK building societies with a minimum credit rating of BBB- from Fitch (or equivalent), specifically those that are shown on Link Group's lending list only (but which may be rated 'No colour') for a maximum of three months and limited to £20m per institution.
- 10.66. Very few building societies have credit ratings assigned to them due to the lack of large ticket funding transactions that would warrant a formal credit rating being issued by one of the three main ratings agencies, and only a select few within the top ten by asset size have been issued with one. A credit rating of BBB- remains within the 'investment grade' category, subject to moderate credit risk, which is reflected by the monetary and duration limits as set out above.
- 10.67. This addition to the strategy was made as a result of economic conditions and the reduced options available for investing at positive yields; in practice it opens up a limited number of two-three additional counterparties for consideration. Officers will continue to monitor the rating movements against these counterparties to ensure that any investments fall within the set criteria.

### Treasury Investment

- 10.68. Investment returns are likely to reduce during 2024/25 as interest rates begin to fall. Inflation has fallen to below 5% and is expected to continue to fall over the next 12 months. In September 2023 the Bank of England paused the increase in the Bank Rate. We have already seen the investment market rates fall in expectation that the Bank of England will bring down rates in the future. The war in Ukraine and the conflict in the Middle East leads to uncertainty as they could cause economic damage to the UK and economies around the world with increased oil and gas prices which will lead to increased inflationary pressures in 2024/25.
- 10.69. The Council uses the services of its advisor, Link Group, to formulate a view on interest rates; their view is that there will be a gradual fall in the Bank Rate during 2024/25. The UK economic is expected to grow very slowly over the next few years. Given this uncertainty, suggested fixed investment returns are expected to fall and money market funds for short term cash investment will provide a lower return.
- 10.70. In light of uncertainty in the market the Council will continue to invest in fixed term deposits of 3-12 month duration. The Council will review, with support from its advisors, investments for 2-3 years so that it may be able to fix into a good rate of return if the interest rates are expected to fall in 2024/25.
- 10.71. The Council's investments will be reviewed on a regular basis so that it can monitor the Council's liquidity requirements and the requirement for cash towards the capital programme. The capital programme is expected to require funding from the Council as set out in Capital Funding in Section 7 of this report. The Council can use the cash from its investments or take out new borrowing to fund the capital programme. Any new investments will be carried out using guidance from the Council's advisors and will continue to meet the objectives of security, liquidity, and return.
- 10.72. Money Market Fund (MMF) yields have also increased in line with the increases in the Bank of England base rate during 2023/24. The cash held for cash flow purposes can still earn a good return, but it is expected that the Bank of England will reduce the base rate during 2024/25 which will reduce the interest earned from the cash held in the MMF.
- 10.73. A more extensive table of interest rate forecasts for December 2023 onwards, including Public Works Loan Board (PWL) borrowing rate forecasts, is set out in Appendix Z1.

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### Non-Treasury Investments

- 10.74. Treasury management investments represent the placement of cash in relation to the S12 Local Government Act 2003 investment powers, i.e. they represent investments using the residual cash available to the Council from its day to day activities, under security, liquidity and yield principles.
- 10.75. The Council recognises that non-treasury investments in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful management. It is also included in the Investment Management Practises. Such investments tend to be either:
- Service type investments; whereby capital or revenue cash is advanced for a specific Council objective and will be approved directly through Committee. This may be an advance to a third party for economic regeneration, investments in subsidiaries and joint ventures, etc.
  - Commercial type investments; whereby the objective is primarily to generate capital or revenue resources to help facilitate Council services. The Code of Practice does not allow this type of investment.\*

*\*The Council will not be making investments primarily for a financial return.*

- 10.76. The Council's risk appetite for these investments is reviewed on a case-by-case basis depending on the scale and nature, and strategic fit, of the proposed investment. Where such non-treasury investments exist, they will be identified and summarised at high level within this strategy. The detail and rationale for non-treasury investments are covered in the separate Capital Strategy.

### **Subsidiary Companies and Joint Ventures**

- 10.77. The Council has two wholly owned subsidiary companies, Lewisham Homes Limited and Catford Regeneration Partnership Limited (CRPL). It has invested in these subsidiaries as summarised below.

#### Lewisham Homes Limited

- 10.78. Lewisham Homes was an arms-length management organisation (ALMO) set up in 2007 as part of the Council's initiative to deliver better housing services and achieve the Decent Homes Standard.
- 10.79. On 1 October 2023 Lewisham Homes was taken back into the Council and the management of approximately 19,000 homes is now carried out by the Council. However, Lewisham Homes continues to own or lease 253 properties (which are managed on their behalf by the Council) and the Council has to date agreed two separate loan facilities with Lewisham Homes Ltd, the first on commercial terms financed from internal borrowing and the second on cost-neutral terms financed through the PWLB for these properties. Both loans will continue to be serviced by Lewisham Homes Ltd and will be repaid on set maturity dates.

- 10.80. As at 31 March 2024 the Council has advanced all £20m of the commercial loan facility, and all £20m of the agreed facility financed from PWLB debt.

#### Catford Regeneration Partnership Limited (CRPL)

- 10.81. The CRPL is a property investment company created in January 2010 which owns the Catford Shopping Centre and several neighbouring properties used to generate income whilst driving forward a regeneration programme for the town centre and surrounding area.

10.82. The Council has existing loan agreements in place with the CRPL, currently on an interest only basis, with interest being capitalised until 2024/25. As at 31 March 2024 the Council expects the outstanding loan principal to be approximately £16.1m.

#### Besson Street Joint Venture

10.83. The Council is an equal equity partner in a joint venture with Grainger Plc. to bring forward the development of the currently vacant Besson Street site to provide properties for the Private Rented Sector on long term tenancies. The Council has invested land at this stage and will be required to put forward an estimated £22-27m of cash to make up its share (50%) of the 40% equity, with 60% external long-term borrowing, to be invested once the scheme is built. This is currently forecast to be in 2026/27.

10.84. The Council also holds minority stakes in the following:

- 10% in Lewisham Schools for the Future LEP Limited, a Local Education Partnership established under the Council's Building Schools for the Future (BSF) programme to rebuild and refurbish secondary schools within the borough;
- Less than 1% in South-East London Combined Heat and Power Ltd (SELCHP), a joint venture with the London Borough of Greenwich for the provision of waste disposal and waste to energy processes; and
- A minority share in Newable Ltd (formerly Greater London Enterprise Ltd) which provides property management and consultancy services.

#### **Performance as at 1 January 2024**

10.85. The Council is a member of a treasury benchmarking group (organised by Link Asset Services) containing 15 authorities, including 12 other London authorities. An extract from the latest available benchmarking report is shown in Appendix Z3; this shows that the return on investments as at September 2023 is above the benchmarking group model weighted average rate of return, which is adjusted for the risks inherent in the portfolio. The Council's portfolio performance is ahead of the overall benchmarking group, as well as a wider group of 22 London boroughs.

**Table D7: Full List of Outstanding Investments Held as at 31 October 2023**

Counterparty	Duration	Value	Interest Rate	Interest
	(Days)	£m		£
<b>Fixed Rate Investments – Banks and Building Societies</b>				
Standard Chartered Bank	185	20.0	4.95%	£501,781
Bank of Montreal	364	10.0	4.68%	£466,718
Close Brothers Ltd	183	10.0	5.00%	£252,054
Close Brothers Ltd	183	10.0	5.00%	£252,054
Toronto-Dominion Bank	364	15.0	4.85%	£725,507
Royal Bank of Canada	367	25.0	4.82%	£1,211,603
Australia and New Zealand Banking Group Ltd.	186	10.0	5.96%	£300,449
DBS Bank Ltd	186	10.0	5.87%	£297,520
Bank of Montreal	364	15.0	5.00%	£747,945
National Westminster Bank PLC (RFB)	364	20.0	5.15%	£1,027,178
Toronto-Dominion Bank	364	5.0	5.22%	£260,285
Toronto-Dominion Bank	364	5.0	5.34%	£266,268
Canadian Imperial Bank of Commerce	364	15.0	6.50%	£972,329
OP Corporate Bank plc	364	25.0	6.13%	£1,528,301
DBS Bank Ltd.	183	15.0	5.58%	£419,647
Canadian Imperial Bank of Commerce	364	10.0	5.70%	£568,438
<b>Certificates of Deposit</b>				
Skandinaviska Enskilda Banken AB	364	25.0	5.06%	£1,252,037
Commonwealth Bank of Australia	364	10.0	5.16%	£471,926
Lloyds Bank Corporate Markets Plc (NRFB)	183	10.0	5.64%	£280,822
DNB Bank	364	10.0	5.83%	£578,103
<b>Variable Rate Investments – Money Markets</b>				
BlackRock	N/A	14.3	5.27%	N/A
Federated Hermes	N/A	30.0	5.35%	N/A
Insight	N/A	28.7	5.30%	N/A
<b>Total Investments</b>		<b>348.0</b>		

10.86. The current investment counterparty criteria are set out in the Credit Worthiness Policy and included at Appendix Z2 of this report.

### Treasury Indicators

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

10.88. The debt related indicators are:

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

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10.89. The treasury indicators and limits are set out in Table D8.

**Table D8: Limits of Interest Rates**

Limits on Interest Rate Exposures	2024/25	2025/26	2026/27
	Upper	Upper	Upper
<b>Limits on fixed interest rates:</b>			
• Debt	100%	100%	100%
• Investments*:	80%	80%	80%
<b>Limits on variable interest rates</b>			
• Debt	15%	15%	15%
• Investments*	80%	100%	100%

\* For this calculation short term investments (less than 12 months) are treated as fixed interest rates. Money Market Funds and Certificates of Deposit are included as variable interest investments.

**Limits on Maturity Structure of Fixed Interest Rate Borrowing 2024/25**

	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	20%
5 years to 10 years	0%	25%
10 years to 20 years	0%	35%
20 years to 30 years	0%	25%
30 years to 40 years	0%	50%
40 years to 50 years	0%	50%

**Limits on Maturity Structure of Variable Interest Rate Borrowing 2024/25**

	Lower	Upper
Under 12 months	0%	5%
12 months to 2 years	0%	5%
2 years to 5 years	0%	5%
5 years to 10 years	0%	5%
10 years to 20 years	0%	5%
20 years to 30 years	0%	5%
30 years to 40 years	0%	15%
40 years to 50 years	0%	10%

**Long Term Investments Indicator**

10.90. This indicator sets a limit on the total principal funds invested for greater than 365 days. This limit is set with regard to the Council's liquidity requirements and to manage the

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risks associated with the possibility of loss which may arise as a result of having to seek early repayment, or redemption of, principal sums invested.

10.91. The indicator is set out in the table below. As at 31 March 2024, the Council is not expected to hold any investments for longer than 365 days.

**Table D9: Treasury Indicators and Limits**

Maximum Principal Sums Invested for Longer than 365 days			
	2024/25	2025/26	2026/27
	£m	£m	£m
Limit on principal sums invested for longer than 365 days	50.0	50.0	50.0

### Training

10.92. The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

10.93. The Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance, and decision making.

10.94. The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

10.95. As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified;
- Prepare tailored learning plans for treasury management officers and board/council members;
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

10.96. The training needs of treasury management officers are periodically reviewed.

10.97. The following training has been undertaken by members of Public Accounts Select Committee on 21 September 2023;

- Link Group ‘Introduction to Treasury Management’ and further training will be arranged as required.

## 11. Capital Programme

11.1. This section highlights the 2023/24 Capital Programme position as at November 2023 and also presents the proposed Capital Programme for 2024/25 to 2027/28.

### Update on 2023/24 Capital Programme

- 11.2. Progress in delivering the 2023/24 Capital Programme has been reported to Mayor and Cabinet and the Public Accounts Select Committee throughout the year. The latest position reported to Mayor and Cabinet was as part of the P8 Budget Monitoring Report which went to Mayor & Cabinet on 24th January 2024.
- 11.3. The revised capital programme budget allocation for the year 2023/24 is now £145.3m, of which £57.3m relates to GF schemes and £88.0m to (HRA) schemes. This is summarised in Table E1.

**Table E1: Current position of the 2023/24 Capital Programme**

Directorate	Project/Programme	Spend to 30 November 2023	Revised 2023/24 Budget
		£m	£m
<b>GF:</b>			
Directorate of Corporate Resources	ICT - Tech Refresh	0.0	0.0
Directorate of Community Services	Safer Communities	0.2	0.3
Directorate of Community Services	Parks, Sports and Leisure	0.3	0.6
Directorate of Community Services	Beckenham Place Park (Inc. Eastern Part)	0.3	0.8
Directorate of Community Services	LUF Programme - Cultural Hub	0.2	0.3
Directorate of Children & Young People	CYP - Other	0.0	0.0
Directorate of Children & Young People	Education Services - School Places Programme	1.4	1.8
Directorate of Children & Young People	Education Services - School Minor Works Programme	2.4	3.6
Directorate of Children & Young People	Children's Social Care	0.1	1.6
Directorate of Children & Young People	Families, Quality and Commissioning - Youth Service	0.0	0.5
Directorate of Place	Highways & Bridges – TfL	0.2	0.8
Directorate of Place	Highways & Bridges – LBL	1.7	4.8
Directorate of Place	Asset Management Programme	1.3	3.1
Directorate of Place	Corporate Estates Maintenance Programme	1.0	2.2
Directorate of Place	Strategic Regeneration - Lewisham Gateway	2.1	4.2
Directorate of Place	Strategic Regeneration - Catford Programme	0.7	3.1
Directorate of Place	Planning	0.0	0.1

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Directorate of Place	Public Realm	0.0	0.1
Directorate of Place	Climate Resilience	0.0	0.0
Directorate of Place	LUF Programme - Public Realm	0.0	0.9
Directorate of Housing	General Fund Housing	2.2	27.0
Directorate of Housing	Housing Services	0.8	1.5
	<b>Total GF</b>	<b>14.9</b>	<b>57.3</b>
<b>HRA:</b>			
Building for Lewisham Programme - HRA	Building for Lewisham Programme - HRA	8.1	21.4
HRA Capital Programme (Inc. Decent Homes)	HRA Capital Programme (Inc. Decent Homes)	30.4	65.6
Housing Management System - HRA	Housing Management System - HRA	-0.1	0.5
Aids & Adaptions	Aids & Adaptions	0.3	0.5
	<b>Total HRA</b>	<b>38.8</b>	<b>88.0</b>
	<b>Total Capital Programme</b>	<b>53.7</b>	<b>145.3</b>

- 11.4. The current in-year expenditure across all projects is 37%. If spend is consistent across the year, we would expect spend at Period 8 to be 66%. This pattern of low spend in the early periods of the year is expected for numerous reasons such as lag times on setting up purchase orders and receiving invoices from suppliers.
- 11.5. There are also certain projects with large current years budgets, where the spend is forecast to be spent in the latter half of the year. An example of this is the Housing Acquisition Programme which has an in-year budget of £22m yet current spend of £0m.
- 11.6. As the programme has recently been re-profiled, the budget 2023/24 figures are based on up-to-date cash flow figures. Therefore, barring any major changes to the capital programme, we are expecting to spend close to the budgeted amount of £145.3m.
- 11.7. The following section outlines what the capital programme will look like over the remainder of 2023/24, and how the spend is expected to pick up to the forecast level:
- 11.7.1. **CYP** – There are a number of large schemes that have recently started on site, so subject to further delays these will pick up greatly in spend during the last quarter of the year.
- 11.7.2. **Place** – A large amount of work has been done on a number of these schemes which is yet to be recharged. There are also a number of schemes that are completed in tranches, with the spend coming on the completion of these tranches.
- 11.7.3. **GF Housing** – The large majority of the remaining 2023/24 spend relates to the Housing Acquisition Programme. This scheme is poised to complete on over 50 purchases in the latter part of the financial year.
- 11.7.4. **BfL** – In response to ongoing build cost inflation, several schemes have been delayed or put on hold; resulting in significant reprofiling slippage. There are however a number of schemes currently on site or progressing to planning submission and/or contractor tender with spend increasing over the coming months.
- 11.7.5. **HRA** – Spend has been reasonably consistent over the year, although there has been some slippage against the original budget profile due to issues with

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suppliers. The spend in the remaining months will likely increase due to a backlog of works to be paid and a number of large internal recharges.

- 11.8. The financing of the 2023/24 Capital Programme is set out in the Table E2. This shows the sources of funding used to finance the £57.3m General Fund programme, with the majority coming from capital reserves and grants and the £88.0 HRA programme.

**Table E2: 2023/24 Capital Programme Financing**

	2023/24
	£m
<b>GF:</b>	
Capital Receipts	0.1
Capital Reserves	4.1
CIL	0.0
Corporate Reserves	6.4
Grants	12.7
Prudential Borrowing	23.5
Revenue Contribution	0.1
RTB Receipts	3.9
S106	6.5
<b>Total GF</b>	<b>57.3</b>
<b>HRA:</b>	
Major Repairs Reserve	26.2
Revenue Contribution	5.9
RTB	1.4
Grants	4.4
Prudential Borrowing	50.1
<b>Total HRA</b>	<b>88.0</b>
<b>Total Capital Programme</b>	<b>145.3</b>

**Proposed Capital Programme 2024/25 to 2027/28**

- 11.9. The proposed Capital Programme budget for the General Fund and Housing Revenue Account for the four years from 2024/25 to 2027/28 is £558.0m. This is split into £171.0 for the General Fund and £387.0m for the Housing Revenue Account. Of this programme, £207.7m is allocated into 2024/25; £94.9m with the General Fund and £112.8m with the Housing Revenue Account. This is detailed in Table E3.

**Table E3: Capital Programme 2024/25 – 2027/28**

	2024/25	2025/26	2026/27	2027/28	Total
	Budget	Budget	Budget	Budget	Budget
	£m	£m	£m	£m	£m
<b>GF:</b>					
<u>Directorate of Corporate Resources</u>					
ICT - Tech Refresh	0.6	0.0	0.0	0.0	0.6
<b>Directorate Total</b>	<b>0.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>
<u>Directorate of Community Services</u>					
Safer Communities	0.2	0.0	0.0	0.0	0.2
Parks, Sports, and Leisure	0.1	0.0	0.0	0.0	0.1
Beckenham Place Park (Inc. Eastern Part)	0.4	0.0	0.0	0.0	0.4
LUF Programme - Cultural Hub	2.7	4.8	0.2	0.0	7.7
<b>Directorate Total</b>	<b>3.4</b>	<b>4.8</b>	<b>0.2</b>	<b>0.0</b>	<b>8.4</b>

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<u>Directorate of Children &amp; Young People</u>					
CYP - Other	0.3	0.0	0.0	0.0	0.3
Education Services - School Places Programme	4.6	3.8	0.2	0.0	8.6
Education Services - School Minor Works Programme	3.2	0.0	0.0	0.0	3.2
Children's Social Care	0.3	0.0	0.0	0.0	0.3
Families, Quality and Commissioning - Youth Service	0.7	0.0	0.0	0.0	0.8
<b>Directorate Total</b>	<b>9.2</b>	<b>3.8</b>	<b>0.2</b>	<b>0.0</b>	<b>13.3</b>
<u>Directorate of Place</u>					
Highways & Bridges – TfL	0.0	0.0	0.0	0.0	0.0
Highways & Bridges – LBL	0.7	0.0	0.0	0.0	0.7
Asset Management Programme	3.8	1.3	0.5	0.5	6.1
Corporate Estates Maintenance Programme	2.8	0.0	0.0	0.0	2.8
Strategic Regeneration - Lewisham Gateway	2.7	0.0	0.0	0.0	2.7
Strategic Regeneration - Catford Programme	11.4	1.2	1.0	0.7	14.4
Planning	0.2	0.0	0.0	0.0	0.2
Public Realm	0.1	0.1	0.1	0.0	0.2
Climate Resilience	0.2	0.0	0.0	0.0	0.2
LUF Programme - Public Realm	8.8	6.4	0.0	0.0	15.2
<b>Directorate Total</b>	<b>30.5</b>	<b>49.0</b>	<b>1.6</b>	<b>1.2</b>	<b>42.5</b>
<u>Directorate of Housing</u>					
General Fund Housing	48.1	35.7	3.3	7.3	94.4
Housing Services	3.1	3.7	3.9	1.2	12.0
<b>Directorate Total</b>	<b>51.2</b>	<b>39.4</b>	<b>7.2</b>	<b>8.5</b>	<b>106.4</b>
<b>Total GF</b>	<b>94.9</b>	<b>57.1</b>	<b>9.2</b>	<b>9.7</b>	<b>171.0</b>
<b>HRA:</b>					
Building for Lewisham Programme - HRA	22.3	63.7	34.4	0.0	120.4
HRA Capital Programme (Inc. Decent Homes)	82.5	66.3	50.8	50.7	250.4
Housing Management System	0.5	0.4	0.0	0.0	0.9
Aids & Adaptions	0.5	0.5	0.5	0.5	2.0
HRA Allowances for Buybacks & Brockley PFI	6.9	3.1	3.2	0.0	13.3
<b>Total HRA</b>	<b>112.8</b>	<b>134.2</b>	<b>88.9</b>	<b>51.2</b>	<b>387.0</b>
<b>Total Capital Programme</b>	<b>207.7</b>	<b>191.3</b>	<b>98.0</b>	<b>60.9</b>	<b>558.0</b>

11.10. Although the value of the overall Capital Programme will remain largely the same, the Capital Programme is subject to change for various reasons:

- New schemes may be agreed and added to the programme throughout the remainder of 2023/24 and into future years, reflecting the work of ongoing capital re prioritisation.
- The General Fund capital programme will need to adapt to reflect the priorities of the corporate strategy and the pressures of the Council's building stock condition.

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- Some schemes may no longer be seen as viable and may be paused or aborted.
- The Council will continue to look for opportunities to secure additional funding from sources such as grants, which can be used to pursue alternative or additional Capital Projects.
- There will also be a twice-yearly re-profiling exercise, in which project managers will have an opportunity to change the profile of their budget to reflect any changes in the project.
- If a scheme is underspent at the end of a financial year, then the remaining budget will be rolled forward and added to the budget for the following financial year. Therefore, the 2024/25 budget will be amended to include any 2023/24 outturn slippage.

11.11. Proposals to bring forward pipeline schemes or amend individual schemes within the programme will be subject to future Member approvals for their inclusion in the funded capital programme. This will ensure the overall strategic fit and affordability criteria for the programme are assured.

11.12. The Financing of the 2024/25 to 2027/28 Capital Programme is set out in Table E4 below.

**Table E4: Proposed Capital Programme Financing 2024/25 to 2027/28**

	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m
<b>GF</b>					
Capital Receipts	0.9	1.1	0.5	1.8	4.3
Capital Reserves	2.7	0.8	0.0	0.0	3.5
CIL	1.3	2.5	0.0	0.0	3.8
Corporate Reserves	6.2	0.9	1.8	1.5	10.4
Grants	29.5	14.4	3.7	0.9	48.4
Prudential Borrowing	39.1	31.1	3.0	5.5	78.7
Revenue Contribution	0.0	0.0	0.0	0.0	0.0
RTB Receipts	8.2	4.3	0.0	0.0	12.5
S106	7.1	2.0	0.3	0.0	9.4
<b>Total GF</b>	<b>94.9</b>	<b>57.1</b>	<b>9.2</b>	<b>9.7</b>	<b>171.0</b>
<b>HRA</b>					
Major Repairs Reserve	26.7	27.2	27.7	28.2	109.8
Revenue Contribution	2.0	2.2	2.9	5.8	12.9
RTB	3.2	13.6	7.6	0.0	24.4
Grants	1.7	18.1	13.8	0.0	33.6
Prudential Borrowing	79.2	73.1	36.8	17.2	206.3
<b>Total HRA</b>	<b>112.8</b>	<b>134.2</b>	<b>88.8</b>	<b>51.2</b>	<b>387.0</b>
<b>Total Capital Programme</b>	<b>207.7</b>	<b>191.3</b>	<b>98.0</b>	<b>60.9</b>	<b>558.0</b>

11.13. The financing breakdown for the General Fund is 54% internally, from either current reserves, anticipated receipts, and grants or contributions (including s106 & CIL) with the remaining 46% to be funded externally from borrowing.

11.14. The financing breakdown for the Housing Revenue Account is 47% internally, from either Grants, Right to Buy Receipts, HRA Revenue Contributions and the Major Repairs Reserve with the remaining 53% to be funded externally from borrowing.

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11.15. The financing profile of the Capital Programme is flexible and may change as the Council is constantly looking for external funding opportunities such as additional grants and contributions.

### **Key Risks to the Capital Programme**

11.16. There are many risks to the Capital Programme, some of the key ones are listed below:

- Contractors going into administration and being unable to complete work on projects. This risk has become heightened due to some of the factors listed below. This risk has recently materialised in a number of schemes, most notably the Home Park & Edward Street housing schemes which have now been aborted for this reason, causing losses to the council.
- Increased cost pressures caused by rising inflation rates, which may cause further change to scheme scope to meet with funding availability and could lead to contractors looking to renegotiate scheme costs.
- Delays to projects caused by supply chain disruptions, labour shortages and other factors, which may cause costs to increase due to inflation or additional costs such as storage.
- Council may need to make additional savings meaning certain schemes may need to be paused/aborted. This risk may become more prevalent as the Council is currently forecasting an overspend, and therefore will look to make savings to combat this.
- A project may not deliver the expected benefits.
- A project may not meet the criteria laid out in its funding requirements (for example grant funding with conditions attached), leading to a potential re-payment of this funding. If this materialises then there is a possibility some or all of the funding would need to be repaid.
- Competing priorities for limited resources requires statutory requirements (for example Health & Safety works or changes resulting from new building regulations) to be met first, potentially limiting the number or scale of schemes within the programme.

11.17. These risks will all be carefully considered when both monitoring existing schemes and putting forward recommendations to pause or abort schemes or for potential new schemes.

11.18. Mitigations, particularly around BfL programme, include:

- seeking opportunities to diversify product type (e.g. increasing number of shared ownership homes) and delivery approach (e.g. pursuing acquisitions and investment partnerships in place of direct delivery); and
- continuing to seek additional funding opportunities such as the ability to combine RTB receipts with AHP funding as to reduce pressure on capital programme whilst securing greater delivery.

### **Capital Programme Highlights**

11.19. The paragraphs below set out further details on some of the major capital projects / programmes in the capital programme by directorate.

Directorate of Corporate Resources

- 11.20. *ICT – Tech Refresh*: The Resources Directorate’s capital programme currently has a small allocation of approximately of approximately £0.6M earmarked to fund the completion of the Tech refresh project. The capital programme does not include any allocation for further ICT or Tech refreshes within the current MTFS period.

#### Directorate of Community Services

- 11.21. *Levelling Up Fund – Cultural Hub*: In June 2022 Mayor and Cabinet approved the submission of a bid to the Government’s Levelling Up Fund for Lewisham Town Centre. In early 2023 the Government approved the bid for £19m of Levelling Up Fund with match funding of £5m from the Council. All £24m is capital funding. The bid consists of three projects, one of which is the transformation of Lewisham Library into a Culture and Business Hub. This project has funding of £8m and is currently in planning with works due to start in 2024/25.

#### Directorate of Children and Young People (CYP)

- 11.22. The CYP capital programme comprises a range of projects across two main programme areas – Pupil Places Programme and Schools Minor Capital Works Programme. Both programmes are largely funded through grants.
- 11.23. *School Minor Works Programme*: The School Minor Works Programme is an annual programme of urgent capital infrastructure projects carried out across the borough’s school estate. Works in 2023/24 took place at eleven different school sites and included roof replacements; drainage works; heating and hot water system upgrades, and toilet refurbishment. A new programme of works for 2024/25 will be developed early in 2024 and will include any historic carry forward of unspent allocation plus the 2024/25 allocation.
- 11.24. *Pupil Places Programme*: The focus of this programme is now on provision of Special Educational Needs and Disabilities places across the borough. In 2023/24 works are being carried out to incorporate SEND ‘Resource Bases’ into five existing mainstream schools, and the permanent Watergate expansion project is currently in the design stage and due to start onsite early in 2024. An estimated £8.6m of spend is forecast for the MTFS period, the majority of which will cover the Watergate School expansion works.

#### Directorate of Place

- 11.25. The Place element of the capital programme includes a number of projects / programmes across the core areas of Highways, corporate assets and strategic regeneration. The section below provides a summary narrative of some of the core projects within the Place directorate.
- 11.26. *Highways*: The Highways programme delivers works covering carriageway resurfacing, bridges and footway works. A new programme of works will be worked on in early 2024 and will include an annual allocation from TfL, as well as other works which will be funded through earmarked reserves.
- 11.27. *Asset Management Programme (AMP) (Reactive / Unplanned Works)*: Funding from the Asset Management Programme (AMP) has continued to support reactive and much needed capital works across the operational corporate estate of 85 buildings including buildings in the Catford complex. Reactive works are undertaken by the Facilities Management team covering three key areas: fabric, mechanical and engineering (M&E) and residual or H&S related.
- 11.28. *Corporate Estate Management Programme (CEMP) (Planned Works)*: A new programme of planned lifecycle capital works across the operation estate began in

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2021/22 following a condition survey of the estate. The programme, Corporate Estate Maintenance Programme (CEMP), is designed to ensure that the council's assets are invested in and are fit for purpose. Benefits include less interruptions to critical operations due to building or equipment failure, longer asset life, improved efficiency and energy performance, increased safety and compliance, and reduced repair costs. The current programme will deliver improvements to around 32 assets; covering a vast array of repairs and improvements, all of which seek to ensure the buildings are safe, watertight, and fit for purpose for the services being delivered from them. This includes new roofs, new windows, damp and drainage work, improved working conditions for frontline staff, mechanical and electrical improvements, and general decorations.

There is a requirement for a further £5.1m ((2024/25 – £1.8M; 2025/26 – £0.8M; and 2026/27 – £2.4M) funding for the CEMP for the current MTFS (through to 2027/28) to enable continued planned maintenance across the council's corporate estate, however this has not currently been included in the proposed Capital Programme above. We are funding these from reserves so does not impact wider financing considerations.

- 11.29. *Strategic Regeneration - Catford Town Centre:* In July 2021 Mayor and Cabinet endorsed the Catford Town Centre Framework, which sets out the council's regeneration aspirations for the town centre. This includes a number of early deliverables which form 'phase 1' and plans to redevelop council assets, including Laurence House, the Old Town Hall and Civic Suite, Milford Towers and the shopping centre.

The realignment of the A205 and improvements to the A21 also form part of phase 1. The council has secured £10M Housing Infrastructure Fund grant to support the road scheme and is expecting to make a contribution of up to £3.7m from Community Infrastructure Levy. This contribution will be match funded by TfL. The remaining funding of c. £44M is anticipated to come from Department for Transport's Major Road Network fund, for which TfL are currently progressing a business case application. The council forecasts spend of c.£2M in 23/24 funded via the HIF.

The road realignment creates significant open space in the town centre which will be owned by the council. Initial design work will be paid for by the HIF but further capital expenditure of c.£4.5m will be required to develop the design and deliver the public realm scheme once the road completes. Further funding will need to be identified to cover these costs.

- 11.30. *Levelling Up Fund – Lewisham Town Centre:* As mentioned in section 1.22.1, in June 2022 Mayor and Cabinet approved the submission of a bid to the Government's Levelling Up Fund for Lewisham Town Centre. In early 2023 the Government approved the bid for £19m of Levelling Up Fund with match funding of £5m from the Council. All £24m is capital funding. The Place elements of this programme will deliver a revitalisation of Lewisham Street Market and improvements to the public. These two elements of the bid have a budget of £16m and are currently in the planning stage, with works anticipated to start in 2024/25.

#### Directorate of Housing

- 11.31. *Housing Services - Disabled Facilities Grant (DFG):* The DFG is a capital grant contributing to the cost of home adaptations, to enable eligible disabled people to continue living safely and independently. The Council carried forward £2.1m of unspent grant into 2023/24 and was also awarded an additional £1.6m. The forecast spend for 2023/24 is £1m, meaning that the forecast carryover is £2.7m. This carryover combined with an anticipated further £6m allocated across the MTFS period, means the council has budget over £8m worth of spend across the next 4 years.

- 11.32. *General Fund Housing*: The General Fund housing scheme delivers temporary accommodation for the Building for Lewisham Programme and facilitates regeneration schemes through land assembly. So far 54 temporary new homes have been created under the scheme and a new scheme was approved by Cabinet in March 2023, to purchase 300 properties for temporary accommodation to deal with pressures in the service. Six additional temporary accommodation homes are also in the planning phase.

### HRA

- 11.33. *BfL*: The Building for Lewisham Programme was agreed by Mayor and Cabinet in January 2020. Since that time the programme has slipped and been adversely affected by COVID 19, high build cost inflation, contractor insolvency and increased interest rates. For schemes in planning and pipeline phases, there has been a review to put some schemes on hold due to viability issues. Delivering the programme as a whole has involved a change of tenure mix to improve viability. The HRA is in need of additional capacity and therefore the -£20m NPV previously agreed for the Building For Lewisham Programme will need to reduce to -£10m NPV to ensure that the HRA has sufficient reserves. For the HRA, 262 new homes have been delivered and a further 97 are on site. Schemes in the planning and pipeline phases amount to a further 851 new homes and will be required to reduce the NPV within the revised limit.
- 11.34. *HRA Capital Programme (Inc. Decent Homes)*: This budget is for works to ensure council owned stock is brought up to and maintained to a decent level, covering both internal and external works. This includes works for damp & disrepair, building safety, refurbishment, and others.
- 11.35. Further detail on the HRA Capital Programme can be found in Section 9 of this report, along with Appendices X1-X5.

### **Capital Strategy**

- 11.36. The Council's Capital strategy and priorities drive the Proposed Capital Programme set out in this section of the report. The Capital Strategy & suggested Capital Programme beyond the current MTFS period are detailed in Appendix W1.

### **Recommendation**

- 11.37. It is recommended that Council approve the 2024/25 to 2027/28 Capital Programme of £559.5m.

## **12. Consultation on the Budget**

- 12.1. In setting the various budgets, it is important to have extensive engagement with citizens to consider the overarching challenge facing public services in Lewisham over the next few years. To this end, the Council has undertaken a range of engagement and specific consultation exercises. The specific consultation exercises were:

### **Rent Setting and Housing Panel**

- 12.2. As in previous years, engagement meetings on rents, service charges and garage rent proposals have taken place in line with the existing arrangements through tenant representatives. A meeting on the 13<sup>th</sup> of November 2023 presented tenant and leasehold representatives with an opportunity to consider the position and to feedback any views to Mayor & Cabinet. Tenant representatives of Brockley attended a meeting on 2<sup>nd</sup> of November 2023 to consider the proposals and feedback

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comments to Mayor & Cabinet.

- 12.3. Details of comments from the residents' meetings, and officers responses to these, have been set out in Appendices X1, X2a and X2b.

### **Business Ratepayers Consultation**

- 12.4. Representatives of business ratepayers were consulted online on the Council's indicative net revenue budget between 1 December and 31 December 2023. This consultation was open to all of the over 10,000 businesses registered in Lewisham.
- 12.5. There were 26 respondents, of which 25 answered a few simple questions to better understand the nature of their business operations. They then provided feedback on the Council's corporate priorities, on what the Council does well and on what the Council could do better.
- 12.6. Of the 26 responses to the consultation, 20 confirmed that they were paying business rates. Most of the respondents also provided information on specific details as outlined in Table F1 below.

**Table F1: Information Provided by Business Ratepayer Consultation Respondents**

	<b>Number of Respondents</b>
<b>Type of business operated</b>	
Large Enterprise	0
SME*	11
Micro-enterprise**	12
Charity/Community/Voluntary Sector Organisation	2
<b>Total respondents</b>	<b>25</b>
<b>Business rates relief</b>	
Receiving business rates relief	19
Not receiving business rates relief	6
<b>Total respondents</b>	<b>25</b>

\* Small to medium sized enterprises.

\*\* Including sole traders and partnerships.

- 12.7. When asked which of the Council's seven priorities they valued the most, most of the respondents answered this and a strong local economy was voted as the most valued. The priorities are outlined in more detail in Section 3 of this report. Table F2 below shows how the respondents voted in more detail.



**Table F2: Rankings of the Corporate Priorities by Business Ratepayer Consultation Respondents**

Corporate Priority	Number of Respondent Votes			Overall Ranking
	Most Valued Priority	Second Most Valued Priority	Third Most Valued Priority	
A Strong Local Economy	10	4	2	1st
Children & Young People	2	5	2	5th
Cleaner & Greener	2	6	2	4th
Health & Wellbeing	2	6	4	3rd
Open Lewisham	1	0	1	7th
Quality Housing	2	0	1	6th
Safer Communities	5	2	10	2nd
<b>Total Votes</b>	<b>24</b>	<b>23</b>	<b>22</b>	

- 12.8. See Appendix Y3 to show how each of the corporate priorities are being supported within the Council's budget.

#### **What Lewisham Does Well**

- 12.9. The consultation asked business ratepayers what they believe the Council does well. Of the respondents, 17 provided feedback to this question.

#### Public Realm – Waste

- 12.10. Several respondents gave positive feedback regarding the Council's waste services. One particular respondent wrote that commercial waste collection is always on time and that the Council refuse teams 'go the extra mile' to ensure no waste is left behind during their collections.

#### Inclusive Regeneration

- 12.11. Positive feedback was given around project growth within the Borough. The respondents made comment towards the Council's investment in Lewisham High Street, and how this allows local businesses to thrive, therefore promoting a strong local economy.
- 12.12. One respondent also advised that the strong communication channels of the Council with local businesses has made them aware of opportunities for their business.

#### Community, Partnerships & Leisure

- 12.13. A number of respondents give positive feedback regarding the green spaces within the Borough. In particular, one respondent commented that our green spaces are valued and well maintained, whilst another positively commented on how these spaces are redeveloped when unused or of poor quality.
- 12.14. Other areas mentioned within the feedback to this question included environmental policies, diversity, recycling, and the arts.

#### **What Lewisham Could do Better**

- 12.15. The consultation asked business ratepayers what they think the Council could improve on. Of the respondents, 21 provided feedback to this question.

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### Public Realm – Waste

- 12.16. A number of respondents raised concerns related to Waste Services within the Borough.
- 12.17. More specifically, one respondent raised the concern of a lack of public litter bins around Deptford High Steet and New Cross Station.
- 12.18. The Director for Public Realm notes these comments and advises that the areas will be reviewed, and action will be taken if needed.
- 12.19. A number of concerns were raised relating to the cleanliness of the streets around the Borough, as well as around fly tipping, graffiti, and public park rubbish collection.
- 12.20. The Director for Public Realm notes these comments also. The Council will continue to clean streets and take action on fly-tipping when identified or when reported via the Council's website. The Council regularly sweeps the streets and is also currently reviewing the public bin provision around the Borough. The presence of fly-tipping, along with other street-cleaning issues, can also be reported via the Love Clean Streets website or app. Further information on this can be found on the Council's website; <https://lewisham.gov.uk/myservices/recycling-and-rubbish/cleaner-lewisham>

### Public Realm – Highways & Streetscene

- 12.21. Feedback was given related to the current level of road traffic within the Borough and the negative impact this is having on client footfall in central Lewisham. Respondents also suggested the need for more cycling routes and more emphasis on the safety of cyclists. They would also like to see more encouragement from the Council for residents to choose cycling or walking where possible over other transportation options.
- 12.22. The Director for Public Realm notes these comments. The Council continues to encourage more sustainable transport through investment in cycling and walking schemes, with cycling facilities and cycle routes, and schemes to reduce traffic dominance. The Council is also investing in agreements with dockless bicycle hire operators.
- 12.23. Programmes such as the Sustainable Streets programme are aimed at addressing concerns such as these. More information on this programme can be found on the Council's website; <https://lewisham.gov.uk/myservices/roads-and-transport/sustainable-streets-programme>

### Public Realm – Parking

- 12.24. One particular respondent suggested the idea of a local trader permit when providing feedback to the question. This respondent feels they lose revenue appealing penalty charge notices.
- 12.25. The Director for Public Realm notes these comments. The Council has been working with its parking contractor to allow local businesses to take cash for short term parking, and the council has a programme to review all current controlled parking zones which will also help with business needs.

### Inclusive Regeneration – Business & Partnership

- 12.26. The respondents addressed support for creative businesses, support for local SMEs, attracting new businesses, working with businesses and organisations which are Black and Multi-Ethnic led and how we fill vacant shops and offices in the Borough.

- 12.27. The Executive Director for Place notes these comments. There is support for growing a thriving business base in the Borough and for providing support to Lewisham based businesses to grow and succeed. The Council's UK Shared Prosperity Fund grant programmes were launched in September 2022 and are live on the Council's website. These include our Empty Property Grants that businesses can apply for when signing a new lease for a vacant high-street unit and aims to encourage less vacant commercial premises on our high streets. We have also launched a fund aimed specifically at creating more affordable workspace for arts and creative businesses. We also continue to support the Borough's Creative Enterprise Zone through 'SHAPESLewisham'. The website can be found here; <https://www.shapeslewisham.co.uk/>
- 12.28. In January 2022 the Council undertook a survey of 550 independent high-street businesses. It was the first survey of this kind to look at the ethnicity of business owners to best support the diversity of our high streets. We continue to deliver a support package for local businesses looking to grow or make those first steps, and will continue to provide support which champions a business base as diverse as our residents. The high street survey showed us that seven in ten independent business owners rate Lewisham as an excellent place to do business and there is long term confidence. We hope this message attracts more businesses to the Borough. We are pleased to see that there have been 4,000 more jobs registered in the Borough of Lewisham since 2020.

#### Community, Partnerships & Leisure – Arts Funding

- 12.29. A number of comments were made relating to arts businesses in the Borough and the hope for more funding in this area.
- 12.30. The Director for Communities, Partnerships & Leisure notes these comments. Lewisham's annual reign as the London Borough of Culture enabled an investment of approximately £4m in arts and culture in Lewisham and the legacy is wide reaching, including a 5-year Cultural Strategy named 'We Are Lewisham – A Cultural Strategy for Lewisham 2023-2028'. A Lewisham Cultural Partnership has been formed to oversee the action planning linked to this strategy.
- 12.31. The Council continue to invest in multi-year core funding through its Main Grant programme (2022-2025) and it directly funds to 12 arts organisations that tackle inequality and barriers to participation in arts and culture, allowing further investment through organisations individual fundraising capabilities. The Main Grant programme also funds Fundraising Development Manager posts, managed by the sector, one of whom has an arts fundraising specialism and supports inward investment for Lewisham based organisations.

#### Planning – Housing

- 12.32. Feedback was given by respondents in relation to the creation of new affordable homes and "ensuring housing investors are controlled".
- 12.33. The Interim Director for Planning notes these comments. For new housing developments, developers are required to provide new affordable homes as part of the scheme. This is enshrined in planning policy including the latest Local Plan which has been formally submitted to the Secretary of State (through the Planning Inspectorate) for Examination in Public. The council maintains a brown field register which identifies sites suitable for development which includes a considerable number of smaller sites. This list is updated and published annually.
- 12.34. Developers are required to comply with current national planning policy and local planning policy. Each planning application is assessed on whether the scheme is

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acceptable in policy terms and development schemes are vetted to establish whether there is a need to improve elements such as affordable homes, transport and highway infrastructure, air quality, open space and school improvements. The scale of this will depend on the nature of the development and developers are encouraged to engage the local community at the early stages of the development prior to a planning application being submitted as well as engaging the local planning authority who can guide the development and establish the level of community benefits. The requirements identified are then controlled by planning conditions and/or by way of a legal agreement with the developer.

#### Resident & Business Services

- 12.35. Feedback was given around the difficulties some respondents have in contacting the Council.
- 12.36. The Director for Resident and Business Services notes these comments. The Revenue and Benefits Service has limited telephone access, but this is in line with the potential number of clients, outstanding work, and demand. The service currently has open telephone lines for 12 hours per week, these being Monday, Tuesday, Thursday, and Friday between 9.00am and 12.00pm. The contact number is 020 8314 6150.
- 12.37. Performance is significantly above target with the service answering 93% of 330 calls and 94% of 294 calls received in the last two months. Summons surgeries are also offered all day on Wednesdays. In addition, there are a number of on-line options available where customers can access information to help them with enquiries but are also offered the option to submit enquiries for information.

#### Business Rates

- 12.38. Finally, respondents suggested that business rates should be reduced generally and there should be more access to grants.
- 12.39. The Executive Director for Corporate Resources notes these comments. Business Rates is governed by legislation, in particular the Local Government Finance Act 1992. Whilst we appreciate the comments in terms of the charges and applicable reliefs for new businesses, the Council is solely responsible for the billing and collection of Business Rates, not the setting of these. There are several available reliefs and discounts to certain businesses. These can be found on the Council's website; [www.lewisham.gov.uk](http://www.lewisham.gov.uk). The Council recommends contacting the business rates team to confirm business rates charges before any business commits to a lease. This will assist with budgeting and forecasting.

#### **Summary**

- 12.40. The consultation was available to all of the businesses registered in Lewisham and 26 responses were received.
- 12.41. There were a number of comments and concerns raised regarding the level of business rates tax set by Government and the accessibility and level of relief measures available. In setting its General Fund budget the Council recognises the support needed to businesses and is ensuring that its Resident and Business Services division is able to offer support for businesses, whilst recognising that business rates and the relief and grants schemes are set centrally by Government.
- 12.42. There were also a number of comments provided on the General Fund services affecting businesses in the form of street cleansing, safe streets, housing and arts and culture and the need for the Council to continue to ensure that its services provide value for money. These considerations underpin the ambition of the Corporate Strategy

to ensure that our businesses can enjoy a strong local economy.

### **13. Financial Implications**

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

### **14. Legal Implications**

- 14.1. The setting of the budget is a matter for the Council, having considered recommendations by Mayor and Cabinet. The Council's budget-setting process is set out in its Constitution.
- 14.2. The Council is obliged by section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. It must set and maintain a balanced budget each year. The Local Government Act 2003 introduced a prudential system of financial control whereby the Council is free to borrow or invest so long as its capital spending plans are affordable, prudent, and sustainable. The Council must determine and keep under review how much it can afford to borrow having regard to CIPFA's Prudential Code of Capital Finance in Local Authorities. The Code requires that in making borrowing and investment decisions, the Council must consider affordability, prudence, and sustainability, value for money, stewardship of assets, service objectives, and practicality. Members are also reminded of their fiduciary duty to the Council Tax payer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of Council funds. Furthermore, section 3 of the Local Government Act 1999 places the Council under a duty to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. Members must have regard to this duty in making decisions in relation to this report.
- 14.3. Where a service is provided pursuant to a statutory duty, the Council cannot fail to discharge it properly. Where there is discretion as to how to discharge duties, that discretion should be exercised reasonably.
- 14.4. The Council is required by section 33 of the Local Government Finance Act 1992 to calculate for each financial year the basic amount of its Council Tax. The basic amount of Council Tax must be calculated from the Council Tax base. This base is created by applying a prescribed formula under the Local Authorities (Calculation of Council Tax Base) Regulations 2012. The Council is required to submit its Council Tax base to the GLA between 1 December and 31 January in the financial year preceding the financial year for which the calculation of Council Tax base is made. If it fails to do so, then the GLA is required to determine the calculation for itself, in the manner prescribed in the above Regulations. The amount of Council Tax must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 14.5. Members should have regard to s106 of the Local Government Finance Act 1992 which provides that members who are in arrears on their Council Tax for two or more months may not vote on matters concerning the level of Council Tax or the administration of it.
- 14.6. Under sections 74 and 75 of the Local Government and Housing Act 1989, the Council is obliged to maintain a separate HRA and prevent a debit balance on that account. Rents must therefore be set to avoid such a debit. Section 24 of the Housing Act 1985 allows the Council to make such reasonable charges as they determine for the tenancy

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or occupation of their houses. The Council must review rents from time to time and make such charges as circumstances require. The process for varying the terms of a secure tenancy is set out in Sections 102 and 103 of the Housing Act 1985. It requires the Council to serve notice of variation at least four weeks before the effective date; provide sufficient information to explain the variation and give tenants an opportunity to serve a Notice to Quit ending their tenancy

- 14.7. The Council has carried out budget consultation as set out in this report. Members must consider consultation responses with an open mind before making any decision. The Council should also consider how its decisions will contribute towards meeting its equalities duties, against other relevant circumstances such as economic and practical considerations. Directorates should undertake detailed impact assessments of major proposals to ensure that any proposals for savings are reasonable and meet Equality Act duties.

## 15. Equalities Implications

- 15.1. The Equality Act 2010 (the Act) introduced the public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 15.2. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
  - advance equality of opportunity between people who share a protected characteristic and those who do not; and
  - foster good relations between people who share a protected characteristic and those who do not.
- 15.3. The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which the Council can demonstrate that they have had ‘due regard’.
- 15.4. The Equality and Human Rights Commission issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with services and public functions. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at <https://www.equalityhumanrights.com/guidance/public-sector>
- 15.5. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty.
  2. Meeting the equality duty in policy and decision-making.

3. Engagement and the equality duty.
  4. Equality objectives and the equality duty.
  5. Equality information and the equality duty.
- 15.6. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties, and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at <https://www.equalityhumanrights.com/guidance/public-sector-equality-duty-psed>
  - 15.7. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. It appears at Appendix Y9, and attention is drawn to its contents.
  - 15.8. Assessing impact on equality is not an end to itself and it should be tailored to, and be proportionate to, the decision being made. Whether it is proportionate for the Council to conduct an Equalities Analysis Assessment of the impact on equality of a financial decision or not depends on its relevance to the Authority’s particular function and its likely impact on people from protected groups, including staff.
  - 15.9. Where proposals are anticipated to have an impact on staffing levels, it will be subject to consultation as stipulated within the Council’s Employment/Change Management policies, and services will be required to undertake an Equalities Analysis Assessment (EAA) as part of their restructuring process.
  - 15.10. It is also important to note that the Council is subject to the Human Rights Act, and should therefore, also consider the potential impact their particular decisions could have on human rights. Where particular cuts have such implications, they must be dealt with and considered in relation to those particular proposals before any final decision is made.
  - 15.11. In considering the formation of the 2024/25 Budget it is important to consider how this has changed from the 2023/24, both the impact of each individual budget reduction and budget growth proposal, as well as the cumulative impact of these changes on those with protected characteristics. For each reduction and growth proposal an initial equalities analysis assessment has been undertaken, and a fuller equalities impact assessment where required. The detail of each of these is contained in Appendices Y2a and Y2b, and the summary assessments in Appendices Y8a and Y8b.

## **16. Climate Change and Environmental Implications**

- 16.1. Section 40 of the Natural Environment and Rural Communities Act 2006 states that: ‘every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity’.
- 16.2. Overall, there are limited changes to the budget structure and services funded either from agreed reductions or pressures funded. The environment considerations for any reductions were specifically considered as part of those proposal. The environment considerations for the pressures to be funded in 2023/24 are generally considered to be positive.

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## 17. Crime and Disorder Implications

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

## 18. Health and Wellbeing Implications

- 18.1. There are no specific health and well being implications arising from this report.

## 19. Background Papers

Short Title of Report	Date	Location	Contact
Medium Term Financial Strategy	19 July 2023 (M&C)	1 <sup>st</sup> Floor Laurence House	David Austin
Medium Term Financial Strategy Update	30 November 2023 (PASC)	1 <sup>st</sup> Floor Laurence House	David Austin
Council Tax Base	17 January 2024 (Council)	1 <sup>st</sup> Floor Laurence House	David Austin

## 20. Glossary

Term	Definition
Collection Fund	A statement that shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.
General Fund	This is the main revenue account which summarises the cost of all services (except those related to Council Housing and Locally Managed Schools) provided by the Council.
Housing Revenue Account	Reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure and how this is met by rents, subsidy and other income.
Reserves	Amounts set aside for purposes falling outside the definition of provisions made above are considered as reserves.
Revenue Support Grant	A general grant paid by Central Government to local authorities to help them finance the cost of their services, distributed on the basis of government relative needs formulas.

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## 21. Report Author and Contact

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([david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk))

Katharine Nidd – Director of Finance ([katharine.nidd@lewisham.gov.uk](mailto:katharine.nidd@lewisham.gov.uk))

Financial implications on behalf of the Executive Director for Corporate Resources were provided by the report authors.

Legal implications on behalf of the Monitoring Officer were provided by Melanie Dawson.

## 22. Appendices

### Capital Programme

W1 Capital Strategy

### Housing Revenue Account

X1 Brockley Residents Feedback and Queries Relating to the Rent and Service Charges Proposed Increase for 2024/25

X2a Brockley Rent Increase Proposal Report 2024/25

X2b Regenter Service Charge Proposal Report 2024/25

X3 Rent and Service Charge Increase Proposal Report LBL 2024/25

X4 Garage Rent Increase 2024/25

X5 Other Associated Charges 2024/25

### General Fund

Y1 Summary of Previously Agreed Budget Reduction Proposals for 2024/25

Y2a Budget Reduction Proposals for 2024/25 (Member Decisions)

Y2b Budget Reduction Proposals for 2024/25 (Officer Decisions)

Y3 2024/25 Budget by Corporate Priority

Y4 Ready Reckoner for Council Tax 2024/25

Y5 Chief Financial Officer's Section 25 Statement

Y6 Council Tax and Statutory Calculations

Y7 Summary of Proposed Budget Pressures to be Funded in 2024/25

Y8a 2024/25 Budget Reductions and Growth Equalities Impact Assessment (EIA): Budget Reductions EIA

Y8b 2024/25 Budget Reductions and Growth Equalities Impact Assessment (EIA): Budget Growth EIA

Y9 Making Fair Financial Decisions

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## **Treasury Management**

- Z1 Interest Rate Forecasts 2024-2026
- Z2 Extract from Credit Worthiness Policy
- Z3 Benchmarking Extract
- Z4 Economic Update from Link Asset Services
- Z5 Approved Countries for Investment
- Z6 Requirement of the CIPFA Treasury Management Code of Practice

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### APPENDIX W1: Capital Strategy 2024/25

#### Capital Strategy

- 1.1. The Council's Capital strategy and priorities drive the Proposed Capital Programme set out in this section of the report. The Capital Strategy & suggested Capital Programme consider Capital requirements beyond the current MTFs period.
- 1.2. The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management within the context of the sustainable, long-term delivery of services. The Capital Strategy supports the Corporate Plan, which sets out the Council's ambitions and how we will achieve them. The Capital Strategy in turn is informed by a range of strategic Council documents, which include the Infrastructure Delivery Plan to the Draft Local Plan, the Asset Management Strategy, the Housing Strategy, and the Climate Emergency Action Plan.
- 1.3. The Capital programme's ability to respond to the Council's strategic objectives will require prioritisation of funding and financing, supported by robust business cases. The Capital Strategy will seek to ensure that the Capital Programme is optimised to ensure alignment of spend to address pressures on General Fund revenue resource. This will also require a prioritisation of the use of grant, s106 and Strategic Community Infrastructure Levy where appropriate.
- 1.4. The narrative below sets out key considerations for the Council's capital programme beyond the MTFs period. Similarly to the Capital Strategy, the HRA section of the Capital Programme is determined by the HRA business plan. This is detailed in Section 11 of this report.

#### Asset Base:

- 1.5. The Council owns a diverse range of land and property assets that make an important and positive contribution to the borough. These are mainly used in the delivery of day-to-day council services and housing, while others are held for investment or future regeneration opportunities, or as contributors of value to the provision of public services. Altogether, the Council's fixed asset base, made up of property, plant and equipment, is currently valued at £2.844billion of which £1.475billion are housing assets.
- 1.6. The property asset base is generally accounted for in two core areas: Housing Revenue Accounts (HRA) or housing portfolio and General Fund (GF) or non-housing portfolio. There are approximately 19,800 individually tenanted units within the HRA portfolio and 870 assets in the General Fund or non-housing portfolio. This is in addition to approximately 1900 garage units across the portfolio.
- 1.7. The non-housing portfolio includes assets mainly used to deliver the Council's civic functions (offices, libraries, depot, hostels etc), help discharge statutory obligations (e.g., schools), generate revenue income stream (retail units, light industrial sites etc) and help deliver specific corporate objectives. These assets are held and accounted for by the various services and directorates using them.
- 1.8. In addition to the land and property assets, the Council is also responsible for managing and maintaining 392km of public road network. The Council's responsibilities include

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ensuring highway assets are compliant, fit for purpose and fulfil their functions in an efficient and sustainable manner.

1.9. The asset base is a major resource that is integral to the Council's Corporate Strategy objectives and the delivery of services. To that end, work is ongoing to develop a cross directorate Asset Management Strategy (AMS) to provide a framework for the effective use and management of the Council's property assets. The framework will support the Council in achieving the key priorities set out in the Corporate Strategy 2022-26 by providing a structure and understanding of what role the Council's property portfolio can play. It is intended to be an agile framework to support future service needs, whilst ensuring that priorities for investment, maintenance or rationalisation of assets are identified.

1.10. Amongst other things, the strategy aims to:

- ensure property and land assets support the borough's Corporate Strategy 2022-2026.
- Provide greater understanding of the Council's asset base, its challenges and opportunities.
- to create a strategic framework for asset management to enable sound decision-making about the future use of Council assets.
- to ensure Council assets are fit for purpose, compliant, low or zero-carbon and accessible.
- to maximise income opportunities and reduce financial liability of Council assets.
- to adopt a One Public Estate approach to ensure wider use of the public sector estate for public good.
- provide context and support decisions about prioritising capital investment and development of a Capital Strategy.
- to support decision-making about investment and disposal of Council land and property, to rationalise the estate and deliver Council priorities and services.
- to support the Council in ensuring sufficient land to deliver housing and supported housing programmes.
- to support economic growth and regeneration across Lewisham.

1.11. In parallel to the development of the strategy, is ongoing work on the delivery of a Corporate Estate Maintenance Programme (CEMP) which seeks to invest in and maintain the Council's operational asset base to support longer asset life, improve efficiency and energy performance, increase safety and compliance, reduce repair costs and reduce interruptions to critical operations due to building or equipment failure. This programme is in response to a 2019 asset condition survey of the operational estate. A new condition survey will be undertaken in 2025/26 to capture a more detailed understanding of the condition of all assets including operating cost over a 10-year period for both building fabric and mechanical and electrical components.

1.12. The CEMP is also closely aligned with the Asset Review process which looks to identify prioritised opportunities for better utilisation of the Council's assets, land supply for housing development and to enable service transformation. This is necessary because, as the requirements of the Council evolve, there will undoubtedly be significant opportunities to rationalise land and property as improvements in service design and

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

delivery are realised. Rationalisation may also give rise to opportunities for disposal and generation of capital receipts for reinvestment in the capital programme and furtherance of other Council objectives.

- 1.13. The Council's asset base is in need of transformation and rationalisation to ensure it is fit purpose and support the effective and efficient delivery of services. This transformation will occur during this Capital Strategy period and it likely to require a level of investment in the Council's assets that exceeds that which is currently allowed for in the budget Capital programme. Much of this investment is likely to need to be focussed on the Council's civic campus in Catford, where there remains an ambition to realise a new facility mix as part of the town centre framework. As yet, the Council has not made a decision on the delivery mechanism for this. The estimated capital programme, set out below, recognises that there is not yet a Council adopted delivery strategy for its civic assets but does recognise the existing asset base to require life cycle investment over the strategy period.

### Placemaking and Town Centre Regeneration:

- 1.14. The ambition proposed in the Catford Town Centre Framework is expected to be delivered over the next 20 years or so. The council has procured advice to support the review of delivery options for the council's landholdings within the Framework area. This work is highlighting a number of additional workstreams it would be prudent for the council to undertake, including further work on the proposed public sector campus which includes new council and civic offices.
- 1.15. The delivery of the Framework will create requirements for additional Council financial capacity, including land assembly, managing of the outstanding CRPL debt, meeting the costs of new civic accommodation and the resourcing and consultancy costs to support the chosen delivery route. The value of these asks will be dependent on the delivery route which the council chooses to take in due course. As the programme will likely be 20 years or so, many of these costs will sit beyond the current MTFS period, however, it is expected that resource and consultancy costs of c.£2m will be required in the next few years to support delivery.
- 1.16. The Council's town centre framework sets ambitious objectives for the delivery of affordable housing and civic provision, which present viability challenges in current market conditions. Therefore, there is a risk that the delivery of the framework ambition has implications limits the Council's ability to recover the current loan to CRPL. There are outstanding land assembly challenges to the delivery of the framework objectives. These impacts are not assumed within the Council's current budget and will be the subject of separate Mayor and Cabinet consideration as the Catford delivery business case is further developed.
- 1.17. The realignment of the A205 and improvements form part of the existing capital programme and the majority funding is anticipated to come from Department for Transport's Major Road Network fund, for which TfL are currently progressing a business case application. However, the road realignment creates significant open space in the town centre which will be owned by the Council. An interim scheme will be delivered shortly after the closure of the existing A205 which has an estimated cost of c.£2.5m.

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Further funding will need to be identified to cover these costs. A further permanent scheme will be delivered following the completion of the Civic Suite and Laurence House sites. High level estimates show further capital expenditure of £4.5m would be required. It is expected this would be funded through s106 contributions.

### Housing Development:

- 1.18. The Council's Housing development programme has been significantly impacted by cost inflation, increases in the cost of borrowing and supply side constraints over the recent period. As a result, the capacity for continued delivery will be driven by HRA capacity and the investment needs of the existing housing stock. Therefore, alternative delivery approaches and additional funding sources will continue to be explored. As will opportunities to diversify delivery approaches, using grant fund and land to create new capacity that is less reliant on HRA capital capacity. This approach will continue to need to reflect market conditions.
- 1.19. Delivery of the existing programme of new builds and acquisitions will support HRA revenue realisation and the ability to provide decant capacity for any stock that reaches end of life.
- 1.20. Wider considerations for future new housing delivery are set out in the HRA business plan.

### Net Zero Carbon:

- 1.21. Lewisham Council published a Climate Emergency Action Plan in 2020 setting out plans to deliver on the ambition for the borough to be net zero by 2030. This Action Plan was informed by a consultancy study (Aether 2019) identifying the actions required to achieve net zero in Lewisham, which calculated a requirement for an additional £1.6bn expenditure up to 2030. This estimate is caveated in that many of the technical solutions remain undefined or under-developed and therefore cannot be reliably costed. In addition, since 2019 construction and other costs have increased significantly. It is therefore likely that this estimate of £1.6bn is a considerable under-estimate. London Councils Climate Programme Implementation Plan (2023) identified a cost of £49bn to retrofit all of London's 3.8 million properties to EPC B. Nationally the Office for Budget Responsibility has estimated it will cost the UK £1.4tn by 2050 to eliminate all domestically produced greenhouse gases, or 0.6% of GDP per year (£417b by 2050) once the financial benefits to households are factored in.
- 1.22. Local authorities have no capacity to meet these costs, and Lewisham Council has made no commitment to deliver net zero regardless of cost or be the funder of last resort where mechanisms do not currently exist. The Council is working with partners regionally and nationally to call for more investment from the public and private sector and in addition Lewisham is seeking to find creative solutions to unlock funding opportunities including government grants, new investment models to attract external finance, the climate action investment fund and other opportunities.
- 1.23. Although the Council does not have responsibility for meeting the additional costs of decarbonisation, responding to the ambition for the borough to be net zero carbon has the potential to achieve a range of benefits alongside decarbonisation, such as reduced operational costs through reduced energy consumption, improved performance of

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buildings for staff and service users, the creation of local economic opportunities and reduced pressures on the public sector through improved health outcomes.

- 1.24. There are a wide range of emission sources in the borough, and for the large part, the Council's role is to work in partnership to influence and encourage action. However, the Council is directly responsible for around 15% of the scope 1 and 2 emissions as measured by the Government's local emissions data, with the sources of this being corporate buildings, schools, fleet, and the housing owned and managed by the Council. The total capital cost of decarbonising each of these sources is extensive and subject to ongoing work to develop clearer costs, business cases and funding models. The forthcoming revisions to the Climate Emergency Action Plan commit the Council to developing a costed plan for each source. All current external funding requires significant contributions of match funding and without dedicated support from the Council's own capital programme there will be a growing gap between the stated ambition of net zero by 2030 and the Council's ability to translate that into operational action.

### Estimated Capital Programme 2024/25 to 2033/34

- 1.25. The below table shows a current best estimate for the Capital Programme over the MTFS period & for the 5-year period beyond this. Note that the estimated budget values for the current MTFS period differ from those in the Proposed Capital Programme 2024/25 to 2027/28 in E4. This is because the below table includes pipeline schemes as well as schemes using anticipated, but not yet confirmed, funding such as the Schools Minor Works Programme and the Highways & Bridges – TfL schemes.

**Table W1.1: Capital Programme 2024/25 to 2033/34**

	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 - 2033/34 Budget	Total Budget
	£m	£m	£m	£m	£m	£m	£m
<b>GF:</b>							
<b>Resources</b>							
ICT - Tech Refresh	0.6	0.0	0.0	0.0	0.0	0.0	0.6
<b>Total Resources</b>	<b>0.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>
<b>Community</b>							
Safer Communities	0.2	0.0	0.0	0.0	0.0	0.0	0.2
Parks, Sports, and Leisure	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Beckenham Place Park (Inc. Eastern Part)	0.4	0.0	0.0	0.0	0.0	0.0	0.4
LUF Programme - Cultural Hub	2.7	4.8	0.2	0.0	0.0	0.0	7.7
<b>Total Community</b>	<b>3.4</b>	<b>4.8</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8.4</b>
<b>CYP</b>							
CYP - Other	0.3	0.0	0.0	0.0	0.0	0.0	0.3
Education Services - School Places Programme	4.6	3.8	10.2	11.0	0.0	0.0	29.6
Education Services - School Minor Works Programme	3.2	4.0	4.1	4.1	4.2	21	40.6

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Children's Social Care	0.3	0.0	0.0	0.0	0.0	0.0	0.3
Families, Quality and Commissioning - Youth Service	0.7	0.0	0.0	0.0	0.0	0.0	0.7
<b>Total CYP</b>	<b>9.1</b>	<b>7.8</b>	<b>14.3</b>	<b>15.1</b>	<b>4.2</b>	<b>21.0</b>	<b>71.5</b>
<b>Place</b>							
Highways & Bridges – TfL	1.0	1.0	1.0	1.0	1.0	5.0	10.0
Highways & Bridges – LBL	1.6	2.5	2.5	2.5	2.5	12.5	24.1
Asset Management Programme	3.8	1.3	0.5	0.5	0.5	2.5	9.1
Corporate Estates Maintenance Programme	2.8	1.5	1.7	1.9	3.6	16.5	28.0
Strategic Regeneration - Lewisham Gateway	2.7	0.0	0.0	0.0	0.0	0.0	2.7
Strategic Regeneration - Catford Programme	11.4	3.0	3.3	0.7	1.8	2.5	22.7
Planning	0.2	0.0	0.0	0.0	0.0	0.0	0.2
Public Realm	0.1	0.1	0.1	0.0	0.0	0.0	0.3
Climate Resilience	0.2	0.0	0.0	0.0	0.0	0.0	0.2
LUF Programme - Public Realm	8.8	6.4	0.0	0.0	0.0	0.0	15.2
<b>Total Place</b>	<b>32.6</b>	<b>15.8</b>	<b>9.1</b>	<b>6.6</b>	<b>9.4</b>	<b>39.0</b>	<b>112.5</b>
<b>Housing</b>							
General Fund Housing	48.1	35.7	3.3	7.3	0.0	0.0	94.4
Housing Services	3.1	3.7	3.9	1.2	0.0	0.0	11.9
<b>Total Housing</b>	<b>51.2</b>	<b>39.4</b>	<b>7.2</b>	<b>8.5</b>	<b>0.0</b>	<b>0.0</b>	<b>106.3</b>
<b>Total GF</b>	<b>96.9</b>	<b>67.8</b>	<b>30.8</b>	<b>30.2</b>	<b>13.6</b>	<b>60.0</b>	<b>299.3</b>
<b>HRA:</b>							
Building for Lewisham Programme - HRA	22.3	84.0	118.0	49.5	16.4	87.1	377.3
HRA Capital Programme (Inc. Decent Homes)	82.5	66.5	51.4	54.6	58.9	232.7	546.7
Housing Management System	0.5	0.4	0.0	0.0	0.0	0.0	0.9
Aids & Adaptions	0.5	0.5	0.5	0.5	0.5	2.5	5.0
HRA Allowances for Buybacks & Brockley PFI	6.9	3.1	3.2	0.0	0.0	0.0	13.2
<b>Total HRA</b>	<b>112.7</b>	<b>154.6</b>	<b>173.1</b>	<b>104.5</b>	<b>75.9</b>	<b>322.3</b>	<b>943.1</b>
<b>Total Capital Programme</b>	<b>209.6</b>	<b>222.4</b>	<b>203.9</b>	<b>134.7</b>	<b>89.5</b>	<b>382.3</b>	<b>1,242.4</b>

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## APPENDIX X1: Brockley Residents Feedback and Queries Relating to the Rent and Service Charges Proposed Increase for 2024/25

### 1 Meeting held at St Andrew’s Church, 2nd November 2023.

#### Resident Feedback/Queries and Responses:

1.	(TK) How is the cost of the garages distributed in terms of repairs to these garages? (SS) Lewisham has a pot for repairing garages. (TK) within the current Section 20 Rydon asked for a contribution from leaseholders for garages.
2.	(AF) The water bill is now more expensive than when it was paid to the council. (SS) The water company has taken back the responsibility to collect charges from Lewisham Council, you now have a direct link to them and can challenge the difference with your water suppliers. (SRus) The council had an arrangement to collect on behalf of the water board. The water board now collects directly. The council has no influence towards water prices.
	(AF) Concerned about paying the water and other bills from Universal Credit (SRus) Explained the council does not have control. Certain elements of Service Charge qualify under certain benefits. If you think you’ve been over charged, you can challenge the Water Board (SS) Pinnacle have provided welfare officers to help with support and guide individuals. Advised to make contact. Some parts of Service Charge can be paid by UC. Income recovery team is responsible for the collection of Charges for Leaseholders and Tenants, they are available to talk issues through. Tuesday’s and Wednesday’s there is surgery at Brockley which anyone can make a booking to discuss money issues by emailing <a href="mailto:Brockley.customerservice@pinnaclegroup.co.uk">Brockley.customerservice@pinnaclegroup.co.uk</a>
3.	(SR) Is the increase only for the estimated bill? (SS) yes, adding the RPI, it gives an idea how much items go up for the coming year. You will be charged on the Estimates, this is then adjusted in the Actuals. The Actual is the bill regardless of inflation. (SR) The Service Charge increases of RPI +1% are above inflation increases. (SR) Is the 9.9 % negotiable? (SS) The rate is in line with inflation, this is what it will cost for the new financial year. It is not negotiable.
4.	(TR) The contract goes up by RPI+ X which gives a higher percentage therefore we keep it at just +1% to make the increase. When the RPI is higher on the Service Charge account, we try to minimise the deficit. No control over RPI, its fixed until the contract finishes.
5.	(MB) After rubbish collection, some items are left on the floor where the job appears incomplete by the bin men. (SRus) Suggested reporting it on the website. Fly-tipping is an offence, residents can contact 101 or log the issue on ‘Love Lewisham’ website

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6.	<p>(ET) Lewisham tenants fund is charged 15p, the charge goes into a fund to encourage the formation of TRA's who can then apply for grants each year, for equipment/training etc..</p> <p>It is managed by a board of Directors and is a registered controlled company. There is training for Chairs, Treasurers etc..</p> <p>Sam can help with setting up TRA's.</p>
7.	<p>I don't feel these charges are justified when there are no means of communicating with Lewisham Council officers, councillors or contractors and there are systemic problems with "appealing and substandard" work.</p>
8.	<p>This is the second consecutive year in which Pinnacle is imposing an almost double digit percentage increase (9.9%) on the cost of the service charge. This will place additional pressures on household finances during the cost of living crisis, and also, when many leaseholders are facing bills of (literally) thousands of pounds to contribute towards Regenter B3's major works programme. The paper is silent on these very real and specific financial pressures on leaseholders arising from the current major works round, which suggests Pinnacle did not consider these pressures in the round when determining this year's annual service charge increase. This is short sighted.</p> <p>We are always told that the increase of RPI + 1% on the service charge is mandated by the PFI contract that the council has signed with Regenter B3 (which requires the service charge to increase by RPIX). This gives leaseholders, and indeed the Council, no recourse to challenge any of these costs and "bakes in" <b>above inflation</b> increases over which no discretion appears to be able to be made. This seems fundamentally wrong.</p> <p>Many residents are wondering what will happen to the service charge after 2027, when the PFI contract with Regenter B3 expires, and we understand the management of the properties in the Brockley PFI area will return to council management. I request that the Housing Committee seeks clarity on the future plans in this area (are the properties to return to council management?) And also, what will the consequences of this be for the future of the service charge and its calculation? Any proposed changes must be consulted upon fairly and transparently - particularly if they were to result in any further increases in service charge costs. I would ask that the Council responds on this point and provides residents with some reassurance.</p>
9.	<p>1 – The document states “residents are invited to consider this report .....” but as Pinnacle and the Council knows from previous years, this document and the others have not been sent to all residents. There is uncertainty if Pinnacle sent the document or made it available to a panel members let alone all residents.</p> <p>2.7 – Was the heating and hot water charge changes report shared with residents? If not, why not?</p> <p>3.1 Policy Context – The huge increase in service charges may be detrimental to Corporate Strategy Objectives and may mean that a decent home is not secure or affordable and may lead to an increase in homelessness. It is unclear how the action of an increase will help to develop the objectives.</p> <ul style="list-style-type: none"> <li>• How is success measured and what were the results and impact of last year's increase?</li> </ul>

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3.2 – How does the rent increase directly contribute to the 4 bullets and how is this measured?

How does raising charges help deliver Council objectives?

- If Lewisham Council states there are no direct efficiencies or savings and there is no value for money indicators to assess effectiveness how does the Council measure that quality of homes has been improved?
- How does increasing charges strengthen communities and embrace diversity? What baselines does the Council use to measure success / failure? What were the results from last year?

5 - Efficiencies and savings proposals for 24/25 – No examples are provided, only generic paragraphs. What direct efficiencies/savings are currently being considered?

- The Brockley Service Charge Report 2023-24 Para 5.3 states that one of the key principles for setting service charges is value for money. There is no evidence that value for money is being considered and that efforts will be made to improve the quality or quantity of services or to make any efforts to reduce costs for the same services.
- The Council had a similar line for the 2022/23 charge increases. Please may the Council confirm what opportunities for cost reductions and efficiencies it identified and implemented for 2021/22 and 2022/23? Or is this just another generic Council line without any substance?
- 5.2- what are the referred to savings and targets? Were these met in previous years?
- The report does not stipulate or define value for money and how it is measured. What economic, efficiency, effectiveness and equity indicators are used to measure value for money?

The key principles for setting service charges do not refer to the levels of profits made by contractors. Why is this not a key principle? Without knowing this how can Lewisham Council and residents test if the contract delivers value for money?

Last year's rent increase proposal documents included additional sections on crime and disorder, equalities, and environmental implications. Are these no longer council objectives? If they are please providing the documentation highlighting where Pinnacle is held to account to deliver these through service charges?

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

### 2 Lewisham Council Housing Service: Rent and Service charge meeting (TRA Chairs and Leasehold Forum)

Meeting held via Microsoft Teams, Monday 13<sup>th</sup> November 6:30-8:00pm.  
Rents and Service Charges Feedback:

<b>Property Services:</b>	
Communication	TRAs and residents cannot report communal repairs and leaks on the online system
Communication	There needs to be communication with residents about the cyclical maintenance programme
Communication	There is a lack of coordination and communication between departments.
Cost	Is there any correlation between increase in rent and increased service to residents – i.e. no maintenance
Investment	A lot of disrepair, even though decent homes were done ten years ago, it has not addressed the problems. Leaks are a huge issue and cause mould and condensation.
Investment	Pipes are failing, and causing leaks, because there is no cyclical maintenance programme
Investment	Legal fees for disrepairs could be reduced if there was investment in existing assets to repair leaks, etc. These aren't often addressed quickly enough which makes it more costly long term
Investment	Repairs system and capital programme system need to improve Kitchens and bathrooms changed every 15 years, but other works externally and communal areas have not been done in 25 years.
Repairs & Investment	What causes the huge delay for getting works done for leaseholders? Big delay for leak repair works – 2 years.
Compliance	Concern about security at independent living scheme – people coming in and no one knows who they are
<b>Resident Services:</b>	
Consultation	Want LBL to take on board their (TRA/ Resident's views and ideas) and possible solutions i.e. for flytipping
Housing Management	Encourage TRAs to set up Tenant management Organisations (TMOs).
Housing Management	Independent living officer – given considerably more work, no change in amount of service charge for this reduced service
Environment	Gardening – not happening at Vineries
Environment	Environment is poor, need improved litter-picking
Environment	Appalling upkeep of the estate. Need to improve the basics and ensure the areas are well maintained Fly-tipping – can be resolved, put in a covered space, and put bins away from the road. If estates look good, people are less likely to litter.
<b>Other:</b>	
Communication	There should be a road map for change with the Housing Services now they're in the council. How things will move forward.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

Finance	Surprised that the council have gone with the maximum increase. It's misleading to say we are going with government advice, as the government say we can go up to 7.7%
ICT/ Home ownership/ Finance	There should be investment in a software upgrade to better predict and monitor service charges. There are currently many errors with the service charge billing

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

### 3 Garages

Feedback:
Garages don't have electricity, so enable to store electric cars. What are the plans for electric charging points? Can use a lamppost which already has an electricity supply
It should be clearer what the spend is on garages overall and not just the repairs costs.

### 4 Lewisham Tenants Fund (LTF)

- No questions or comments on report;
- Shirley - Chair of LTF asked to clarify that the LTF is a separate company;
- LTF requested a meeting with Gillian to discuss LTF.

### 5 Response to feedback – Chair, Gillian Douglas (Executive Director of Housing)

#### Rent and Service Charge:

- We are working on asset management strategy;
- Have been impressed by the caretaking and environment teams, and believe they are doing a good job. They are not well resourced, and it's an aging workforce with sickness that needs to be covered;
- We need to set clear expectations for staff;
- We will see if we need to look at transferring resources between estates.
- Fly-tipping is an issue that requires solutions.
- Investment in the stock is needed;
- ACTION - Gillian asked for details of estates she should visit where residents have concerns;
- ACTION - Gillian requested David (Colonnade) email her directly about the roof at Colonnade.

#### Garages:

- ACTION - David Lee to seek update from Martin O'Brien on plans for electric car charging point installation in the Borough.

#### Final comments and next steps:

- Comments from this meeting will be presented to the Housing Select Committee (HSC) meeting, to help inform their discuss and inform their recommendations;
- Any additional comments following the meeting will go to Mayor & Cabinet (M&C) for a decision in February 2044;
- The report goes to full council at end of February 2024;
- Residents will then be advised of the decision that is made.

#### Actions:

- Arrange for Gillian to visit Tanners Hill, Jerningham and the Pepys estate (as requested by residents at meeting);
- David Lee to seek update from Martin O'Brien on plans for electric car charging point installation in the Borough;
- Follow up on LTF request for a meeting with Gillian to discuss LTF;

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- Lewisham Housing to discuss concerns raised at Vineries with independent living team (staff time/ resource available, and security).

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## APPENDIX X2a: Brockley Rent Increase Proposal Report 2024/25

Lewisham Council Dwelling Rents 2024/25		
<b>Report Title</b>	Housing Revenue Account (HRA) – Rent Setting	
<b>Contributors</b>	Director Resident Engagement and Housing Service/Executive Director for Corporate Resources	
<b>Class</b>	Part 1	Date: November 2023

### 1 Purpose of the Report

To outline the proposed rent increase of 7.7% for Lewisham Council Dwellings in 2024/25. Residents are invited to note this report and provide comments on the proposals.

### 2 Context

- 2.1 During the period from April 2015 to April 2019, the Government mandated for all registered providers of social housing (including local authorities) to reduce dwelling rents by 1% per annum. The financial impact of this was significant which meant that maintaining service levels throughout this period was challenging as a direct result of the loss of income.
- 2.2 From April 2020 the Government published a new Rent Policy which permitted Registered Providers to return to the pre- 2015 methodology for increasing rents annually, up to at least 2025. This method of rent increase is based on CPI + 1%. Lewisham Council has been applying this approach since April 2020.
- 2.3 The exception to this was for the year 2023-24, when all Registered Providers were required to cap the rent increase to a maximum of 7%, in light of the high inflation and the resulting 10.1% CPI as announced in September in 2022. This resulted in a real-terms loss of £3.0m to the HRA.
- 2.4 CPI at September 2023 has recently been confirmed at 6.7%. In adopting the Government's Rent Policy as described in 2.2 above, this results in an allowable rent increase of 7.7% (6.7% + 1.0%). So far there has been no indication from Government that there will be a cap on the increase as there was in 2022, and the proposed increase takes this assumption into account.
- 2.5 The maximum increase is required to be able to deliver against its objectives in relation to the management, maintenance and investment in its housing stock and deliver its wider corporate objectives for housing in the Borough, as detailed in Point 3 below.
- 2.6 The report below sets out the resulting impact on rents.
- 2.7 The potential average service charges and heating and hot water charge changes for 2024/25 are contained in a separate report.

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- 2.8 No proposals have been received to vary the current levy for the Tenants' Fund contribution. The detail is covered in a separate report and summarised below.
- 2.9 The proposed increase to garage rents is covered in a separate report and summarised below.
- 2.10 Residents are invited to comment on the proposals. Residents' comments will be included in the Mayor and Cabinet budget report due in February 2024. Mayor and Cabinet will be requested to approve the increase of 7.7%.

### 3 Policy Context

- 3.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objective:
- Tackling the housing crisis – Everyone has a decent home that is secure and affordable.
- 3.2 The contents of this report also support the objectives of the Housing Strategy 2020-26, as ensuring an appropriately funded HRA will work towards the delivery of the following objectives:
- Delivering the homes that Lewisham needs
  - Improving the quality, standard and safety of housing
  - Supporting our residents to live safe, independent, and active lives
  - Strengthening communities and embracing diversity.

### 4 Proposal for rent Increases

- 4.1 In line with the formula rent calculation policy, rents for 2024/5 will rise by 7.7% based on CPI of 6.7% (as of September 2023) + 1%, as allowable under the Government's Rent Policy.
- 4.2 A 7.7% increase in average rents for HRA dwelling stock 2024/25 equates to an average increase of £8.57pw over a 52-week period. This will increase the full year average dwelling rent for the London Borough of Lewisham from £111.33pw to £119.91pw. The proposed increase will result in additional income of £6.140m for the HRA.
- 4.3 It should be noted that the HRA cost base for management and maintenance, materials and capital investment will be inflated based on increases similar to or based on the CPI output data. Supply chain and labour supply remains challenging due to the difficult economic climate and the ongoing impact of Brexit and the geopolitical situation in the world. There are also additional cost pressures associated with the zero-carbon agenda and the increased regulatory burden arising from the Social Housing Regulation Act 2023 and other legislative changes such as the Building Safety Act 2022. In addition, debt interest charges will also increase based on the need to borrow for HRA investment needs and the increase in interest rates applied to debt.
- 4.4 The following table provides details of the 7.7% average rent rise by bedroom numbers for housing stock in the HRA as at 1<sup>st</sup> April 2023. Service charges are not

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

included in this table – please refer to the Services Charges Proposal Report, as referred to in Point 6 below.

Bed size	Average Rent 2023/24	Average Rent 2024/25	£ Change	% Change
Bedsit	£83.30	£89.72	£6.42	7.7%
1	£97.70	£105.23	£7.53	7.7%
2	£110.20	£118.69	£8.49	7.7%
3	£128.61	£138.51	£9.90	7.7%
4	£144.51	£155.64	£11.13	7.7%
5	£164.40	£177.06	£12.66	7.7%
6	£170.61	£183.75	£13.14	7.7%
7	£175.73	£189.27	£13.54	7.7%
<b>Average Total</b>	<b>£111.33</b>	<b>£119.91</b>	<b>£8.57</b>	<b>7.7%</b>

4.5 For the purpose of business and financial planning, it is assumed that rental charges for the period 2024/25 to 2025/26 will be increased in line with the previous guidance of CPI + 1%.

4.6 At the present time, the financial models used by the council forecast CPI to be an average of 4% for 2025/26 and 2% for 2026/27. It reverts back to the bank of England target of 2.0% annually from 2026/27. This will be constantly monitored and updated when necessary.

### 5 Efficiencies & Savings Proposals for 2024/25

5.1 The HRA strategy and self-financing assessments are continually updated and developed, to ensure resources are available to meet costs and investment needs for 2024/25 and future years.

5.2 There are ongoing discussions regarding appropriate savings and target management and maintenance costs per unit across all council-owned housing. Any savings and efficiencies that are delivered against the current financial budget will be reinvested back into the HRA.

5.3 An update of the HRA Strategy and proposed rent & service charge increases will be reported to Mayor and Cabinet as part of the HRA Rents and budget strategy report. Mayor and Cabinet will make the final budget decisions in the New-Year.

### 6 Service Charges & Garage Rents

6.1 The agreed policy on Service Charges is that charges should reflect full cost recovery for the type of service undertaken. Heating and hot water costs are also recovered by a charge to tenants and leaseholders.

6.2 A separate report to residents giving further details of the increase to be applied for 2024/25 is provided.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- 6.3 Garage rents are proposed to rise by 8.9%. This represents an average increase of £1.58pw and would raise the average basic charge from £17.70pw to £19.28pw. The proposed increase will raise an additional £150,000 of revenue income after blue badge discounts have been applied.
- 6.4 The authority continually reviews rental values across the garage stock to ensure they remain on a sound commercial footing and reflect market rents. Any additional changes are likely to be consulted on and implemented for financial year 2025/26 onwards.
- 6.5 Property Estates Services have provided a separate consultation report giving further details of the increase to be applied for 2024/25.

### 7 Tenants' Levy

- 7.1 As part of the budget and rent setting proposals for 2005/06 an allowance was 'unpooled' from rent as a tenant service charge in respect of the Lewisham Tenants' Fund. The current levy is £0.15pw.
- 7.2 No proposals have been put forward by the Tenants Fund Committee to vary this levy for 2024/25. Therefore, the charge will remain at £0.15pw for 2024/25.
- 7.3 The tenants' fund has provided the panels with an update report regarding the accounts of the fund and budget proposals for 2024/25.

### 8 Housing Select Committee

- 8.1 Housing Select Committee will consider the proposals on 28th November 2023.

### 9 Conclusion

- 9.1 From April 2020, councils were able to return to the previous method of rent increases, which was CPI plus 1%.
- 9.2 Whilst Lewisham Council implemented this method to determine the rent rises from that date, Government capped rent increases for 2023/24 at 7%. Rents for 2024/25 are not currently subject to capping from government and will rise by CPI + 1%. CPI as of September 2023 was 6.7%. Therefore, using the formula increase, rent will rise by 7.7% resulting in an average increase of £8.57 per week.
- 9.2 The budget report will be presented to Mayor and Cabinet on 8<sup>th</sup> February 2024.

**If you require any more information about this report, please contact Simone Russell via email: [Simone.Russell@lewisham.gov.uk](mailto:Simone.Russell@lewisham.gov.uk)**

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## APPENDIX X2b: Regenter Service Charge Proposal Report 2024/25

Committee	<b>Brockley Residents Meeting</b>		Item No	
Report Title	<b>Service Charges 2024/25</b>			
Contributor	<b>Regenter Brockley Operations Manager</b>			
Class	<b>Information</b>	Date	<b>2<sup>nd</sup> November 2023</b>	

### 1 Purpose of Report

- 1.1 The report sets out proposals for resident's service charges in 2024/25.
- 1.2 The report requests Brockley Residents to note the proposals to increase the service charges for leasehold and tenanted properties in 2024/25. Resident's comments will be fed back to Mayor and Cabinet as part of the Council's overall budget setting process.

### 2 Recommendations

- 2.1 To inform Brockley Residents on the service charge proposals and feedback comments to Mayor and Cabinet.

### 3 Background of the Report

- 3.1 The Council's Housing Revenue Account is a ring-fenced account. The account can only contain those charges directly related to the management of the Council's housing stock. By implication leaseholders must be charged the true cost of maintaining their properties, where the provision of their lease allows. This prevents tenants subsidising the cost to leaseholders, who have purchased their properties.
- 3.2 The service charges will be increased in line with the September 2023 RPI (Retail Price Index) of 8.9% plus 1% (uplift under RegenterB3 contract) making a total increase of 9.9%. This percentage will be applied to the actual cost of each service element of the 2022/2023 figures. These costs have been audited and the actual cost of each service arrived at.
- 3.3 Each year a review of the actual service charge costs is undertaken as part of the budget setting process and recommendations made to the Council in respect of proposed charges.
- 3.4 Last year the increased cost of living and the energy crisis pushed the retail price index figures into double figures, we are pleased that this year the figure has reduced to single figures. The audit of actual costs completed every year, ensures that any necessary adjustments are undertaken to ensure full cost recovery.
- 3.5 In the current economic environment, it must be recognised that for some residents these service charge increases may represent a significant financial strain. Those in receipt of housing benefit will receive housing benefit on increased service charges. Within Brockley PFI managed stock, there are approximately 315 live HB claims and

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

approx. 374 tenants on Universal Credit. We say approx. because there are many tenants who are in receipt of UC but manage their finances themselves paying bills and rent directly. Pinnacle, have a Welfare benefits and financial inclusion team available to support all Regenter Brockley residents. Officers determine the need, whether it be benefit/Income maximisation, help with benefit awareness and eligibility, amongst many other financial support areas. This service is offered to all residents.

### 4 Leasehold Service Charges

- 4.1 The basis of the leasehold management charge has been reviewed and externally audited this summer to reflect the actual cost of the service.
- 4.2 The following table sets out the current average weekly charge and the proposed increase for the current services provided by Regenter B3.
- 4.3 The proposed service charges for 2024/25 have been aligned to the 2022/23 actual service charges costs.
- 4.4 The data in the table for leaseholders has been calculated to reflect the charge applied for inflation as allowed for within the contract at a rate of 9.9% (September 2023 RPI of 8.9% + 1.0%) Overall, charges are suggested to be increased by an average of £1.93 per week which would move the current average weekly charge from £19.48 to £21.41.

Service	Leasehold No.	Actual Weekly Amount (End of Year 2022/2023)	Increase (9.9%)	weekly increase	New Weekly Amount at 9.9%
<b>Caretaking</b>	429	£3.56	9.90%	£0.35	£3.91
<b>Grounds Maintenance</b>	435	£2.17	9.90%	£0.21	£2.38
<b>Communal Lighting</b>	397	£1.84	9.90%	£0.18	£2.02
<b>Bulk Waste</b>	429	£1.47	9.90%	£0.15	£1.62
<b>Window Cleaning</b>	237	£0.03	9.90%	£0.00	£0.03
<b>Resident Involvement</b>	584	£0.29	9.90%	£0.03	£0.32
<b>Customer Services</b>	584	£0.47	9.90%	£0.05	£0.52
<b>Ground Rent</b>	568	£0.00	9.90%	£0.00	£0.00

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<b>General Repairs</b>	584	£3.35	9.90%	£0.33	£3.68
<b>Technical Repairs</b>	401	£0.87	9.90%	£0.09	£0.96
<b>Entry Phone</b>	140	£0.66	9.90%	£0.07	£0.73
<b>Lift</b>	242	£1.76	9.90%	£0.17	£1.93
<b>Management Fee</b>	584	£3.01	9.90%	£0.30	£3.31
<b>Total</b>		£19.48		£1.93	£21.41

### 5 Tenant Service Charges

- 5.1 Tenant service charges were separated out from rent (unpooled) in 2003/04. Tenants pay service charges for caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning.
- 5.2 In addition, tenants pay a contribution of £0.15pw to the Lewisham Tenants Fund. At present there are no plans to increase the Tenants Fund charges.
- 5.3 As outlined in this report, the principle to be applied to service charges is that full cost recovery should be maintained wherever possible. The service charge increase applied for 2024/25 will be set in November 2023 to be applied from 1st April 2024. Pinnacle review service charges on a regular basis to ensure they are appropriately set and will continue to do so.
- 5.4 The data in the table for tenants as shown below, has been calculated to reflect the charge applied for inflation as allowed for within the contract at a rate of 9.9% (September 2023 RPI of 8.9% + 1.0%) Overall, charges are suggested to be increased by an average of 0.72 pence per week which would move the current average weekly charge from £7.53 to. £8.25.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

Service	Current Weekly Charge based on the Actuals for 2022/23	Increase (9.9%)	weekly increase	New Weekly Amount at 9.9%
Caretaking	£3.56	9.90%	£0.35	£3.91
Grounds Maintenance	£2.17	9.90%	£0.21	£2.38
Communal Lighting	£0.14	9.90%	£0.01	£0.15
Bulk Waste	£1.48	9.90%	£0.15	£1.63
Window Cleaning	£0.03	9.90%	£0.00	£0.03
Tenants fund	£0.15		£0.00	£0.15
<b>Total</b>	<b>£7.53</b>		<b>£0.72</b>	<b>£8.25</b>

Feedback received from residents at the meeting on 2<sup>nd</sup> November will be included in the Housing Select Committee Report. Other comments received to the end of November 2023 will be included in the Mayor and Cabinet Report.

Please ensure all comments are sent to Brockley Customer Services by email at [brockley.customerservice@pinnaclegroup.co.uk](mailto:brockley.customerservice@pinnaclegroup.co.uk) or by post to Brockley Customer Services, 111 Endwell Rd, Brockley, SE4 2PE.

If you require any further information on this report, please contact: Kenneth Gill, Area Manager or Sandra Simpson, Project Manager-Leasehold [Brockley.customerservice@pinnaclegroup.co.uk](mailto:Brockley.customerservice@pinnaclegroup.co.uk) (020 4 518 1447).

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## APPENDIX X3: Rent and Service Charge Increase Proposal Report LBL 2024/25

Briefing for TRA Chairs and the Leaseholder Forum Lewisham Council Rents and Service Charge increase proposal 2024/25 and proposal for the Tenants Fund and Garage charges		
<b>Report Title</b>	Housing Revenue Account (HRA) – Rent, Service Charge and Garage Rent Setting	
<b>Contributors</b>	Director Resident Engagement and Housing Service/Executive Director for Corporate Resources	
<b>Class</b>	Part 1	Date: 13 <sup>th</sup> November 2023

### 1 Purpose of the Report

- 1.1 To set out and explain the proposed rent increase of 7.7% for Lewisham Council Dwellings in 2024/25. This reflects the Government’s Rent Policy and the Regulatory Rent Standard, which allows registered providers to increase rents by the annually reported CPI + 1%.
- 1.2 To set out and explain the proposed service charge increase of 7.7% for both Lewisham Council tenants and leaseholders.
- 1.3 To confirm that the Tenants Fund contribution will remain at 15 pence per week.
- 1.4 To summarise the proposed 8.9% increase to garage rents.
- 1.5 TRA Chairs and members of the Leaseholder Forum are asked to note, comment, and provide feedback on these proposals. Feedback will be reported to the Housing Select Committee at its meeting on 28th November 2023 and to the Mayor and Cabinet in February 2023.

### 2 Context

#### Dwelling rents

- 2.1 Lewisham Council is a Registered Provider (RP) of social housing and is required to comply with the Government’s Rent Policy. The Rent Policy stipulates the maximum increase which may be applied each year.
- 2.2 The current Rent Policy permits RPs to increase rents by a maximum of CPI (Consumer Price Index) + 1%. The CPI figure is taken from the nationally published CPI figure each September for the year preceding the rent increase.
- 2.3 The CPI figure for September 2023 was 6.7%. This means that the Council can increase rents for 2024-25 by 7.7% (6.7% +1%).
- 2.4 Last year the Government ruled that rent increases for 2023-24 must be capped at 7%, even though the CPI figure was 10.1%, during a year of exceptionally high

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

inflation. The aim of the cap was to reduce the burden on households. The effect of this though was to move the burden to RPs, who were still impacted by high inflation in funding their service delivery.

- 2.5 The Government has not so far indicated that it intends to cap the increase for 2024-25. The Council recognises the fact that tenants still face high living costs, however the Council will need to apply the maximum allowable increase of 7.7% for 2024-25, to be able to afford to continue to deliver services to residents, maintain and invest in the housing stock and make sure that the Housing Revenue Account is sustainable in the medium and long term.

### Service charges

- 2.6 Service charges are payments made by residents for services received in connection with the occupation of their homes. Examples include the management and upkeep of communal areas, health and safety functions and repairs to/investment in the fabric of flat blocks. It also includes a range of services to estates. This may include communal heating and lighting.
- 2.7 Some of these services are required to be delivered for tenants as part of the tenancy agreement and/or the landlord's legal obligations. Where this is the case, the costs will be included as part of the weekly rent charge. Some additional services are 'de-pooled' from dwelling rents, which means they are payable on top of the rent charge. Leaseholders are required to contribute to the costs as set out in their individual Lease Agreement.
- 2.8 The Council is legally required only to pass on charges which are reasonably incurred. To make a reasonable assessment of what the charges should be, the Council calculates estimated service charges for the following year by looking at the actual charges which were incurred during the full previous year for which they have audited accounts and adding on an inflationary amount. For 2024-5, it is proposed the increase will be 7.7%. Actual charges can only be fully determined at the end of the year once the services have been delivered. Once the actual charges are determined, Leaseholders will either receive a credit to their accounts for any overpaid monies or will receive a bill to make up the difference, where the estimated charges were less than the actual costs.
- 2.9 The Regulator of Social Housing does not govern service charge increases in the same way as it governs rent increases. However, its guidance within the Rent Standard is that registered providers should endeavour to limit service charge increases for tenants within the limit of the increase it applies to rent. As explained above, this is currently CPI + 1%.
- 2.10 Where the service charges include repairs and maintenance costs, the Council has used an average of the past three years' costs, to help eliminate any unusual fluctuations in costs. The inflationary uplift is added to this. For services such as asbestos surveys, fire risk assessments and pest control, these costs will be charged in line with the contract values, as charged at the time.
- 2.11 Due to the high cost of procuring and delivering these services in recent years, the ongoing cost of living pressures and the current high CPI figure when compared to previous years, the Council is not passing on the full cost of all works to tenants

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

through its service charges. However, this will be reviewed in future years when inflation (CPI) comes down.

### Tenants' fund contribution

- 2.12 The Tenants' Fund was set up more than 20 years ago to provide financial support for residents' associations and other activities. The Fund is administered by an independent Tenants' Group which has registered as a business with Companies House. All tenants contribute 15p per week to the fund, from their rent payment. No proposals have been received to vary the current levy for the Tenants' Fund contribution. The detail is covered in a separate report.

### Garage Rents

- 2.13 Garage rents are set by the Council's Estates Team. Garage rent increases are not included in the Regulator's Rent Standard nor the Government's Rent Policy as they are not dwellings.
- 2.14 It is proposed that garage rents are increased by 8.9%. This represents an average increase of £1.58 per week. The proposed increase will raise an additional £150,000 after blue badge discounts have been considered.
- 2.15 The income goes into the Council's General Fund and not the Housing Revenue Account. The proposed increase to garage rents is covered in a separate report.

## 3 Policy Context

- 3.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objective:
- Tackling the housing crisis – Everyone has a decent home that is secure and affordable.
- 3.2 The contents of this report also support the objectives of the Housing Strategy 2020-26 and ensuring a properly funded HRA.
- Delivering the homes that Lewisham needs
  - Improving the quality, standard and safety of housing
  - Supporting our residents to live safe, independent, and active lives
  - Strengthening communities and embracing diversity.
- 3.3 In order to deliver on its Housing Strategy, the Council must produce a balanced HRA Business Plan, which by law is not permitted to go into deficit. As outlined above, it should be noted that the HRA cost base for management and maintenance, materials and capital investment will be increased due to inflationary pressures. Supply chain and labour costs remain challenging due to the difficult economic climate and the ongoing impact of Brexit and the geo-political situation in the world. There are also additional cost pressures associated with delivering on the zero-carbon agenda and the increased regulatory burden arising from the Social Housing Regulation Act 2023 and other legislative changes such as the Building Safety Act

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

2022. In addition, debt interest charges will also increase based on the need to borrow for HRA investment needs and the increase in interest rates.

### 4 Proposal for rent increases

- 4.1 In line with the formula rent calculation policy, rents for 2024-25 will rise by 7.7% based on CPI of 6.7% (as of September 2023) + 1%, as allowable under the Government's Rent Policy.
- 4.2 A 7.7% increase in average rents for HRA dwelling stock 2024/25 equates to an average increase of £8.57pw over a 52-week period. This will increase the full year average dwelling rent for the London Borough of Lewisham from £111.33pw to £119.91pw. The proposed increase will result in additional income of £6.140m for the HRA.
- 4.3 The following table provides details of the 7.7% average rent rise by bedroom numbers for housing stock in the HRA as of 1<sup>st</sup> April 2023.

Bed size	Average Rent 2023/24	Average Rent 2024/25	£ Change	% Change
Bedsit	£83.30	£89.72	£6.42	7.7%
1	£97.70	£105.23	£7.53	7.7%
2	£110.20	£118.69	£8.49	7.7%
3	£128.61	£138.51	£9.90	7.7%
4	£144.51	£155.64	£11.13	7.7%
5	£164.40	£177.06	£12.66	7.7%
6	£170.61	£183.75	£13.14	7.7%
7	£175.73	£189.27	£13.54	7.7%
<b>Average Total</b>	<b>£111.33</b>	<b>£119.91</b>	<b>£8.57</b>	<b>7.7%</b>

### 5 Proposal for Service Charge Increases

- 5.1 The Council will increase services charges by 7.7%, in line with the rent increase.
- 5.2 The table below sets out the estimated service charges for 2024-25, when compared to the current charges for 2023-4.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

Existing Service	Tenant(T)/Leaseholders(LH)	2022/23 Actual		2024/25 Estimate		Increase from 2022/23 actual(%)
		Weekly Charge	Actual 2022/23	Weekly Charge	Estimate 2024/25	
Asbestos surveys	LH	£0.06	£12,219.92	£0.12	£46,814.43	Budget Estimate
Bulk waste	T & LH	£1.65	£373,032.73	£1.77	£401,756.25	7.7
Caretaking	T & LH	£7.74	£1,677,294.49	£8.33	£1,806,446.17	7.7
Drying room rents	LH	£1.35	£140.00	£1.45	£150.78	7.7
Entryphone	LH	£0.20	£22,307.87	£0.22	£24,025.58	7.7
Fire risk assessment	LH	£0.24	£58,245.06	£0.23	£178,269.02	Budget Estimate
Grounds maintainance	LH	£1.38	£313,573.09	£1.48	£337,718.22	7.7
Ground rent	LH	£0.19	£50,563.74	£0.19	£50,563.74	N/A
Insurance	LH	£0.78	£207,736.33	£0.84	£223,732.03	7.7
Lift	LH	£3.16	£177,916.48	£3.41	£191,616.05	7.7
Management	LH	£2.72	£729,161.09	£2.93	£785,306.49	7.7
Pest control	T & LH	£0.31	£57,124.19	£2.11	£32,591.45	Budget Estimate
Repairs & Maintenance - Building	LH	£3.12	£968,696.25	£2.94	£912,647.49	3 yr ave. plus 7.7%
Storage shed rents	LH	£0.48	£572.00	£0.52	£616.04	7.7
Sweeping	LH	£1.36	£305,703.71	£1.46	£329,242.90	7.7
Technical repairs	LH	£1.11	£351,821.38	£1.15	£362,231.45	3 yr ave. plus 7.7%
Window cleaning	T & LH	£0.04	£9,997.92	£0.07	£9,245.94	Budget Estimate
<b>Total excluding Energy Charges</b>		<b>£25.90</b>	<b>£5,316,106.25</b>	<b>£29.23</b>	<b>£5,692,974.02</b>	
Heating	T & LH	£15.95	£175,036.39	£17.18	£188,514.19	7.7
Communal lighting	T & LH	£1.34	£299,189.51	£1.44	£322,227.10	7.7
<b>Total Energy Charges</b>		<b>£17.29</b>	<b>£474,225.90</b>	<b>£18.62</b>	<b>£510,741.29</b>	
<b>Grand Total</b>		<b>£43.19</b>	<b>£5,790,332.15</b>	<b>£47.85</b>	<b>£6,203,715.31</b>	

### 6 Efficiencies & Savings Proposals for 2024/25

- 6.1 The Council is playing its part on giving tenants and leaseholders value for money, whilst ensuring that resources are available to meet costs and investment needs for 2024/25 and future years.
- 6.2 There are ongoing discussions regarding appropriate savings. Any savings and efficiencies that are delivered against the current financial budget will be reinvested back into the HRA.
- 6.3 An update of the HRA Strategy and proposed rent and service charge increases will be reported to Mayor and Cabinet as part of the HRA Rents and budget strategy report in February 2024.

### 7 Recommendation

- 7.1 Residents are invited to comment on the proposals. Residents' comments from the meeting held on 13<sup>th</sup> November will be included in the Housing Select Committee (HSC) Report, which will be presented at the meeting on 28<sup>th</sup> November 2023. Where additional comments are received after the cut-off date for the preparation of the HSC report, the comments will be fed back through the Mayor and Cabinet budget report. The cut-off date for the Mayor and Cabinet Report is 30<sup>th</sup> November 2023. Mayor and Cabinet will be requested to approve the increase of 7.7% for both dwelling rents and service charges for tenants and leaseholders.

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## APPENDIX X4: Garage Rent Increase 2024/25

INCLUSIVE REGENERATION Estates Team Report		
<b>Report Title</b>	Rental Increases for Garages from April 2024 –Lewisham Council and Regenter RB3	
<b>Key Decision</b>	Yes	<b>Item No.</b>
<b>Contributors</b>	Directorate of Place	
<b>Class</b>		<b>Date: October2023</b>

### 1 Purpose and Summary of the report

The purpose of this report is to advise the resident panel of the proposed increase in the rent paid by tenants for domestic garages owned by the Council for the next financial year. For the past few years, the garage rents have been increased in line with the Retail Prices Index, which currently stands at 8.9%. For the last financial year, the garage increase was capped at 10% although RPI for the year was 12.6%.

### 2 Recommendation

It is recommended that the Council approves, in principle, an increase in rent for the garage portfolio of 8.9%, to be effective from April 2024. Blue Badge holders will continue to receive a 50% deduction on the weekly rent.

### 3 Policy Context

The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objectives:

- Building an inclusive local economy – Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- Making Lewisham greener – Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.

### 4 Background

For the forthcoming financial year from April 2024, it is intended that the increase applied is 8.9%, which is in line with the Retail Prices Index.

There are approximately 134 Council garage sites in the borough, comprising 182 garage blocks. There are 2,379 garages in total, which are split 2,011 to Lewisham Council, 311 Brockley Regenter and 57 TMO's. The split between social tenants/ leaseholders and non- residential tenants is approximately 70%/30%

The current waiting list for Lewisham Council garages is in excess of 3,000 applicants.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

A housing tenant with LB Lewisham pays the basic price for a garage (subject to any specific discounts agreed) and a non-housing tenant pays the basic price with the addition of 20% VAT. Blue Badge holders receive a 50% deduction on the weekly rent. The application of a discount is a discretionary decision on behalf of the Council, as garages are not a core social dwelling provision.

The highest rent charged is £ £27.39 per week and the lowest is £ 6.77 per week. However, some garages are charged at less than the lowest rate per week. These are discounted rates (50% of the full charge) for tenants with blue badges.

### 5 Financial Implications

The current annual rent roll for the garage portfolio is £2.26M, based on a basic average standard charge of £17.70 per week per garage (i.e. before discounts are applied).

If the rents are increased by 8.9%, as proposed, in April 2024, the revised annual rent roll will increase to approximately £2.41M, or from £17.70 per week to £19.28 per week per garage, an uplift of £1.58 per week on average, and a total increase of approximately £190,000 on the annual rent roll, or £150,000 after blue badge holder discounts have been applied.

### 6 Legal Implications

The Council's duties in relation to the consultation of tenants on matters of housing management, as set out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to consult with secure tenants regarding the proposed increase in charges. The Council still needs to act reasonably, and the decision maker should therefore be satisfied that the increase is reasonable and justified. The general principle is that the Council should be seeking best value.

The Equality Act 2012 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

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.

The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

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
- Equality objectives and the equality duty
- Equality information and the equality duty

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

### 7 Crime and Disorder Implications

There are no specific crime and disorder implications in this report. However, levels of voids could increase in the future if there is a lack of investment. Poorly maintained garages with high vacancy rates can in turn lead to increased levels of crime and anti-social behaviour.

### 8 Equalities Implications

The proposed 8.9% increase will be applied across the portfolio to residents and non-residents. Blue badge holders will continue to receive a 50% discount on the weekly rent as existing.

### 9 Environmental Implications

There are no specific environmental implications in this report.

### 10 Conclusion

The proposed rental increase is considered to reflect market rent and be sustainable and will raise additional revenue from the portfolio of approximately £190,000, or £150,000 net after blue badge discounts have been applied.

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**11 Further Information**

If there are any queries on this report, please contact David Lee via [david.lee@lewisham.gov.uk](mailto:david.lee@lewisham.gov.uk)

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## **APPENDIX X5: Other Associated Charges 2024/25**

### **Garage Rents**

1. The detail of these charges and the changes are as set out in appendix 4. The proposal is for a 8.9% increase in charges which equates to an average increase of £1.58 per week.

### **Tenants Levy**

2. As part of the budget and rent setting proposals for 2005/6, a sum of £0.13 per week was 'unpooled' from rent as a tenants service charge in respect of the Lewisham Tenants Fund. The current charge is £0.15pw.
3. No proposals have been put forward by Lewisham Tenants Fund (LTF) to vary this levy for 2023/24. Therefore the charge will remain at £0.15pw for 2024/25.

### **Hostel charges**

4. Hostel accommodation charges are set based on current the Governments formula rent calculation and will increase by 7.70% (£3.10 per week).
5. Hostel service charges are set to achieve full cost recovery, following the implementation of self-financing. For 2024/25, the charge for Caretaking/management and Grounds Maintenance will increase by 7.70%. This will increase the average charge from £77.56 to £83.48 per unit per week.
6. In addition, the charge for Heat, Light & Power will be increased by 10% and move the average charge from £7.17pw to £7.88pw. Water charges will increase by 9.2% and will move the average charge from £0.21pw to £0.23pw. The charge for Council Tax will be based on the total recharged received from Council Tax section. All charges will be based on the total number of hostel units and is forecast to increase by 3% 2024/25.
7. Hostel residents were consulted on these proposals via individual letters. Officers also invited hostel residents to meet them to discuss the changes and how these may affect them. However, no comments or representations were received.

### **Linkline Charges**

8. The delivery of the service to a 'full visiting service' to better reflect service need was implemented in 2018/19. The current annual charge to the HRA for 2022/23 is £466k. Current indications are that an inflationary increase of 2.0% will be applied for 2024/25, increasing the HRA charge by £9k (to £475k for 2024/25). The current Linkline charge to HRA residents is £6.44 per week and does not fully recover the full charge applied to the HRA.
9. Consultation with HRA residents/current users of the service is due to be undertaken sometime in the New Year. The results of any consultation will be reported to Mayor

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

and Cabinet. There are no proposals to increase the maintenance charge, which will remain at £0.94 per week.

### Private Sector Leasing (PSL & PMA)

10. Rent income for properties used in the Private Sector Leasing (PSL) and Privately Managed Accommodation (PMA) scheme are General Fund resources. From April 2021, rents for homes let under these schemes will be charged at the applicable Local Housing Allowance (LHA) for private rented sector (PRA) properties. This will support the schemes to remain viable in the longer-term and reduce the General Fund subsidy that is presently required to keep them in operation.

### Heating & Hot Water Charges

11. As part of last year's rent setting process the Mayor agreed to continue with the current formula methodology for calculating increases in Heating & Hot Water charges to tenants and leaseholders. This formula was originally approved by Mayor & Cabinet in December 2004.
12. The current charging methodology allows a limited inflationary price increase plus a maximum of £2 per week per property increase on the previous year's charge. Consumption levels are also updated and included in the formula calculation.
13. The existing corporate contract for the supply of electricity is let by the property services team with Crown Commercial Services; an Executive Agency of the Cabinet Office. The contract frameworks have been designed to comply with the findings of the Pan Government Energy Project, which recommends that all public sector organisations adopt aggregated, flexible and risk-managed energy procurement with public sector buying organisations.
14. The proposal for 2024/25 is for an increase of £1.23pw or 7.7%. This will move the current charge from £15.95pw to £17.18pw. This is based on the latest available unit rates and consumption data.
15. The proposal for communal lighting is for an increase of 7.7% or £0.10 per week. This will move the current average charge from £1.34pw to £1.44pw. The increase is due to updated unit rates and consumption rates.
16. Officers will review the costs, actual energy usage and new contact prices in both 2023/24 and 2024/25 as part of the monitoring regime. Once the new long-term energy supply contracts are in place, recommendations for changes to charges will be brought forward as part of the 2024/25 budget process.

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**APPENDIX Y1: 2024/25 Budget Reductions – Previously Agreed**

**2024/25 Budget Reductions – December 2020, February 2021, and February 2022**

Reference	Proposal	2024/25 (£'000)
D-10	Commercial Estate Review	100
D-12	Asset Use Review and Regularisation	85
D-14	Facilities Management	10
	<b>Total</b>	<b>195</b>

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

### 2024/25 Budget Reductions – December 2022

#### Member Decisions:

Reference	Directorate	Proposal	2024/25 (£'000)
HRPR_INC_01	HRPR	Additional Yellow Box Junction Enforcement & Moving Traffic Contravention by CCTV	295
HRPR_INC_02	HRPR	Replacement Bin Charging	-25
HRPR_INC_06	HRPR	Review of fees charged for Garages	70
HRPR_SAV_01	HRPR	Temporary Accommodation Cost Reduction	300
HRPR_SAV_02	HRPR	Road Safety Service Review	70
		<b>Total</b>	<b>710</b>

#### Officer Decisions:

Reference	Directorate	Proposal	2024/25 (£'000)
HRPR_INC_08	HRPR	Housing Programme Commercial Units' Income Generation	75
HRPR_SAV_03	HRPR	Increased recharging of salary costs to capital	30
HRPR_SAV_05	HRPR	Utilisation of UKSPF grant funding to reduce the general fund burden for the service.	5
COM_SAV_02	COM	Delegation of Care Plan Budgets to Operation Managers	300
COM_SAV_04	COM	ASC Empowering Lewisham	1,000
		<b>Total</b>	<b>1,410</b>

**Total Previously Agreed Savings (£'000)**

**2,315**

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APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

APPENDIX Y2: 2024/25 Budget Reductions – January 2023/24

Y2a: MEMBER DECISIONS

Summary

Directorate	Saving Reference	2024/25 Saving (£'000)	Deliverability (%)	2024/25 Net Saving (£'000)	Directorate Total (£'000)
Directorate of Children & Young People	CYP13 – FQC Sale of Capital Asset*	850.00	70%	595.00	
Directorate of Children & Young People	CYP14 – FQC Children’s Centre Revenue	50.00	70%	35.00	
<b>Directorate of Children &amp; Young People</b>					<b>630.00</b>
Directorate of Community Services	COM11 – Bereavement Services Fees and Charges	100.00	100%	100.00	
<b>Directorate of Community Services</b>					<b>100.00</b>
Directorate of Place	PLA03 – Fly-Tipping Fees and Charges	50.00	60%	30.00	
Directorate of Place	PLA04 – Garage Portfolio Rental Charges Review	90.00	90%	81.00	
Directorate of Place	PLA07 – Seasonal Street Cleansing	40.00	90%	36.00	
<b>Directorate of Place</b>					<b>147.00</b>
<b>Member Decisions</b>					<b>877.00</b>

\* Once-off saving for 2024/25.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

### Y2b: OFFICER DECISIONS

#### Summary

Directorate	Saving Reference	2024/25 Saving (£'000)	Deliverability (%)	2024/25 Net Saving (£'000)	Directorate Total (£'000)
Directorate of Chief Executive	CEX01 – Lewisham Life Magazine	69.00	100%	69.00	
Directorate of Chief Executive	CEX02 – Executive Support Team Post Removals	97.00	90%	87.30	
Directorate of Chief Executive	CEX04 – Electoral Services Annual Canvass	2.00	80%	1.60	
Directorate of Chief Executive	CEX06 – Electoral Services Electoral Phones In-House	41.00	90%	36.90	
Directorate of Chief Executive	CEX07 – Information Security and Governance (GF)	36.00	100%	36.00	
Directorate of Chief Executive	CEX08 – Mayor’s Office Salary & Non-Salary	1.00	100%	1.00	
Directorate of Chief Executive	CEX09 – Corporate Policy Team Staffing Reduction	72.00	100%	72.00	
Directorate of Chief Executive	CEX10 – People & Org Development Vacant Posts	169.00	100%	169.00	
<b>Directorate of Chief Executive</b>					<b>472.80</b>
Directorate of Children & Young People	CYP01 – CSC Housing Benefit Claims	80.00	80%	64.00	
Directorate of Children & Young People	CYP02 – CSC Placement Payments Efficiency	180.00	80%	144.00	
Directorate of Children & Young People	CYP03 – CSC Building Residential Homes	390.00	80%	312.00	

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**APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)**

Directorate	Saving Reference	2024/25 Saving (£'000)	Deliverability (%)	2024/25 Net Saving (£'000)	Directorate Total (£'000)
Directorate of Children & Young People	CYP04 – CSC S17 & Placements	500.00	80%	400.00	
Directorate of Children & Young People	CYP05 – Primary Phase Commissioning Costs Management Action	30.00	100%	30.00	
Directorate of Children & Young People	CYP07 – Lewisham Challenge Management Action	40.00	100%	40.00	
Directorate of Children & Young People	CYP09 – Short Breaks Review	150.00	70%	105.00	
Directorate of Children & Young People	CYP11 – FQC Reduction in Business Support	100.00	70%	70.00	
Directorate of Children & Young People	CYP16 – SEND Travel Assistance	150.00	80%	120.00	
Directorate of Children & Young People	CYP17 – Integrated SEND Service Grant Maximisation*	100.00	80%	80.00	
Directorate of Children & Young People	CYP19 – Early Years Block Grant Maximisation	35.00	70%	24.50	
<b>Directorate of Children &amp; Young People</b>					<b>1389.50</b>
Directorate of Community Services	COM01 – ASC Homecare Efficiencies	400.00	80%	320.00	
Directorate of Community Services	COM02 – ASC Transitions	600.00	80%	480.00	
Directorate of Community Services	COM03 – ASC Care Home Reviews	300.00	65%	195.00	
Directorate of Community Services	COM04 – ASC Staffing Reorganisation	350.00	100%	350.00	
Directorate of Community Services	COM05 – ASC Section 117 Recharge	650.00	80%	520.00	

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**APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)**

Directorate	Saving Reference	2024/25 Saving (£'000)	Deliverability (%)	2024/25 Net Saving (£'000)	Directorate Total (£'000)
Directorate of Community Services	COM06 – ASC Arranging Care Fees & Charges	150.00	85%	127.50	
Directorate of Community Services	COM07 – ALL GF Subsidy Reduction	100.00	100%	100.00	
Directorate of Community Services	COM08 – Leisure Service Savings	130.00	100%	130.00	
Directorate of Community Services	COM10 – Public Health NCDP	90.00	100%	90.00	
<b>Directorate of Community Services</b>					<b>2312.50</b>
Directorate of Corporate Resources	COR01 – Assurance Budget Adjustments	35.00	90%	31.50	
Directorate of Corporate Resources	COR02 – Assurance Insurance Contracts	203.00	95%	192.85	
Directorate of Corporate Resources	COR03 – Internal Audit Restructure	15.00	70%	10.50	
Directorate of Corporate Resources	COR04 – Finance Structure Revisions	250.00	100%	250.00	
Directorate of Corporate Resources	COR06 – IT & Digital STS	174.00	100%	174.00	
Directorate of Corporate Resources	COR07 – IT & Digital Applications	45.00	100%	45.00	
<b>Directorate of Corporate Resources</b>					<b>703.85</b>
Directorate of Housing	HSG02 – Capitalisation of Housing Casework Officer to HRA	50.00	100%	50.00	
Directorate of Housing	HSG03 – TA Reduction Project	200.00	100%	200.00	
Directorate of Housing	HSG04 – Reduction of Property Negotiator Posts	113.00	100%	113.00	

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**APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)**

Directorate	Saving Reference	2024/25 Saving (£'000)	Deliverability (%)	2024/25 Net Saving (£'000)	Directorate Total (£'000)
Directorate of Housing	HSG05 – Cease Contribution to Capital Letters	50.00	100%	50.00	
<b>Directorate of Housing</b>					<b>413.00</b>
Directorate of Place	PLA01 – Council Offices Rationalisation	100.00	60%	60.00	
Directorate of Place	PLA06 – One-Council Employment Support	96.00	80%	76.80	
<b>Directorate of Place</b>					<b>136.80</b>
<b>Officer Decisions</b>					<b>5428.45</b>

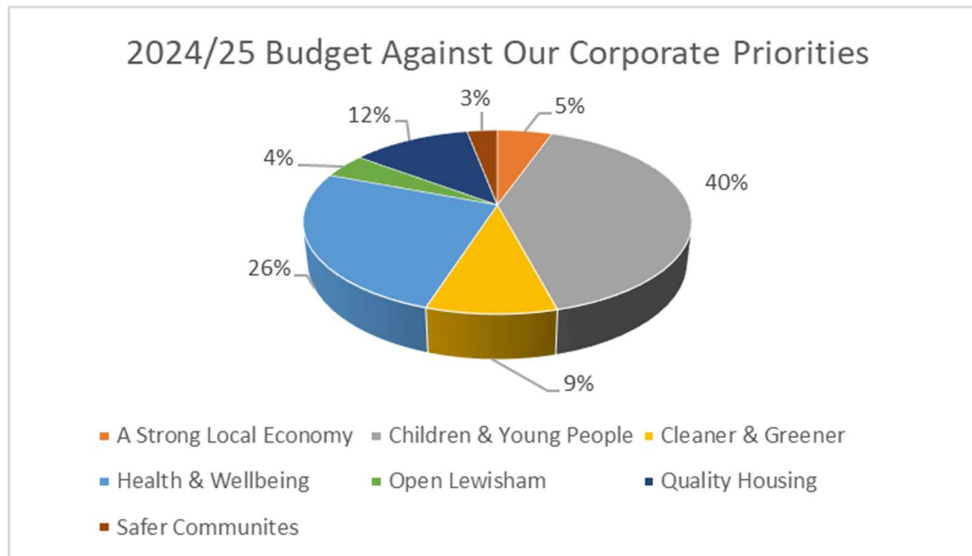
\* Once-off saving for 2024/25.

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## APPENDIX Y3: 2024/25 Budget Against Lewisham Council's Corporate Priorities



As required under the CIPFA Financial Management Code of Practice, the Council must demonstrate how its budget is aligned to its corporate priorities. The above provides an indicative allocation of the proposed net budget for 2024/25 against the seven corporate priorities. This allocation is draft and will be refined alongside the CIPFA Code of Practice requirements more generally as the activities in support of the new Corporate Strategy 2022-26 evolve and develop.

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APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

APPENDIX Y4: Ready Reckoner for Council Tax 2024/25

	Lewisham Budget Requirement	Council Tax (Band D)	Uplift in Lewisham Council Tax* vs. 2023/24	GLA Precept (Band D)	Total Council Tax (Band D)	Increase in Total Council Tax vs. 2023/24
	£m	£	%	£	£	%
<b>2023/24</b>	<b>263.679</b>	<b>1,492.13</b>	<b>4.99%</b>	<b>434.14</b>	<b>1,926.27</b>	<b>6.02% (vs. 2022/23)</b>
<b>2024/25</b>	<b>293.838</b>	<b>1,566.58</b>	<b>4.99%</b>	<b>471.40</b>	<b>2,037.98</b>	<b>5.80%</b>
	292.490	1,551.67	3.99%	471.40	2,023.07	5.03%
	291.140	1,536.74	2.99%	471.40	2,008.14	4.25%
	289.791	1,521.82	1.99%	471.40	1,993.22	3.48%
	288.456	1,507.05	1.00%	471.40	1,978.45	2.71%
	287.781	1,499.59	0.50%	471.40	1,970.99	2.32%
	287.107	1,492.13	0.00%	471.40	1,963.53	1.93%

\* Includes Adult Social Care precept.

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## **APPENDIX Y5: Chief Financial Officer's Section 25 Statement**

This statement makes reference to the 2024/25 Budget Report to Mayor & Cabinet and Full Council as circulated to all Members.

Section 25 of the Local Government Act 2003 required the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its Council Tax. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of estimates, included in the budget and adequacy of the reserves, for which the budget provides. This statement also reflects the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) current Local Authority Accounting Panel (LAAP) Bulletin 99 on 'Local Authority Reserves and Balances'.

Section 114 of the Local Government Act 1988 requires the CFO to issue a report to all the Local Authority members to be made by that officer, in consultation with the Monitoring Officer and Head of Paid Service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

### **1. Structure of the Statement**

- 1.1. This statement sets out my view of the robustness of the Council's budget in respect of external and internal risks for 2024/25. I do this addressing the estimates, assumptions and plans used in preparing the Budget for 2024/25, as well as the reserves held to manage these risks should they materialise.
- 1.2. The statement contains the following sections:
  - Economic Factors;
  - Government Policy – Now and Looking Ahead;
  - Budget Setting Process and Risks;
  - Organisation Resilience;
  - Monitoring and Reporting; and
  - Conclusion and Opinion.

### **2. Economic Factors**

- 2.1. Inflation remains higher than the Bank of England target of 2% and is taking longer to fall from the recent double-digit highs of a year ago. Higher inflation adds pressure to the Council's Budgets and the slow rate of its decline creates an inflationary lag through the Council's contracts and staff costs. It also keeps pressure on residents through cost of living pressures and the cost of housing, whether through mortgage rates or rents. Growth in the wider economy is currently flat with a risk of recession which puts pressure on employment opportunities. These wider economic factors combine to increase the demand for Council services – given the Borough is ranked 63rd (of 317 so in the top 20%) most deprived authorities nationally and eighth in London – which are now more expensive to deliver.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

2.2. In addition to the general economic environment there are two more specific factors for local government impacting the Council's budget. These are:

- the reducing supply and ageing nature of housing stock, particularly acute in London, impacting both the cost of temporary accommodation and quality of available social housing; and
- the market incentives for the ownership and running of care homes impacting the availability and affordability of suitable social care placements for both vulnerable Children and Adults.

### 3. Government Policy – Now and Looking Ahead

3.1. The UK is facing a general election before January 2025 which is impacting more medium to long term planning. In particular for the widely acknowledged need for local government finance reform. The reforms to Business Rates, revaluation or changes to Council Tax, revising of Fair Funding and Fair Cost of Care arrangements to support 'levelling up' have all been delayed again. These combine with more reliance on ad hoc but increasingly large grant arrangements to enable local authorities to manage 'hand to mouth'. Together this short term one year at a time financial planning constrains the Council's ability to plan larger changes with confidence.

3.2. The Council also recognises the risk that local government as a relative priority for the allocation of additional resources, when compared to the demands for Health, Education or Defence priorities, will likely be lower down any government's policy list. On current Government economic forecasts, the Institute for Fiscal Studies estimates that Local Government financing will reduce in cash terms by 3.4%, representing an even greater fall in real terms. The Medium Term Financial Strategy (MTFS) therefore assumes budget reductions of at least c£10m for each of the coming four years. For these reasons the full increases for Council Tax and Rents are recommended to preserve, as far as possible, the Council's financial base.

### 4. Budget Setting Process and Risks

4.1. The Council's budget setting process is well established and has been followed for this Budget. This includes extensive engagement with officers, Members through briefings and scrutiny and the Executive over the year. These discussions focus on changes and developments to the assumed funding available and plans for allocating those resources to service priorities. The Budget is the summary culmination of those discussions setting out the Council's plans for 2024/25.

4.2. As part of the Budget judgements are made using assumptions and estimates which are also discussed along with the risks that attach to them. Some of the key risk considerations for 2024/25 are set out below.

#### General Fund Revenue

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- Growing service demand through external factors in the face of rising vulnerability and need for services from an increasing and ageing population.
- Services overspending against allocated budget as they are unable to effectively contain costs and manage demand pressures.
- Failure to collect all income owing for services provided, thereby limiting the level of resources available to reinvest in improving the Borough.
- Delivery of agreed savings to ensure the Budget remains balanced and for which an allowance and commitment of some reserves are made.

### Related Funds for Schools and Housing that may Impact the General Fund

- 21 schools are now in deficit and Special Education Needs spending (under the, unusual, accounting override in place) now has a cumulative deficit of c£13m. Unless managed by the schools, these are future risks to the general fund.
- In recent years HRA rent caps have constrained the level of income to manage existing and develop new stock. This combines with higher costs to manage an ageing estate, the need to address new regulations and provide sufficient supply in the face of a growing housing waiting list.

### Capital Programme and Treasury Strategy

- Since 2018 the Council has been seeking to progress an ambitious capital programme, primarily focused on addressing the lack of affordable housing supply in the Borough. Through the pandemic and more recent period of economic uncertainty the programme has faced delay and rising costs which challenge the modelled financial assumptions. In addition, the Council is seeking to progress wider estate and town centre regeneration which, if agreed, will further extend the capital programme in future years.
- The capital programme uses a combination of grants, receipts and borrowing. The need for borrowing, alongside the Council's investment balances, is assessed in line with the treasury strategy. In light of recent high interest rates and uncertainty on timings for schemes the Council has increased the level of internal borrowing to mitigate these risks, noting this measure is short term so future borrowing will still be required.

4.3. All of the above risks and pressures are recognised in the preparation of the Budget report and will require continued active monitoring.

## 5. Organisation Resilience

5.1. The Council has an established financial management process with effective governance arrangements in place. These are operating well and the Council has received timely and unqualified audit opinions on its accounts and value for money arrangements for the 2022/23 fiscal year. For 2023/24 the Council's auditors will be changing to KPMG which will provide another opportunity to demonstrate the Council's arrangements remain robust and serve the Council appropriately.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- 5.2. I am a member of the Council's Executive Management Team and the Finance team do not remain complacent. Together we continue to look for ways to improve the value finance bring to supporting services delivering for residents. These include advice and regular reviews of potential investments, procurement and contract management, budget monitoring, process and system improvements and delivery of payroll and pension services to the Council and its Schools. We also review and maintain the financial regulations and procedures as part of the Constitution to ensure risk management and control arrangements are in place and operating.
- 5.3. Underpinning these day-to-day activities is the Council's balance sheet, in terms of both the assets and liabilities to be managed. Ultimately expressed as the reserves held to mitigate any shocks to the Council's plans. The Council has retained £20m as its unearmarked reserve for 2024/25, which represents c5% of the gross annual general fund service spend. The Council in 2023/24 also held £205m of earmarked reserves badged to operational risks, contractual commitments, and planned investments in future service improvements. These are regularly reviewed and discussed with Members through the year as part of the MTFS and financial monitoring reports.

### 6. Monitoring and Reporting

- 6.1. The Council has developed new risk and performance reports through 2023/24. Continuing this work, expansion, and improvement of the way both risk and performance reporting aligns with the Council's financial monitoring reports are areas to be strengthened going forward. This will help ensure the financial resources of the Council remain effectively allocated to best support the priorities of the Corporate Strategy and inform decisions where choices, either to make savings or opportunities to invest, are required.
- 6.2. Recent parliamentary public accounts discussions, National Audit Office reports and auditor reports at councils issuing s114 notices highlight the importance of effective governance and understanding of financial risks in local authorities. In response to this the Office for Local Government (Oflog) has been established to develop a more risk based set of performance indicators for local authority services to report on and help bring earlier challenge and learning to manage risks more effectively. Oflog's work, in the spirit of critical friend, should supplement and strengthen the work Council's auditors and of CIPFA and their guidance issued (for example; in respect of their financial management code, prudential borrowing and treasury strategy requirements) to help keep Council finances safe.
- 6.3. One of the specific risks highlighted from reviews of other authorities, is in respect of the effective governance and oversight of commercial subsidiaries or joint ventures. The Council was engaged in three such vehicles in 2023/24 – Lewisham Homes, Catford Regeneration Partnership Limited (CRPL) and the Besson Street Joint Venture. The Lewisham Homes company was insourced from 1 October 2023. The other two submit annual business plans for approval by Full Council and an external review of their governance and the residual Lewisham Homes business is being

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

commissioned to provide additional assurance and recommendations for continued learning.

- 6.4. Another risk is the developing sophistication and expectations for monitoring and reporting both the climate and equalities impacts of the Council's activities. The Council continues to review its activities and work with partners, residents and suppliers to improve reporting in respect of these requirements through our focus on Social Value as well as the immediate financial implications.
- 6.5. The Council will continue to develop its own monitoring and work to use these additional sector wide resources to improve the value of data collected to inform better decision making going forward. Finance must play its full part in this journey and reflect the learning through the MTFs and Budget plans.

### 7. Conclusion and Opinion

- 7.1. The Council's governance arrangements are working well, ensuring robust and appropriate information is available to decision makers when committing the Council's resources and delivering services to the Borough's residents. Having strong and effective governance also supports Members and Officers to remain open in looking for continual improvement and addressing challenges directly as they arise.
- 7.2. Nonetheless, recognising the wider economic and societal pressures and the adequacy of the Council's resources to address these locally, the level of risk the Council is carrying continues to rise. This includes the number of risks, their potential severity and their concentration in terms of reliance on reserves as mitigation. In particular from a financial perspective for 2024/25 I highlight the importance of;
  - the management of the Housing Revenue Account and related capital programme with the available financial means,
  - ensuring that social care services manage within their allocated budgets (adjusting priorities to address any overspending in-year), and
  - further developing the medium-term plans for the Council's financial security, including investments in services and regeneration plans.
- 7.3. For 2024/25 I am satisfied the Council has effective financial management arrangements in place, there are sufficient provisions and reserves held to manage the potential risks and external shocks to the financial position; and the Budget proposals to Full Council are robust.

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## APPENDIX Y6: Council Tax and Draft Statutory Calculation

### Council Tax Calculation

As part of the Localism Act 2011, core Council Tax may not be increased by 3.00% or more (inclusive of levies) without triggering an automatic referendum of all registered electors in the Borough. In addition, there is also the opportunity to increase Council Tax by up to a further 2.00% under the social care precept for 2024/25. This means, for 2024/25, an automatic referendum will be triggered if the Council Tax increase is 5.00% or above. The recommended social care precept for 2024/25 is 2.00%, therefore the recommended total increase is 4.99%. The statutory calculation for whether the Council is required to hold a referendum is based upon the 'relevant basic' amount of Council Tax, which under accounting regulations, includes levies. Any final recommendations on Council Tax levels will need to meet statutory requirements.

To date, Lewisham has so far received no formal notification from the three levy bodies for 2024/25. A zero percent increase has been assumed for these.

### Council Tax and Levies

'Relevant Basic' Amount of Council Tax	2023/24	2024/25
Council Tax Base	88,848.50	90,414.00
Council Tax Requirement with Levy (£)	132,573,512	141,640,764
Basic Amount of Council Tax (£)	1,492.13	1,566.58
<b>Increase in basic amount of Council Tax* (%)</b>	<b>4.99%</b>	<b>4.99%</b>

\* Excludes GLA Precept increase.

Levy bodies for Lewisham	2023/24 £	2024/25 £	Variance £
LPFA	1,262,746	1,262,746	0
Lee Valley Regional Park	225,722	233,595	7,873
Environment Agency	210,113	215,311	5,198
<b>Total Levies</b>	<b>1,698,581</b>	<b>1,711,652</b>	<b>13,071</b>

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

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

### Statutory Calculations

1. It should be noted that at its meeting on 17 January 2024, the Council calculated the number of **90,414.0** as its Council Tax base for 2024/25 in accordance with the Local Authorities (Calculation of Tax base) Regulations;
2. It should be noted that the following amounts be now calculated by the Council for the year 2024/25 in accordance with The Local Government Finance Act 1992 as amended by Sections 31A to 36 of the Localism Act 2011 and the Local Audit and Accountability Act 2014.
3. **In relation to each financial year, a billing authority in England must make the calculations required by this section.**
4. **The authority must calculate the aggregate of [in accordance with Section 31A (2) of the Act]:**
  - a) £1,553,432,747 being the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
  - b) £nil being such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices.
  - c) £nil being the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
  - d) £nil being such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.
  - e) £63,282 being the amount which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and
  - f) £nil being the amount which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.
  - g) £869,420 being the amount which it estimates will be transferred in the year from its general fund to its collection fund in accordance with regulations under section 97(2B) of the 1988 Act.
5. **The authority must calculate the aggregate of [in accordance with Section 31A (3) of the Act]:**
  - h) £1,410,618,680 being the income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
  - i) £2,106,005 being the amount which it estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act.
  - j) £nil being the amount which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account for the year, and
  - k) £nil being the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2)(a), (b), (e) and (f) above.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- l) £nil being the amount which it estimates will be transferred in the year from its collection fund to its general fund in accordance with regulations under section 97(2A) of the 1988 Act.

### 6. Council Tax Requirement:

- m) £141,640,764 being the amount by which the aggregate calculated under subsection (2) above exceeds that calculated under subsection (3) above, the authority must calculate the amount equal to the difference; and that amount so calculated is to be its council tax requirement for the year.
- n) **£1,566.58** being the residual sum at (k) above, divided by the Council Tax base of **90,414.0** which is Lewisham's precept on the Collection Fund for 2024/25 at the level of Band D;

Band:	Council Tax (LBL): £
A	1044.39
B	1,218.45
C	1,392.52
<b>D</b>	<b>1,566.58</b>
E	1,914.71
F	2,262.84
G	2,610.97
H	3,133.16

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

It be noted that for the year 2024/25, the Greater London Authority is currently consulting on the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 (as amended), for each of the categories of dwellings shown below:-

Band:	GLA Precept: £
A	314.27
B	366.64
C	419.02
<b>D</b>	<b>471.40</b>
E	576.16
F	680.91
G	785.67
H	942.80

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

Having calculated the estimated aggregate amount in each case of the amounts at 2) (g) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, assumed the following amounts as the amounts of Council Tax for the year 2024/25 for each of the categories of dwellings shown below:-

<b>Band:</b>	<b>Total Council Tax (LBL &amp; GLA):</b> £
A	1,358.66
B	1,585.09
C	1,811.54
<b>D</b>	<b>2,037.98</b>
E	2,490.87
F	2,943.75
G	3,396.64
H	4,075.96

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## APPENDIX Y7: Summary of Proposed Budget Pressures to be Funded in 2024/25

Description:	Base Budget (£'000): £'000	Once off (£'000): £'000	Total (£'000): £'000
<b>Corporate Strategy Priorities:</b>			
Quality Housing			10,993
Temporary Accommodation	8,000	1,993	
Corporate Support for Delivery of Housing	1,000		
Children and Young People			17,086
Children's Social Care & SEN Transport	14,922	2,164	
Health & Wellbeing			10,781
Adult Social Care & Ringfenced Grants	8,201		
Concessionary Fares	2,500		
Public Health Funerals	80		
<b>Total Corporate Strategy Priorities:</b>			<b>38,860</b>
<b>Organisational Value for Money:</b>			
Corporate Services	400		
Technology & Digital	606		
Legal Pressures	1,000		
<b>Total Organisational Value for Money:</b>			<b>2,006</b>
<b>Salary inflation for 2024/25</b>	5,816		5,816
<b>Shortfall in salary uplift for 2023/24</b>	1,844		1,844
<b>Non-pay inflation for 2024/25</b>	4,401		4,401
<b>Pressure Contingency</b>		1,350	1,350
<b>Grand Total Funded Pressures:</b>	<b>48,770</b>	<b>5,507</b>	<b>54,277</b>

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## APPENDIX Y8: 2024/25 Budget Reductions and Growth Equalities Impact Assessment (EIA)

### Y8a: Budget Reductions EIA

<b>Author</b>	Alex Glanz	<b>Directorate</b>	Chief Executive's
<b>Date</b>	05/01/2024	<b>Service</b>	Chief Executive's Office
<b>1. The activity or decision that this assessment is being undertaken for</b>			
The Council's 2024-25 Budget			
<b>2. The protected characteristics or other equalities factors potentially impacted by this decision</b>			
<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Ethnicity/Race	<input checked="" type="checkbox"/> Religion or belief	<input checked="" type="checkbox"/> Language spoken
<input checked="" type="checkbox"/> Gender/Sex	<input checked="" type="checkbox"/> Gender identity	<input checked="" type="checkbox"/> Disability	<input checked="" type="checkbox"/> Household type
<input checked="" type="checkbox"/> Income	<input checked="" type="checkbox"/> Carer status	<input checked="" type="checkbox"/> Sexual orientation	<input checked="" type="checkbox"/> Socio Economic status
<input checked="" type="checkbox"/> Marriage and Civil Partnership	<input checked="" type="checkbox"/> Pregnancy and Maternity	<input checked="" type="checkbox"/> Refugee/Migrant/Asylum seeker	<input checked="" type="checkbox"/> Health & Social Care
<input checked="" type="checkbox"/> Nationality	<input checked="" type="checkbox"/> Employment	<input checked="" type="checkbox"/> Armed forces	
<p>The Council's budget setting process, in terms of how it saves, invests and spends money, impacts all the residents of the borough of Lewisham and by extension, all protected characteristics listed above.</p> <p>This Equality Impact Assessment (EIA) focuses on where the Council has chosen to save money, the anticipated impacts of those savings and the mitigations that have, or will be, put in place to reduce disproportionate negative impact as much as possible.</p> <p>This Assessment is intended to be a cumulative assessment of more detailed EIAs and EIA screenings which have been completed individually for each savings proposal. It contains a summary of the information contained within those individual Assessments and Screenings, as well as background information on the demographics of the residents which Lewisham Council provides services to.</p>			
<b>3. The evidence to support the analysis</b>			
<p>Evidence for this EIA is taken predominantly from the Council's 2021 Census Data. Outlined below is a summary of the demographics within the borough of Lewisham. It should be noted that more detailed information about who is accessing services which the Council provides are held by those service teams. For the purposes of this EIA, evidence has been taken from all residents of Lewisham, as decisions taken on the budget will impact all residents, rather than those who directly utilise services. This is contrary to decisions taken by specific services, where evidence should be primarily taken from service users where appropriate.</p> <p><b><u>Demographic overview</u></b></p> <ul style="list-style-type: none"> <li>- At the 2021 Census, Lewisham had 300,600 residents, an increase of 9% since 2011</li> <li>- 51.5% of residents identify as white, and 26.8% identified their ethnic group within the "Black, Black British, Black Welsh, Caribbean or African"</li> </ul>			

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

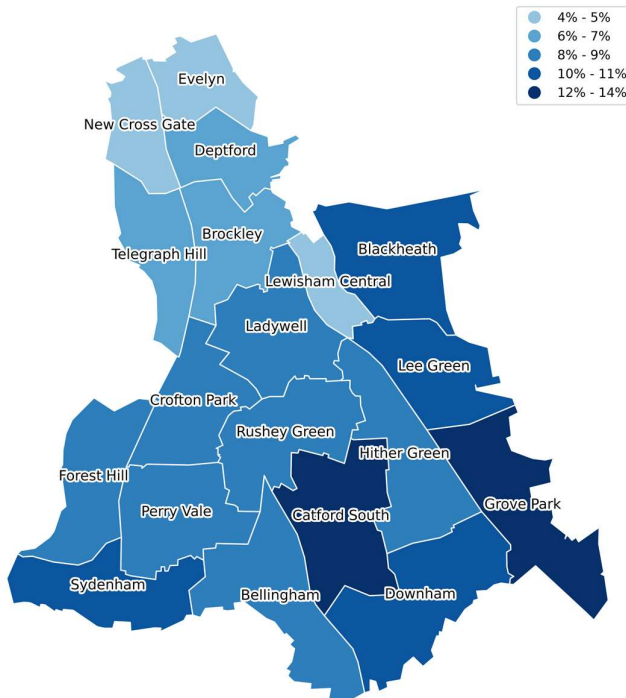
- The percentage of people who identified their ethnic group within the "Asian, Asian British or Asian Welsh" category decreased from 9.3% in 2011 to 9.0% in 2021.
- 23.4% of residents are aged 19 or younger
- 32.5% of residents are married
- 9.6% of residents are aged over 65
- 52.5% of residents are women
- 55.8% identify as having a faith.

### Age

- There are higher percentages of people over 65 living in the south of the borough.
- Lewisham remains a young borough, however the average age has increased from 33.6 in 2011 to 35.2 in 2019
- Incidents of hospitalisation following falls in the 65+ are set to increase in the next 20 years
- The number of 65+ people living on their own is set to increase by 5,600 by 2040
- The number of people living in care homes is set to increase by 400 by 2040.
- Loneliness is associated with depression, sleep problems, impaired cognitive health, heightened vascular resistance, hypertension, psychological stress and mental health problems (Source: [Age UK](#)). In Lewisham, there are many more women who live alone than men.
- The number of people over 65 living on their own in Lewisham is predicted to increase by 5600 by 2040.

Percentage of residents over 65

Source: ONS 2021 Census



### Disability

- A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out standard day-to-day activities.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- The number of people with common mental health problems (e.g. depression and anxiety) is set to increase by over 2,494 by 2040 years.
- Total population aged 18-64 predicted to have a learning disability is set to increase by just under 600 by 2040;
- The number of people diagnosed with diabetes in Lewisham is predicted to rise by just under 700 in the next 20 years.
- The cumulative cost of Common Mental Health Disorders to society is great. They comprise different types of depression and anxiety, and include obsessive compulsive disorder. An estimated 23.1% of women and 14.7% of men meet the diagnostic criteria for at least one CMD, which amounts to roughly 40,000 residents within the borough of Lewisham. (Source: Projecting Adult Needs and Service Information, 2023)

### **Gender Identity and Reassignment**

The 2021 Census was the first time that a question about gender identity had been asked.

- In Lewisham, 7.62% of people aged 16+ did not answer the question, 91.36% have a gender identity the same as their sex registered at birth, 1.02% have a gender identity different from their sex registered at birth.

Gender Identity	Lewisham	London	England
Gender identity the same as sex registered at birth	91.36%	91.21%	93.46%
Gender identity different from sex registered at birth but no specific identity given	0.42%	0.46%	0.25%
Trans woman	0.18%	0.16%	0.1%
Trans man	0.17%	0.16%	0.1%
Non-binary	0.17%	0.08%	0.06%
All other gender identities	0.08%	0.05%	0.04%
<b>Not answered</b>	<b>7.62%</b>	<b>7.88%</b>	<b>5.98%</b>

### **Pregnancy and Maternity**

- The percentage of mothers known to be smokers at the time of pregnancy has decreased consistently over the last five years both nationally, and within the borough of Lewisham. However, the percentage decrease in Lewisham has been steeper than the London average over that time period.
- In 2017/18, the percentage of mothers who were known to smoker at the time of pregnancy within Lewisham was 5.5%, compared to a 5% London average. In 2022/23 this has decreased to roughly 4.5% within Lewisham, which is now in line with the London average (Source: Office for Health Improvement and Disparities (OHID), Public Health Outcomes Framework)

### **Ethnicity**

- The ethnic group refers to the group that the person completing the census, which this data is drawn from, feels they belong to. This could be based on their culture, family background, identity or physical appearance.

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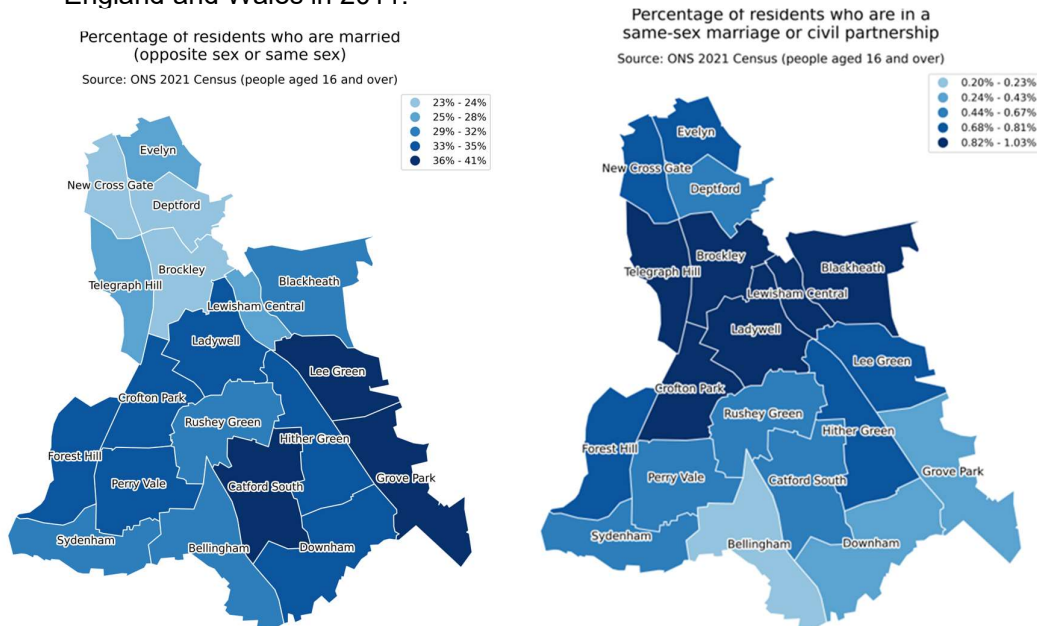


## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- The majority of people in Lewisham are White, at 51.5%, followed by Black at 26.8% and Asian 9%. 8.1% of people identify as having a Mixed ethnic background and the Other ethnic group makes up 4.7% of the population.
- Whilst White remains the largest ethnic group, it has also seen the biggest decrease of all ethnic groups – down from 53.5% in 2011 to 51.5% in 2021. Mixed or multiple ethnic groups and Other ethnic group have both seen an increase of 0.7% and 2.1% respectively in comparison to 2011 census.
- New Cross Gate, Deptford, and Bellingham are wards with the highest proportion of people whose identified ethnicity is Black, Asian and Multi-Ethnic background.

### Marriage and Civil Partnership

- Of Lewisham residents aged 16 years and over, 53.4% said they had never been married or in a civil partnership in 2021, up from 49.7% in 2011.
- In 2021, just under one in three people (32.5%) said they were married or in a registered civil partnership, compared with 33.3% in 2011. The percentage of adults in Lewisham that had divorced or dissolved a civil partnership decreased from 8.1% to 8.0%. It should be noted that these figures include same-sex marriages and opposite-sex civil partnerships in 2021, neither of which were legally recognised in England and Wales in 2011.



### Language

- 83.8% of people in Lewisham speak English as their main language. In keeping with the diversity of the Borough, a large minority identified a language other than English as their main language (16.2%), higher than the national average of 9.2%.
- The most common main languages, other than English, were: Spanish (2.36%), Portuguese (1.08%), Polish (0.92%), and Chinese (0.92%).
- Lewisham had nearly 80% of households where all adults in a household speak English. There are 9.1% households where no people in a household speak English.

### Religion or belief

- 36.7% of Lewisham residents reported having "No religion", up from 27.2% in 2011. The rise of 9.5 percentage points was the largest increase of all broad religious

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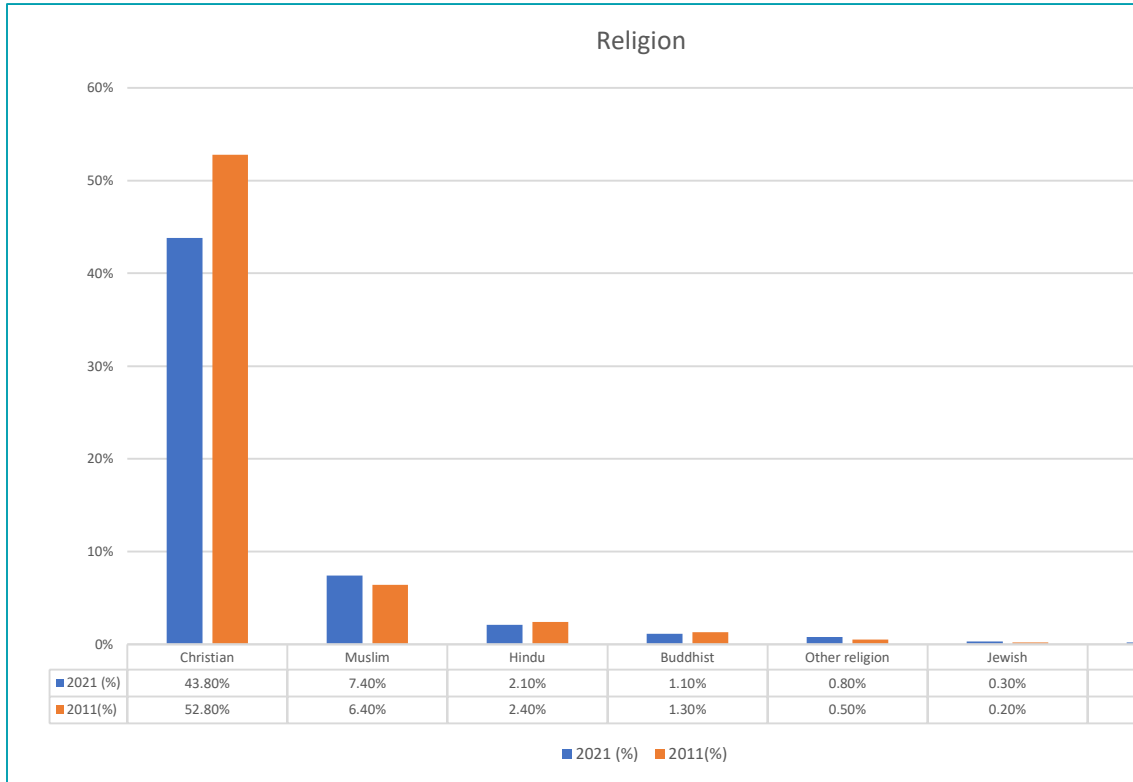
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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

groups in Lewisham. Across London, the percentage of residents who described themselves as having "No religion" increased from 21.0% to 27.1%, while across England the percentage increased from 24.8% to 36.7%.

- In 2021, 43.8% of people in Lewisham described themselves as Christian
- Following "no religion" and Christian, the next highest percentage was "Muslim" which 7.4% of residents identified with.



### Sex

- There are fewer women than men in under 9-year-olds, whereas there are more women than men in all age groups above the age of 20.
- The sex difference is most pronounced in the 25 to 34-year-olds, 35 to 49-year-olds, and 50 to 64-year-olds. Women in these three age brackets account for 32.24% (29.25% in 2011) of Lewisham's total population, while men account for 28.5% (28.31% in 2011).
- The proportion of 25 to 34-year-old women has increased by 0.5 percentage points (pp), while the proportion of men in the same age category has decreased 1.04 pp.
- Similarly, the proportion of 35 to 49-year-old women has increased by 0.3pp, whereas for men in this age bracket there has been a decrease of 0.47pp.
- In contrast, the proportions of both men (1.7pp) and women (2.21pp) in the 50 to 64-year-old bracket have increased from 2011.

### Sexual Orientation

- 2021 was the first time this question had been asked in the survey and so comparable baseline data is challenging.
- In Lewisham, 6.14% identified as lesbian, gay, bisexual, or other (LGB+), nearly twice that of the 3.1% for England.
- 84.12% identified as straight or heterosexual, lower than in England (89.4%).

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**Socio-Economic Disadvantage**

- 16.4% of the population was income-deprived in 2019. Of the 316 local authorities in England (excluding the Isles of Scilly), Lewisham is ranked 51st most income-deprived.
- In the least deprived neighbourhood in Lewisham, 4.0% of people are estimated to be income-deprived. In the most deprived neighbourhood, 33.4% of people are estimated to be income-deprived. The gap between these two, is referred to as internal disparity, is 29.4 percentage points in Lewisham
- In November 2023, Lewisham Foodbank reported a growing need for food support provision, with a 40% increase in demand in 2023 compared to 2022 ([Source](#)). Project manager Sarah Vitty explained in an interview: "Five years ago we were looking at a couple of hundred people a week maximum and now we are feeding 600-800 people a week." ([Source](#)).
- On average, more than 2,000 people are receiving food support per month, compared to 1,400 in 2022. Over 20,000 people have received support this year so far (as of November 2023.)
- Food banks struggle to meet the growing demand which has been outstripping donations since 2022. As of late 2023, only 60% of food support is covered by donations, the remainder needs to be purchased.
- Residents living in the Hither Green, Rushey Green, Bellingham, Perry Vale, and Downham wards were issued the most food aid parcels.
- Beneficiaries that accessed food banks the most were aged between 25-64 years old. The age group of child beneficiaries accessing food banks the most was 5-11 years old.
- The demand level in Lewisham is now at 4.5 times the England average, compared to 3 times before 2019.

**Percentage of all pupils eligible and taking free school meals (from 2018/19 (academic) to 2022/23 (academic)) for Lewisham**



**Lewisham Council Staff**

The below figures are correct at time of writing, due to the precise nature of these numbers and the turnover of staff within the Council, the below figures should be taken as indicative of broader trends, rather than precise measurements at time of reading.

- The staff make-up of Lewisham Council is 58.2% female, amounting to 1764 staff, and 41.8% male, amounting to 1266 staff.
- The ethnicity of Lewisham Council's staff is:
  - Asian: 5.0% (150 staff)
  - Black: 39.6% (1201 staff)
  - Mixed: 5.1% (155 staff)
  - Other: 1.5% (46 staff)
  - White: 44.7% (1354 staff)

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- Unavailable: 4.1% (124 staff)
- 9.3% of Lewisham’s staff are disabled, although it should be noted that no disability data is held on 19.2% of staff.
- 19.1% of Council staff are over 60 years old
- 71.1% of staff are heterosexual, whilst data is not held on 24.1% of staff who have indicated that they prefer not to say.

### 4. The analysis

An individual Equalities Screening, or Equalities Impact assessment has been completed for each proposed Budget savings, as well as for each instance of increased funding for a Directorate.

Below is a table which summarises the cumulative negative and positive impacts of savings, separated by Directorate. It should be noted that many of the savings which identify a potential negative impact on groups who possess a protected characteristic have also identified mitigations which can be enacted to ensure this impact is reduced as far as possible.

In addition to this, where high or medium impacts have been identified by services as a potential result of savings which have been proposed, full equality impact assessments have been completed and are attached to the Budget 2024/25 report as appendices.

It should be noted that in some instances where no impact has been recorded, this is not as a result of the proposed change having no effect on staff or service users. Instead, it may reflect that a mitigation has already been successfully put in place, or there is confidence that mitigations can be implemented which will reduce impact to zero.

Although not officially regarded as a protected characteristic, for the purposes of the analysis below, socio-economic inequality is being taken into consideration alongside protected characteristics. This is as a result of a recommendation from the [Fairer Lewisham Duty](#) for the Council to consider socio-economic disadvantage as part of its decision making processes.

High/ medium/ low negative impacts identified through the EIA Screening process						
	Chief Executive	CYP	Community Services	Corporate Resources	Place	Housing
Age	3	1	1	0	0	0
Disability	2	0	1	0	1	0
Ethnicity	2	0	1	0	0	0
Gender	0	0	1	0	0	0
Gender Reassignment	1	0	0	0	0	0

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Marriage and Civil Partnerships	1	0	0	0	0	0
Pregnancy and Maternity	0	0	1	0	0	0
Religion and Belief	0	0	1	0	0	0
Sexual orientation		0	0	0	0	0
Socio-Economic Inequality	3	0	1	0	0	0
Totals	2 – high/ medium 10 - low	1 – high/ medium 0 - low	0 – high/ medium 7 - low	0 – high/ medium 0 - low	1 – high/ medium 0 - low	0 – high/ medium 0 - low

<b>High/ medium/ low positive impacts identified through the EIA Screening process</b>						
	Chief Executive	CYP	Community Services	Corporate Resources	Place	Housing
Age	1	2	0	1	0	0
Disability	1	1	1	1	1	0
Ethnicity	1	1	0	1	0	0
Gender	1	0	0	1	1	0
Gender Reassignment	1	0	0	0	0	0
Marriage and Civil Partnerships	1	0	0	0	0	0
Pregnancy and Maternity	1	0	0	0	0	0
Religion and Belief	1	0	0	0	1	0
Sexual Orientation	1	0	0	0	0	0

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Socio-Economic Inequality	1	2	0	0	0	0
<b>Totals:</b>	0 – high/ medium 10 - low	3 – high/ medium 3 - low	1 – high/ medium 0 - low	3 – high/ medium 1 - low	3 – high/ medium 0 - low	0 – high/ medium 0 - low

Cumulative analysis of the data above provides information about the scale of impact that proposed changes are likely to have on residents/ service users within the borough of Lewisham Overall:

- EIA screenings have identified the potential for 21 instances of negative impact on groups possessing protected characteristics.
- Screenings have further identified 24 instances of positive impact on groups possessing protected characteristics.
- A total of 42 EIA screenings were completed as part of the savings process
- A total of 3 full Equality Impact Assessments have been completed as part of this process. Several further EIAs are committed to be delivered once savings have been agreed and work can commence on delivery of proposals.

However, it should be noted that this analysis does not provide detailed information about what specifically the impact will be, or mitigations that are either already in place or intended to be put in place. Some of this information has been provided as part of the impact summary listed below, but more detailed information should be sought from the completed Equality Impact Assessments or Impact Assessment Screenings which are published alongside the Budget.

This analysis also does not recognise disproportionate impact which is not directly related to groups possessing a shared protected characteristic or facing socio-economic inequality. An example of this is impact which could be caused to those who speak a different language, serve in the armed forces or service users who are uneasy about changing the setting in which they interact with the Council, with no specificity about who those service users may be. These impacts have been identified through full EIAs, which expand the focus on those impacted and are not limited to those possessing protected characteristics in the way in which EIA screenings are.

### 5. Impact summary

The impact of proposed budget savings in specific areas has been broken down into Council Directorates, and within those sections, into Divisions within the Council. Although there are some savings which cut across multiple Divisions, the majority can be assessed on the basis of the Directorate which is primarily responsible for their delivery.

#### **Chief Executive's Office**

The budget for the Chief Executive's Office provides funding for the following Council Divisions:

- Communications and Engagement
- Law and Corporate Governance
- People and Organisational Development

Savings proposals from this Directorate are anticipated to have a minimal direct impact on service users as a result of the Directorate's function primarily providing corporate support to other Council officers, rather than providing a direct service to residents. Budget changes to

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his area will predominantly impact Council staff, although there some changes will impact on residents.

In terms of protected characteristics, changes from this Directorate are likely to have a disproportionate impact on age as a result of changes to Lewisham Life primarily affecting this area, and other changes having a minimal impact across all areas. For those without internet access, Lewisham Life can act as a key source of information, and although the Council's 2021 residents survey identified that 94% of Lewisham residents are internet users, it also highlighted non-internet usage is significantly higher among:

- The Financially Stretched ACORN category (13%)
- Those aged 75+ (45%)

The Fairer Lewisham Duty outlines the Council's responsibility to take account of and attempt to mitigate the impact of changes on people who are disadvantaged as a result of their socio-economic status, as well as the intersectional impact of changes such as this one. The specific proposal relating to Lewisham Life is being mitigated through attempts to seek sponsorship and raise funds so publication of Lewisham Life can resume on a quarterly basis. It is felt that through this mitigation, the equalities impact of this change can be reduced or eliminated entirely.

Other changes within the Chief Executive's Directorate relating to the Civic Events Function, Policy Team, Executive Support Team and People and OD team will all have a staffing impact in terms of potentially increasing workload for Council Officers. There are no substantial or disproportionate equalities implications for these changes, but all impacts are being mitigated through monitoring by relevant line managers and strategic service planning to ensure capacity is used effectively.

Specific EIA screenings carried out for each of the proposed savings that impact staff have not identified any disproportionate impact with regards to protected characteristics on the staff who are affected. This is as a result of changes being made to vacant roles, and therefore impacts being across entire teams, rather than being felt by individuals.

Changes made within the Electoral Services Team also broadly have a neutral or minimal impact. The saving to remove non-statutory freepost reply envelope and scanning service is noted for its potential impact on those who are more likely to vote by post. However, it is noted that Lewisham now receives a higher percentage of online responses than any other London authority. In order to ensure the impact of this change has been fully considered, an Equalities Impact Analysis has been completed.

Additionally, the scrapping of direct letters to households regarding Voter ID is noted to have a low impact on several groups possessing a protected characteristic. The full EIA for this saving details extensive mitigation to reduce this impact, including a new A4 poll card in a reply envelope, with the statutory wording about Voter ID displayed prominently on the front and reverse of the poll card.

### **Housing**

The Budget for the Housing Directorate provides funding for each of the following Divisions:

- Housing Strategy
- Housing Quality and Investment
- Housing Resident Engagement and Services

However, for the purpose of this EIA screening, changes to the budget for the Housing Revenue Account (HRA) are not being focused on. As a result of this, the information

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directly below refers only to the Housing Strategy Division, as this draws on the General Fund.

Savings proposed from within this Division focus on increasing efficiency without reducing the service or quality of service which is being provided. Examples of savings such as this are the reduction of two Property Negotiator posts, capitalising the salary of the Housing Casework Officer to the HRA and increasing savings from the Temporary Accommodation Reduction Project. All of these projects note a neutral impact on anyone possessing a protected characteristic as part of their EIA Screening.

### **Corporate Resources**

The budget for the Corporate Resources Directorate provides funding for each of the following Divisions:

- Finance
- IT and Digital Services
- Resident and Business Services

Savings proposed from within the Finance Division are focused on internal processes which do not interact with service users, such as the internal audit process. IEA screenings for these savings do not identify any impact on those possessing protected characteristics. The savings themselves are focused on the deletion of vacant posts, improving contract efficiency and budget adjustments to remove historical anomalies. Of the five proposed changes from within this Division, there are none which note an impact through their screenings.

Similar to the above, changes proposed to IT and Digital Services have not identified any disproportionate impacts through their screening processes. The savings proposed from this Division focus on the deletion of vacant posts, ceasing using of the recruitment and talent acquisition service, and contractual cost reductions and equipment relocations within the data centres. In addition to a neutral impact on service users, a very minimal impact on staff has been identified as a result of deleted posts having been held vacant for a protracted period of time, and mitigations being put in place to ensure changes to technology utilised by staff is *“co-ordinated, managed and communicated in a way that will cause minimum disruption to staff.”*

Of the three changes proposed to the Resident and Business Services Division, there has been no impact identified through the EIA screening process for either the reduction in printing/ stationary costs or the deletion of posts which have been held vacant for up to one year. Reductions in staff numbers will be mitigated through the recruitment of a new Operations Manager to better manage resources. On a savings proposal titled FM Energy, a positive impact has been identified including three medium impacts, with one low impact.

These will affect:

- Age
- Ethnicity
- Gender
- Disability (low impact)

The cause of this positive impact through the saving is noted as a result of invoice validation creating a positive change for service users through improvement the management of our energy payments.

### **Children and Young People**

The budget for the Children and Young People Directorate provides funding to the following areas:

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- Children's Social Care
- Education Services
- Families Quality and Commissioning

Of the four proposals within the Children's Social Care directorate, two savings have identified an impact through the screening process. A saving related to Building Lewisham children's residential homes is identified as having a positive impact. This is as a result of less reliance on placement market and more cost control. An EIA screening identifies a particular positive impact on ethnicity as a result of this change, this is caused by some children in care being able to remain in their community, not placed elsewhere in a part of the country that has less cultural/racial diversity. It is noted in relation to this saving that a full EIA will be completed to ensure that all potential impacts have been properly considered.

A saving from the Children's Social Care Division to reduced spot purchasing of youth support has identified a potential negative impact that more young people could risk entering care if an alternative is not in place. This will disproportionately impact young people, but can be mitigated through the expansion of an 'in house' service as an alternative to commissioned resource.

The Education Services Division has proposed a number of savings measures as part of this budget. Proposed savings to Access, Inclusion and Participation amount to £220k and are identified as having a neutral impact across all groups possessing protected characteristics. This is as a result of analysis already having been carried out over a period of three years which has determined less places are required, and there remains sufficient capacity support the primary aged children in Lewisham schools. It is noted that a reduction in staffing levels may impact on reducing exclusions for Lewisham CYP. However, this will be mitigated by the rollout of initiatives such as Mental Health Support Teams in Schools.

The savings from Short Breaks Review are identified as having a possible negative impact across two characteristics, those who are disabled and those who face socio-economic inequality (although not a protected characteristic, this is reviewed as part of a recommendation from the Fairer Lewisham Duty). This impact is as a result of changes to Targeted Short Breaks may leading to some children receiving reduced packages of support. It should be noted that this will not be universal and some children will receive increased provision as a result of the change. A full EIA screening will be completed as part of the review process to ensure all potential impacts are understood and, where possible, mitigated.

There are no other impacts noted through the screening process for additional savings within the Education Services Division.

There are five proposed savings from within the Families, Quality and Commissioning Division. Of these five, two savings have identified a positive impact on groups possessing a protected characteristic, and three have identified a neutral impact. Positive impacts to service users include ensuring a consistent level of business support across the organisation through changes to ways of working, and plans to redesign service delivery to create a seamless and consistent offer of support that will further prevent inequality of access to service provision. The overall impact for service users will be positive, with anticipated increases in access and more targeted provision to ensure we reach and engage more families from communities not currently accessing existing provision.

It should be further noted that changes proposed from this division are also identified as having either a positive or neutral impact on staff.

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### **Place**

The budget for the Place Directorate provides funding to the following areas:

- Inclusive Regeneration
- Public Realm
- Planning

Two savings proposals have been submitted by the Inclusive Regeneration Division. One of these savings has identified a neutral impact across all assessed areas. This is as a result of utilising S106 to offset any potential risk to planned Jobs and Skills activity, therefore maintaining service provision at its current level.

A proposal from this division relating to Council Offices Rationalisation is identified as impacting those with a disability or those who face health/ social care challenges. Although there is a positive impact identified across a range of protected characteristics because of this change, there are potential risks to staff who access mental health services or who need specific workstations as reasonable adjustments for declared disabilities. A full Equality Impact Assessment has identified a number of mitigations to ensure that transition between buildings is as smooth as possible for the circa 83 staff who currently work in Holbeach. This includes completing a staff survey of those impacted and ensuring that services, such as the Youth Offending Service, are given appropriate space within Laurence House to carry out their work in a manner which is appropriate for their service users.

It should be noted that positive impacts from the changes referred to above include a reduction in concern about anti-social behaviour amongst female staff entering/leaving the Holbeach office, staff and clients benefiting from a more modern building with lifts, accessible toilets, powered doors, and an improvement in facilities for those with a faith a religion.

One saving has been identified by the Public Realm Division. This saving relates to implementing new processes, procedures and management arrangements to increase commercial waste income. There is no projected impact across protected characteristics as a result of this change, and it is noted that staff are trained to support all individuals including those with protected characteristics to deliver an excellent service and support additional needs where required.

### **Community Services**

The budget for the Community Services Directorate provides funding to the following areas:

- Adult Integrated Commissioning
- Systems Transformation
- Adult Social Care
- Communities, Partnerships and Leisure
- Public Health

It should be noted that a number of proposed changes from this Directorate cut across Divisions within it, and some services are more reliant on external grant funding which does not directly impact the general fund.

Six savings measures have been proposed by Adult Social Care, with none having identified disproportionate negative impacts across protected characteristics. In some instances, this is as a result of an assumption that additional funding will be provided over and above current MTFs assumptions through increased grant funding. In addition to this, one savings also relate to new approaches to re-charging, where service provision will not be reduced, but costs will be carried outside of the Council's General Fund.

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This Division has identified a positive impact through the EIA Screening process in relation to a Care Homes Review Proposal, which will require collaborative multi-disciplinary work arrangements that support providers to manage more complex residents effectively and safely. This saving is identified as having a positive impact on residents who have a disability, primarily as a result of more complex service users being more effectively supported whilst in care homes.

The Communities, Partnerships and Leisure division has proposed three savings which have identified no disproportionate positive or negative impact on either residents or service users through the EIA screening process. Changes proposed by this Division relate to a reduction in funding for the London Youth Games, a reduction in resources to invest in parks infrastructure and a one off Savings of £100K for 2023/24 and 2024/25 from the core budget contribution to the uplift on Salaries at Adult Learning Lewisham.

One saving has been proposed by the Public Health Division, and relates to Neighbourhood Community Development Partnerships (NCDPs). This saving would repurpose funding for NCDPs and they will therefore not restart within the borough, having been paused since the start of the Covid-19 pandemic. As service users that would have been attendees of the NCDP funded projects for the 2019/2020 period include younger residents, residents over 60 years and residents from Black, Asian and Minority Ethnic communities, a disproportionate potential impact from this saving has been identified. However, this impact is assessed as being low, with effective mitigations in place such as the South-East London Integrated Care Board (SEL ICB) work to develop integrated neighbourhood teams that may provide some degree of mitigation to not having NCDPs in place.

### 6. Mitigation

As a result of the scale and variety of measures, a summary of mitigations has been grouped in the above section (section 5), so they can be more easily read across as to which saving they refer to.

More detailed information on all mitigations that are in place can be found in the individual Equality Impact Screenings and full Equality Impact Assessments.

### 7. *Service user journey that this decision or project impacts*

As this impact assessment encompasses a wide range of separate service user journeys and project impacts, this information is provided via the full Equality Impact Screenings and Assessments that have been completed for savings where a negative impact on one or more groups possessing a protected characteristic has been identified.

**Signature of  
Director**

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### Y8b: Budget Growth EIA

<b>Author</b>	Alex Glanz	<b>Directorate</b>	Chief Executive's
<b>Date</b>	24/01/24	<b>Service</b>	Chief Executive's Office
<p><b>1. The activity or decision that this assessment is being undertaken for</b></p> <p>Cumulatively for allocated funding increases within the Budget 2024/25.</p> <p><i>This EIA is a summary of all Equalities Analyses which have been undertaken in relation to growth funding which has been allocated across Lewisham Council for the 2024/25 Budget.</i></p>			
<p><b>2. The protected characteristics or other equalities factors potentially impacted by this decision</b></p>			
<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Ethnicity/Race	<input checked="" type="checkbox"/> Religion or belief	<input checked="" type="checkbox"/> Language spoken
<input checked="" type="checkbox"/> Gender/Sex	<input checked="" type="checkbox"/> Gender identity	<input checked="" type="checkbox"/> Disability	<input checked="" type="checkbox"/> Household type
<input checked="" type="checkbox"/> Income	<input checked="" type="checkbox"/> Carer status	<input checked="" type="checkbox"/> Sexual orientation	<input checked="" type="checkbox"/> Socio Economic status
<input checked="" type="checkbox"/> Marriage and Civil Partnership	<input checked="" type="checkbox"/> Pregnancy and Maternity	<input checked="" type="checkbox"/> Refugee/Migrant/Asylum seeker	<input checked="" type="checkbox"/> Health & Social Care
<input checked="" type="checkbox"/> Nationality	<input checked="" type="checkbox"/> Employment	<input checked="" type="checkbox"/> Armed forces	
<p><input type="checkbox"/> Other, please define :</p>			
<p>A decision taken on where growth is allocated across the Council will have an impact on all residents of the borough of Lewisham, and therefore all protected characteristics and equalities factors are impacted. The decision to allocate funding will be a positive impact for all those who utilise the services which will see their budgets increased, some of which are universal services or corporate services which support the delivery of universal ones.</p>			
<p><b>3. The evidence to support the analysis</b></p> <p>Evidence for this EIA is taken predominantly from the Council's 2021 Census Data. Outlined below is a summary of the demographics within the borough of Lewisham. It should be noted that more detailed information about who is accessing services which the Council provides are held by those service teams. For the purposes of this EIA, evidence has been taken from all residents of Lewisham, as well as Lewisham staff.</p> <p>As is noted above, this is as a result of cumulative decisions being taken on the budget impacting all residents. This is contrary to decisions taken by specific services, where evidence will be taken from service users where appropriate.</p>			

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*Please see the supporting evidence detailed in Appendix Y9a ('3. The evidence to support the analysis').*

**4. The analysis**

This Equalities Impact Analysis is a cumulative summary of all EIAs and EIA screenings which have been completed in relation to growth funding which has been allocated in the 2024/25 budget.

All EIAs that have been completed for growth funding have identified either a positive or neutral impact to groups sharing a protected characteristic. Some of these EIAs have identified a high positive impact across specific characteristics, such as the impact of increased funding for the Concessionary Awards Team and the impact that will have on disabled and elderly residents. There is also a cumulative positive impact identified for all staff within Lewisham Council as a result of funding for a nationally agreed salary uplift, and instances where teams are able to be expanded to cope with a substantially increased workload.

As is noted below, there are disproportionalities in terms of some groups receiving a larger positive impact than others because they are disproportionately reflected either in the Council's workforce or its service users. This is noted particularly in relation to increases in funding for Temporary Accommodation and for the Children and Young People Directorate.

**5. Impact summary**

**Staff Salary Funding**

This area of growth refers to the decision to provide funding for salary increases to all Council Officers. The nature of funding increases has been agreed at a national level, and is not a Council decision, therefore the impact of how funding is allocated has not been recognised through the equalities analysis. However, the decision to provide funding for salary increases will have a positive impact across all protected characteristics and equalities factors.

Information on the make-up of the Council's workforce and the representation of groups sharing different protected characteristics is below:

Equality Group	Council staff profile	
	%	No.
<b>Gender</b>		3030
Female	58.2%	1764
Male	41.8%	1266
<b>Ethnicity</b>	100.0%	3030
Asian	5.0%	150

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Black	39.6%	1201
Mixed	5.1%	155
Other	1.5%	46
White	44.7%	1354
Unavailable	4.1%	124
BME	51.2%	1552
<b>Disability</b>	<b>100.0%</b>	<b>3030</b>
Yes	9.3%	281
No	71.5%	2167
Unavailable	19.2%	582
<b>Sexual orientation</b>	<b>100.0%</b>	<b>3030</b>
Heterosexual	71.1%	2153
LGBTQ+	3.1%	93
PNTS	24.1%	729
Unknown	1.8%	55
<b>Age</b>	<b>100.0%</b>	<b>3030</b>
16-19	0.3%	8
20-29	8.7%	264
30-39	18.4%	557
40-49	22.8%	690
50-59	30.8%	932
60+	19.1%	579
<b>Grade</b>	<b>100.0%</b>	<b>2702</b>
SC3 - SC5	20.0%	541
SC6 -SO2	30.3%	818
PO1 - PO5	33.2%	898
PO6 - PO8	10.5%	283
SMG - Executive	6.0%	162

The Equalities Impact Analysis for the increase in salary funding does specifically note the disproportionate number of white employees at senior levels of the Council, as well the disproportionate number of women who are employed at Lewisham Council. Other disproportionalities are noted throughout the report, but there are no negative impacts identified because of this decision.

### **Legal Services Funding**

This increase in funding for Legal Services is designed to deal with increased demand pressures, particularly within Adult's and Children's Services, as well as disrepair claims. The funding will have a neutral impact across the service as this legal work is required, and funding is intended to resolve a provide support for demand which is already present.

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It is identified through the Equalities Impact Screening for this increase in funding that a better service will be delivered to all Council clients which are supported by the legal team, and therefore any impact that this decision does have will be positive.

### **Corporate Support for delivery of Quality Housing**

This relates to a decision to invest an additional £1 million in corporate support for the delivery of new housing supply in the borough and the necessary investment in its existing housing stock. There is no impact on staffing associated with this proposal, the funding will support corporate budgets to fund the borrowing and accounting costs of the capital programme.

Although the majority of groups possessing protected characteristics are noted by the Equalities Analysis to be neutrally impacted by this decision, there is a specific positive impact on:

- **Age** – school provision will support our children and young people. Housing will benefit all of those eligible.
- **Disability** – the capital programme includes funding for adaptations to homes to support those who require it.
- **Pregnancy and maternity** - school provision will support new families within the borough.
- **Socio-Economic Status** - improved social infrastructure, in particular housing supports those unable to afford private purchase/rent.

It is further noted in the Equalities Analysis that there will be an additional positive impact for partners of the Council, which may result in improvements for service users. This is because of them relying on physical assets being delivered/improved/maintained via the capital programme, and would include our schools, health partners, TfL, etc...

### **Children and Young People**

This relates to a decision to provide funding primarily focussed towards children and young people. This is associated with funding pressures related to children supported by a social worker and children with SEN needs.

In the last two years, while the number of children in care has reduced as have the number in more expensive residential care, the unit costs for children requiring a higher level of need has increased significantly. This has been recognised as a national pressure by the DfE. Through a range of actions the directorate has been seeking to reduce costs, but it must be recognised that with a national shortage of appropriate residential placements that there are times when the Council has to pay increased fees in order to provide accommodation for children in care and meet its statutory requirements. In addition, due to historic practice the age profile of children in care in Lewisham is higher than average. This means that there are more adolescents with complex needs than would be expected, and a bulge of care leavers which the Council has continued responsibility for. Next year the number of care leavers is expected to start to reduce.

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Each year the number of children identified as having a high level of special educational needs and requiring an Education, Health and Care plan has gone up by roughly 105. Once again this is a national trend. While the direct support costs associated with this increase sits within the High Needs Block of the Dedicated Schools Block, there is also a pressure on the General Fund, in particular Home to School Transport and staffing costs (Educational Psychologists and SEN Caseworkers). Overall, the increased investment here helps the Council to meet its statutory responsibilities in relation to this group of children and young people.

The impact of this funding is registered in the equalities screening as neutral across all groups possessing protected characteristics. This is as a result of much of the work that the funding is allocated to support already being underway. However, it should be noted that, had the Council chosen not to provide this funding, there would have been a significant negative impact across a number of groups possessing a protected characteristic who use the services provided by the Children and Young People Directorate, particularly children. Therefore although this increase in funding has been registered as neutral, the decision to allocate the funding has avoided a negative impact being felt.

**Growth allocation for Temporary accommodation service**

This relates to a decision to allocate base budget growth of £8m and an additional £1.9m one off funding for 2024/25 to help address pressures in the temporary accommodation service. A full Equalities Impact Analysis has been undertaken in relation to this decision, and notes that it will have a positive impact across all protected characteristics and equalities factors.

It is noted in the EIA for this decision that there is disproportionate representation across a number of protected characteristic in terms of homelessness applications. This includes age, race, maternity, ethnicity and income. Some supporting data for this has been included below:

<b>Ethnicity</b>	<b>%</b>
Black or Black British Caribbean	28.7%
Black or Black British African	22.2%
White - English/Welsh/Scottish/Northern Irish/British	20.0%
Refused / Unspecified	7.7%
White Other	4.6%
Other ethnic group - Other	4.4%
White and Black Caribbean	2.9%
Asian or Asian British Other	2.6%

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Black or Black British Other	2.0%
Mixed/Multiple Ethnic - White and Black Caribbean	1.7%
Mixed/Multiple Ethnic - Other	1.3%
Mixed/Multiple Ethnic - White and Black African	0.4%
White Irish	0.4%
Asian or Asian British Bangladeshi	0.2%
Asian or Asian British Chinese	0.2%
Asian or Asian British Indian	0.2%
Asian or Asian British Pakistani	0.2%
Other ethnic group - Arab	0.2%
White Gypsy or Irish Traveller	0.2%
<b>Total</b>	<b>100%</b>

This Equalities Analysis Assessment recognises that the award of the funding will have a greater impact on specific groups because they have a higher representation within the overall service user profile. The impact on these groups will be positive as additional funding will provide the council with more options in which to assist homeless households and help to find properties within the borough and in neighbouring boroughs.

### **Insurance Reserve Unwinding**

This Equalities Impact Screening relates to a decision to unwind a saving of £300k within the Corporate Resources Directorate. An equalities screening has been completed for this decision and notes that there is no impact on any groups sharing a protected characteristic as a result of this.

### **Adult Social Care – General Non-Pay inflation**

This Equalities Impact Screening relates to a decision to allocate a 1% uplift to non-pay related funding within Adult Social Care. It is not anticipated that this decision will have an impact on any group possessing a shared protected characteristic or equalities factor.

### **Public Health Funerals**

This is a proposed increase to the funding for Public Health Funerals, a service the Council provides to arrange funerals for Lewisham residents who are deceased but who have either (a) nobody able to arrange or (b) prepared to arrange the funeral on their behalf. As there is no data gathered that profiles any characteristics for the deceased, equality impacts for this growth have been identified as neutral across all protected characteristics. As managing public health funerals is limited to the team responsible for administering these internally,

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the EIA does not note any impact on partners or other staff as a result of this additional funding.

### **Concessionary Awards Team**

This EIA focuses on an increase in funding for the Concessionary Awards Team. This funding allows the team to continue to effectively administer the freedom pass scheme. As this scheme is utilised by elderly and disabled residents, the EIA notes that an increase in funding, and the Council's continued ability to provide this scheme effectively, will have a positive impact across groups possessing those two protected characteristics.

In terms of the scale of this impact, the Freedom Pass is currently provided to 5,752 disabled residents, and is spread across the following age profile:

- Age 65 and over 28,508
- Age 55 – 64 2,001
- Age 45 – 54 1,161
- Age 35 – 44 892
- Aged 25 – 34 801
- Under 25 years of age 423

As a result of the number of people who are positive impacted by the freedom pass scheme, the EIA has identified a high positive impact as a result of this additional funding.

### **6. Mitigation**

All decisions listed above relate to increases in funding which is being provided through the budget. As a consequence of this, all impacts that have been noted through the equalities screening/ equalities analysis process are positive or neutral.

Therefore, no mitigations are required to prevent negative impacts.

### **7. *Service user journey that this decision or project impacts***

As this Equality Impact Assessment is a cumulative summary of a number of separate decisions which are being taken across the Council in relation to growth allocations through the 2024/25 budget, it relates to a large number of potential service user journeys.

Information on these journeys can be found in the specific Equalities Impact Analyses which this EIA has drawn information from.

**Signature of  
Director**

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**APPENDIX Y9: Making Fair Financial Decisions**



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

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

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

### 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.

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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

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

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.

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- **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.

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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.

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## APPENDIX Z1: Interest Rate Forecasts 2024 - 2026

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecast below is based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast, made on 8 January 2024, sets out a view that both short and long-dated interest rates will gradually fall, as the Bank of England sees the inflation rate falling. The government is also providing a limited package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices without increasing inflation.

Link now expect the MPC will keep Bank Rate at 5.25% during the first half of 2024 to combat on-going inflationary and wage pressures. We do not think that the MPC will increase Bank Rate above 5.25%.

**Table Z1.1: The current PWLB rate forecasts below are based on the Certainty Rate**

Period	Bank Rate	PWLB Borrowing Rates %			
		(including certainty rate adjustment of 20 basis points)			
	%	5 year	10 year	25 year	50 year
Mar 2024	5.25	4.5	4.70	5.20	5.00
Jun 2024	5.25	4.40	4.50	5.10	4.90
Sep 2024	4.75	4.30	4.40	4.90	4.70
Dec 2024	4.25	4.2	4.30	4.80	4.60
Mar 2025	3.75	4.1	4.20	4.60	4.40
Jun 2025	3.25	4.00	4.10	4.40	4.20
Sep 2025	3.00	3.80	3.80	4.30	4.10
Dec 2025	3.00	3.70	3.70	4.20	4.00
Mar 2026	3.00	3.60	3.60	4.2	4.00
Jun 2026	3.00	3.60	3.60	4.1	3.90
Sep 2026	3.00	3.50	3.50	4.1	3.90
Dec 2026	3.00	3.50	3.50	4.1	3.90

### PWLB Rates

Gilt yield curve movements have narrowed, with the short part of the curve seeing yields fall through recent weeks whilst the longer-end continues to reflect inflation concerns. At the time of writing there is <30 basis points difference between the 5 and 50 year parts of the curve.

### The balance of risks to the UK economy:

- The overall balance of risks to economic growth in the UK is to the downside.

### Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus could keep gilt yields high for longer).

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- **The Bank of England** has increased the Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

### Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening to 5.25%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term US treasury yields rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher.

Projected gilt issuance, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields consequently.

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## APPENDIX Z2: Extract from Credit Worthiness Policy

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

### Annual Investment Strategy

The key requirements of both the CIPFA Code of Practice on Treasury Management in the Public Services and Department for Levelling Up, Housing and Communities (DLUHC's) Investment Guidance are to set an annual investment strategy, as part of its annual Treasury Management Strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments. These are investments with a body or in an investment scheme described as high quality or with;
  - i. The United Kingdom Government;
  - ii. A local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland;
- Non-specified investments. These are long term investments and any investment that falls outside the minimum counterparty criteria identified within the strategy.

The investment policy proposed for the Council is:

**Strategy guidelines:** The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments:** These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

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

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society).

Within these bodies, and in accordance with the Code, the Council has set additional criteria to define the time and amount of monies which will be invested in these bodies, as shown in the table further below.

**Non-Specified Investments:** These are long term investments and any investment that falls outside the minimum counterparty criteria identified within the strategy and do not meet the specified investment criteria. These include certificates of deposit issued by banks or building societies, fixed deposits with building societies that do not meet the basic security requirements of specified investments, corporate bonds, and property funds. Provision has been made in the Strategy to invest in a limited number of lower rated building societies within the restrictions set out, certificates of deposit with both banks and building societies, and pooled asset funds (should the relevant opportunity arise). The Council will seek guidance on the status of any pooled fund or collective investment scheme it may consider using, and appropriate due diligence will also be undertaken before investment of this type is undertaken.

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

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

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

The Link Group creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue precedence to just one agency's ratings.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are outlined below.

**Table Z2.1: The Criteria, Time Limits and Monetary Limits of Institution or Investment Vehicles**

	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	£40m	1 year

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UK Government Treasury bills	UK sovereign rating	£60m	6 months
Money Market Funds - CNAV	AAA	£30m	Liquid
Money Market Funds - LVNAV	AAA	£30m	Liquid
Money Market Funds - VNAV	AAA	£30m	Liquid
Local authorities	N/A	£25m	1 year
Term deposits with banks and building societies	Yellow*	£30m	Up to 5 years
	Purple	£25m	Up to 2 years
	Blue	£40m	Up to 1 year
	Orange	£25m	Up to 1 year
	Red	£20m	Up to 6 Months
	Green	£15m	Up to 100 days
	No Colour	Not for use**	Not for use**
CDs or corporate bonds with banks and building societies	Blue	£40m	Up to 1 year
	Orange	£25m	Up to 1 year
	Red	£20m	Up to 6 Months
	Green	£15m	Up to 100 days
	No Colour	Not for use**	Not for use**
Term deposits or CDs with building societies on Link's counterparty list rated 'No colour'	BBB-	£10m	Up to 3 months
Call accounts and notice accounts	Yellow*	£30m	Liquid
	Purple	£25m	
	Blue	£40m	
	Orange	£25m	
	Red	£20m	
	Green	£15m	
	No Colour	Not for use	
Pooled investment funds		£50m	At least 5 years

\* for UK Government debt, or its equivalent, Constant Net Asset Value (CNAV) money market funds and collateralised deposits where the collateral is UK Government debt.

\*\* except for those building societies rated BBB- or higher as set out elsewhere in the table.

**The monitoring of investment counterparties:** The credit rating of counterparties will be monitored regularly, on at least a weekly basis. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and the impact of those changes are assessed promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest upon maturity. Any counterparty failing to meet the criteria will be removed from the

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lending list immediately, and if required new counterparties which meet the criteria will be added to the list. Any fixed term investment held at the time of the downgrade will be left to mature as such investments cannot be broken mid-term.

Sole reliance will not be placed on the use of this external service. In addition, the Council will make use of market data and information on any external support for banks to help support its decision-making process.

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

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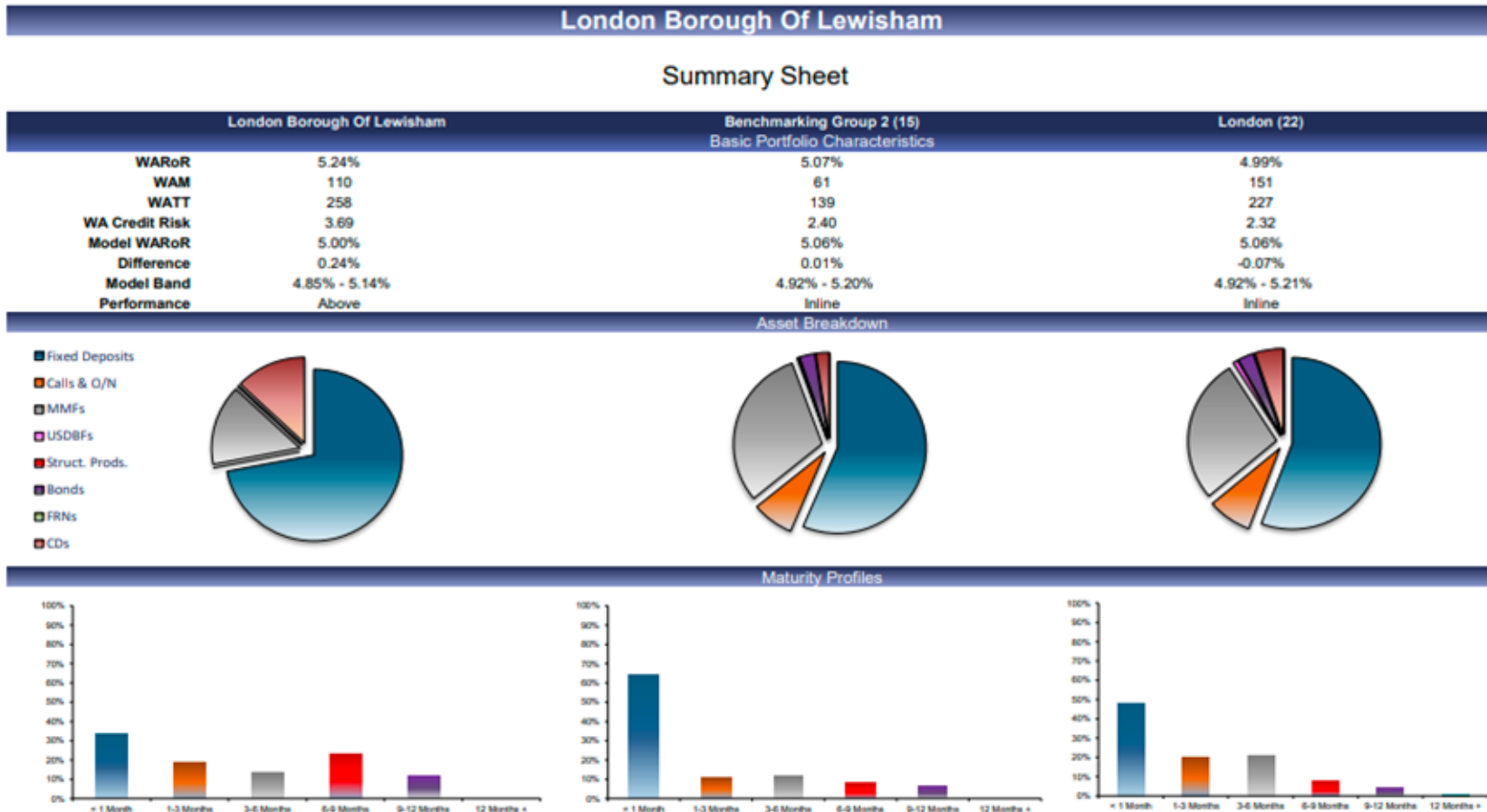
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**APPENDIX Z3: Benchmarking Extract**

The following three pages present an extract, with glossary, of the Council’s treasury benchmarking report as at 30 September 2023.

**Table Z3.1: London Borough of Lewisham Summary Sheet**



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Table Z3.2: London Borough of Lewisham Peer Comparison

London Borough Of Lewisham							
Peer Comparison							
	London Borough Of Lewisham	Benchmarking Group 2 (15)		London (22)		Population Average (229)	
<b>Basic Characteristics</b>							
Principal	£347,400,000	£266,125,348		£252,210,013		£108,273,109	
WARoR	5.24%	5.07%		4.99%		5.09%	
WAM	110	61		151		79	
WATT	258	139		227		154	
WA Credit Risk	3.69	2.40		2.32		2.81	
<b>Portfolio Breakdown</b>							
Fixed Deposits	71.96%	56.36%	14	55.70%	19	54.85%	203
Calls & O/N	0.00%	7.68%	6	8.16%	8	11.44%	158
MMFs	15.08%	30.44%	13	27.19%	18	28.24%	185
USDBFs	0.00%	0.33%	1	0.90%	1	0.67%	13
Struct. Prods.	0.00%	0.00%	0	0.00%	1	0.22%	5
Bonds	0.00%	2.79%	1	2.88%	3	1.42%	13
FRNs	0.00%	0.00%	0	0.00%	0	0.10%	1
CDs	12.95%	2.40%	2	5.17%	3	3.05%	23
<b>Institution Breakdown</b>							
Banks	84.92%	39.03%	13	40.97%	0	45.21%	214
Building Socs.	0.00%	1.70%	3	4.37%	2	2.53%	49
Government	0.00%	28.50%	10	25.73%	20	23.08%	134
MMFs	15.08%	30.44%	13	27.19%	6	28.27%	185
USDBFs	0.00%	0.33%	1	0.90%	1	0.60%	13
MLDBs	0.00%	0.00%	0	0.00%	16	0.09%	1
Other	0.00%	0.00%	0	0.83%	1	0.22%	10
<b>Domestic/Foreign Exposure</b>							
Domestic	23.03%	55.89%	15	59.59%	9	62.02%	222
Foreign	61.89%	13.34%	6	12.32%	1	9.08%	86
MMFs	15.08%	30.44%	13	27.19%	6	28.30%	185
USDBFs	0.00%	0.33%	1	0.90%	1	0.60%	13
<b>Maturity Structure</b>							
< 1 Month	33.79%	63.75%		47.57%		55.13%	
1-3 Months	18.71%	10.89%		19.99%		17.21%	
3-6 Months	12.95%	11.48%		20.73%		16.77%	
6-9 Months	23.03%	7.71%		7.35%		5.46%	
9-12 Months	11.51%	6.16%		4.15%		4.05%	
12 Months +	0.00%	0.00%		0.21%		1.39%	

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Table Z3.3: Definitions for Table Z3.2

<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 Link 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.

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### APPENDIX Z4: Economic Update from Link Asset Services

#### UK Economy (as at 31 December 2023)

- The third quarter of 2023/24 saw:
  - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
  - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%;
  - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
  - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
  - The Bank of England holding Bank Rate at 5.25% in November and December;
  - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide’s December data pointed to a -1.8% year on year decrease.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

**Table Z4.1: High/Low/Average PWLB Rates for 01.04.2023 – 29.12.2023**

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.60%	5.09%	5.03%	5.35%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%
	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.14%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.51%	5.73%	5.45%
<b>Date</b>	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
<b>Average</b>	5.62%	5.16%	5.01%	5.29%	5.00%
<b>Spread</b>	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

### MPC Meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

### Creditworthiness

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

### Investment Counterparty Criteria

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

### Investment Counterparty Criteria

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

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## **APPENDIX Z5: Approved Countries for Investment**

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on the lowest available rating.

### **AAA**

- Australia,
- Denmark,
- Germany,
- Netherlands,
- Norway,
- Singapore,
- Sweden,
- Switzerland.

### **AA+**

- Canada,
- Finland,
- USA.

### **AA**

- Abu Dhabi (UAE).

### **AA-**

- Belgium,
- France,
- Qatar,
- U.K.

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## APPENDIX Z6: Requirement of the CIPFA Treasury Management Code of Practice

### Treasury Management Scheme of Delegation

#### (i) Full Council

- Budget consideration and approval;
- Approval of annual Treasury Management Strategy; and
- Approval of/amendments to the organisation's adopted clauses and treasury management policy statement.

#### (ii) Public Accounts Committee

- Receiving and reviewing reports on treasury management policies, practices and activities.

### The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer has responsibility for:

- recommending treasury management policies for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- approval of the division of responsibilities;
- approving the organisation's treasury management practices;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;

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## APPENDICES W1 to Z6 (2024/25 BUDGET REPORT)

- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that Members are adequately informed and understand the risk exposures taken on by an authority; and
- ensuring that the authority has adequate expertise, either in-house or externally, to carry out the above.

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# Agenda Item 8



## Council

### Scrutiny meetings - date changes

**Date:** 28 February 2024

**Key decision:** No

**Class:** Part 1

**Ward(s) affected:** All

**Contributor:** Director of Law and Corporate Governance

### Outline and recommendations

This report asks Members to note changes to the dates of some Select Committee meetings and a meeting of the Overview and Scrutiny Committee.

## 1. Summary

- 1.1. This report asks Members to note changes to the dates of some Select Committee meetings and a meeting of the Overview and Scrutiny Committee.

## 2. Recommendation

- 2.1. To note that:
- The Select Committee meetings due to take place on 5, 7 and 20 March and the Overview and Scrutiny Committee meeting due to take place on 6 February will no longer take place.
  - The Select Committee meetings will instead take place on 12, 13 and 14 March and the Overview and Scrutiny Committee will meet on 18 March.

## 3. Background

- 3.1 Four scrutiny meetings have been cancelled as they fall within either the Lewisham Mayoral pre-election period or the GLA pre-election period.
- 3.2 These meetings have been rescheduled to take place in the period of time between the two pre-election periods, as follows:

<b>Committee</b>	<b>Cancelled date</b>	<b>New date</b>
Healthier Communities Select Committee	5 March 2024	12 March 2024
Safer, Stronger Communities Select Committee	20 March 2024	13 March 2024
Housing Select Committee	7 March 2024	14 March 2024
Overview and Scrutiny Committee	6 February 2024	18 March 2024

#### **4. Financial implications**

4.1. There are no direct financial implications arising from this report.

#### **5. Legal implications**

5.1 The Constitution provides that every year the Council will hold an Annual General Meeting and will fix a programme of Council meetings for the municipal year. The schedule of meetings for 2023/24 was agreed at the AGM on 29 March 2023.

#### **6. Equalities implications**

6.1. There are no direct equalities implications arising from this report.

#### **7. Climate change and environmental implications**

7.1. There are no direct climate change or environmental implications arising from this report.

#### **8. Crime and disorder implications**

8.1. There are no direct crime and disorder implications arising from this report.

#### **9. Health and wellbeing implications**

9.1. There are no direct health and wellbeing implications arising from this report.

# Agenda Item 9



## Council

### Motions

**Date:** 28 February 2024

**Class:** Part 1

**Contributors:** Head of Governance and Committee Services

### Outline and recommendation

To receive motions from Members of the Council.

None.