

2013 / 2014 TO 2017 / 2018 CAPITAL PROGRAMME - MAJOR PROJECTS

Major Projects over £2m	2013/14	2014/15	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m	£m	£m
GENERAL FUND						
BSF - Prendergast Hilly Fields (D&B)	8.6					8.6
BSF - Sydenham (D&B)	10.1	9.9	4.7	1.2		25.9
BSF - Brent Knoll (D&B)	1.8	5.6				7.4
BSF - Hatchem Temple Grove	1.8	0.9				2.7
BSF - ICT in Schools	1.1	0.5	0.5	0.4	0.4	2.9
Schools - Primary Places Programme	20.6	25.1	8.9	9.4		64.0
Schools - Other Capital Works	4.4	7.7	1.2	1.2	1.2	15.7
Highways & Bridges - TfL	4.0					4.0
Highways & Bridges - LBL	5.5	3.5	3.5	3.5	3.5	19.5
Catford TC (inc Broadway & Milford Towers) Regeneration	2.4	2.8	2.0	3.6		10.8
Deptford Town Cen & High St Imps	2.0	0.1				2.1
Asset Management Programme - Non Schools	2.4	2.5	2.5	2.5	2.5	12.4
ICT - Tech Refresh	0.6	0.5	0.5	0.5	0.5	2.6
Kender and Excalibur Regeneration	2.1	1.9	0.8	0.6	1.1	6.5
Heathside & Lethbridge Regeneration	1.8	2.8	3.7	1.5	1.6	11.4
Disabled Facilities Grant	0.6	1.0	0.7	0.7	0.7	3.7
Private Sector Grants and Loans	0.6	0.8	0.6	0.6	0.6	3.2
Vehicle Replacement	2.1					2.1
Aids, Adaptations, Disabilities	0.4	0.4	0.4	0.4	0.5	2.1
Other Schemes	6.9	2.1	1.1	0.0	0.0	10.1
	79.8	68.1	31.1	26.1	12.6	217.7
HOUSING REVENUE ACCOUNT						
Customer Services	2.6	0.8	0.7	0.7	0.7	5.5
Lewisham Homes	42.8	57.5	48.7	57.4	81.5	287.9
	45.4	58.3	49.4	58.1	82.2	293.4
TOTAL PROGRAMME	125.2	126.4	80.5	84.2	94.8	511.1

APPENDIX W2

PROPOSED CAPITAL PROGRAMME - ORIGINAL TO LATEST BUDGET

	Total	Total
	£000	£000
GENERAL FUND		
Original Budget (June 2013)		177,585
New Schemes during the year		
Schools Basic Need - 15/16 and 16/17 Grant allocation	18,280	
LBL Highways, Footways, Bridges - 14/15 to 17/18 programme	14,000	
Schools Maintenance Grant - 14/15 Grant allocation	3,090	
Lewisham Central Opportunity site - Phase 1	598	
Ladywell Specialist Dementia Centre - Grant funded	250	
Evelyn St (Parker Hse)	192	
Trundley's Rd (Surrey Canal Triangle - Plot F)	150	
CCTV - LH Integrated Control Room (GF element)	121	
Nurseries - Cash Flow Loans	100	
Cemetery Improvement Works	100	
Beckenham Place Park - Homesteads (Insurance funded)	90	
	90	
		36,971
Variations on existing schemes		
Heathside & Lethbridge - Revised figures for Phases 3 to 6, reimbursed by HA partner	1,970	
TfL Highways - Extra Grant allocations notified	605	
Deptford Station - Final costs	235	
Brockley Rise Centre - Hut Refurbishment	150	
Disabled Children (short breaks) - Extra grant allocation	125	
Other Minor Variations	49	
	49	
		3,134
Latest Budget		217,690
HOUSING REVENUE ACCOUNT		
Original Budget (June 2013)		229,883
HRA Business Plan Capital Requirement - Hostels	1,885	
Rephasing Budgets and addition of 17/18 Budgets	61,642	
	61,642	
Latest Budget		293,410
Overall Budget		511,109

APPENDIX X1: Proposed Housing Revenue Account Savings 2014/15

HRA Efficiencies/Savings & Growth proposals 2014/15

Item	Area	Proposals 2014/15 £'000
	Savings/Efficiencies	
1.	Lewisham Homes Fee	-324
2.	Nil Inflation Increase for Repairs & Maintenance	-420
	Savings/Efficiencies total	-744
	Growth	n/a
	Total Budget Proposals	-744

Savings/Efficiencies

Item 1 Lewisham Homes management fee

The initial fee proposal for 2014/15 after allowing an inflationary increase of 1% on salaries and 2.5% on running costs, less a reduction of £176k for stock loss through right to buy sales' and regeneration schemes was £19.000m.

However, Lewisham Homes have proposed a fee for 2014/15 of £18.676m which is a saving of £0.324m

The net effect, if the saving is taken, will be a management fee of £18.676m in 2014/15, against the fee for 2013/14 of £18.891m. This reflects an overall decrease of 0.23% in the fee per property compared to 2013/14.

Savings of £0.324m can be achieved through efficiencies with minimal impact on service provision.

Item 2 No Inflationary increase to Repairs & Maintenance budgets

It has been proposed by Lewisham Homes that the forecast inflationary increase to the Repairs & Maintenance budget of 2.5% is removed, producing a saving or cost reduction of £0.420m.

This proposal will have an impact on Lewisham Homes trading account and M&E budgets. However, the Repairs Trading Account, operated by Lewisham Homes, made surpluses in both 2011/12 and 2012/13 respectively. It is felt that this proposal can be accommodated without any impact on service provision, or reduction in repairs undertaken, due to improvements in efficiency.

APPENDIX X2: Tenants' rent consultation 2014/15

The Tenants' rent consultation meeting took place on 17th December 2013 with Lewisham Homes managed tenants. Brockley Tenants were due to be consulted as part of their panel meeting held on 19th December 2013, However, as this was poorly attended, consultation took place as part of the leaseholder forum held on 9th January 2014 and letters sent to members of the Brockley Panel. Excalibur tenants consultation took place via letters to residents and a report sent to the committee in December 2013.

Views of representatives on rent rise & savings proposals			
	Lewisham Homes	Brockley PFI	Excalibur TMO
No of representatives (excl Cllrs)		n/a	n/a
Rent Rise	See over	See over	See over
Savings Proposals:-			
1. Lewisham Homes Fee	See over	n/a	n/a
2. R&M Inflation	See over	n/a	n/a
Service Charges inc:	See over	See over	n/a
Heating & Hot Water Charges	No comments	n/a	
Garage Rents	No comments	No comments	n/a
Tenants Fund	Agreed	Agreed	No comments

Summary of other comments made by representatives

Lewisham Homes Panel	<p>Rent rise:</p> <p>A significant number of representatives expressed concern at the level of the rent rise when compared to pay increases and changes in benefits. Particular reference was made to public sector workers who had experienced in recent years a 3 year pay freeze followed by a 1% pay award.</p> <p>The Panel asked for a the consultation response to include details of rent rises compared to pay for the past five years. This is set out in a table below this section.</p> <p>Resident representatives suggested that the increase should be halved. It was explained that this would lead to a significant loss of income and would limit the Council's ability to meet Decent Homes and other housing priorities.</p> <p>Tenants Service Charges & Heating & Hot water Charge:</p> <p>Residents queried the increase in caretaking charge. It was explained that the main driver in this was the harmonisation regarding caretakers pay, which meant an increase was required.</p> <p>Residents welcomed the service charge reduction in the pest control service.</p> <p>Savings Proposals:</p> <p>No comments were made</p>
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Comparison of rent increases and public sector pay increases 2010-2015

	2010/11	2011/12	2012/13	2013/14	2014/15 (proposed)
	%	%	%	%	%
Public Sector Pay	0	0	0	1	1
Rent	1.34	4.99	7.05	4.05	5.05

Brockley PFI Area

After consultation with residents, a meeting to discuss the rent and service charge increase was scheduled for Thursday 19th December 2013.

However, only 1 tenant and no leaseholders attended, and the meeting was subsequently cancelled.

It was decided that consultation with residents in the Brockley area would consist of direct letters to resident panel members and consultation at the Leaseholder forum which was to be held on 9th January 2014.

A total of 3 responses were received via these methods and are attached below in full.

Rent Rise:

Only 1 tenant responded to the consultation letter.

In general comments related to the procedure for consultation rather than directly related to the actual increase proposed.

In terms of consultation, residents were asked to decide which date was suitable for a meeting and one was subsequently agreed and arranged for 19th December 2013 and papers dispatched accordingly.

Due to the low attendance at the meeting, it was felt that it would be appropriate to write to resident representatives on the Brockley board to gauge their opinion and feed-back.

Every effort was made by both Pinnacle and the council to consult adequately regarding the increases in charges.

Tenants and Leaseholders Service Charges:

Only 1 tenant and 2 leaseholders responded to the consultation letter.

The tenant comments related to the non provision of a particular service (Window Cleaning) rather than the increase proposed.

RB3 will be asked to formally respond to the comments regarding the window cleaning service.

Leaseholder Comments queried the validity and appropriateness of the use of RPI as the inflationary increase and also the morality of imposing increases that outweighed wage inflation increases.

Comments from the leaseholder forum held on 9th January 2014.

There was an Objection to the increase given the increasing costs in households bills and flat wages - leaseholders incomes are not rising in tandem with this increase, so how can it be expected that leaseholders can afford it.

There was a query as to why the service charges were increased by RPI (3.2%) + 0.5% - particular comment was made by a leaseholder who asked why CPI wasn't being used as they thought the government was changing to this rate of inflation rather than RPI.

In response to the above comments, officers can advise that the RB3 contract is increased with reference to RPIX (which excludes mortgage costs), not RPI or CPI.

This will not change over the life of the contract.

The government is currently consulting on whether to change the current formula for **rent** increases by replacing RPI + 0.5% with CPI + 1%. This is not due to be implemented until financial year 2015/16 at the earliest.

It is not yet clear if this will also apply to service charges. There is also the obligation on the authority to ensure that full costs in providing services are fully recovered, and that there is no cross subsidy from rental income.

It should also be noted that the overall increase proposed to Leasehold Service Charges is an average of 2.2%. Whilst some elements have increase by RPI + 0.5%, other elements have not been increased

Brockley Tenants Comment regarding rent increase

'I do not think that it is right that I have to pay for a service that I am not currently receiving. I find that the Pinnacle/Council is not allowing residents sufficient amount of time when it comes to consulting them! By the time the council have made their final decision, the residents have been left in the dark. Pinnacle & the council are not letting residents know how important

“meetings” are in order to work in partnership. This results in council’s making decisions without fully consulting residents’.

Brockley tenant comment regarding tenant service charge increase

‘I am against this service charge increase as Pinnacle and the council have been taking monies in 2013 & 2012 for service charges & not providing the service promised. We are paying for window cleaners as an example and in the last 2 years no one have come to clean the windows. Please advise in writing where this money has been spent as I will be making a claim to be compensated for all of my losses.

I don’t want to pay for any service charge’.

Brockley Leaseholder Comments regarding increases to leasehold service charges

1. In my opinion increasing service charges using RPI + 0.5% addition is grossly wrong. While Regenter is in maintenance business of property, it should not use RPI index which includes real estate as an indication of price inflation increases as it is inappropriate. In years of austerity, when Government is cutting spending and real term wages is dropping, it is unfair & unjustified to pass on such increases to leaseholders & residents. I would only agree to 1% increase max.
2. Where the Leasehold Valuation Tribunal (LVT) has ruled that work done by Regenter is appalling and substandard” that they have overcharged and done unnecessary work, and Lewisham have “lost control” of their contractors and censured Lewisham for lack of response to enquiries, Regenter/Pinnacle should be removed from the contract, not be putting up charges. Changing to a fixed cost is unfair as it doesn’t reflect the actual costs of services to myself and Lewisham don’t seem to know what the price rise is.

<p>Excalibur TMO</p>	<p>Rent Rise:</p> <p>As well as a report being sent to the management committee of the TMO for comments etc, all individual tenants on the estate were written to regarding the proposed increases in rents and asked to provide any comments and feedback by 13th January 2013.</p> <p>A total of 4 responses were received and are attached below in full.</p> <p>The general consensus of the responses was to question the validity and justification of any rent rise to be imposed on tenants in view of the poor condition of their property, and the fact that no major investment has ever been undertaken to the estate stock.</p> <p>Although not directly related to the rent rises, officers will forward comments and queries on the regeneration scheme onto the regeneration team for investigation and response.</p> <p>In response to the comments regarding the reduction of management allowances officers can advise that the actual allowance paid per unit managed was increasing, whilst acknowledging that overall payment to the organisation was reducing as stock is lost to the TMO and passed to the regeneration project.</p> <p>Tenants and Leaseholders Service Charges:</p> <p>n/a</p>
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Rent Increase – proposal for 2014/15 Excalibur Comments

Acting Chair of TMO - Emailed 16/12/2013

‘Our prefabs according to the Council fall below the decent homes standards a situation caused by the Land Lord Lewisham in the first place, one of the reasons why rent is charge as to up hold the obligation of the Land Lord to repair and improve their properties with some of the rent collected. On behalf of the tenants here of Excalibur Estate the **TMO Committee** are contesting any further rent increases until this matter is discussed, and discuss to why this estate in particular have to pay an increase in rent to live here while this estate remains, as the Council are determined to demolish the estate. And please do not attempt to quote some government policy, policy isn't law. In fact our prefabs have been determined as not to be classed as a building by Lewisham Council, in which case the Council have been charging rent and Council tax unlawfully.’

Resident of Wentland Road - Letter received 18/12/13

'I have received your letter that you are to increase our rent by £4.61 per week. I do not think it's right because of the trouble we are having. Deene have boarded us in like cattle. The bottom of my path and Mordred Road my way out to bus took me 5 minutes.

Now I have to up around and through 3 pathways to Goldsmith Centre which takes me 20-25 minutes as I have bad arthritis in my back and legs.

We have had all this upheaval for 12 years now and they say 2 years for a new build and I have to wait for a bungalow as I cannot climb stairs so I doing think we should have £4.61 extra to pay.'

Resident of Pelinore Road - Letter received 18/12/13

'Further to your letter dated 12th December 2012 I am writing to let you know that I do not agree with the proposed rent increase as –

1. The Council has had no consultation with the Committee about this rent increase as stated.
2. Your letter also states that Councils should offer similar rents for similar properties. The Prefabs on the Excalibur Estate are not in the same condition as flats and houses within the same location. We have no had new bathrooms, kitchens, windows, insulation, or external painting. In fact we were informed that our dwellings were not fit for habitation. Asses to that we now have roads closed, unsightly hoardings and will soon be living in the middle of a building site.

As I am living in Phase 4 I think the rents should be reduced, not increased. If the rent is increased then I will expect that my home (even if it is only for the next few years) to be brought up to the same standard as the flats and houses in the area.

Allowances for the estate are being reduced so why not our rent?'

Resident of Meliot Road - Letter received 13/01/14

'I have been away for a fortnight and just returned home, to find out that there is going to be a rent increase of £4.61 a week. I think this is a total outrage, given that the property we live in, is not even up to living standards. Black mould, Wood rot, thinned windows that make our prefabs even colder all year round, is just some of the issues we have. We have two young children and are not entitled to housing benefits, paying out for double the gas as normal houses, due to the old windows, we struggling to pay our current rent. We simply think that we should not encounter a rent increase, until we our prefab is in a liveable state.'

APPENDIX X3: Leasehold and Tenants Charges Consultation 2014/15

Committee	Brockley Residents Board	Item No	
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Report Title	Leasehold and Tenant Charges Consultation		
Contributor	Regenter Brockley Operations Manager		
Class	Decision	Date	19th December 2013

1 Summary

- 1.1 The report sets out proposals to increase service charges to ensure full cost recovery in line with Lewisham Council's budget strategy.
- 1.2 The report requests Brockley Residents Board members to consider the proposals to increase service charges based on an uplift of 3.7% for 2013/14 on specific elements. This is based on full cost recovery in line with previous years' proposals.

2 Policy Context

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

3. Recommendations

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

4. Purpose

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

5. Housing Revenue Account Charges

- 5.1 There are a number of charges made to residents which are not covered through rents. These charges are principally:
 - Leasehold Service Charges
 - Tenant Service Charges
- 5.2 A service charge levy is applied to Tenants for caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning. Tenants also pay a Tenants Fund Levy which is passed onto the Tenants Fund as a grant.
- 5.3 The key principles that should be considered when setting service charges are that:

- The charge should be fair and be no more or less than the cost of providing the service
- The charge can be easily explained
- The charge represents value for money
- The charging basis allocates costs fairly amongst those receiving the service
- The charge to all residents living in a block will be the same

5.4 The principle of full cost recovery ensures that residents pay for services consumed and minimises any pressures in the Housing Revenue Account in providing these services. This is in line with the current budget strategy.

5.5 In the current economic environment it must however be recognised that for some residents this may represent a significant financial strain. Those in receipt of housing benefit will receive housing benefit on increased service charges. Approximately 60% of council tenants are in receipt of housing benefit.

6. Analysis of full cost recovery

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

Leasehold service charges

6.2 The basis of the leasehold management charge has been reviewed and externally audited this summer to reflect the actual cost of the service. In line with best practice in the sector this is now a fixed cost rather than a variable cost. The management charge is £42.50 for street properties and £105.50 for blocks.

6.3 The uplift in leaseholder charges should reflect full cost recovery for the type of service undertaken. It is proposed that any uplift is applied at 3.7% (RPI +1/2%).

6.4 The following table sets out the average weekly increase for the current services provided by Regenter Brockley:

Service	Leasehold No.	Current Weekly Charge	New Weekly	Weekly Increase	% Increase
Caretaking	357	£3.51	£3.55	£0.04	3.7%
Grounds Maintenance	354	£1.96	£2.00	£0.04	3.7%
Lighting	384	£0.70	£0.74	£0.04	3.7%
Bulk Waste	357	£1.17	£1.21	£0.04	3.7%
Window Cleaning	216	£0.09	£0.09	£-	0.0%
Resident Involvement	510	£0.24	£0.24	£-	0.0%
Customer Services	510	£0.35	£0.35	£-	0.0%
Ground Rent	510	£0.19	£0.19	£-	0.0%
General Repairs	232	£0.50	£0.54	£0.04	3.7%
Technical Repairs	395	£0.28	£0.32	£0.04	3.7%
Entry Phone	137	£0.05	£0.05	£-	0.0%
Lift	234	£0.30	£0.30	£-	0.0%

Management Fee	510	£1.65	£1.65	£ -	0.0%
Total		£11.00	£11.22	£0.22	2.02%

Tenant service charges

- 6.5 Tenant service charges were separated out from rent (unpooled) in 2003/04, and have been increased by inflation since then. RB3 took over the provision of the caretaking and grounds maintenance services in 2007/08. Both tenants and leaseholders pay caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning service charges.
- 6.6 In addition, tenants pay a contribution of £0.13pw to the Lewisham Tenants Fund. At present there are no plans to increase the Tenants Fund charges.
- 6.7 In order to ensure full cost recovery, tenant's service charges for caretaking, grounds maintenance and other services should be increased in line with the percentage increase applied to leaseholder service charges. Overall, charges are suggested to be increased by an average of £0.18pw which would move the current average weekly charge from £4.95 to £5.13.
- 6.8 The effect of increases in tenant service charges to a level that covers the full cost of providing the service is set out in the table below.

Service	Current Weekly Charge	New Weekly Charge	Weekly Increase	% increase
Current	£	£	£	%
Caretaking	2.68	2.78	0.10	3.7%
Grounds	1.25	1.30	0.05	3.7%
Lighting	0.68	0.71	0.03	3.7%
Bulk Waste	0.19	0.20	0.01	3.7%
Window Cleaning	0.02	0.02	0.00	0.0%
Tenants fund	0.13	0.13	0.00	0.0%
Total	4.95	5.13	0.18	2.04%

- 6.9 The RB3 Board are asked for their views on these charges from 2014/15. Results of the consultation will be presented to Mayor and Cabinet for approval.

7. Financial implications

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

8. Legal implications

- 8.1. Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Authority must review rents from time to time and make such changes as circumstances require. Within this discretion there is no one lawful option and any reasonable option may be looked at. The consequences of each option must be explained fully so that Members understand the implications of their decisions.

- 8.2 Section 76 of the Local Government and Housing Act 1989 provides that local housing authorities are under a duty to prevent a debit balance in the HRA. Rents must therefore be set to avoid such a debit.
- 8.3 Section 103 of the Housing Act 1985 sets out the terms under which secure tenancies may be varied. This requires –
- the Council to serve a Notice of Variation at least 4 weeks before the effective date;
 - the provision of sufficient information to explain the variation;
 - an opportunity for the tenant to serve a Notice to Quit terminating their tenancy.
- 8.4 The timetable for the consideration of the 2014/15 rent levels provides an adequate period to ensure that legislative requirements are met.
- 8.5 Part III of Schedule 4 of the Local Government and Housing Act 1989 provides that where benefits or amenities arising out of the exercise of a Housing Authority's functions, are provided for persons housed by the authority, but are shared by the community as a whole, the authority shall make such contribution to their HRA from their other revenue accounts to properly reflect the community's share of the benefits or amenities.
- 8.6 Where as an outcome of the rent setting process, there are to be significant changes in housing management practice or policy, further consultation may be required with the tenants affected in accordance with section 105 of the Housing Act 1985.

9. Crime and disorder implications

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

10. Equalities implications

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

11. Environmental implications

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

12. Conclusion

- 12.1 Revising the level of charges ensures that the charges are fair and residents are paying for the services they use.
- 12.2 The additional resources generated will relieve some of the current pressures within Housing Revenue Account and will contribute to the funding of the PFI contract which is contained within the authorities Housing Revenue Account.

If you require any further information on this report please contact

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APPENDIX X4: Leasehold and Tenants Charges and Lewisham Homes Budget Strategy 2014/15

Meeting	Combined Area Panel		Item No.	
Report Title	Lewisham Homes Budget Strategy and Leasehold/Tenant Service Charge 2014/15			
Report Of	Director of Resources – Adam Barrett			
Class	Decision	Date	17 th December 2013	

1. Purpose of the Report

- 1.1 This report sets out proposals to change existing service charges for residents in 2014/15 and updates the Area Panel on the Lewisham Homes budget position for 2014/15.

2. Recommendations

That the Area Panel:

- 2.1 Comments on the proposed service charges for 2014/15.
- 2.2 Notes the average changes, from 2013/13, in the tenanted and leasehold service charges:
- Tenants - increase of £0.17 (2.32%)
 - Leaseholders - unchanged at £13.89 per week.
- 2.3 Note the RPI for September 2013 is 3.2%.
- 2.4 Note that Lewisham's service charges remain below the average charge for London Boroughs.

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. As a result, 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.
- 3.2 The Lewisham Homes budget process has identified net efficiency savings, of £0.500m for 2014/15. These have been passed on to residents and has resulted in the proposals for charges for 2014/15.
- 3.3 Charges for leaseholders have been maintained at 2013/14 levels at an average of £13.39 per week. The proposed 2014/15 average service charge for tenants is £7.72. This is an average increase of 2.32%, on the current charges of £7.55 and below the rate of inflation, though 75% of tenants are to receive an increase in charges of 3.59%.
- 3.4 The tenant charges increase is more than the leasehold increase as they are not charged for services such as Anti Social Behaviour, the charge for which has reduced by 26% or £0.11 in 2014/15.
- 3.5 The proposed 2014/15 average service charge for tenants, at £7.72, is below the London average charge of £8.76 for 2012/13. This demonstrates that Lewisham Homes charges are

Value for Money when compare to other London Boroughs.

4. Tenant and Leasehold service charges 2014/15

4.1 Table 1 below sets out the proposed changes between the current 2013/14 average charge and the 2014/15 proposed charge.

Table 1

Existing Service	Tenant (T) / Leaseholders (LH)	Estimate (per week charge)		Change		
		2013/14	2014/15			
		£	£		£	%
Caretaking	T & LH	5.73	5.93	increase	0.19	3.37%
Ground Maintenance	T & LH	0.94	0.97	increase	0.02	2.50%
Communal Lighting	T & LH	0.89	0.86	decrease	-0.03	-3.40%
Anti Social Behaviour	LH	0.42	0.31	decrease	-0.11	-26.72%
Customer Services	LH	0.05	0.05	increase	0.00	1.00%
Resident Involvement	LH	0.39	0.42	increase	0.03	7.69%
Repairs and Maintenance - Building	LH	1.56	1.56	no change	0.00	0.00%
Repairs and Maintenance Technical	LH	1.06	1.06	no change	0.00	0.00%
Lifts	LH	2.65	2.65	no change	0.00	0.00%
Entry Phone	LH	0.36	0.36	no change	0.00	0.00%
Block Pest Control	T & LH	1.70	1.55	decrease	-0.15	-8.89%
Ground Rent	LH	0.19	0.19	no change	0.00	0.00%
Sweeping	LH	0.86	0.87	increase	0.01	1.00%
Management	LH	2.47	2.47	no change	0.00	0.00%
Window Cleaning	T & LH	0.06	0.06	no change	0.00	0.00%
Bulky House Hold Waste Collection Service	T & LH	0.46	0.48	increase	0.02	4.21%
Communal Heating and Hot Water	T & LH	9.83	9.88	increase	0.05	0.50%
Insurance	LH	0.87	0.87	no change	0.00	0.00%
Total (s)		30.50	30.32		-0.03	-0.11%

T & LH - Services Charges to both Tenant and Leaseholders , LH - Services Charges to Leaseholders only

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

- 5.1 There is an overall increase of 2.32% for the service charge for tenants, from £7.55 to £7.72 per week. This rise is a result of an increase in caretaking charges of 3.37% and charges for the Bulky Household Waste Collection Service of 4.2%. The caretaking charge increase is due to pay inflation of 1% and the settlement of 2% in respect of the harmonisation of terms and conditions for caretakers. The Bulky Household Waste Collection Service charge increase is due to the increase in charges paid to the Council by Lewisham Homes for this service.
- 5.2 A number of other charges have either reduced. For example communal lighting has reduced by -3.4%. This is due to regular meter readings from the current energy supplier, which has reduced

the number of bills based on estimated readings. The average charge for Block Pest Control has decreased by 8.89%. This is due to efficiencies negotiated with the Council and economies of scales, as more properties are now receiving the service.

- 5.3 Table 2, below sets out the impact of the changes for current services for Tenants. The average increase is 2.32%, with 75.68% receiving an increase of 3.59%, i.e. just above inflation at 3.2% (September RPI).

Table 2

Bands of Decrease / Increase	Number of Tenants	% of Total	Average decrease / increase
Dec. of more than £3.00	60	0.45%	-16.59%
Dec £2.01 to £3.00	71	0.53%	-21.79%
Dec - £1.01 to £2.00	659	4.92%	-9.31%
Dec - 0 to 1.00	1,385	10.34%	-4.51%
Inc - 0 to 1.00	10,140	75.68%	3.59%
Inc - £1.01 to £2.00	881	6.58%	14.46%
Inc - £2.01 to £3.00	148	1.10%	20.45%
Inc – of more than 3.00	54	0.40%	9.79%
Grand Total	13,398	100.00%	2.32%

Dec – Decrease , Inc - Increase

6. Analysis of Impact due to changes in Service Charges for Leaseholders

- 6.1 Charges have been maintained for leaseholders at 2013/14 levels, i.e. £13.89 per week. This has been achieved by reducing the ASB charge that reflects the changes to the service provided to leaseholders. Table 3 below sets out the impact of the changes for leaseholders with 71.6% receiving an increase of 1.48%, which is below inflation.

Table 3

Bands of Decrease / Increase	Number in Band	% of Total	Average decrease / increase
Dec of more than 3.00	26	0.55%	-21.96%
Dec - £2.01 to £3.00	66	1.40%	-9.52%
Dec - £1.01 to £2.00	261	5.55%	-6.66%
Dec - 0 to 1.00	821	17.45%	-2.42%
Inc - 0 to 1.00	3,369	71.60%	1.48%
Inc - £1.01 to £2.00	147	3.12%	9.18%
Inc - £2.01 to £3.00	6	0.13%	12.42%
Inc – of more than 3.00	9	0.19%	59.16%
Grand Total	4,705	100.00%	0.03%

Dec – Decrease , Inc - Increase

7. Tenant Service Charge Benchmarking

- 7.1 The benchmarking data for 2013/14 is not currently available. As a result, the data for 2012/13 has been used to benchmark the service charge.

As Table 3 below shows the proposed average service charge for tenants for 2014/15 still remains below the average service charge for all London Boroughs in 2012/13 .

Average charges per week for London Boroughs for tenanted Service Charges 2012/13.

Table 4

Borough	£
Hillingdon	2.30
Sutton	5.12
Newham	6.38
Barnet	7.42
Tower Hamlets	7.56
Redbridge	7.57
Lewisham proposed charge 14/15	7.72
Brent	8.53
Hounslow	8.65
Islington	9.23
Camden	10.06
Ealing	10.94
Hackney	12.08
Haringey	18.04
Average (excluding Lewisham)	8.76

Source - CIPFA Rent and Service Charge data April 2013.

8. Lewisham Homes Budget Proposals for 2014/15

8.1 Company Budget and the Fee

8.2 The fee and budget that Lewisham Homes is proposing for 2014/15 is £18.676m. This represents a saving of £0.215 m on the 2013/14 fee. As shown in Table 5 below :-

Table 5

	Proposed Fee/budget
	£'000
2013/14 fee	18,891
Inflation	285
Service improvements and pressures	543
Savings	(1,043)
Fee	18,676

8.3 The proposed fee includes savings of £1.043m and increases due to service improvements and other financial pressures of £0.543m, i.e. an net saving of £0.500m.

8.4 The savings and growth with explanations are set out below

Savings Table

Description	£'000
Support Services Staff Savings	-246

Property Services savings	-309
Review of supplies and service	-88
Review of ICT supplies and services	-222
Charges to capital	-178
	-1,043

Support Services Staff Savings - £-0.246m

- 8.5 We have reviewed our support services structures. We are reviewing areas of work where we think there is limited value to our residents and focussing on those activities that add value. As a result we are reducing the number of strategies and policies and reviews we carry out. We are also ensuring that our processes are more efficient and using automated systems more which require less staff input. As a result we are reducing the number of support services staff and delivering efficiency savings

Property Services Savings - £-0.309m

- 8.6 We have restructured the major works team to strengthen the delivery and project Management functions, and provide a more customer focused service.

Review of Supplies and Services - £-0.88m

- 8.7 We review our supplies and services budgets on an annual basis. We deliver savings in this area through managing processes more efficiently, for example new printing systems that are more effective and reduce printing costs. We also ensure we test the market and get efficiency savings through better procurement.

Review of ICT Supplies and Services - £-0.222m

- 8.8 We are planning to re-procure key elements of the ICT service such as our telephone and mobile phone services. We have carried out a market review and are planning to make significant savings in this area taking advantage of more competitive prices that are currently available.

Recharges to Capital - £0.178m

- 8.9 We have reviewed the workload of the Mechanical and Electrical team and identified that a greater proportion of their costs should be charged to major capital projects.

Service Improvements and Pressures £0.543m

Description of Improvements / Growth	£'000
A net estimated cost for the cost of the increased RTB applications.	58
Increase in charges for Lewisham Homes property	50
Increase in Legal and Storage costs tenancy	47
Additional Resources for welfare reform	190
VFM review of major works expenditure	100
Additional estate inspections	42
Improvements to information management	56

A net increase in costs for the cost of the increased RTB applications - £0.058m

- 8.10 There has been increase in Right to Buy applications from 189 applications in 2012/13 to an anticipated 430 applications in 2013/14. Each application means that Lewisham Homes incurs legal, valuation and survey costs. Not all of these costs can be recovered from charges made against the income from RTB sales. It is estimated that £58,000 will not be recoverable from sales income.

Increase in Charges for Lewisham Homes Property - £0.05m

- 8.12 Lewisham Homes is looking to relocate its core operations to one site office to work more efficiently and deliver improved services. This may result in additional costs estimated at £0.050m

Increase in Legal and Storage Costs - £0.047m

- 8.13 Demand on the service due to storage costs for evictions and legal costs has caused this budget pressure.

Additional Resources for Welfare Reform £0.190m

- 8.14 We are strengthening our teams to provide additional capacity to provide additional support and advice to residents on welfare reform and to manage higher levels of rent arrears which are anticipated as a result of the welfare reforms.

VFM review of Major Works Programme - £0.100m

- 8.15 We have introduced an audit regime to ensure that we are getting value for money from our Decent Homes programme. The costs of this work have been more than offset by savings identified as a result of the audits.

Additional Estate Inspections - £0.042m

- 8.16 We are carrying out additional inspections on our estates to ensure that any hazards that may present a danger to our residents and the public are identified at an early stage and rectified. This improves the health and safety of our estates and will result in reduced insurance costs in the longer term.

Improvements to Information Management - £0.056m

- 8.17 Lewisham Homes is reviewing its information management and data protection systems to meet enhanced government security standards and to ensure that we meet best practice standards for information management

9.0 Major works programme - £47.1m

- 9.1 The Decent Homes programme totals £47.1m for 2014/15. This represents an increase of £4.335m, or almost 10% on the 2013/14 budget of £42.765m. The target is to improve 2,133 homes up to the Decent Homes Standard during 2014/15.

Repairs & Maintenance budgets - £16.85m

- 8.19 The Repairs and Maintenance budget has been set, taking consideration of current and future demand for this service, whilst maintaining the repairs standard. The budget of £16.85m reflects more efficient use of resources, with a contribution of £0.960m to DLO expenditure within the Major Works Decent Homes programme. The budget has also been held at 2013/14 prices.

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

APPENDIX X5: Other Associated Housing Charges for 2014/15

Garage Rents

1. Allowance has been made for a 3.2% inflationary increase to garage rents in the Brockley area, based on the RPI rate at September 2013. This equates to an increase of £0.25 per week and raises the average charge from £7.99 to £8.24 per week.
2. Garage rents for the Lewisham Homes managed area are also proposed to rise in line with RPI inflation as at September 2013. This equates to an increase of £0.31 per week and would raise the average charge from £9.50 per week to £9.81 per week.

Tenants Levy

3. As part of the budget and rent setting proposals for 2005/6, a sum of £0.13 per week was 'unpooled' from rent as a tenants service charge in respect of the Lewisham Tenants Fund. There was no increase in charges for the period 2009/10 to 2013/14 following consultation with Housing Panels.
4. Lewisham Tenants Fund (LTF) put forward proposals to leave the levy at £0.13 for 2014/15. These were submitted to Housing Panels and agreed. Therefore, the levy for 2014/15 remains at £0.13 per property per week.

Hostel charges

5. Hostel accommodation charges are set based on rent restructuring rules and will rise by around 4.66% (£3.03 per week) under the rent restructuring formula.
6. Hostel services charges are set to achieve full cost recovery, following the implementation of self-financing. For 2014/15, the charge for Caretaking/management and Grounds Maintenance are proposed to be reduced by 6.91% or £5.04 per week to reflect savings and efficiencies achieved as part of the Group restructure in the latter part of 2013/14. This will move the average charge from £74.03 per unit per week to £68.00 per unit per week.
7. In addition, the charge levied for Heat, Light & Power (Energy) and Water Charges will also reduce due to further analysis on consumption patterns and communal area assumptions, which is now included within the service charge value noted in item 6 above. The charge for Heat, Light & Power will therefore reduce by £5.24pw from £10.48 to £5.24. Water charges will reduce from £2.05 to £0.17 a reduction of £1.88pw. The charge for Council Tax will be based on the total recharged received from Council Tax section. All charges will be based on the total number of hostel units after being reconfigured resulting in a small increase in the total number of units.
8. 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.
9. There are no proposals to increase support charges, as it has been assumed that Supporting People grant will not receive an inflationary increase for 2014/15. The charge for Sheltered Housing tenants will be held at £10.66 per week. The charge for Very Sheltered Housing tenants will be held at £94.53 per week. There are approximately 312 sheltered housing tenants and 37 Very Sheltered Housing tenants.

Linkline Charges

10. It is proposed to increase Linkline charges for 2014/15 by 5%. Charges will increase to £5.52 per week for line rental and £0.91 per week for maintenance from the current charge of £4.91 and £0.87 per week, respectively.

Private Sector Leasing (PSL)

11. Rent income for properties used in the Private Sector Leasing (PSL) scheme is a General Fund resource. Following consultation, the Department for Work and Pensions (DWP) announced that the threshold for 2013/14 for housing benefits subsidy allowances will be based on the January 2011 Local Housing Allowance, less 10%, plus a management fee of £40 per property, subject to a maximum capped amount of £500 per week. It is recommended that rents for private sector leased properties are kept within the 2011/12 weekly threshold, as set out in Table B3 below.

Table B3 - Local Housing Allowances for 2012/13 (used for PSL purposes)

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

Heating & Hot Water Charges

12. As part of last year's rent setting process the Mayor agreed to continue with the current formula methodology for calculating increases in Heating & Hot Water charges to tenants and leaseholders. This formula was originally approved by Mayor & Cabinet in December 2004.
13. The current charging methodology allows a limited inflationary price increase plus a maximum of £2 per week per property increase on the previous years charge. Consumption levels are also updated and included in the formula calculation.
14. A new corporate contract for the supply of gas is due to be re-let on 1st April 2014. In addition, a new Electricity contract was awarded for 3 years from 1st January 2014.
15. Prices for April 2014 gas contract can not be firmly estimated at this time. Any increase in the contract price are not likely be reflected in the proposed charge until the following year.
16. Therefore the proposal for 2014/15 is for an increase of 0.50% or -£0.05 per week for energy usage for communal heating. This has been worked out after taking account of updated stock levels due to stock transfers and updated consumption data. This will move the current average charge from £9.83pw to £9.88pw.
17. The proposal for communal lighting is a decrease of 3.40% or £0.03 per week. This will move the current average charge from £0.89pw to £0.86pw. Officers will review the costs and actual energy usage in 2013/14 as part of the monitoring regime for 2014/15

financial year and recommendations brought forward as part of the 2015/16 budget setting process.

APPENDIX Y1

2014/16 SAVINGS SUMMARY - DIRECTORATE

DIRECTORATE	2014/2015 Agreed Savings £'000s	2015/2016 Agreed Savings £'000s	Total Agreed Savings £'000s
CHILDREN & YOUNG PEOPLE	5,537.0	275.0	5,812.0
COMMUNITY SERVICES	9,817.0	50.0	9,867.0
CUSTOMER SERVICES	2,550.0	575.0	3,125.0
RESOURCES & REGENERATION	3,989.9	579.5	4,569.4
TOTAL - REVENUE BUDGET SAVINGS AGREED	21,893.9	1,479.5	23,373.4
ADDITIONAL EFFICIENCY SAVINGS AGREED	2,500.0	0.0	2,500.0
ATTENDANCE & WELFARE SAVING - CYP12 (deferred to M&C 18/12/2013)	100.0	200.0	300.0
TOTAL - REVENUE BUDGET SAVINGS	24,493.9	1,679.5	26,173.4

2014/16 AGREED SAVINGS - SUMMARY

Ref.	Service	Description of saving	2014/15 £000's	2015/16 £000's
Children & Young People Directorate				
CYP01	SCHEFF: GOVERNORS SUPPORT	To achieve a balanced position on Governors Training and clerking services that recovers all direct costs and overheads at 15%.	35.0	
CYP02	SCHOOL IMPROVEMENT	In 2012/13 the Education Psychology team is being successful in achieving traded income from work in LA schools and Academies. The income is projected to be £70k ahead of the current budget and it is proposed that the budget for 2013/14 is increased by £70k to reflect this on an ongoing basis. The charges being made recover all direct costs and a 15% addition for overheads.	35.0	
CYP03	SCHOOL IMPROVEMENT	The Early Years Improvement Team. The proposal is to increase the income target by increasing the traded element of the team's work	21.0	
CYP06	SCHOOL IMPROVEMENT	To review support to schools at subject level so that it is more cost effective	60.0	
CYP08	SCHOOL IMPROVEMENT	A re-organisation of the business support across the Division. A number of recent re-organisations have moved teams into the Division each with business support roles. It is proposed to re-organise these roles into a single team that reflects the overall reduction in school improvement officer roles for schools.	85.0	
CYP09	SCHOOL IMPROVEMENT	The Wide Horizons contract for outdoor education ends on 31 March 2014. This marks the end of the 7 year period by which the Trust aimed to be a self financing organisation based on schools paying for the use of its facilities. The Trust is prepared for the ending of this funding and has plans for continuation when this funding ceases.	146.0	
CYP11	ER/VR, SUPPLY & TOFTUA	The Schools HR service continues to trade successfully with schools with Governors increasing the range of service they are purchasing. It is proposed to increase the charges to schools to ensure the costs recovered include overheads at 15% and to increase the income target to reflect 2012/13 levels of purchase by schools.	50.0	

CYP13	ESTATE MANAGEMENT	The Council's existing strategy is to increase paid school meal charges above the rate of inflation to reduce the overall subsidy to school meals. In May 2011 prices increased by 20p per meal. In May 2012 the increase was reduced to 10p as a result of securing contract cost reductions from the supplier. The relevant contribution of price increase and cost reduction is being reviewed in light of the impact of the May 2012 price increase on meal numbers in order to achieve a full year saving of £150k.	50.0	
CYP17	INTEGRATED YOUTH SUPPORT SERVICE	The Youth Service provides directly a range of services supporting young people in the borough covering: Youth Centres, Detached Youth Work, key worker support from Baseline, five adventure playgrounds and a programme of positive activities during holiday periods. These services are open to all young people to attend and use. It is proposed to provide a more targeted service with four elements as its focus: 1:1 intensive support for young people with identified vulnerabilities; issue based group work for specific vulnerable groups; street based youth work; and access to positive activities through fun and vibrant places to go and things to do. These activities to be targeted at young people at greatest risk of poor life outcomes. Savings to be made through a reduction in costs of centre based work and management costs.	558.0	
CYP18	EARLY YEARS & PLAY	The Directorate maintains resources to oversee the operation of the free entitlement for three and four year olds and the pilot scheme for two year olds. A review of the budget has identified provision for the two year old scheme which can be funded from the EIG provision for the two year old pilot scheme.	50.0	
CYP19	EARLY YEARS & PLAY	1. Restructuring of the Early Intervention Service Following the reorganisation of the Children's Centre, Child Care and Play service in October 2011 and the commissioning out of Children Centre services to schools and partners from the voluntary sector from July 2012, it is felt that the remaining structure should be modified to suit the new requirements on the service and the revised framework. To this end, the structure will be streamlined in order to deliver the appropriate level of management, business and targeted support. This will take into account Ofsted requirements of Children's Centres, the expected service outcomes and the efficient use of resources. 2. Disposal of vehicles The Early Intervention service has a number of vehicles which are no longer needed following the 2011 reorganisation. These include a Toy Library Van, a Play Bus, an Information Bus and two Baby Gym Vans. The vehicles were used as part of service delivery in the former Early Years, Children's Centres, Child Care and Play service but the tendering out of Children's Centre services to third party providers makes it no longer necessary for them to be retained centrally.	50.0	
CYP21	EARLY YEARS & PLAY	To cease paying for the provision from the Generation Play Club sites and offer the premises to the community to run play based services where wanted.	54.0	
CYP22	BUSINESS SUPPORT, PLACEMENTS & PROCUREMENT	The Council is participating in a DFE project to use Multi Treatment Fostering Care which aims to provide more sophisticated fostering arrangements for young people in care who would traditionally have been placed in residential care. The project aims to support these young people with a combination of specialist support with their foster carer.	250.0	

CYP25	CHILDREN'S PLACEMENTS & PROCUREMENT	There is a requirement in many instances for birth parents to have contact with their children in local authority care. It is proposed to make savings based upon increased use of Council premises rather than use external and charged for premises.	100.0	
CYP26	CHILDREN IN NEED	Following the implementation of the re-organisation of SEN and Children with Disability teams in July 2012 a review of processes and systems is being undertaken. The indications are that reform of these processes, to create more streamlined arrangements, will generate savings of £500k over the next two years.	300.0	
CYP28	BUSINESS SUPPORT, PLACEMENTS & PROCUREMENT	Within Children's Social Care there are a number of unqualified staff that support the role of front line Social Workers e.g. Business Support Officers and Social Work Assistants. The proposal is to realign staffing resources within the division to achieve savings whilst ensuring social worker capacity remains a priority.	150.0	
CYP30	BUSINESS SUPPORT, PLACEMENTS & PROCUREMENT	As part of the refurbishment of Laurence House it is proposed to no longer have a separate reception for Children Social Care families and for them to be initially managed through Access Point.	50.0	
CYP31	SPECIAL NEEDS	The experience of being a SEN pilot for the Government's SEN reforms to create a single plan for children with SEN and a personal budget will create opportunities to re configure provision and give parents more control. One of the areas to be affected is support for transport. Work in Croydon and Coventry indicates that by adapting the approach of social workers, Head Teachers and parents more appropriate use of personal transport budgets and independent travel can reduce costs. These combined with a renewed vigour in the procurement of transport assistance is expected to provide a saving of £500k in 2014/15 after saving sufficient expenditure to cover an over spending in 2012/13. Any consequent reduction in the need for Door to Door services would lead to a reduced staffing requirement.	500.0	
CYP33	FAMILY SUPPORT & INTERVENTION	At present Family Justice Review Court cases place significant reliance on expert reports that are costly and slow to produce. National proposals are that less reliance is placed on such reports and this should lead to quicker decision making and reduced costs for the social care budget. These savings are estimated at £200k.	100.0	
CYP35	RECHARGES: COMMISSIONING, STRATEGY	The Business Support Unit that pays for the Commissioning of Children's Health care services undertaken by LBL has agreed to increase its contribution toward costs by £50k in 2013/14. This is based upon an assessment of the time spent by the Strategy And Commissioning Division in undertaking this procurement. The strategy and commissioning team is current revising its business support systems for commissioning activity. This is expected to be concluded in 2013 enabling a saving of £27k to take place in 2014/15 financial year.	27.0	

CYP37	RECHARGES: COMMISSIONING, STRATEGY	The LIFE project is due to end in July 2013. The work and the learning from this pilot will be incorporated into business as usual from that point in time and will not require this additional source of funds once the pilot is ended.	100.0	
CYP38	RECHARGES: COMMISSIONING, STRATEGY	The total provision for Child and Adolescent Mental Health Services (CAMHS) across general funds, Early Intervention Grant and Dedicated Schools Grant is £1241k. In 2013/14 it is proposed to delete support and one off activity within the provision that does not impact upon front line provision. In 2014/15 a temporary provision for Tier 2 CAMHS in schools will be removed as new service level agreements for the service are introduced.	100.0	
CYP40	SCHOOL IMPROVEMENT	The Round 1 (see CYP02) saving increased the budgeted income level for the Education Psychology team to match the income levels already being achieved. As this saving is being achieved it is now thought possible to extend this target and achieve further income of £70k.	35.0	
CYP41	SCHOOL IMPROVEMENT	School Achievement special education transitions support - This role will be deleted and the supplies and services budget reduced. Transitions at pupil level will be managed by the Children with Complex Needs Service, within their existing budget. Transitions at school level will be led by the Educational Psychology team, who sit within School Improvement.	29.0	
CYP43	SCHOOL IMPROVEMENT	The 14 - 19 team support secondary schools. There is one vacant post that is now offered as a saving and the remainder of the saving can be achieved through reducing the supplies and services budget for printing and communications.	70.0	
CYP44	ESTATE MANAGEMENT	The Estates Management team provides support to schools on statutory maintenance and premises matters. The budget provides for the use of specialised consultancy support such as asbestos testing and building condition surveys. A review of the past expenditure against the budget and the progress on maintenance works has identified that this budget can now be reduced by £30k. Through the use of web based technology the eligibility criteria of families for free school meals can be processed more efficiently allowing a staffing reduction of 0.5fte.	45.0	
CYP46	ADMISSIONS & PUPILS OUT OF SCHOOL	Attendance and Welfare Service - A full re-organisation of the service is proposed considering the case loads of staff and the areas of work that have the greatest impact on absence. This will not reduce the scope of our statutory activity. The figure proposed is an indicative figure.	200.0	
CYP48	EARLY YEARS & PLAY	This saving provides for a reduction in business support for providers of £20k through a further re-organisation.	20.0	
CYP49	BUSSINESS SUPPORT, PLACEMENTS & PROCUREMENT	A review of the business support team across the service will be undertaken to examine the opportunities for reshaping the current activities and identifying opportunities for sharing resources with other support teams in the Council such as Finance and Adults. There are Round 1 savings at CYP 28, 29 and 30 that will also impact upon Business Support costs and organisation	150.0	

CYP50	FAMILY SUPPORT & INTERVENTION	New Court guidance has an expectation that cases should be completed within 26 weeks, at present the average is over a year. Through our Care Proceedings Pilot (with 3 other LAs) we anticipate that we can reduce the timetable significantly. Reducing our timetable will save on legal costs in Court. These savings were estimated at £200k in round 1 savings but work with the other partners within the project would indicate the savings will be higher at £350k in total, an increase of £150k. This relates to CYP 33. There will also be an expectation that expert reports which can be costly and timely to produce are reduced to a minimum, so where possible there is more reliance on the expertise of the professionals involved with the child such as the social worker. This should lead to quicker decision-making and reduced costs for the social care budget.	100.0	
CYP53	SAFEGUARDING & PLANNING SERVICE	Currently there is a specific role for a schools child protection officer. It is now felt that child protection liaison with schools by social care is sufficiently well embedded that a specific role is no longer required it is therefore proposed to delete a 0.5fte staffing resource and produce a saving of £30k	30.0	
CYP55	FOSTERING & ADOPTION	Currently in-house fostering placements are £370 per week lower than using outside agency fostering placements. While current efforts to increase the number of in-house carers has not been successful it is proposed to expend significant management attention on achieving an increase to the number of in-house placements by 25 per annum to effect a saving of £481k.	481.0	
CYP56	CHILDREN'S MANAGEMENT & OTHER	Currently social workers receive a car parking permit for Laurence House as part of their recruitment and retention package. Not all social workers use their cars so not all of them receive this allowance. A consultation will take place with staff on the continuation of the allowance.	20.0	
CYP57	LOOKED AFTER CHILDREN	The work on LAC rights includes a contract with Barnardo's that is due to end in 2013. The success of the Children in Care council would suggest we could bring the activity in house and not re-let the contract.	50.0	
CYP58	CONNEXIONS ETC	NEET Reduction. It is proposed to reduce the education contribution to the social enterprise fund which supports start up business for young people (£40k) and to delete 2 vacant posts on the Mayor's NEET programme.	40.0	
CYP59	STRATEGY & PERFORMANCE REVIEW	Further efficiencies are proposal through the re-commissioning of the Family Intervention Project an the re commissioning of short breaks provision for 2014. The efficiencies are to be split; £75k against the Family Intervention Project, and £50k against Short Breaks	125.0	
CYP21	EARLY YEARS & PLAY	To cease paying for the provision from the Generation Play Club sites and offer the premises to the community to run play based services where wanted.	500.0	
CYP01 (new)	PERFORMANCE	CYP Performance Service provides statutory data collections, data analysis, performance reporting to the Children and Young People's Strategic Partnership Board (CYPSPB), Lewisham Safeguarding Children Board (LSCB), DMT, Directorate Services, with particular emphasis on Children's Social Care and School Improvement. The implementation of the replacement corporate software for monitoring and reporting performance should result in fewer administrative processes to produce the monthly and annual performance data reports. This is expected to result in a saving of one post with an estimated value of £50k.	50.0	

CYP03 (new)	EARLY YEARS	The Early Years Improvement Team provides advice, support and training for practitioners working with children in the Early Years Foundation Stage in the maintained and non-maintained sector. It is proposed to make a saving on £58k through a review of work. Local authorities are required to make arrangements to secure that early childhood services in their area are provided in an integrated way that facilitates access to services and maximises the benefits to children, parents and prospective parents. Early years providers providing early years for which they are registered under the Childcare Act 2006 (or would be required to register but for being exempted) are required to ensure compliance with the “Early Years Foundation Stage”. The proposed review of work in this area will have to ensure that sufficient advice, support and training will be available to ensure early years providers comply with their requirements to deliver the “Early Years Foundation Stage”.	58.0	
CYP04 (new)	LOOKED AFTER CHILDREN EDUCATION TEAM	The Looked After Children Education Team oversees the education of Looked After Children, including providing tuition to support their learning, support in transition from primary to secondary school, and peer mentoring. The team also ensure that destinations data is collected to monitor pathways and ensure the right support is provided to individuals. Most of the funding is provided through the Dedicated Schools Grant (£200k) although there is a contribution of £62k to the service from the General Fund. In future all costs will be contained within the Dedicated Schools Grant.	62.0	
CYP05 (new)	BUSINESS SUPPORT, PLACEMENTS & PROCUREMENT	Business Support within Children’s Social Care providers administrative support for all the services in the division. These are Referral & Assessment; Family Social Work; Looked After Children; Adoption; Leaving Care; Fostering; Placements & Procurement; Quality Assurance; and Children with Complex Needs. As well as the Business Support teams based in the front line services, there are currently 2 specialist teams providing centralised functions in compliance with separation of duties under Financial Regulations. This contributes to safeguarding functions by freeing up and supporting Social Workers to concentrate on direct work with vulnerable children and families. A review of business support across the Children’s Social Care Division is being undertaken to examine the opportunities for reshaping current activities and identifying opportunities for sharing resources with other support teams in the Council such as Finance and Adult Social Care. These are in addition to the savings in the previous two years of £575k.	100.0	50
CYP06 (new)	LOOKED AFTER CHILDREN, LEAVING CARE & ADOPTION SERVICE	The leaving care team currently works with children looked after from the age of sixteen. We propose to make savings and improve the performance of the service by changing the way the service functions. Currently there are three Looked after Children's Teams that work with looked after children from roughly the age of 5 to 16 at which point they transfer to one of three Leaving Care Teams who provide support as the young person leaves care and onwards until they are 21 (or 25 if they are in full time education). Feedback from the Children in Care Council is that they would prefer not to have the change of worker at the age of 16. We are therefore proposing to have Looked after Children Teams that will take young people through to 25 where required. We can achieve this with 5 teams and delete one team manager post. The staff from that team will be spread out amongst the remaining teams.	0.0	100

CYP07 (new)	CONTACT	We are required by legislation to provide contact between some parents and their children who have been removed from their care. Some of these contacts need to be supervised and most of which are ordered by the courts. The Supervised Contact is provided in a safe place due to risks that the parent may still pose to the child. There is a requirement in many instances for birth parents to have contact with their children in Local Authority care. Contact will often be in secure environments, as some parents have difficult and challenging behaviour. We currently use specialist agencies to carry out this contact, who charge for premises. It is proposed to use Council premises in the future which will mean we will save on the cost of premises hire and/or alternatively negotiate significant reduction in room hire and other costs. This is in addition to the previous savings of £200k in 2013/14 and already offered for 2014/15. The proposed saving relates to a reduction in costs of premises where the service is located. Any new competitive procurement would seek bids which could reduce this cost.	0.0	50.0
CYP08 (new)	ADOPTION SERVICE	The Adoption Support Team provide services and advice to families to assist them through the process of adoption and as required by legislation provide contact between some parents and their children who have been removed from their care. We are currently implementing the Government reforms on adoption. The reforms included an equalisation of the assessment fee to £27k. Historically the adoption service has not targeted Lewisham families for adoption as many Lewisham LAC cannot be placed in the borough in close proximity to their birth families. The equalisation and reform grant monies mean we now have capacity to recruit surplus adopters, including Lewisham based adopters, that other Local Authorities and Adoption agencies can use. We anticipate that this will generate income for Lewisham. £50k represents two additional assessments.	50.0	
CYP09 (new)	FAMILY SOCIAL WORK	Meliot Road is a family centre that provides support to vulnerable families and Court reports as part of care proceedings. It is planned to sell surplus capacity to other London boroughs. Where the Council sells surplus capacity to other London Boroughs, officers must ensure that there are appropriate contractual arrangement in place to cover such arrangements.	15.0	
CYP10 (new)	EARLY INTERVENTION	This budget covers delivery of the Family Information Service which provides a directory that covers early years and childcare, employment and training, health, housing, safety and other issues. The database has been brought in house and the cost has therefore reduced.	45.0	
CYP11 (new)	EARLY INTERVENTION	Targeted Family Support contract - the commissioned Targeted Family Support contract provides support to vulnerable families. Through better commissioning arrangements savings can be made as we have managed the current Targeted Family Support contract to deliver to a lower value than initially set aside for the contract. This saving does not reduce the number of families who will receive support from the service, but does reduce the unit costs.	100.0	
CYP14 (new)	SERVICES TO SCHOOLS	Service Level agreements are offered by the council to schools and cover a variety of support services. Schools pay for these services from their delegated formula budgets. The services continue to trade successfully with schools and are increasing the value of services they are selling. It is proposed to increase the range of charges to schools and to ensure that all services to schools by the council are achieving the 15% overheads recovery.	75.0	75.0

CYP15 (new)	COST REDUCTIONS	The Directorate has been operating a Departmental Expenditure Panel (DEP) for two years in order to challenge the need for all proposed expenditure. The departmental expenditure panel consists of the Executive Director of Children of Young People and the Directorate's Head of Resources. It approves all expenditure that is incurred within the Directorate before it is committed unless it is an emergency or is for a social care / special educational needs placement. This has already resulted in in-year savings through stopping expenditure or budget holders deciding it is no longer appropriate to undertake expenditure in these austere times. It is proposed now to take out of the budget the savings that have been delivered in the past through this process.	216.0	
Total 2014/15 Agreed Savings – Children & Young People			5,537.0	275.0

Ref.	Service	Description of saving	2014/15 £000's	2015/16 £000's
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COMMUNITY SERVICES

COM01	CULTURAL SERVICES AND COMMUNITY & NEIGHBOURHOOD DEVELOPMENT	Reorganisation of Cultural Services and Community & Neighbourhood Development Divisions reducing the total number of posts.	250.0	
COM03	SPORTS DEVELOPMENT & LEISURE CENTRES	Reductions to the sports development budget including support to the voluntary sector and a further reduction to the budget for the leisure contract with Fusion.	50.0	50.0
COM12	SUPPORTING PEOPLE	Reduction in Supporting People budget through decommissioning, framework call-off and contract reduction	900.0	
COM15	REDESIGN AND CARE ASSESSMENT	Reconfiguration of staffing structure including amalgamation of teams and a reduction in duplication and cost of assessments.	1,015.0	
COM17	PROVISION AND PACKAGES	Reducing expenditure on packages and placements by a range of measures including : greater use of prevention and reablement; use of the care fund calculator; increasing the proportion of care delivered by personal assistants. Also retendering and reviewing the use of a number of contracts.	930.0	
COM18	DAY CARE	Review of day care provision (in-house and purchased) and associated transport costs.	900.0	
COM19	TRANSPORT	Reducing expenditure on taxis through better route planning and procurement and reviewing the provision of transport to service users who are not eligible for community care services	25.0	
COM21	CHARGING FOR NON-RESIDENTIAL SERVICES	Removing inconsistency in the charging policy, increasing charges for clients with higher levels of income and capital and improving timeliness of assessments and reassessments.	107.0	
COM30	REDESIGN AND CARE ASSESSMENT	Further integration with health partners to eliminate duplication of functions and streamlining the social care assessment process.	1,000.0	

COM31	ADULTS WITH LEARNING DISABILITIES	Developing supported housing options for independent living thus reducing the dependency on residential care, ensuring value for money in placement costs, and enabling more access for adults with learning disabilities to universal services.	125.0	
COM32	SAFEGUARDING, QUALITY & RISK	By supporting people to live longer in their own homes there will be a reduction in the need for residential care. However, when people need nursing care this will be funded from health monies received by the Council.	225.0	
COM34	BROADWAY THEATRE	Reduction in number of theatre staff	60.0	
COM34n	BROADWAY THEATRE	Reduction in number of theatre staff	65.0	
COM36	COMMUNITY CENTRES	Reduction in running costs for community services following asset rationalisation proposal put forward by Resources and Regeneration REG01. This budget relates to community premises that are directly managed by the council and not those managed on the council's behalf by community associations.	55.0	
COM37	SUPPORTING PEOPLE	Continuation of COM 12 by achieving further savings from the re-commissioning and decommissioning of Supporting People services	350.0	
COM38	COMMUNITY SAFETY	Cessation of the Home Security Service.	35.0	
COM39	COMMUNITY SAFETY	Cessation of funding for PCs following the expiry of current contract.	125.0	
COM01 (new)	ADULT SOCIAL CARE	This proposal builds on a number of previous savings proposals (Rounds 1 and 2) that bring together adult health and care services. The integrated adult health and care programme has been established to deliver better outcomes for residents and, through the joining up of health and care services and the removal of duplication across the whole health and care system deliver a range of efficiencies. The integrated care programme will focus on developing teams of professionals and support services that work closely with GP practices to reduce duplication of assessment, care planning and management of care. It is anticipated that this way of working will enable a saving of £2.5m to be made in 2014/15.	2,500.0	
COM02 (new)	CULTURE & COMMUNITY DEVELOPMENT	Both Leisure contracts include provision for free swims for under 16s and over 60s. In future, given the recognised benefits of swimming in terms of health and wellbeing, Public Health funding will be used to deliver this provision going forward as part of their physical activity programme. The commitment to free swims for under 16s and over 60s will therefore remain and work in partnership with Public Health will take place to promote the scheme and increase take up.	200.0	

COM03 (new)	CULTURE & COMMUNITY DEVELOPMENT - VCS grants	It is proposed to reduce the £6.4m grants budget by £0.5m. This reduction would be made against unallocated elements of the grants budget which have arisen due to a reduction in the required contribution to London Borough Grants Scheme, agreed tapering to some organisations over the period of the current three year funding programme and a small reduction to the Investment Fund which provides one off funding to VCS organisations to support innovation, service change and interventions for organisations in crisis. This saving proposal will not impact on the small grants, faith fund or existing commitments in the main grants programme.	500.0	
COM04 (new)	SUPPORTING PEOPLE	The Supporting People service received an additional amount within its budget to cover inflation costs. However the Supporting People Framework Agreement and call-off contracts under it do not provide for indexation or any inflationary increase and this additional funding can therefore be offered as a saving.	100.0	
COM05 (new)	DRUGS & ALCOHOL	Savings will be delivered through improved efficiencies, following a review of the drug and alcohol treatment budget and reallocation of resources in line with priorities. The Drug and Alcohol Action Team is working closely with Public Health in this work. The Tier 4 (detox and rehab) panel has been overhauled and the Tier 4 provider framework recommissioned. This ensures improved utilisation of rehabilitation provision and mitigates against the possible reduction in overall rehab places. In order to support people leaving rehab, an Aftercare service (TTP) has been commissioned and this ensures wraparound support is provided to residents following a period in a rehab setting. This results in sustained recovery. Local community based detox provision has also been established (also known as ambulatory detox) which is less costly than a residential rehab placement.	300.0	
Total 2014/15 Agreed Savings – Community Services			9,817.0	50.0

Ref.	Service	Description of saving	2014/15 £000's	2015/16 £000's
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CUSTOMER SERVICES

CUS02	BEREAVEMENT SERVICES	To increase fees and charges above inflation	55.0	
CUS04	GREEN SCENE	To restructure the pest control service	35.0	
CUS05	GREEN SCENE	To review of the planting schemes and grass cutting regimes in parks and open spaces across the borough including the creation of more meadow areas in selected parks.	30.0	
CUS06	GREEN SCENE	To reflect the annual 3% efficiency saving built into the Council's Green Space Management contract	77.0	
CUS07	GREEN SCENE	To reduce the Council's Green Space Management contract by 10% as a part of the year 5 review (2015/16)	0.0	250.0
CUS10	REFUSE COLLECTION SERVICE	Review the number of crews that service the borough from 18 to 17 via replacement of existing waste vehicles with new, more efficient vehicles	67.0	
CUS11	REFUSE COLLECTION SERVICE	To cease using Convoys Wharf for the storage of refuse bins and therefore no longer have a requirement to pay National Non-Domestic Rates	30.0	
CUS18	STRATEGIC WASTE MANAGEMENT	To cease discretionary projects carried out by the Environment and Community Development team. This will result in a reorganisation of the team.	160.0	
CUS21	CUSTOMER SERVICES	Review of roles and responsibilities within ServicePoint , the service responsible for the delivery of the Access.Point Service (Corporate One Stop Shop), the Call.Point Service (Corporate Call Centre), and the Registration Service (births, deaths, marriages, civil partnerships, and citizenship	25.0	
CUS23	CUSTOMER SERVICES	The closure of AccessPoint (Corporate One Stop Shop) on Thursday evenings 5pm to 7pm and CallPoint (Corporate Call Centre) on Saturdays 9am-1pm. A management restructure would be required which would mean some minor changes to service delivery.	100.0	

CUS27	REVENUES SERVICES	The implementation of ASH debtors system will automate many of the sundry debt collection and recovery processes. This would mean the Debtors Team could be merged with the Enforcement Team which would result in a review of the management structure.	45.0	
CUS28	REVENUES SERVICES	Review of Council Tax email management resulting to the cessation of personalised email responses.	40.0	
CUS31	HOUSING PARTNERSHIP & DEVELOPMENT	A review of the Housing Strategy and Development area leading to a proposed combining the clienting and policy teams together and the development and regeneration teams, reducing the number of teams from three to two.	100.0	
CUS32	HOUSING NEEDS	A review of the Housing Needs team to meet Government and legislative changes to housing and welfare reform.	128.0	
CUS34	HOUSING NEEDS	To make better use of hostel accommodation and reducing the use of bed and breakfast accommodation.	100.0	
CUS35	SSR : STRATEGY & PERFORMANCE (CUS)	Delaying of the posts within the Strategy and Performance division.	183.0	
CUS41	STRATEGIC HOUSING & BUSINESS REGULATORY	Review of the Regulatory Services across the Strategic Housing and Environment divisions within Customer Services to better align functions, remove duplication and delay management.	200.0	
CUS45	STRATEGY & PERFORMANCE (CUSTOMER)	Reduction of an additional post across the Strategy & Performance division in Customer Services. Impact: This is linked to saving proposal CUS35 which will result in the delayering of post within the Strategy & Performance division. The likely impact on the reduction of an additional post will be:-Less maintenance of the corporate casework system and approach. A reduction in supplies and services budget. More time away from Change Management work	46.0	
CUS37	STREET MANAGEMENT	250k will be delivered by reviewing the remaining available street sweeping resources and deploying them as effectively as possible across the borough in order to mitigate the impact of the saving	250.0	
CUS01 (new)	HOUSING STRATEGY & PROGRAMMES	This proposal is to restructure the entire Housing Strategy and Programme team to provide a more streamlined approach by merging three teams into two new units, which will reduce management overheads, duplication and streamline processes. Of the £173k, £100k is already accounted for in the 2014/15 budget with a further £73k being a new saving achieved by a wider scale restructure of the team.	73.0	

CUS02 (new)	BECKENHAM PLACE PARK, BEREAVEMENT SERVICES, REFUSE & FLEET SERVICES	Staff related cost reviews in Beckenham Place Park, Bereavement Services Refuse & Fleet Services: £53k.	53.0	
CUS03 (new)	REFUSE	1.Reduction of recycling collection round and vehicle (x1). There are currently 9 rounds. Route optimisation will allow for one round to be reduced. 2.Income from bin hire charges introduced this year is exceeding original estimate (housing estate bulk collections). There is no indication that this will reduce in future years so anticipated income included in base budget.	270.0	
CUS04 (new)	PRIVATE SECTOR HOUSING UNIT	To transfer the hostels from the HRA to the General Fund. The budget for Hostel accommodation is currently held in the HRA. In recent years hostels have been used to increase the Council's stock of temporary accommodation, along side Bed & Breakfast accommodation (B&B) and Private Sector Leases (PSL), which are charged to the General Fund. The transfer of Hostels to the General Fund would allow a consistent approach for all types of temporary accommodation. An effect of this change would be to set the rents for those in hostel accommodation on the same basis as those in PSL properties. This would have the effect of increasing income to the Council of £200k.	0.0	200
CUS05 (new)	HOUSING STRATEGY & PROGRAMMES	This saving will be achieved by absorbing an element of the expected £516k management costs within the Council as a result of the fact that now a large number of the properties have been let the resource requirement to manage the scheme has reduced. The effect of these efficiencies is a reduction in the expenditure budget for the Milford Towers project of £158k in this year.	158.0	
CUS06 (new)	SERVICE POINT	The Registration Service provides a Nationality Checking Service (NCS) which generates an income (budgeted income of £116K). The savings proposal increases the income budget by £200K to £316K. There is a significant demand for the NCS service and this is expected to continue for the next 2 years. The increase will be achieved by increasing the number of appointments available and processing more checks. The increased income assumes 60% of customers will go on to attend a Citizen Ceremony	200.0	
CUS07 (new)	SERVICE POINT	The Call.Point service current delivers an out of hours emergency telephone service. This savings proposal recommends the outsourcing of the service. Previous recommendations were to outsource the service to the London wide shared service centre operated by Vangent. However, concerns were raised over performance and risk. This proposal recommends the service is put out to tender rather than using the London wide shared service centre. Soft market testing suggests that once set up £200K savings are possible. Other providers (e.g. Agilisys and Capita) both deliver for other local authorities who report they are satisfied with the services received.	100.0	100

CUS08 (new)	SERVICE POINT	Reorganise Service Point staff to delayer and rationalise management duties. Delete remaining 6 x Sc6 supervisor posts, but create 1 scheduling and planning officer and 2 x Sc4.	25.0	25
Total 2014/15 Agreed Savings – Customer Service			2,550.0	575.0

Ref.	Service	Description of saving	2014/15 £000's	2015/16 £000's
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RESOURCES & REGENERATION

RNR01	ASSET STRATEGY AND DEVELOPMENT	Asset rationalisation	500.0	
RNR02	ASSET STRATEGY AND DEVELOPMENT	Review of contracts relating to Cleaning, Security and Regulatory Risks.	290.0	
RNR04	PROGRAMME MANAGEMENT AND PROPERTY	Staffing reorganisation Programme Management	20.0	
RNR05	PERFORMANCE AND PROGRAMME MANAGEMENT	Staffing reorganisation Programme & Project Delivery	37.0	
RNR06	TRANSPORT	Staffing reorganisation of the Engineering Team, the Transport Policy Team and the Network Management Team	57.5	
RNR08	TRANSPORT	1. Reduce the Road Safety function to level of TfL funding £44k; 2. Reduce highway winter maintenance £20k; 3. Reduce the periodic cleaning of road gullies from 2 to 3 years £30k; 4. Reduce the replacement of festive lights as they become defective and or damaged £21k; 5. Procure the maintenance of unlit traffic bollards ('keep left' signs on traffic islands) via Skanska at a cheaper rate than than that charged by current contractor £50k	11.0	
RNR09	TRANSPORT	Reduce costs and/or increased income from the retender of the current JCDecaux contract which ends on 31st December 2014	0.0	47.0
RNR14	PEOPLE MANAGEMENT SERVICES	Staffing reorganisation in Personnel & Development (HR)	110.0	
RNR16	PEOPLE MANAGEMENT SERVICES	Adult Social Care Learning & Development reductions	100.0	

RNR17	PEOPLE MANAGEMENT SERVICES	Reduce the Occupational Health Service £37.4k; Cessation of the EAP Service £41k	58.4	
RNR18	LAW DIVISION	Staffing reorganisation Legal Services	23.0	
RNR20	TECHNOLOGY & TRANSFORMATION	Staffing reorganisation to make a 25% reduction in the overall staffing budget of the Technology & Transformation Division	345.0	
RNR21	TECHNOLOGY & OPERATIONS	Reduce usage of printing and copying using multi-functional devices (MFDs) (£1m) and closure of 'INPRINT', the Council's internal print service (£80k)	540.0	500.0
RNR23	BUSINESS SUPPORT	Staffing reorganisation Finance Division	300.0	
RNR24	BUSINESS SUPPORT	1. The Payroll Service (£65k) - cost recovery charges to schools; 2. External Audit Fees (£50k) - arising from new national arrangements; 3. The Wearside Postal Service (£30k) - review of postage and internal post service between Town Hall and Wearside; 4. Contingency budget (£200k) - reduction in budget for directorate-wide once off pressures arising during the year	50.0	
RNR31	Regeneration & Asset Management (Division Wide)	Reduce the Regeneration & Asset Management budget by £550k to be split between staffing and asset rationalisation.	550.0	
RNR36	PEOPLE MANAGEMENT SERVICES	Reduction in staffing budget. This will have an impact on employee relations and whether there are specifically designated roles to lead on employee relations. The social care training function redesigns learning interventions to support social care workers. The number of programmes designed to support changes in care provision would reduce although they would be kept above a statutory minimum.	70.0	
RNR38	INSURANCE & RISK GROUP M	A review of the service structure and reduction in the general administration costs for the Insurance & Risk service.	35.0	
RNR41	TECHNOLOGY & TRANSFORMATION	This proposal represents a saving on the salaries budget for 2014-2015. This is in addition to a proposed saving in Round 1 of £345,000 on the salary budget for the same period. At present there are a number of labour-intensive projects that are scheduled for completion around the start of 2014-2015 and, if those projects complete on time, there should be some easing of pressure on the Division. However, there are risks that projects may overrun. In any event, even if projects are complete, the reduction in staff numbers will affect the ability to rapidly deliver support for line-of-business systems and any new or emerging projects.	150.0	

RNR42	HEAD OF BUSINESS SUPPORT	Further savings will be identified from the teams that deal with the financial processes associated with adult social care (payments, financial assessment, invoicing and administration of client finances). Efficiencies will be identified through information exchange with other agencies and through better use of IT systems. Additionally, more income will be generated from clients for whom the council is acting as deputy.	100.0	
RNR43	HEAD OF BUSINESS SUPPORT	The total 2012/13 staffing budget is £4m. This is split into - £0.7m for statutory accounting services and central co-ordination of corporate process, such as budgeting; - £1.6m for management accounting and business advice to services; - £1.7m for transactional financial services including payroll and pensions. In February 2011 the Council agreed savings of c£1m within the Finance service. Following that decision, a reorganisation was implemented and the new structure is now operating effectively. Further savings of £300k were put forward for 2014/15 - through Round 1 of this year's budget savings process - following work to further rationalise administrative and other processes and to complete the re-implementation of the Oracle Financials system during 2013/14. This proposal seeks to increase that savings proposal by a further £200k.	200.0	
RNR47	POLICY & PARTNERSHIPS	£26k saving is proposed from the consultation and engagement budget. A saving of £5k from the social inclusion supplies and services budget which covers expenditure on social inclusion and diversity activity. Through negotiating changes to the licensing arrangements for our performance management system a saving of £35k against the contract cost is proposed. In its place a local solution will be developed using existing and available software solutions.	35.0	32.5
RNR01 (new)	AUDIT & RISK	Internal Audit – review assurance priorities and delivery mechanisms to save £75k. Counter Fraud – reduce resourcing of Housing Benefit Investigation by £25k (part year) ahead of move to the Single Fraud Investigation Service under Department for Work and Pensions direction. This post is currently vacant. Health & Safety – delete the vacant post for administration support H&S trainee post to save £30k and connect this team to the Business Support Services review to get administration support centrally.	130.0	

RNR02 (new)	PLANNING	The Planning Service introduced a fee of £1,000+VAT for the provision of pre-application advice on Major planning applications with a £40,000 income target per annum. This fee was introduced on 1 April 2011. At the time, the Service stated that it would assess the potential to extend pre-application fees to other planning application categories including householder applications. It is now proposed that the following pre-application fees will be payable from 1 April 2014: Charges: The fee for a pre-application meeting for a development site will be £1,500+VAT and £750+VAT for any follow up meeting. In addition, charges will be payable for presentations to the Council's Design Review Panel and to cover matters such as the preparation of a draft legal agreement and reviewing a viability assessment. For householders and other small scale proposals from local businesses, the charge will be £60+VAT for a written enquiry and £150+VAT if it involves a meeting. A combination of the increase in fees for pre application advice on Major planning applications and the new fee for householder and other small scale scheme pre-application advice should enable an additional £50k to be achieved in fees.	50.0	
RNR03 (new)	POLICY & GOVERNANCE	A saving across the salaries budgets is proposed at £128k for 2014/15 through the deletion of 2.4 vacant posts.	128.0	
RNR04 (new)	STRATEGY	Community Budget £100K reduction: reduction in cross partner project work and seek resources for specific projects when needed rather than baseline funding.	100.0	
Total 2014/15 Agreed Savings – Resources & Regeneration			3,989.9	579.5

TOTAL 2014/15 AGREED SAVINGS	21,893.9	1,479.5
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APPENDIX Y2

CHILDREN AND YOUNG PEOPLE SELECT COMMITTEE			
Report Title:	Savings Proposals for the Attendance and Welfare Service		
Key decision:	Yes	Item No:	4
Ward:	All		
Contributors:	Executive Director for Children and Young People Head of Law		
Date:	29 January 2013		

1. Purpose of the report

The purpose of this report is to outline the proposed savings and changes in the Attendance and Welfare Service and to inform members about the proposal to seek the Mayor's agreement to further savings of £300,000 from the service and on implementing those changes in September 2014.

2. Policy context

2.1 The proposal is consistent with the priorities in the Children and Young People's Plan 2012-15, including improving secondary school attendance, closing the achievement gap between under-achieving groups and their peers, and reducing anti-social behaviour and youth crime.

3. Recommendations

It will be recommended that the Mayor agrees:

3.1 further savings of £300k from the Attendance and Welfare Service (AWS), and

3.2 that formal consultation takes place with staff and schools on the future shape of the service as set out in the report, with a planned implementation date of September 2014.

4. Background

4.1 In recognition of the Council's need to make further savings of £95m over the period 2014-2018, a review of the AWS is being carried out. The Mayor had already agreed in February 2013 to savings of £200k from the service to be achieved in the 2014/15 financial year. The requirement on the Council to make further savings following the local government settlement means that an additional £300k is now being sought from this area.

4.2 Schools' budgets have been protected and areas of activity for which schools have the prime responsibility are now frequently operated on a traded basis. Some services are fully charged and others partly charged. In these, some core costs are covered and the rest is chargeable. Hitherto, the Attendance and Welfare Service has been free to schools (except for certain activities which Academies are charged for), but given the financial constraints on the Council, it is now a priority to examine a new model of working. Other local authorities have charged for aspects of these services for some time. Lewisham has historically been a high spender on this area of work. Currently, it is the highest spender per pupil compared with our statistical neighbours, at £33 per pupil, and the proposed saving would bring us into line with the average spend, which is £17 per pupil.

4.3 Borough performance figures show secondary attendance benchmarking low overall against other London and inner London authorities. Primary performance figures have been consistently high. Both phases have shown reduced overall and persistent absence year on year. Persistent absence is defined as missing 15% or more sessions. The latest figures published by the DfE, for autumn 2012 and spring 2013, showed Lewisham was 4th best among London authorities in terms of overall absence in primary schools, and 8th best in terms of primary persistent absence. Lewisham was ranked 24th in terms of secondary overall absence and 25th in terms of secondary persistent absence. Comparisons were with 33 London boroughs. Nationally, we are in the top quartile for both secondary and primary overall absence.

4.4 In terms of the impact of interventions by the service, the evidence is that earlier interventions work better than later interventions. Initial home visits are more effective at improving attendance than subsequent ones, and first court warnings are more successful than final ones (this applies to Fixed Penalty Notices as well).

4.5 By the time the case reaches prosecution, the success rate in improving a pupil's attendance goes down markedly. For completed court cases, only 42% of primary cases lead to attendance in excess of 90%, and only 18% lead to attendance of over 95%. For secondary cases only 15% lead to attendance of more than 90%. The view is that if the case does go to court, interventions have already failed. This does not mean that the LA or schools should disregard or refrain from prosecuting, as the process itself sends an important message.

5. Scope of the service

5.1 The Attendance and Welfare Service currently delivers services in three broad areas: prosecution, casework, and support and challenge to schools. More details are set out below. Given the current poor performance in terms of secondary attendance, there should in the reshaped service be more emphasis in that phase on interventions which have proved effective, as well as development of the more successful practice in primary schools.

5.1.1 Prosecution services consist of:

- preparing cases for prosecution, including scrutinising the evidence
- appearing in court to exercise the local authority's powers
- issuing Fixed Penalty Notices and
- providing training to school staff on preparing and presenting evidence in court.

5.1.2 Casework services involve working with specific groups as follows:

- Persistent absentees (i.e. pupils whose attendance is 85% or less) or those at risk of becoming so
- Pre-referral work, i.e. work with parents before the school makes a formal referral to the AWS. This focuses on those pupils who are close to the threshold of referral (88% attendance or less) or at risk in some way. The work also focuses on the siblings of pupils who are persistent absentees, in order to prevent those difficulties becoming entrenched in the family
- Tracking the attendance of and working with children from vulnerable groups such as Looked After Children, children with a Child Protection Plan, with Complex Needs, those known to the Multi-Agency Risk Assessment Conference (MARAC), those who are previously PA or whose parents were previously prosecuted
- Children Missing Education, and those who are not on roll or excluded
- Pupils subject to Child Employment regulations.

5.1.3 Support and challenge to schools falls into the following categories:

- Register checks to monitor performance, compliance with legislation, levels of attendance, trends, patterns, identifying vulnerabilities, and the pace of improvement
- Attendance audits and reviews either a) as requested by schools, to look broadly across school systems and practices, or b) initiated by the Local Authority for Red and Amber schools to facilitate monitoring, challenge and support for improvement.
- Advice and guidance
- Training, on areas such as home visiting, legislation and systems
- Co-ordinating networking to share practice and information and for training.

6. Core and chargeable elements

6.1 In order to achieve the proposed savings, it will be necessary to adopt a model in which there is a 'core' service consisting of elements provided free to schools, and other traded elements which schools can choose to buy in.

6.2 The core elements are those functions which the authority has a statutory responsibility to deliver, or which involve pupils in particular need. The delivery of statutory functions will not depend on sufficient numbers of schools buying in, though the hope is that many schools will choose to do so. The activities are set out in the table below. The 'core' activities listed below represent a reduction in volume from the current workload of the service, particularly in relation to casework, which will be more targeted.

Activity	Suggested category
<i>Prosecution</i>	
Preparing cases for court	Core
Court appearances	Core
Issuing Fixed Penalty Notices	Chargeable
Training on court procedures	Core

Casework	
Pre-referral work on pupils at risk	Chargeable
Persistent absentees	Chargeable except for particular groups such as Looked After Children, children with a Child Protection Plan etc.
Tracking attendance of vulnerable groups (LAC, MARAC, CPP, Complex Needs, previously PA, previously prosecuted)	Core
Children Missing Education, not on roll and excluded	Core
Pupils subject to Child Employment regulations	Core, though need to explore what elements may be chargeable to parents
Support and challenge to schools	
Register checks to monitor performance	Core but schools able to purchase more frequent checks
Advice and guidance	Chargeable
Training (e.g. legislation, systems, home visiting)	Chargeable
Co-ordinating the secondary network	Chargeable
Attendance audits	Chargeable
a) requested by schools	
b) for Red and Amber schools	Core

6.3 Schools are RAG-rated in terms of their overall attendance coupled with an assessment of their capacity to improve. For example, a school may be rated Green rather than Green Plus because although its attendance is currently over 95%, it may require more support or input to achieve this. A small number of schools are classified Red or Amber and therefore need particular support and challenge from the central team.

6.4 The local authority's statutory responsibilities are set out in section 9 of the report. These make clear, in line with the DfE August 2013 guidance, that the authority is responsible for activities relating to prosecution. There are also statutory responsibilities for child employment, entertainment licenses and removing pupils' names from school rolls. The proposals in this report are intended to enable the AWS still to carry out its role in relation to the authority's statutory duties. The authority also has an overall strategic responsibility for attendance, which links to its safeguarding duties. Charging for non-statutory elements of the service will not impact on the authority's ability to meet its statutory obligations.

- 6.5 In terms of prosecution, evidence presented in court must be directly related to the casework done with the family and not hearsay. The witness presenting the evidence must be the same person who carried out the work with the family which led to the prosecution. Until now, this has often been the authority's Attendance and Welfare Officer, though secondary schools have dedicated teams for this work and in some cases their staff have been able to appear in court to pursue the prosecution. The changes proposed in this report are likely to require staff in more schools to become involved in this activity. Prosecutions can be complex and labour-intensive and are important, but they only occur in 10-15% of the current casework managed by the service. Most cases do not proceed to court and we have also seen that in some instances issuing Fixed Penalty Notices can be more effective than normal prosecution.
- 6.6 Initial consultation with head teachers suggests that they agree with the core/chargeable split. Schools value the fact that the service is separate from the school and represents authority. Referring a case to the AWS can make it easier for the school to preserve its relationship with the family and, if the school has exhausted other strategies, the AWS becoming involved can produce quick results.
- 6.7 A draft charging scheme has been shared with schools, containing a number of options, some of which relate to one-off activities and some which are more comprehensive. One suggestion is that schools could opt to buy a day or a half-day a week of an AWO's time. In general, schools have said that they would be willing to consider buying in aspects of the service rather than the full service, but that their own budgets restrict what they may be able to purchase and small schools would find this more difficult. One possibility is that collaboratives of schools may pool resources to buy elements of the service. Schools in other authorities have been buying in services or providing them in-house for some time. It is schools' responsibility to secure high attendance. They are accountable for this and are judged on their performance by Ofsted.
- 6.8 There is evidence of schools already having some capacity to carry out certain functions in relation to attendance, in some cases extending to home visiting and gathering evidence for court, though the AWS specialisms in this area were also acknowledged. Secondary schools have already developed capacity in this respect, so the considerations for them may be somewhat different from those for primary schools. Training will be necessary for some staff in primary schools and it is likely that this will become a key part of the work done by the central team.
- 6.9 For comparison, a survey was done of 18 other London authorities, including our 10 statistical neighbours. The 18 were: Barnet, Bexley, Brent, Camden, Croydon, Greenwich, Hackney, Hammersmith and Fulham, Haringey, Harrow, Havering, Lambeth, Merton, Newham, Redbridge, Southwark, Tower Hamlets and Waltham Forest. Most had already carried out downsizing exercises, and buy-back systems for schools were also common. The smallest staffing complement was in Barnet (3.4 full time equivalent) and the largest was Southwark (25). The average was 11.8. Our new service will have 12.5 posts – above the average for our statistical neighbours..
- 6.10 In line with our proposals, most teams elsewhere had a core of a team leader, Child Employment Officer, CME Officer, Court Officer, admin and a number of AWOs. In a number of cases, as with ours, the service formed part of a wider Early Intervention service using a multi-agency approach and there were also examples of staff being located in area teams.

6.11 In terms of how their services operated, among the examples that authorities reported as their most effective were: focusing on early intervention, use of fixed penalty notices, prioritising pupils with attendance of between 85 and 92%, and holding 'surgeries' or 'attendance clinics' in schools. These strategies are well-established in Lewisham.

7. Consultation

7.1 Consultation began with staff, unions and schools on 13 January 2014 and will finish on 3 February. The implementation date will be 1 September 2014.

8 Financial implications

8.1 The current cost of the service is £1,087,440. The Mayor has already agreed £200k savings for 2014-15 and £300k further savings are being proposed to him by officers in this report.

8.2 If the savings are agreed, it is expected that the service will reduce from the current 22 staff (20.6 fte) to 12.5. Depending on the number of schools who choose to buy into elements of the service, it may be possible to retain one or more posts in addition to these 12.5. A further three staff are currently funded from the Troubled Families grant, and are not involved in this review.

8.3 Although it will be possible for schools to buy services in from the team, central staff will remain Council employees, so TUPE will not apply.

9. Legal Implications

9.1 Section 7 of the Education Act 1996 sets out the parent's/carer's legal duty to ensure that their child receives a suitable education by regular attendance at school or otherwise.

9.2 Section 443 statutorily requires local authorities to make arrangements to enable them to establish (as far as it is possible to do so) the identity of children in their area who are not receiving a suitable education. Section 444 imposes a statutory responsibility on local authorities to ensure that parents fulfil their legal duty that their child/ren of compulsory school age receive suitable, efficient full-time education either by regularly attending school or otherwise.

9.3 In accordance with section 446 of the Education Act 1996 legal proceedings in relation to offences under either section 443 or 444 can only be instituted by a local authority. As indicated in the report all court proceedings that the local authority are responsible for are being retained by the local authority.

9.4 Section 444A of the Education Act 1996 (inserted by the Anti –Social Behaviour Act 2003) enables head teachers and other "authorised officers" to issue Penalty Notices to the parents/carers of absent or truanting pupils from "relevant" schools. This includes

maintained schools, PRUs, Academies and alternative provision Academies. Persons so authorised include a head teacher of a relevant school, a member of staff of a relevant school who is authorised by the head teacher to give penalty notices, local authority officers duly authorised by the local authority to give penalty notices and constables. It is proposed in this report that this is a service which the local authority will provide to schools on a chargeable basis.

9.5 Child employment responsibilities, which includes issuing of work permits, performance and chaperone licences are governed by the Children and Young Persons Act 1933 and the relevant provisions in the Management of Health and Safety at Work Regulations 1999 and the Children (Performance) Regulations 1968. These responsibilities are being retained by the local authority.

9.6 The proposals set out in this report to charge schools for those services which fall outside of the local authority's sole legal responsibility are permissible. It would not be possible for the local authority to seek to charge schools for activities where such responsibility rests solely with the local authority, e.g. school attendance orders and school attendance prosecutions. Where however such a charge relates to functions additional or ancillary to those local authority functions, then the local authority may seek to charge schools for such services, e.g. school attendance audits.

9.7 In terms of employment law there are clear business reasons for the restructuring in connection with the Attendance and Welfare Service which provide grounds to make changes to job roles and redundancies as detailed in Paragraph 8.2. The process will be managed in accordance with the Council's Management of Change Guidance to ensure compliance with relevant legislation

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

9.9 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.

9.10 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.

9.11 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes

steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

9.12 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

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

10. Equalities implications

10.1 Children and young people in vulnerable groups are more likely to experience difficulties with school attendance and to suffer further disadvantage as a result.

10.2 Vulnerable groups include Looked After Children, Young Carers and those with Complex Needs, and the structuring of the 'core' part of the new service takes into account the need to track and support the attendance of these pupils. It is not anticipated that there will be a negative impact on schools which have significant numbers of vulnerable children, as the proposed core part of the service recognises the support that these schools and children need.

10.3 The Equalities Analysis Assessment is attached.]

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Equalities Analysis Assessment (EAA)

1. Summary

This document considers how the recommendations made in this report may affect different groups of young people (specifically those with 'protected characteristics') differently, and assesses whether these effects are positive or negative. It also outlines the activity that the Council will take to ensure that equal opportunities are promoted and that no group is discriminated against. Protected characteristics are: Race, Gender, Disability, Age, Sexual Orientation, Religion/Belief, Pregnancy and Maternity, Marriage and Civil Partnership, and Gender Reassignment.

The overall assessment of this EAA is that whilst the recommendations will affect different groups of young people differently, overall none of the protected characteristics will be disproportionately or negatively affected by the proposals.

2. What is an Equalities Analysis Assessment (EAA)

An EAA is the process of analysing a proposed or existing policy, strategy or service to identify what effect, or likely effect, will follow from its implementation for different groups in the community. Assessments should consider the effect of a service on Race, Gender, Disability, Age, Sexual Orientation, Religion/Belief, Pregnancy and Maternity, Marriage and Civil Partnership, and Gender Reassignment. In addition, EAAs consider whether proposals might contravene human rights. By conducting an EAA, organisations can consider what good practice could be shared or what measures might need to be taken to address any adverse impact.

Lewisham's diversity is one of its key strengths and the Council is committed to supporting an inclusive and cohesive local community. EAAs support this intention, by identifying how the Council's services can actively promote equal opportunities and avoid direct and indirect discrimination.

Scope and structure of the EAA

This document considers the equalities impact of the proposed changes to the Attendance and Welfare Service. It assesses the effect the recommendations will have on the specific groups involved as well as the wider community.

The EAA provides the answers to the following questions:

1. Will the proposed changes affect some groups in society differently?
2. Will the proposed changes disproportionately affect some groups more than others?
3. What actions can be taken to reduce any negative impact on particular groups?

3. Equalities context

National context

The Equality Act 2010 provides a legislative framework to protect the rights of individuals and advance equality of opportunity for all. It aims to deliver a simple and accessible framework of discrimination law which protects individuals from unfair treatment and promotes a fair and more equal society.

On 5 April 2011 the new public sector Equality Duty came into force. The Equality Duty replaces the three previous duties on race, disability and gender, bringing them together into a single duty, and extends it to cover age, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment. The aim of the Duty is for public bodies to consider the needs of all individuals in their day to day work, in developing policy, in delivering services, and in relation to their own employees.

This EAA has been undertaken in line with the Council's legal duties in relation to equality and, as such, has assessed the potential impact of the proposals in this report across the nine protected characteristics.

The Human Rights Act came into effect in the UK in October 2000. This means that people in the UK can take cases about their human rights as defined in the European convention on Human Rights to a UK court. At least 11 Articles of the European Convention on Human Rights have implications for the provision of public services and functions. This EAA assesses whether the proposed recommendations are in line with duties established by this Act.

Local context

Lewisham's commitment to promoting equalities is expressed in partnership and at the highest level. 'Shaping Our Future – Lewisham's Sustainable Community Strategy' establishes the overarching principle for all activity in the borough of 'Reducing inequality – narrowing the gap in outcomes for citizens.'

This commitment is reiterated in the Council's corporate priority to ensure that all of its services are delivered in an efficient, effective and equitable manner to meet the needs of the community. The Comprehensive Equalities Scheme is Lewisham Council's equality policy. It sets out the Council's commitment to equality and diversity and incorporates the Council's specific equality schemes covering the nine protected characteristics.

3. Restructuring the Attendance and Welfare Service

The Mayor agreed in February 2013 to savings from the service of £200k, to assist in the requirement that the Council should meet its savings targets. Following the local government settlement, further savings are now required of £95m by 2017/18. The service also operates in a context where schools' budgets have been protected and other services regionally have already restructured. The budget of the Lewisham AWS has increased in the last three years to become the most expensive per pupil among its statistical neighbours. Performance in primary attendance has improved consistently over the years and in Spring 2013 was the best among statistical neighbours. Secondary attendance, while having also improved consistently, does not compare so well, being 9th out of 11 statistical neighbours for overall absence, and 10th for persistent absence.

The vision of Lewisham's Children and Young People's Strategic Partnership is as follows: 'Together with families, we will improve the lives and life chances of children and young people in Lewisham'. This vision underpins our aims for the service.

Aims of the service and the restructure

The key aims of the service is to support schools in improving attendance, and to safeguard children in doing so. In restructuring, the service aims to fulfil its statutory duties, key among which are those for prosecution and child employment, and the underlying safeguarding responsibilities. While restructuring, it also aims to protect vulnerable groups, such as those with Child Protection Plans, with Complex Needs, Looked After Children, those known to MARAC, those previously persistently absent, and those previously the subject of prosecution.

4. Summary of local needs

Lewisham is the second largest inner London borough. There are approximately 274,900 residents, and there is a younger age profile than the national average with 24.5% of residents aged 0-19 compared to 23.8% nationally. There was a 34% increase in births in Lewisham between 2000/1 and 2009/10. Deprivation is increasing in Lewisham. The 2010 Index of Multiple Deprivation ranked Lewisham 31st out of 354 local authorities in England compared to a rank of 39 in 2007. Of the specific indicator of income deprivation affecting children, 35 (of 166) of Lewisham's super output areas are in the 10% most deprived in the country. It is estimated that 20,355 0-18 year olds live in poverty.

The children and young people's population is ethnically diverse. Whilst 40% of our residents are from black and minority ethnic backgrounds, this rises to 77% amongst our school population, with 170 different languages spoken by our pupils. There is a wide range of religions represented amongst Lewisham's children and young people's population. According to the 2012 Schools Census, 371 14-19 year olds and 862 8-19 year olds in Lewisham have a statement of special educational needs (SEN).

Good attendance at school is key to good attainment and reducing achievement gaps, and is also a protective factor for children and young people, and the work that the Attendance and Welfare Service does is instrumental in achieving these outcomes. Although Lewisham performs relatively well in relation to our statistical neighbours at primary level, the challenges at secondary level remain significant. In addition, the restructure will mean there are greater expectations on schools to deliver support to parents in terms of attendance. They have resources to do this, though they will also be able to buy back into the central service if they wish. The role of the central service will focus more on supporting and challenging schools in fulfilling those responsibilities.

5. Equalities Analysis Assessment for restructuring the service

The importance of ensuring that children attend school well is recognised across the Children and Young People's partnership. Responsibilities are shared in this area between parents, schools, the community, and the authority and its partners. Despite the constraints on resources, there must be sufficient capacity to ensure young people's safety and wellbeing.

The overall assessment of this EAA is that these proposals provides sufficient protection to meet the needs of groups with protected characteristics. The recommendations will not have a disproportionate impact on any group with a protected characteristic. This assessment also concludes that these recommendations do not contravene the Council's duties under the Human Right Act.

SEN/ disability

Analysis of the current caseload held by the service shows that 17 of the 230 primary and special school cases relate to pupils with statements of special educational needs. This is equivalent to 7.4%, and is higher than the proportion of the pupil population which has statements. Good attendance is a particular challenge for special schools, given factors such as recurring illness. The restructuring recognises the need to target pupils with complex needs for support. The view is that the proposal does not disproportionately disadvantage this group and the planned approach will prioritise them in terms of tracking and monitoring.

Age

The current service is weighted towards supporting primary and special schools, and this bias is likely to continue, but with less emphasis in future. Secondary schools already take responsibility for their own attendance, with support from the authority in certain defined and targeted areas, such as the issue of penalty notices, or year 6 to 7 transition. In future, Attendance and Welfare Officer (AWO) posts are likely to be more generic, and there may be greater flexibility in terms of staff switching between working with families with children in different phases. Given the distribution of resources, it is not felt that any age group is disadvantaged by the proposal.

Faith

Church schools generally have very good attendance. The service RAG-rates schools in terms of their attendance, and of the 21 'Green +' primary schools (with attendance of over 96%), 12 are faith schools. At secondary level, there are six schools with attendance over 95%, of which three are faith schools. Not all children attending church schools are members of the faith, though most are. There is no reason to suppose that the restructure will impinge on the successful work that these schools currently do. The proposals focus on pupils rather than schools, and it is not felt that they disadvantage any group in faith terms.

Gender

The current caseload of the service has 98 cases involving girls and 132 boys (42.6% compared with 57.4%). While not conclusive, this matches other data showing that boys are excluded more often than girls and as a consequence have more issues with attainment and engagement. Data is currently limited in terms of the prevalence of boys and girls in the priority groups listed above, but as the service intends to target these groups, the view is that the proposals do not disproportionately affect one gender over another.

Ethnicity

The largest group currently worked with by the service is White pupils (41.7%), followed by Black pupils (27.8%), and Mixed race (21.3%). Also on the caseload are smaller groups of Asian pupils (2.6%), Travellers (2.2%) and Others (1.3%). There are also 3% of cases where pupils' ethnicity is unknown. The service works predominantly with Lewisham schools rather than Lewisham residents (i.e. as the pupil is the responsibility of the school, the service does not do extensive work with Lewisham residents attending out-borough schools). As 77% of Lewisham's school population come from BME groups, there is over-representation of White pupils in the referrals made to the service. This has historically been the case and, apart from ethnicity, may be related to issues such as worklessness and generational expectations. The service will need to monitor the continuing impact on young people from different ethnic backgrounds and take steps to ensure services are delivered to under-represented groups.

Sexual orientation

The service does not collect data on this area and currently it is not possible to match it against the caseload of clients. If LGBTQ pupils are more likely to appear in the priority groups listed above, they will be targeted for tracking and monitoring by the service. It will be important for the service to understand whether factors such as bullying of pupils in this category is having an impact on attendance.

6. Decision

Following the analysis of the data the following decision has been opted for:

To continue with the proposal but with actions to minimise any negative impact on groups with protected characteristics and ensure compliance with the Equality Duty. These are listed below.

7. Actions that will be taken to ensure compliance with the Equality Duty

1. Review the impact of the restructure on protected categories from the implementation of the new service in September 2014, and regularly thereafter.
2. Improve the collection of data on groups worked with by the service, to establish their prevalence in vulnerable categories and to establish better profiling.
3. Ensure that data is available longitudinally, to improve understanding of the impact of the work carried out by schools and the authority.

APPENDIX Y3

Ready Reckoner for Council Tax 2014/15						
Budget Requirement	Council Tax (Band D)	Increase / Decrease	GLA Precept (Band D)	Total Council Tax (Band D)	Increase / Decrease	
£'M	£	%	£	£	%	
2013/14	284.632	1,060.35	0.00%	303.00	1,363.35	0.00%
	266.884	1,044.44	-1.50%	299.00	1,343.44	-1.46%
	267.276	1,049.75	-1.00%	299.00	1,348.75	-1.07%
	267.668	1,055.05	-0.50%	299.00	1,354.05	-0.68%
	268.060	1,060.35	0.00	299.00	1,359.35	-0.29%
	268.452	1,065.65	0.50%	299.00	1,364.65	0.10%
	268.844	1,070.95	1.00%	299.00	1,369.95	0.48%
	269.236	1,076.26	1.50%	299.00	1,375.26	0.87%
	269.432	1,078.91	1.75%	299.00	1,377.91	1.07%

APPENDIX Y4: Chief Financial Officer's Section 25 Statement

CHIEF FINANCIAL OFFICER'S STATEMENT REQUIRED UNDER SECTION 25 OF
THE LOCAL GOVERNMENT ACT

To follow for Mayor & Cabinet

APPENDIX Y5

STATUTORY CALCULATIONS

To follow for Mayor & Cabinet

APPENDIX Y6

Making fair financial decisions



This guidance has been updated to reflect the new equality duty which came into force on 5 April 2011. It provides advice about the general equality duty.

0B 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 new 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 different protected groups (or protected characteristics under the Equality Act 2010).

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

1B What the law requires

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

The protected groups 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. We would therefore recommend that public authorities consider the potential impact their decisions could have on human rights.

2B Aim of this guide

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

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

We have also produced detailed guidance for those responsible for assessing the impact on equality of their policies, which is available on our website: http://www.equalityhumanrights.com/uploaded_files/EqualityAct/PSED/equality_analysis_guidance.pdf

3B The benefits of assessing the impact on equality

By law, your assessments of impact on equality must:

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

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

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

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

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**

groups. Individual decisions should also be informed by the wider context of decisions in your own and other relevant public authorities, so that particular groups are not unduly affected by the cumulative effects of different decisions.

- **Make your decisions based on evidence:** a decision which is informed by relevant local and national information about equality is a better quality decision. Assessments of impact on equality provide a clear and systematic way to collect, assess and put forward relevant evidence.

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

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

4B When should your assessments be carried out?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help you to improve the equality information that you use to understand the possible impact on your policy on different protected groups. 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 groups are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

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

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

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

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

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

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

• Are there plans to alleviate any negative impacts?

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

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

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

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

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

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

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

Example: A court recently 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 particular protected groups and perpetuate or worsen inequality.

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

APPENDIX Z1: Interest Rate Forecasts 2014 - 2017

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

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2013	0.50	2.50	4.40	4.40
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.50	4.50
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.10	5.00	5.10
Jun 2016	0.75	3.20	5.10	5.20
Sep 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
Mar 2017	1.25	3.40	5.10	5.20

APPENDIX Z2: Economic Background

THE GLOBAL ECONOMY

The Eurozone (EZ). The sovereign debt crisis has eased during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. The EZ finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. Greece remains particularly vulnerable and continues to struggle to meet EZ targets for fiscal correction. Many commentators still view a Greek exit from the Euro as inevitable and there are concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks. It looks increasingly likely that Slovenia will be the next country to need a bailout.

USA. The economy has managed to return to reasonable growth in Q2 2013 of 2.5% y/y and 2.8% in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation.

China. Concerns that Chinese growth could be heading downwards have been allayed by recent stronger statistics. There are still concerns around an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also increasing concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. The initial euphoria generated by “Abenomics”, the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation and so help to support world growth.

THE UK ECONOMY

Economic growth. Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 - quarter 1 (+0.3%), 2 (+0.7%) and 3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that: -

In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally

stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth.

So very encouraging - yes, but, still a long way to go! However, growth is expected to be strong for the immediate future. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth.

Forward guidance. The Bank of England issued forward guidance in August which said that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November. The UK unemployment rate currently stands at 2.5 million i.e. 7.6 % on the LFS / ILO measure.

Credit conditions. While Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS), aimed at encouraging banks to expand lending to small and medium size enterprises, has been extended. The FLS certainly seems to be having a positive effect in terms of encouraging house purchases (though levels are still far below the pre-crisis level), FLS is also due to be bolstered by the second phase of Help to Buy aimed at supporting the purchase of second hand properties, which is now due to start in earnest in January 2014.

Inflation. Inflation has fallen from a peak of 3.1% in June 2013 to 2.2% in October. It is expected to fall back to reach the 2% target level within the MPC's two year time horizon.

AAA rating. The UK has lost its AAA rating from Fitch and Moody's but that caused little market reaction.

Capita Asset Services forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed.

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

Annual Investment Strategy

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

- The strategy guidelines for choosing and placing investments
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified or non-specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.

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

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

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

Non-Specified Investments: These are any investments which do not meet the specified investment criteria. The Council does not currently invest in non-specified investments.

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

The credit ratings of counterparties are supplemented with the following overlays:

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

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

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

	Minimum credit criteria / colour band	Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
UK Government gilts	UK sovereign rating	£20m	1 year
UK Government Treasury blls	UK sovereign rating	£20m	6 months
Money market funds	AAA	£30m	Liquid
Local authorities	N/A	£10m	1 year
Term deposits with banks and building societies	Yellow* Purple Blue** Orange Red Green*** No Colour	£30m £25m £75m £20m £15m £10m 0	Up to 1 year Up to 1 years Up to 1 year Up to 1 year Up to 6 Months Up to 100 days Not for use
Call accounts and notice accounts	Yellow Purple Blue Orange Red Green No Colour	In line with the above	Liquid

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

***Part-nationalised banks*

**** The green limit was formerly for 3 months but the Financial Conduct Authority set (July 2013) a requirement for qualifying deposits for bank liquidity buffers of a minimum of 95 days so the green band has been slightly extended to accommodate this regulatory change.*

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

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

APPENDIX Z4: Approved countries for investments

AAA

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

AA+

- Hong Kong
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar

AA-

- Belgium
- Saudi Arabia

APPENDIX Z5: Requirement of the CIPFA Management Code of Practice

Treasury management scheme of delegation

(i) Full Council

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

(ii) Public Accounts Committee

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

The treasury management role of the section 151 officer

The S151 (responsible) officer

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

APPENDIX Z6: Treasury Management Mid-year Review Report 2013/14

1. PURPOSE OF THE REPORT

This mid-year review has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first six months of 2013/14;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators) and MRP Policy;
- A review of the Council's investment portfolio for 2013/14;
- A review of the Council's borrowing strategy for 2013/14;
- A review of any debt rescheduling undertaken during 2013/14;
- A review of compliance with Treasury and Prudential Limits for 2013/14

2. BACKGROUND

- 2.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.
- 2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 The primary requirements of The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice are as follows:
1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 3. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Outturn Report covering activities during the previous year.

4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Public Accounts Committee.

3. ECONOMIC UPDATE

Economic performance to date

- 3.1 2013/14 economic indicators suggested that the economy is recovering, albeit from a low level. After avoiding recession in the first quarter of 2013, with a 0.3% quarterly expansion the economy grew 0.7% in Q2. There have been signs of renewed vigour in household spending in the summer, with a further pick-up in retail sales, mortgages, house prices and new car registrations.
- 3.2 The strengthening in economic growth appears to have supported the labour market, with employment rising at a modest pace and strong enough to reduce the level of unemployment further. Pay growth also rebounded strongly in April, though this was mostly driven by high earners delaying bonuses until after April's cut in the top rate of income tax. Excluding bonuses, earnings rose by just 1.0% y/y, well below the rate of inflation at 2.7% in August, causing continuing pressure on household's disposable income.
- 3.3 The Bank of England extended its Funding for Lending Scheme (FLS) into 2015 and sharpened the incentives for banks to extend more business funding, particularly to small and medium size enterprises. To date, the mortgage market still appears to have been the biggest beneficiary from the scheme, with mortgage interest rates falling further to new lows. Together with the Government's Help to Buy scheme, which provides equity loans to credit-constrained borrowers, this is helping to boost demand in the housing market. Mortgage approvals by high street banks have risen as have house prices, although they are still well down from the boom years pre 2008.
- 3.4 Turning to the fiscal situation, the public borrowing figures continued to be distorted by a number of one-off factors. On an underlying basis, borrowing in Q2 started to come down, but only slowly, as Government expenditure cuts took effect and economic growth started to show through in a small increase in tax receipts. The 2013 Spending Review, covering only 2015/16, made no changes to the headline Government spending plan, and monetary policy was unchanged in advance of the new Bank of England Governor, Mark Carney, arriving. Bank Rate remained at 0.5% and quantitative easing also stayed at £375bn. In August, the MPC provided forward guidance that Bank Rate is unlikely to change until unemployment first falls to 7%, which was not expected until mid 2016. However, 7% is only a point at which the MPC will review Bank Rate, not necessarily take action to change it. The three month to July average rate was 7.7%.

- 3.5 CPI inflation (MPC target of 2.0%), fell marginally from a peak of 2.9% in June to 2.7% in August. The Bank of England expects inflation to fall back to 2.0% in 2015.

Outlook for the next six months

- 3.6 Economic forecasting remains difficult with so many external influences weighing on the UK. Volatility in bond yields is likely during 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.
- 3.7 Downside risks to UK gilt yields and PWLB rates include:
- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations
 - The Italian political situation is frail and unstable: the coalition government fell on 29 September.
 - Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
 - Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
 - Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds
- 3.8 Upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
 - Increased investor confidence that sustainable robust world economic growth is firmly expected, together with a reduction or end of QE operations in the US, causing a further flow of funds out of bonds into equities.
 - Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth, causing the ratio of total Government debt to GDP to rise to levels that provoke major concern.
- 3.9 The overall balance of risks to economic recovery in the UK is now weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last, and it remains exposed to vulnerabilities in a number of key areas.

Capita Asset Services' Interest Rate Forecast

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%
5yr PWLB rate	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%
10yr PWLB rate	3.70%	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
25yr PWLB rate	4.40%	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.20%
50yr PWLB rate	4.50%	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.30%

(The Capita Assets Services forecasts above are for PWLB certainty rates.)

Expectations for the first change in Bank Rate in the UK are now dependent on how to forecast when unemployment is likely to fall to 7%. Financial markets have taken a very contrary view to the MPC and have aggressively raised short term interest rates and gilt yields due to their view that the strength of economic recovery is now so rapid that unemployment will fall much faster than the Bank of England forecasts. They therefore expect the first increase in Bank Rate to be in quarter 4 of 2014. There is much latitude to disagree with this view as the economic downturn since 2008 was remarkable for the way in which unemployment did not rise to anywhere near the extent likely, unlike in previous recessions. This meant that labour was retained, productivity fell and now, as the MPC expects, there is major potential for unemployment to fall only slowly as existing labour levels are worked more intensively and productivity rises back up again. The size of the work force is also expected to increase relatively rapidly and there are many currently self employed or part time employed workers who are seeking full time employment. Capita Asset Services take the view that the unemployment rate is not likely to come down as quickly as the financial markets are currently expecting and that the MPC view is more realistic. The prospects for any increase in Bank Rate before 2016 are therefore seen as being limited. However, some forecasters are forecasting that even the Bank of England forecast is too optimistic as to when the 7% level will be reached and so do not expect the first increase in Bank Rate until spring 2017.

4. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE

4.1 The Treasury Management Strategy Statement (TMSS) for 2013/14 was approved by Council on 27 February 2013. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

51 Prudential Indicator for Capital Expenditure

This table shows the original estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

2013/14 Capital Expenditure By Service	Original Estimate £m	Latest Expenditure (to end of Sept 13) £m	Forecast Outturn £m
Education	69.1	24.1	50.2
Highways and Regeneration	19.6	4.6	19.3
Housing General Fund	11.7	1.3	7.3
Other General Fund	5.5	0.6	5.5
Housing Revenue Account	44.9	13.7	45.0
Total Expenditure	150.8	44.3	127.3

5.2 Changes to the Financing of the Capital Programme

The table below shows the expected financing arrangements of the capital programme. The borrowing required increases the underlying indebtedness of the Council as measured by the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

2013/14 Capital Expenditure	Original Estimate £m	Latest Expenditure (to end of Sept 13) £m	Forecast Outturn £m
Total Expenditure	150.8	N/A	127.3
Financed by:			
Capital Grants	88.9	N/A	72.5
General Resources (Capital Receipts, Reserves and Revenue Contributions)	54.0	N/A	51.1
Total Financing Used	142.9	N/A	123.6
Borrowing Required	7.9	N/A	3.7

5.3 Minimum Revenue Provision (MRP) Policy

A proportion of the Council's capital expenditure is not immediately financed from its own resources. This results in a debt liability which must be charged to the Council Tax over a period of time. This repayment (the Minimum Revenue Provision - MRP) must be determined by the Council as being a prudent provision having regard to the CIPFA Prudential Code for Capital Finance.

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. The Council continues to apply a consistent MRP policy which comprises prudential borrowing being repaid

over the useful life of the asset concerned and other existing borrowing being repaid at the rate of 4% of the CFR.

5.4 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

We are on target to achieve the original forecast non housing CFR. However, due to the planned HRA borrowing for 2013/14 not being needed, the housing CFR will be unchanged from the opening position for 2013/14.

Prudential Indicator – External Debt / the Operational Boundary

2013/14 Prudential Indicators (as at the end of the year)	Original Estimate £k	Forecast Outturn £k
CFR – non housing	398,529	398,221
CFR – housing	94,112	83,549
Total Capital Financing Requirement	492,641	481,770
External Debt / Operational Boundary		
Borrowing	198,379	195,410
Other long term liabilities*	252,197	244,328
Total External Debt as at 31 March 14	447,641	439,738
New and Maturing Debt	14,876	0
Operational Boundary as at 31 March 14	462,517	439,738

* On balance sheet PFI schemes and finance leases etc.

5.5 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the next two financial years. This allows some flexibility for limited early

borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

The Director for Resources and Regeneration reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator. The table above shows the forecast position for 2013/14 where the CFR is over £40m higher than the external debt.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

2013/14 Prudential Indicators (as at the end of the year)	Original Indicator £m	Forecast Indicator £m
Operational Boundary for External Debt	462,517	439,738
Provision for unexpected short term borrowing	46,000	68,779
Authorised Limit for External Debt	508,517	508,517

6. INVESTMENT PORTFOLIO 2013/14

6.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 4, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. Indeed, the introduction of the Funding for Lending scheme has reduced market investment rates even further. The potential for a prolonging of the Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.

The Council held £304m of investments as at 30 September 2013 (£261m at 31 March 2013) and the investment portfolio yield for the first six months of the year was 0.56%.

6.2 The Executive Director for Resources and Regeneration confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2013/14.

Investment Counterparty List

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

7. BORROWING

7.1 The Council's latest forecast capital financing requirement (CFR) for 2013/14 is £481.77m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing).

7.2 The balance of external and internal borrowing is generally driven by market conditions. The Council has borrowings of £439.7m and has utilised £42m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate.

7.3 It is anticipated that further borrowing will not be undertaken during this financial year.

8. DEBT RESCHEDULING

8.1 Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. No debt rescheduling was undertaken during the first six months of 2013/14.

9. THE CO-OP BANK

9.1 In August this year, the Co-op Group, reported heavy losses as a result of a huge write-down of assets at its troubled banking arm. The group lost £559m in the first half of the year, having written off £496m of bad loans at Co-op Bank. The bad loans relate mostly to Britannia Building Society, which merged with Co-op Bank in 2009. The bank also faces a £1.5bn capital hole in its balance sheet, which regulators say it must fill. Including the write-downs, Co-op Bank alone reported a total loss of £709m.

9.2 Fitch Rating agency downgraded the bank in April and June, this year while Moody's downgrade the bank in June. The bank is not on the Council's counterparty lending list and has not been for sometime. However, the bank remains as the Council's bankers, having renewed a three year contract with the bank last year.

9.3 The Co-Op Bank is at present not tendering for banking business, even when it is the incumbent, until it agrees its future strategy.

9.4 Officers are taking measures to reduce the Council's exposure to the risk of large monetary losses if the bank were to collapse, although this risk cannot be completely removed. No investments are placed with the bank and daytime credit balances are transferred out every weekday morning.

9.5 Officers will continue to monitor developments and take measures as and when necessary.

10. FINANCIAL IMPLICATIONS

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

11. LEGAL IMPLICATIONS

There are no additional legal implications other than those mentioned in the main budget report.

12. ENVIRONMENTAL IMPLICATIONS

There are no specific environmental implications relating to this report.

13. HUMAN RESOURCES IMPLICATIONS

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

14. CRIME AND DISORDER IMPLICATIONS

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

15. EQUALITIES IMPLICATIONS

There are no specific equalities implications relating to this report.

For further information about this report, please contact
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