

PUBLIC SPENDING IN LEWISHAM: THE CONCLUSION OF THE WORKING GROUP'S FINAL REPORT

13. Conclusion

- 13.1 The work of other public sector organisations, alongside that of the Council, is critical to the wellbeing of local people; and in times of austerity it is important that the Council understands how resources are being deployed by other public organisations in the borough to help maximise overall benefit to the community. The Working Group's review into public spending in Lewisham has found that most areas of public spending in Lewisham have seen a drop in expenditure and that, for nearly all the organisations surveyed, recent annual reductions in funding in real terms are forecast to continue in future years. To some degree, inflation, cost pressures and changes to the way funding is delivered are masking the reductions. For example, in 2013 the Government changed the way local authorities were funded, removing the formula grant and rolling a number of different grants into the main allocation. The Working Group found that the rolling in of additional grants has distorted the Council's expenditure figures, meaning that the actual percentage reduction in spending was larger than the figures were suggesting.
- 13.2 Over time annual reductions compound to produce significant cumulative impacts on the community. It is therefore crucial that the public money still being spent in Lewisham is being spent in the most efficient way possible, to secure the best possible outcomes for those that live, work and learn in the borough. The Working Group therefore calls on the Council to work with its partners to ensure that there is proper public consultation on any upcoming ambulance, fire, police and NHS reconfigurations or changes; so the combined impact on Lewisham's residents can be fully assessed and taken into consideration by the Council when planning its own service changes.
- 13.3 All three emergency services are clearly under some degree of strain as they struggle to meet the ambitious savings targets they have been set and their performance is often below target in Lewisham. The Working Group has therefore asked the London Ambulance Service to investigate why their response time performance (Category A calls) is below that being achieved in neighbouring boroughs; and the Fire Brigade to investigate why their six minute target for getting a first appliance to an incident is not being met in three of the borough's wards. It is the Working Group's opinion that the recent Mayoral Direction requiring an appliance from Forest Hill Fire Station to not be returned, pending decisions on 2016/17 savings proposals, is not helping the situation. In terms of the Metropolitan Police Service, the Working Group notes with concern that the Metropolitan Police Service Commissioner has publically stated that the projected £800m of savings scheduled for the MPS over the next four years may put public safety at risk. The decline in numbers of Police Community Support Officers (PCSOs) and plans to potentially abolish PCSOs in safer neighbourhood teams are particularly worrying, and a detailed briefing has been urgently requested.

- 13.4 Many parts of the Further Education sector are suffering from the squeeze on public spending, with universities and further education colleges experiencing significant reductions to some of their funding. Although the Department for Education has sought to protect funding for pupils up to the age of 16, post-16 funding has been excluded from the ringfence. The Working Group was particularly alarmed to discover that 16–19 education has suffered from a 14 per cent reduction in funding, in real terms, between 2010–11 and 2014–15.”¹
- 13.5 Although Goldsmiths University has, so far, benefitted from the change in the funding regime from Higher Education Funding Council for England (HEFCE) funding to loans, many other universities have experienced the opposite, with the effect of the change being highly variable between different institutions. The poor state of the finances of the borough’s major FE provider, Lewisham Southwark College, is well documented, with turnover falling from almost £50m in 2012/13 when Lewisham College merged with Southwark College to £36m in 2014/15. Further reductions are anticipated as a result of government cuts to adult skills funding. The funding squeeze is further compounded by VAT which colleges, unlike schools and academies, are unable to recover. For Lewisham Southwark College it is estimated that VAT amounts to £1.5m per annum. The College is pushing very hard to improve its Ofsted rating from 4 (inadequate) but its financial situation is clearly a barrier to achieving this that will be difficult to overcome.
- 13.6 The housing crisis in the capital is well documented and Lewisham is not immune. Proposed legislative changes will exacerbate the situation when enacted and minimising the impact on vulnerable residents will be a key challenge for the Council and its partners.
- 13.7 Devolution is on the agenda in London and the Working Group notes the publication of the London Proposition² by London Councils and the GLA, which advocates London government working closely with central Government to agree a devolution package focussing on six key areas: employment and complex dependency; skills; business support; crime and justice; health; and housing. The Council supports devolution, recognising that fiscal devolution in particular will reduce local government’s dependency on central government and allow it to deliver services more flexibly, generating the funds it needs to fulfil its priorities, itself. In the meantime the restoration of needs-based central funding would assist local government in meeting local priorities. In February 2015 the Council agreed a motion expressing its support for the Core Cities’ Modern Charter for Local Freedom³; and agreed to campaign for further devolution and greater localism and a fairer distribution of resources based on the restoration of needs-based central funding⁴. However, the Working Group would like to be reassured that this is not used as a mechanism to implement more HM Treasury top sliced cuts.

¹ See: <http://www.ifs.org.uk/uploads/publications/bns/BN168.pdf>

² The London proposition: Devolution and public service reform, Congress of Leaders meeting, 14th July 2015

³ See: <http://www.corecities.com/what-we-do/publications/modern-charter-local-freedom>

⁴ See:

<http://councilmeetings.lewisham.gov.uk/documents/s33998/Motion%203%20Proposed%20by%20the%20Mayor%20Seconded%20by%20Councillor%20Hall.pdf>

Recommendation: If proposals for devolution in London are accepted by the Government, the Mayor and Executive Members should share their proposals with the Overview and Scrutiny Committee as soon as possible to facilitate constructive scrutiny and the most effective constitutional arrangements.

- 13.8 On 25 November 2015 the Chancellor will set out departmental funding allocations and related changes to public service delivery for the next four years (2016/17 to 2019/20). The Working Group notes that while the extent of the funding cuts will not be known until the Chancellor's announcement, London boroughs are preparing for at least the same scale of cuts experienced over the last parliament and notes London Councils' submission to Government that advocates devolution as one of three broad solutions that might ease the burden on London.

London Councils' Spending Review submission

- London Councils' Spending Review submission was submitted on 4 September 2015.
- It proposes three broad solutions to meet the challenge of re-designing local public services in London so that they better match the needs of London and the UK:
 - **Devolution and public service reform** – supporting the London Proposition
 - **Reform of the local government finance system** – including delivering a four year local government finance settlement; agreeing a fixed definition of spending power with local government for the 2016/17 finance settlement; and giving local government greater autonomy over the setting of fees and charges.
 - **Greater financial autonomy through fiscal devolution** – including fully devolving business rates, exploring retention-sharing mechanisms for funding public services as part of the Spending Review process, and over the course of the parliament; and maintaining an open dialogue on a fully devolved London settlement.

- 13.9 Lewisham is the 17th most deprived local authority in the country and spending cuts that impact on the local authority; police, ambulance and fire services; higher education; and housing services have the potential to have a devastating cumulative impact on local people. It is therefore imperative that all organisations spending public money in Lewisham work together to ensure that limited and declining financial resources are used holistically and in the most efficient way possible, to ensure that the consequences of austerity are minimised wherever possible.

Recommendation: The formal partnership arrangements between the Mayor, Executive Members and Officers should be reviewed to ensure that they are robust enough to recognise the potential conflicts and solutions required to address the scale of the challenges that this review has identified.