

MAYOR AND CABINET			
Report Title	Lewisham Future Programme 2018/19 Revenue Budget Savings Report		
Key Decision	No	Item No.	
Ward	All Wards		
Contributors	Executive Director for Resources & Regeneration		
Class	Part 1	Date:	6 December 2017

1. PURPOSE

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

2. EXECUTIVE SUMMARY

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

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

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

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

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

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

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

- Catching up and delivering unachieved savings from 2017/18 and taking management action to bring overspends back in-line with budgets;
- Continuing the work to manage demand, improve service effectiveness and efficiency, and generate income to bring the return for this work through the financial monitoring in 2018/19; and

- Work on bringing forward further proposals to close this gap as soon as possible, including through 2018/19 so that part year effects can be taken.
- 2.10. Finally, the report notes that the Public Health savings are being made separately and there is over £15m of current expenditure in areas where there is discretion but no proposals at present. This spend will be kept under review as part of the work outlined above.

3. RECOMMENDATIONS

3.1. The Mayor is asked to:

- 3.1.1. Note the progress with identifying savings, the £17m shortfall against the target for 2018/19, and the implications for the use of reserves.
- 3.1.2. Review the new savings proposals presented in Section 10 and Appendices i to xii, totalling £4.3m and referenced: B4; D2; E8; I12, 13, 14, & 15; J3; K5; M8; O5; and P3.
- 3.1.3. Consider the comments of the Public Accounts Select Committee on the 16 November 2017, which incorporates the views of the respective select committees.
- 3.1.4. Note the previously agreed savings for 2018/19 in Section 12, totalling £0.6m and referenced: A19; L8; and Q6 & 7.
- 3.1.5. Note the update on progress in relation to Public Health savings in Section 13.
- 3.1.6. Authorise officers to carry out consultation where staff consultation is necessary in relation to the proposal and delegate the decision to the relevant Executive Director for the service concerned.
- 3.1.7. Where no consultation is required, either:
 - agree the saving proposal,
 - delegate the decision to the relevant Executive Director for the service concerned, or
 - request officers to complete further work to clarify the proposal and that officers then re submit the saving proposal at the earliest possible date.

4. STRUCTURE OF THE REPORT

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

Section	Title
1	Purpose of the report
2	Executive summary
3	Recommendations
4	Structure of the report
5	Policy Context
6	Financial Context
7	Lewisham Future Programme Approach
8	Principles
9	Lewisham 2020
10	Savings
11	Other Areas
12	Previously Agreed Savings
13	Public Health Savings Update
14	Timetable
15	Financial implications
16	Legal implications
17	Conclusion
18	Background documents
	Appendices

5. POLICY CONTEXT

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

Sustainable Community Strategy

- **Ambitious and achieving:** where people are inspired and supported to their potential.
- **Safer:** where people feel safe and live free from crime, antisocial behaviour, and abuse.
- **Empowered and responsible:** where people are actively involved in their local area and contribute to supportive communities.

- **Clean, green, and liveable:** where people live in high quality housing and can care for and enjoy their environment.
- **Healthy, active and enjoyable:** where people can actively participate in maintaining and improving their health and well-being.
- **Dynamic and prosperous:** where people are part of vibrant communities and town centres, well connected to London and beyond.

Corporate Priorities

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

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

Values

- 5.2. Values are critical to the Council's role as an employer, regulator, securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers, and members, between the council and partners and between the council and citizens. In taking forward the Council's Budget Strategy, we are guided by the Council's four core values:
- We put service to the public first.
 - We respect all people and all communities.
 - We invest in employees.
 - We are open, honest, and fair in all we do.
- 5.3. Very severe financial constraints have been imposed on Council services with cuts to be made year on year on year, and this on-going pressure is addressed here in this report, incorporating further budget savings for 2018/19.

6. FINANCIAL CONTEXT

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

savings. Any overspend also has to be met from the use of the Council's once-off reserves and provisions.

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

7. LEWISHAM FUTURE PROGRAMME APPROACH

- 7.1. The Lewisham Future programme is the Council's approach to making the transformational changes necessary to reposition itself strongly for the future while living within the financial resources at its disposal. It is guided by the Council's enduring values and Corporate Savings Principles agreed in 2010 (see Appendix xiii), the elected administration's manifesto commitments, and its emerging political priorities for the savings.
- 7.2. The Council continues to approach the task of identifying savings around the thematic and service areas agreed in the Programme. This involves looking at the anticipated savings required for the five years to 2022/23, considering the finances available, growth and other pressures on Council services, and other wider social and economic risks and opportunities. The MTFS identifies a base line savings requirement of £52m over the next five years, equivalent to a reduction of 22% from the 2017/18 net General Fund budget of £232m.
- 7.3. Given the level of uncertainty noted in the financial context above, targets by work strand have only been set for the next two years, to 2019/20. These total £33m and will take the Council to the end of the current four year settlement

from Government to 2019/20. As in previous years, the Lewisham Future Programme continues to try and protect front line services where possible and fairly reflect what has been delivered to date.

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

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

8. PRINCIPLES

- 8.1. As noted above, the proposals are presented by Lewisham Future Programme thematic work strand. They have been developed with regard to the nine

savings principles defined by the Council to take a one Council view (avoid cost shunting), build for sustainable options where possible, and be equitable by putting the customer first (see Appendix xiii).

- 8.2. Savings are presented in the context of the budget and scope of the service areas in each work strand. The savings are presented as (although not in this order): 1) those proposals officers are progressing, 2) those proposals which need further member input and decisions to progress, and 3) those areas under review but further work is required before savings can be proposed with certainty.
- 8.3. To facilitate tracking of the individual proposals, as was done last year, the referencing used by Lewisham Future Programme work strand is the same and the numbering continues on from the 2017/18 proposals.

9. LEWISHAM 2020

- 9.1. The savings proposals will also be assessed through the lens of the enabling approaches, set out in the Lewisham 2020 strategy, to help with monitoring how the savings and service changes are delivered.
- 9.2. The Lewisham 2020 themes are:
- Creating the conditions where communities will be able to support themselves;
 - Actively exploring all opportunities to share services;
 - Digitising our services and our interactions with residents (to help simplify and manage demand); and
 - Developing entrepreneurial approaches to income generation, particularly in relation to assets.
- 9.3. The table below summarises examples of savings made to date and proposed (as set out in this report) by Lewisham 2020 transformation theme.

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

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

10. SAVINGS

- 10.1. The £4.3m of savings presented in overview in this section all relate to the savings required of £22m in 2018/19. The £0.6m of previously agreed savings for 2018/19 that also contribute to this target are recapped in Section 12 below.
- 10.2. As there is a substantial gap in the level of savings proposed against the target required for 2018/19, the current financial position and ongoing work is also presented by work strand.

A Smarter & deeper integration of social care & health

Budget

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

Scope

- 10.3. The largest part of this area's spend relates to the delivery of Adult Social Care services, which offer a range of care and support services to help frail, disabled and other vulnerable adults to remain independent, active and safe. Support is provided in their own homes, in a community setting or in a care home. Also important to the success of this area is the work with partners on shaping local health services and support for the health of the local population.
- 10.4. This work strand now excludes changes to Public Health funding (including early years health visiting) as the ongoing annual reductions of this grant to 2019/20 are being managed separately to keep spending in line with available grant (see Section 13 below).
- 10.5. The gross level of expenditure reflects the level of annual Better Care Fund and improved Better Care Fund monies, income from self-funding clients, and other grants for these services. The net budget includes the contribution from the Adult Social Care precept raised as part of the Council Tax which is meeting the above inflationary rises to the London Living Wage.
- 10.6. The Adult Social Care Precept (ASCP) was levied in 2016/17 at 2% on Council Tax and in 2017/18 at 3%. Going into 2018/19 this has added £4.6m to the service budget. As part of the four year settlement with Government to

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

Savings

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

B – Supporting People

Budget

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

Scope

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

Savings

- 10.12. This service are is current forecasting a balanced budget for 2017/18.
- 10.13. No further savings target has been set for this area in 2018/19 following the re-procurement of contracts in recent years. This will be kept under review. Nonetheless the service is proposing one saving for £70k in respect of service rental income.

Risks

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

Summary

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

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

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

D Efficiency Review

Budget

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

Savings

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

Risks

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

Summary

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

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

10.21. Please see appendix ii for the saving proforma D2.

E Asset rationalisation

Budget

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

Scope

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

Savings

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

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

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

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

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

Risks

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

Summary

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

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

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

H Enforcement & regulation

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

I Management & corporate overheads

Budget

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

Scope

10.31. The services included within this work strand include the corporate and democratic core, the cost of members and senior management, and the

corporate administrative services that help coordinate and support the externally focused work in Directorates. These services include: Human Resources; Legal and Electoral Services; Corporate Resources; Finance; Policy, Performance and Governance; and Strategy.

Savings

- 10.32. Most of these services are spending to budget in 2017/18. The main exception is Information Technology where an overspend of £1.2m is forecast. This has arisen due to: 1) the higher than expected costs to complete the digital upgrade work as part of making Lewisham's technology fit for purpose going into the shared service with the London Borough of Brent; and 2) lower than expected savings from the expansion of the shared service to include other partners, most recently the London Borough of Southwark.
- 10.33. From this starting point, the four savings proposed in this work strand continue the rigorous focus on tightening up procedures to increase productivity and realise further efficiencies. They are:
- 10.34. **I12** – Administration budget cut - £0.02m
- Further reduce the administrative budget to support senior management
- 10.35. **I13** – More efficient and effective finance processes - £0.2m
- Following the move to Oracle Cloud as part of the 'Invest to Save' work to implement an Enterprise Resource Planning (ERP) system, revisit the finance operating model and procedures to streamline processes.
- 10.36. **I14** – Loss of the Police Officer secondment - £0.07m
- In 2017/18 the Police Officer secondment programme was ended by the Metropolitan Police Service.
- 10.37. **I15** – Review of accounting policies in respect of the balance sheet - £1.0m
- As part of the Treasury Management Strategy review the Council's Minimum Revenue Provision policy and re-evaluate the appropriate levels required in line with current asset valuations to remain prudent.

Risks

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

Summary

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

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

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

J School effectiveness

Budget

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

Scope

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

Savings

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

10.43. The savings proposed for this are:

10.44. **J3** – Statutory functions for school effectiveness - £0.36m

- The Department for Education (DfE) has moved the grant supporting statutory education services to the schools.

Risks

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

Summary

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

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

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

K Crime reduction

Budget

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

Scope

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

Savings

10.49. No savings target has been set for this area as it is now almost entirely covered by the overlap with decisions on public health spending and reliance on London Mayoral funding. Overall the service is on budget but experiencing some pressures from Youth Justice and Remand costs.

10.50. However, a saving for £30k is proposed to reduce the allocated resource to support problem solving processes which could require small amounts of resources to deliver and tackle problems identified throughout the year.

Risks

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

Summary

10.52. The potential saving for work strand K – is:

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

10.53. Please see appendix ix for the saving proforma K5.

L Culture & community services

Budget

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

Scope

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

Savings

10.55. The service is on budget for 2017/18 with a previously agreed saving for 2018/19 – see Section 12 below. The majority of services here fall into those described in Section 11 below and no savings are proposed at this time.

10.56. This leaves a savings gap for 2018/19 of £1.4m for this work strand.

M Housing strategy & non-HRA services

Budget

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

Scope

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

Savings

10.58. The service is on budget for 2017/18 but with some variations in spending by area as welfare reforms impact and housing developments come on stream. The saving proposed is:

- 10.59. **M8** - Reduced costs of providing nightly paid accommodation - £0.25m
- This will be achieved by focusing on demand, cost, and developing more suitable alternative accommodation.

Risks

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

Summary

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

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

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

N Environmental services

Budget

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

Scope

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

Savings

10.64. The service is forecasting an overspend of £2m in 2017/18. This is due to unachieved savings due to the delayed implementation of savings in respect of service changes and anticipated income streams, and rising contract and waste disposal costs.

10.65. A review of shared service options for refuse collection and the depot is underway but these are longer dated to deliver. An added complexity is that the Wearside depot site may be impacted by the Bakerloo Line extension. Transport for London (TfL) recently consulted on proposals for a ventilation and access shaft on the north eastern part of the Wearside depot site, together with a wider piece of land around this shaft for a works site. TfL are also proposing that overrun tunnels, which provide parking for trains that are not in operation, be located underneath this portion of the depot site. These tunnels may assist in the potential second phase of the Bakerloo Line extension from Lewisham to Hayes. This could have an impact on the future use of the site.

10.66. The focus is on delivering these previously agreed savings and exploring the potential future strategic options for the service. No new savings are proposed at this time. This leaves a savings gap for 2018/19 of £2.3m for this service.

O Public services

Budget

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

Scope

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

Savings

10.68. The service is currently overspending by £1m in 2017/18 mainly due to income shortfalls, cost of collection, and adjusting to less administration grant while also implementing Universal Credit. It is anticipated that management actions already in train will correct this position by 2018/19.

10.69. Management is working on extending these efficiencies through further automation of online forms to support channel shift, changing customer engagement and practices, and improving debt collection practices.

10.70. The saving proposed for 2018/19 relates to debt collection and is:

10.71. **O5** – Council tax single person discount review - £0.5m

- Following a more detailed data matching exercise on those claiming this discount it is expected that more Council Tax will now be collected.

Risks

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

Summary

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

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

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

P Planning & economic development

Budget

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

Scope

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

Savings

10.76. The service is currently forecasting a small underspend for 2017/18 due to slightly higher than anticipated income. As housing and planning policies continue to change and developments in Lewisham mature it is anticipated that the service will be able to generate more income.

10.77. The proposal is for the service to target additional income of £270k in 2018/19.

Summary

10.78. The saving being proposed for work strand P – is:

P – Planning and economic Development	18/19 £'000	Key decision	Public consultation	Staff consultation
P3 – planning income	270	N	N	N

10.79. Please see appendix xii for the saving proforma for proposal P3. This leaves a savings gap for 2018/19 of £0.6m for this work strand.

Risks

10.80. The risks and challenges to achieving these savings are tied to the performance of the London economy and the related demand for planning services that result.

Q Safeguarding & early intervention services

Budget

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

Scope

10.81. This work strand covers all Children's Social Care functions, including early intervention services such as Children's Centres and Targeted Family Support. The service works with children who need to be looked after and safeguarded from harm.

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

Savings

- Overspending by £7.5m across children social care by £5.6m and targeted services/early intervention by £1.9m
- Some £1m of undelivered savings and savings strategy focused on strengthened MASH arrangements and more local fostering options

10.83. In 2017/18 the service is forecasting an overspend of £7.5m which includes unachieved savings of £1m which have slipped. Overspending on these services is a recognised pressure for councils nationally.

10.84. The bulk of the overspend reflects higher than expected demand for these services which drives overspending on both staffing budgets to manage the work and through the cost of placements and support. In the long run the decisions in the MASH will help manage this demand and flow through to placements.

10.85. Consistent with the strategic direction established by the service following the Ofsted review in 2016/17, work is ongoing to better understand the data and performance of current social work practices to influence decision making and the allocation of resources to help reduce reliance on agency staff and the number and the cost of placements through earlier and alternative less costly interventions where possible. This is being supported by the digital transformation work in progress to improve systems and service information.

10.86. No new savings are proposed at this time as the work still in progress needs to be concluded. This leaves a savings gap for 2018/19 of £1.7m for this workstrand.

11. OTHER AREAS

Discretionary spend

11.1. In preparing the above there is over £15m of discretionary spend which has not been put forward for further consideration at this stage.

11.2. These budgets are for valued services. However, with some minimum statutory obligations, they are discretionary services. So if the savings proposals presented here and to follow do not meet the level of savings necessary to set a balanced budget, then these discretionary spend areas may also need to be revisited before 2019/20.

12. PREVIOUSLY AGREED SAVINGS

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

Previously Agreed 2018/19 Revenue Budget Savings Proposals

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

13. PUBLIC HEALTH

13.1. Following the Spending Review and Autumn Statement 2015 the Government announced further cuts to funding for public health services and a continuing of the ring fence. In 2017/18 the additional responsibility for early years health visiting was transferred to local authorities as part of the public health funding.

13.2. For Lewisham, while the annual reduction is less than for the general fund, there is still a requirement of for an annual 2.6% reduction, or £0.7m, per year.

- 13.3. The proposals for reducing public health spending are being managed by the Community Services Directorate under the scrutiny of the Healthier Select Committee. For 2018/19 the saving of £0.7m is expected to be largely met through the shared services work across London to align and reduce tariffs for sexual health services.

14. TIMETABLE

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

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

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

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

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

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

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

15. FINANCIAL IMPLICATIONS

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

16. LEGAL IMPLICATIONS

Statutory duties

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

Reasonableness and proper process

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

Staffing reductions

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

decisions in this respect will be taken by officers in accordance with the Council's re-organisation procedures.

Equalities Legislation

- 16.4. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 16.5. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 16.6. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed in the paragraph above.
- 16.7. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 16.8. The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:
<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

- 16.9. <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>
- 16.10. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
- The essential guide to the public sector equality duty.
 - Meeting the equality duty in policy and decision-making.
 - Engagement and the equality duty: A guide for public authorities.
 - Objectives and the equality duty. A guide for public authorities.
 - Equality Information and the Equality Duty: A Guide for Public Authorities.
- 16.11. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>
- 16.12. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. <https://www.equalityhumanrights.com/en/advice-and-guidance/making-fair-financial-decisions>. It appears at Appendix ix and attention is drawn to its contents.
- 16.13. The equalities implications pertaining to the specific service reductions are particular to the specific reduction.
- 16.14. Members are reminded that the overall equalities in respect of these savings and the other scrutinised and presented to Mayor & Cabinet in September 2015 were considered through the individual proposals and overall. Appendix xi presents that information for ease of reference.

The Human Rights Act

- 16.15. Since the introduction of the Human Rights Act 1998 (HRA) the rights set out in the European Convention on Human Rights (ECHR) have been incorporated into UK law and can be enforced in the UK courts without recourse to the European courts.
- 16.16. Those articles which are particularly relevant in to public services are as follows:-
- | | | |
|-----------|---|---|
| Article 2 | - | the right to life |
| Article 3 | - | the right not to be subject to inhuman or degrading treatment |
| Article 5 | - | the right to security of the person |

- Article 6 - the right to a fair trial
- Article 8 - the right to a private and family life, home and correspondence
- Article 9 - the right to freedom of thought, conscience and religion
- Article 10 - the right to freedom of expression
- Article 11 - the right to peaceful assembly
- Article 14 - the right not to be discriminated against on any ground

The first protocol to the ECHR added

- Article 1 - the right to peaceful enjoyment of property
- Article 2 - the right to education

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

Crime and Disorder

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

Best value

16.19. The Council remains under a duty under Section 3 Local Government Act 1999 to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. It must have regard to this duty in making decisions in respect of this report.

Environmental implications

16.20. Section 40 Natural Environment and Rural Communities Act 2006 states that “every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions to the purpose of conserving biodiversity”. No such implications have been identified in this report.

Specific legal implications

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

Equalities Implications

16.22. Each new saving proposal reviews the potential equalities implications for those impacted. In this case, with one exception, they are all Low or Not Applicable (N/A). The assessed medium impact is in respect of the crime reduction proposal, K5. Subject to being agreed, these assessments will be kept under review as the services are implemented.

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

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

17. CONCLUSION

17.1. The Council expects to need to make further savings between now and 2019/20 as the resources available to run services continue to be reduced and because insufficient savings have been identified to date. This is resulting in the Council using its reserves when setting the budget. This is not sustainable as reserves are only available on a once off basis.

17.2. The expected amount and timing of the savings for 2018/19 and future years has been detailed above. However, the definitive position is dependent on the Autumn Budget and Local Government Finance Settlement due in November and December respectively. For these reasons the work of the Lewisham Future Programme continues.

18. BACKGROUND DOCUMENTS AND FURTHER INFORMATION

Short Title of Report	Date	Contact
Medium Term Financial Strategy http://councilmeetings.lewisham.gov.uk/documents/s51446/Medium%20Term%20Financial%20Strategy.pdf	July 2017	David Austin

<p>Budget 2017/18</p> <p>http://councilmeetings.lewisham.gov.uk/documents/s47966/2017%2018%20Budget%20Report.pdf</p>	<p>February 2017</p>	<p>David Austin</p>
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Appendices

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

For further information on this report, please contact:

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