

<b>MAYOR &amp; CABINET</b>			
<b>Report Title</b>	2018/19 Budget Update		
<b>Key Decision</b>	Yes	<b>Item No.</b>	
<b>Ward</b>	All		
<b>Contributors</b>	Executive Director for Resources & Regeneration		
<b>Class</b>	Part 1	<b>Date: 14 February 2018</b>	

## **REASONS FOR URGENCY AND LATENESS**

**Lateness:** This report was not available for the original dispatch to ensure that any decisions taken by the Mayor & Cabinet on 7 February 2018 could be appropriately considered within this report.

**Urgency:** Given the significance of the financial constraints that the Council will face over the coming years, it is essential that the Mayor and his Cabinet are updated on any changes affecting the 2018/19 Budget prior to presenting it to full Council.

Where a report is received less than 5 clear days before the date of the meeting at which the matter is being considered, then under the Local Government Act 1972 Section 100(b),(4) the Chair of the Committee can take the matter as a matter of urgency if he is satisfied that there are special circumstances requiring it to be treated as a matter of urgency. These special circumstances have to be specified in the minutes of the meeting.

### **1. SUMMARY**

1.1 This report presents the Mayor with updates to the main 2018/19 Budget Report presented to Mayor and Cabinet on 7 February 2018, and seeks the Mayor's approval to finalise the recommended 2018/19 Budget for consideration and agreement by the Council on 21 February 2018.

### **2. PURPOSE**

2.1 The purpose of this report is to finalise the 2018/19 budget for consideration by the Council on 21 February 2018.

### **3. RECOMMENDATIONS**

That the Mayor:

3.1 Agrees to recommend to Council a Band D Council Tax for 2018/19 of £1,203.87 for the Council's element. This is an increase of 3.99% (including a social care precept of 1%), based on a General Fund Budget Requirement of £241.281m for 2018/19.

3.2 Notes and asks Council to note an overall increase in the total Council Tax for 2018/19 of 4.20% to include the Greater London Authority (GLA) precept being

increased by £14.21 to £294.23 (Band D equivalent), a 5.1% increase from its 2017/18 level as proposed.

- 3.3 Agrees to recommend to Council on 21 February 2018, the statutory calculation of the Budget Requirement for Lewisham for 2018/19, attached at Appendix A.
- 3.4 Agrees to recommend to Council on 21 February 2018, the motion on the budget, attached at Appendix B, including any modifications made to the proposals published in the 2018/19 Budget Report.
- 3.5 Notes the provisional and estimated precept and levies from the GLA and other bodies as detailed in Appendix C and delegates authority to the Executive Director for Resources and Regeneration to include any changes to these in the report for Council.
- 3.6 Notes the final settlement figure for 2018/19 was announced on 6 February and confirmed as £128,470,080.64.
- 3.7 Notes that there were no responses from Business Rate payers to the consultation on the draft Budget which took place from 16 January 2018 to 5 February 2018.
- 3.8 Considers the Section 25 Statement from the Chief Financial Officer. This is attached at Appendix D.
- 3.9 Notes an amendment to the 'Resources available to finance future schemes' paragraphs under the Capital Programme Section of the main report, attached at Appendix E.

#### **4. UPDATE ON THE COUNCIL'S CURRENT FINANCIAL POSITION**

4.1 This report updates the main 2018/19 Budget Report through considering the following areas:-

- Revenue Budget Savings and Funding Issues
- The Greater London Authority Precept
- Final Level of Council Tax

##### **Revenue Budget Savings and Funding Issues**

4.2 The impact of the final grant settlement and savings decisions taken at Mayor and Cabinet and their impact on the statutory calculations (if any) in respect of Council Tax are set out in this section:

##### ***Revenue Budget Savings***

##### ***Linkline***

4.3 The Healthier Communities Select committee considered the outcome of the consultation on the proposed changes to the Linkline Community Alarm Service. The Committee noted the report and made no further comments for the Mayor to consider.

- 4.4 The Mayor's decisions made at the Mayor and Cabinet meeting held on the 7 February in relation to this proposal need not be reconsidered.

***Final Settlement Funding Assessment***

- 4.5 The Department for Communities and Local Government announced the final settlement figures on 6 February.

- 4.6 The Council's Settlement Funding Assessment for 2018/19 remains the same as the figures published in the main Budget Report of the 7 February.

***Update on other grants and future year's strategy***

- 4.7 In a written statement to Parliament on the 6 February, the Secretary of State for Housing, Communities and Local Government announced a further £150 million in 2018-19 for an Adult Social Care Support Grant. This will be taken from anticipated underspend in existing departmental budgets, and will not affect existing revenue commitments made to local government. It will be allocated according to relative needs and councils are expected to use it to build on progress made so far in supporting sustainable local care markets.

- 4.8 Lewisham will receive £855k from this grant in 2018/19.

***Overall Budget Position for 2018/19***

- 4.9 This remains unchanged from the main Budget Report of 7 February. For 2018/19, the overall budget position for the Council is a General Fund Budget Requirement of £241.281m. The overall position is set out in Table 1 below.

**Table 1: Overall Budget Position for 2018/19**

<b>Detail</b>	<b>Expenditure/ (Income) £m</b>	<b>Expenditure/ (Income) £m</b>
Settlement Funding Assessment (SFA) for 2017/18	(128.470)	
Council Tax 2018/19 at 3.99% increase	(104.083)	
Surplus on Collection Fund	(8,728)	
<b>Assumed Budget Requirement for 28/19</b>		<b>(241.281)</b>
<b>Total Resources available for 2018/19</b>		
Base Budget for 2017/18	232.746	
<b>Plus:</b> Reversal of reserves drawn in 17/18 (once off)	5.027	
<b>Plus:</b> Additional Pay inflation	2.157	
<b>Plus:</b> Non-pay Inflation	2.277	
<b>Plus:</b> Education Support Grant changes for 18/19	0.700	
<b>Plus:</b> Single Persons Discount work	0.300	
<b>Plus:</b> Budget pressures to be funded from 18/19 fund	4.785	
<b>Plus:</b> Risks and other potential budget pressures	1.715	
<b>Plus:</b> Increase in general bad debt provision	5.000	
<b>Less:</b> Previously agreed savings for 2018/19	(0.580)	
<b>Less:</b> September approved savings for 2018/19	(4.276)	
<b>Less:</b> Use of New Homes Bonus reserve	(5.000)	
<b>Less:</b> Once-off use of reserves	(3.570)	

Detail	Expenditure/ (Income) £m	Expenditure/ (Income) £m
<b>Total</b>		<b>241.281</b>

### **Levies**

- 4.10 There are three bodies which charge a levy against Lewisham's Council Tax: the London Pensions Fund Authority (LPFA); the Environment Agency; and the Lee Valley Park Authority. Formal notification from the Environment Agency and Lee Valley Regional Park Authority have been received, and officers have estimated the levy for the LPFA and assumed no change. The details of these levies are provided in Appendix C. The Council's 'relevant basic' amount of Council Tax has been calculated and results in a 3.99% increase for 2018/19.

### **The Greater London Authority Precept**

- 4.11 On the 25 January, the Mayor of London's draft budget was approved by the Assembly. The proposed 2018/19 GLA precept for Band D is £294.23. This represents an increase of £14.21 from its 2017/18 level. The final announcement is due on the 22 February (the date the London Assembly will consider the Mayor's final budget), and officers have assumed no change to the precept already announced.
- 4.12 Accordingly, the Mayor is asked to agree to recommend to Council on 21 February 2018, the motion, attached at Appendix B.

### **Final Level of Council Tax**

- 4.13 Table 2 shows Lewisham's overall proposed Council Tax Calculation for 2018/19 and calculation of the Council Tax for Band D for 2018/19, based on the recommended budget requirement of £241.281m.

**Table 2: Calculation of Council Tax Requirement and Band D based on spend of £241.281m for 2018/19.**

	£
Assumed Budget Requirement for 2018/19	241,280,635
<b>Less:</b> 2018/19 Baseline Funding Level (Provisional)	87,473,812
<b>Less:</b> 2018/19 Top up	40,996,269
<b>Less:</b> Surplus in collection fund	8,728,000
Council Tax requirement	<b>104,082,554</b>
<b>Divide by:</b> Council Tax Base	86,456.64
<b>Council Tax for Lewisham Services (Band D)</b>	1,203.87
<b>Add:</b> Precept demand from GLA (estimated)	294.23
<b>Total Council Tax (Band D)</b>	<b>1,498.10</b>

- 4.14 The final calculation of Council Tax for different Council Tax bands is shown in Table 3, based on the Band D calculated in Table 2.

**Table 3: Council Tax for different Council Tax Bands in 2018/19**

<b>Council Tax Band</b>	<b>Fraction</b>	<b>Lewisham Council Tax</b>	<b>GLA Precept</b>	<b>Total Council Tax</b>
		<b>£</b>	<b>£</b>	<b>£</b>
A	6/9	802.58	196.15	998.73
B	7/9	936.34	228.85	1,165.19
C	8/9	1,070.11	261.54	1,331.65
<b>D</b>	<b>9/9</b>	<b>1,203.87</b>	<b>294.23</b>	<b>1,498.10</b>
E	11/9	1,471.40	359.61	1,831.01
F	13/9	1,738.92	425.00	2,163.92
G	15/9	2,006.45	490.38	2,496.83
H	18/9	2,407.74	588.46	2,996.20

### ***Amendment to the Capital Programme Section***

- 4.15 An amendment has been made to the Capital Programme section of the main budget report in the version going to Council on the 21 February.
- 4.16 Paragraphs 5.31 to 5.35 have been amended to reflect the correct figures stated in table 2. This has been set out in Appendix E of this report.

### **Conclusion**

- 4.17 This report sets out the updated information for the Mayor to make recommendations to Council to set the 2018/19 budget. This includes finalising the statutory requirements to allow Council to make final decisions (subject to confirmation of and no changes to the Final Local Government Finance Settlement) on 21 February 2018.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 This entire report is concerned with the Council's budget.

## **6. LEGAL IMPLICATIONS**

- 13.1 Many legal implications are referred to in the body of the report. Particular attention is drawn to the following:

### Capital Programme

- 13.2 Generally, only expenditure relating to tangible assets (e.g. roads, buildings or other structures, plant, machinery, apparatus and vehicles) can be regarded as capital expenditure. (Section 16 Local Government Act 2003 and regulations made under it).
- 13.3 The Local Government Act 2003 introduced a prudential system of financial control, replacing a system of credit approvals with a system whereby local authorities are free to borrow or invest so long as their capital spending plans are affordable, prudent, and sustainable. Authorities are required to determine and keep under review how much they can afford to borrow having regard to CIPFA's Prudential Code of Capital Finance in Local Authorities. The Code requires that in making borrowing and investment

decisions, the Council is to take account of affordability, prudence, and sustainability, value for money, stewardship of assets, service objectives, and practicality.

- 13.4 Section 11 Local Government Act 2003 allows for regulations to be made requiring an amount equal to the whole or any part of a capital receipt to be paid to the Secretary of State. Since April 2013 there has been no requirement to set aside capital receipts on housing land (SI2013/476). For right to buy receipts, the Council can retain 25% of the net receipt (after taking off transaction costs) and is then entitled to enter an agreement with the Secretary of State to fund replacement homes with the balance. Conditions on the use of the balance of the receipts are that spending has to happen within three years and that 70% of the funding needs to come from Council revenue or borrowing. If the funding is not used within three years, it has to be paid to the Department for Communities for Local Government, with interest.

#### Housing Revenue Account

- 13.5 Section 24 of the Housing Act 1985 provides that a local authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Council must review rents from time to time and make such charges as circumstances require.
- 13.6 Under the Local Government and Housing Act 1989, the Council is obliged to maintain a separate HRA (Section 74) and by Section 76 must prevent a debit balance on that account. Rents must therefore be set to avoid such a debit.
- 13.7 By Schedule 4 of the same Act where benefits or amenities arising out of a housing authority functions are provided for persons housed by the authority but are shared by the community, the Authority must make such contribution to the HRA from their other revenues to properly reflect the community's share of the benefits/amenities.
- 13.8 The process for varying the terms of a secure tenancy is set out in Sections 102 and 103 of the Housing Act 1985. It requires the Council to serve notice of variation at least four weeks before the effective date; the provision of sufficient information to explain the variation; and an opportunity for the tenant to serve a Notice to Quit ending their tenancy.
- 13.9 Where the outcome of the rent setting process involves significant changes to housing management practice or policy, further consultation may be required with the tenants' affected in accordance with section 105 of the Housing Act 1985.
- 13.10 Part 7 of the Localism Act 2011 abolished HRA subsidy and moved to a system of self-financing in which Councils are allowed to keep the rents received locally to support their housing stock. Section 174 of the same Act provides for agreements between the Secretary of State and Councils to allow Councils not to have to pay a proportion of their capital receipts to the Secretary of State if he/she approves the purpose to which it would be put.

### Balanced Budget

- 13.11 Members have a duty to ensure that the Council acts lawfully. It must set and maintain a balanced budget each year. The Council must take steps to deal with any projected overspends and identify savings or other measures to bring the budget under control. If the Capital Programme is overspending, this may be brought back into line through savings, slippage, or contributions from revenue. The proposals in this report are designed to produce a balanced budget in 2018/19.
- 13.12 In this context, Members are reminded of their fiduciary duty to the Council Tax payer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of Council funds.

### An annual budget

- 13.13 By law, the setting of the Council's budget is an annual process. However, to enable meaningful planning, a number of savings proposals for 2018/19 were anticipated in the course of the budget process. They were the subject of full report at that time and they are now listed in Appendix Y1 and Appendix Y2 of the main Budget Report. Members are asked now to approve and endorse those reductions for this year. This report is predicated on taking all of the agreed and proposed savings. If not, any shortfall will have to be met through adjustments to the annual budget in this report.
- 13.14 The body of the report refers to the various consultation exercises (for example with tenants' and business) which the Council has carried out/is carrying out in accordance with statutory requirements relating to this budget process. The Mayor must consider the outcome of that consultation with an open mind before reaching a decision about his final proposals to Council. It is noted that the outcome of consultation with business rate payers will only be available from the 5 February 2018 and any decisions about the Mayor's proposals on the budget are subject to consideration of that consultation response.

### Referendum

- 13.15 Sections 72 of the Localism Act 2011 and Schedules 5 to 7 amended the provisions governing the calculation of Council Tax. They provide that if a Council seeks to impose a Council Tax increase in excess of limits fixed by the Secretary of State, then a Council Tax referendum must be held, the results of which are binding. The Council may not implement an increase which exceeds the Secretary of State's limits without holding the referendum. Were the Council to seek to exceed the threshold, substitute calculations which do not exceed the threshold would also have to be drawn up. These would apply in the event that the result of the referendum is not to approve the "excessive" rise in Council Tax. Attention is drawn to the statement of the Secretary of State that the Council may impose a precept of 3% on the Council Tax, ring-fenced for social care provision, and may impose an additional increase of less than 2% without the need for a referendum. The maximum proposed Council Tax increase is 4.99% and therefore below the combined limit.

- 13.16 In relation to each year the Council, as billing authority, must calculate the Council Tax requirement and basic amount of tax as set out in Section 31A and 31B of the Local Government Finance Act 1992. These statutory calculations appear in Appendix A.

#### Robustness of estimates and adequacy of reserves

- 13.17 Section 25 of the Local Government Act 2003 requires, when the authority is making its calculations under s32 of the Local Government Finance Act 1992, the Chief Finance Officer to report to it on:-
- (a) the robustness of the estimates made for the purposes of the Calculations; and
  - (b) the adequacy of the proposed financial reserves.
- 13.18 The Chief Financial Officer's section 25 statement is appended to this report at Appendix D.

#### Treasury Strategy

- 13.19 Authorities are also required to produce and keep under review for the forthcoming year a range of indicators based on actual figures. These are set out in the report. The CIPFA Treasury Management Code of Practice says that movement may be made between the various indicators during the year by an Authority's Chief Finance Officer as long as the indicators for the total Authorised Limit and the total Operational Boundary for external debt remain unchanged. Any such changes are to be reported to the next meeting of the Council.
- 13.20 Under Section 5 of the 2003 Act, the prudential indicator for the total Authorised Limit for external debt is deemed to be increased by an amount of any unforeseen payment which becomes due to the Authority within the period to which the limit relates which would include for example additional external funding becoming available but not taken into account by the Authority when determining the Authorised Limit. Where Section 5 of the Act is relied upon to borrow above the Authorised Limit, the Code requires that this fact is reported to the next meeting of the Council.
- 13.21 Authority is delegated to the Executive Director for Resources & Regeneration to make amendments to the limits on the Council's counterparty list and to undertake Treasury Management in accordance with the CIPFA Treasury Management Code of Practice and the Council's Treasury Policy Statement.

#### Constitutional provisions

- 13.22 Legislation provides that it is the responsibility of the full Council to set the Council's budget. Once the budget has been set, save for those decisions which he is precluded from, it is for the Mayor to make decisions in accordance with the statutory policy framework and that are not wholly inconsistent with the budget. It is for the Mayor to have overall responsibility for preparing the draft budget for submission to the Council to consider. If the Council does not accept the Mayor's proposals it may object to them and ask him to reconsider. The Mayor must then reconsider and submit



proposals (amended or unamended) back to the Council which may only overturn them by a two-thirds majority.

- 13.23 For these purposes the term “budget” means the “budget requirement (as provided for in the Local Government Finance Act 1992) all the components of the budgetary allocations to different services and projects, proposed taxation levels, contingency funds (reserves and balances) and any plan or strategy for the control of the local authority’s borrowing or capital expenditure.” (Chapter 2 statutory guidance).
- 13.24 Authorities are advised by the statutory guidance to adopt an inclusive approach to preparing the draft budget, to ensure that councillors in general have the opportunity to be involved in the process. However it is clear that it is for the Mayor to take the lead in that process and proposals to be considered should come from him. The preparation of the proposals in this report has involved the Council’s select committees and the Public Accounts Select Committee in particular, thereby complying with the statutory guidance.

#### Statutory duties and powers

- 13.25 The Council has a number of statutory duties which it must fulfil by law. It cannot lawfully decide not to carry out those duties. However, even where there is a statutory duty, the Council often has discretion about the level of service provision. Where a service is provided by virtue of a Council power rather than a duty, the Council is not bound to carry out those activities, though decisions about them must be taken in accordance with the decision making requirements of administrative law. In so far as this report deals with reductions in service provision in relation to a specific service, this has been dealt with in the separate savings report that accompanies this budget report.

#### Reasonableness and proper process

- 13.26 Decisions must be made reasonably taking into account all relevant considerations and ignoring irrelevancies. Members will see that in relation to the proposed savings there is a summary at Appendix Y2. If the Mayor decides that the budget for that service must be reduced, the Council’s reorganisation procedure applies. Staff consultation in accordance with that procedure will be conducted and in accordance with normal Council practice, the final decision would be made by the relevant Executive Director under delegated authority.

#### Staff consultation

- 13.27 Where proposals, if accepted, would result in 100 redundancies or more within a 90 day period, an employer is required by Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 as amended, to consult with the representatives of those who may be affected by the proposals. The consultation period is at least 45 days. Where the number is 20 or more, but 99 or less the consultation period is 30 days. This requirement is in addition to the consultation with individuals affected by redundancy and/or reorganisation under the Council’s own procedure.

## Best Value

- 13.28 Under section 3 of the Local Government Act 1999, the Council is under a best value duty 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 relation to this report.

## Integration with health

- 13.29 Members are reminded that provisions under the Health and Social Care Act 2012 require local authorities in the exercise of their functions to have regard to the need to integrate their services with health.
- 13.30 Members are reminded if the specific legal implications relating to the proposal in respect of Linkline which are set out in the report appended at Appendix 6 of the main Budget Report.

## **7. HUMAN RESOURCES IMPLICATIONS**

- 7.1 There are no specific human resources implications directly arising from this report. Any human resources implications have been set out in the main budget report.

## **8. CRIME & DISORDER IMPLICATIONS**

- 8.1 There are no specific crime and disorder implications directly arising from this report. Any crime and disorder implications have been set out in the main budget report.

## **9. EQUALITIES IMPLICATIONS**

- 9.1 The Equality Act 2010 (the Act) introduced the public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 9.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and those who do not.
  - foster good relations between people who share a protected characteristic and those who do not.
- 9.3 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. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which the Council can demonstrate that they have had ‘due regard’.

- 9.4 The Equality and Human Rights Commission issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with services and public functions. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:  
**<http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>**
- 9.5 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
  2. Meeting the equality duty in policy and decision-making
  3. Engagement and the equality duty
  4. Equality objectives and the equality duty
  5. Equality information and the equality duty
- 9.6 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties, and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:  
**<http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>**
- 9.7 The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. It appears at Appendix Y6 and attention is drawn to its contents.
- 9.8 Assessing impact on equality is not an end to itself and it should be tailored to, and be proportionate to, the decision being made. Whether it is proportionate for the Council to conduct an Equalities Analysis Assessment of the impact on equality of a financial decision or not depends on its relevance to the Authority’s particular function and its likely impact on people from protected groups, including staff.
- 9.9 Where savings proposals are anticipated to have an impact on staffing levels, it will be subject to consultation as stipulated within the Council’s Employment/Change Management policies, and services will be required to undertake an Equalities Analysis Assessment (EAA) as part of their restructuring process.
- 9.10 It is also important to note that the Council is subject to the Human Rights Act, and should therefore, also consider the potential impact their particular decisions could have on human rights. Where particular savings have such implications, they are dealt with in relation to those particular reports.

- 9.11 The Council is proposing to increase Council Tax by 2.99% within the referendum limit and a further 1% as a social care precept. In proposing to increase Council Tax in 2018/19, the Council must have regard to the equalities implications of so doing, both in terms of raising and then spending this additional money. This has been done as described below. Overall there will be a positive equalities impact for the elderly and disabled in Lewisham as a consequence of these proposals.
- 9.12 In respect of raising additional Council Tax there are no new equality impacts for any of the identified characteristics because Council Tax is raised from all households in line with existing national arrangements. There are also no new equality impacts for any of the identified characteristics from the 2.99% increase as the £2.99m raised will be spent on the Council's general services for the benefit of the population as a whole.
- 9.13 There are positive equality impacts for some of the identified characteristics from the % social care increase as this £1.0m will be ring fenced for spending on those in receipt of adult social care. In particular, by definition the characteristics of age and disability.
- 9.14 To put this in context; Lewisham's population was identified as being 276,000 (census 2011) of whom 9.5% were 65 years or older and 14.5% were living with a long term condition (a proxy for disability).
- 9.15 In terms of adult social care in 2016/17 (the latest annual figures available) the Council:
- supported the following;
    - 4,212 people's needs were assessed or reviewed
    - 885 people were in receipt of Direct Payments, and of these
    - 971 people were supported during the year in permanent residential and nursing placements
  - spent £78m on adult social care services, directed as follows:
    - Mental Health - 10%
    - Physical Disability - 33%
    - Learning Disability - 40%
    - Other Services - 17%

## **10. ENVIRONMENTAL IMPLICATIONS**

- 10.1 There are no specific environmental implications directly arising from this report. Any environmental implications have been set out in the main budget report.

## 11. BACKGROUND DOCUMENTS AND ORIGINATOR

Short Title of Document	Date	Location	Contact	Exempt
2018/19 Budget Report	Mayor & Cabinet 7 February 2018	5 <sup>th</sup> Floor Laurence House	David Austin	No
208/19 Revenue Budget Savings Report	Mayor & Cabinet 6 December 2017	5 <sup>th</sup> Floor Laurence House	David Austin	No

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

Janet Senior, Acting Chief Executive on 020 8314 8013  
David Austin, Head of Corporate Resources on 020 8314 9114

## APPENDIX A

### Statutory Calculations

- 1) It be noted that at its meeting on 17 January 2018, the Council calculated the number of **86,456.64** as its Council Tax base for 2018/19 in accordance with the Local Authorities (Calculation of Tax base) Regulations;
- 2) The following amounts be now calculated by the Council for the year 2018/19 in accordance with the Local Government Finance Act 1992:
  - a. **£990,131,763.94** being the aggregate of the amounts which the Council estimates for gross expenditure, calculated in accordance with Section 32(2)A of the Act;
  - b. **£748,851,128.10** being the aggregate of the amounts which the Council estimates for income, calculated in accordance with Section 32(3)A of the Act;
  - c. **£241,280,635.84** being the amount by which the aggregate of 2(a) above exceeds the aggregate of 2(b) above, calculated by the Council, in accordance with Section 32A(4) of the Act, as its General Fund budget requirement for the year;
  - d. **£128,470,080.64** being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the Settlement Funding Assessment.
  - e. **£112,810,555.20** being the residual amount required to be collected from Council Tax payers. This includes the surplus on the Council's Collection Fund of £8,728,000.
  - f. **£1,203.87** being the residual sum at (e) above (less the surplus on the Collection Fund), divided by the Council Tax base of **86,456.64** which is Lewisham's precept on the Collection Fund for 2018/19 at the level of Band D;

Band	Council Tax (LBL)
	£
A	802.58
B	936.34
C	1,070.11
<b>D</b>	<b>1,203.87</b>
E	1,471.40
F	1,738.92
G	2,006.45
H	2,407.74

Being the amounts given by multiplying the amount at (f) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

- 3) It be noted that for the year 2018/19, the Greater London Authority is currently consulting on the following amounts in precepts issued to the Council, in accordance

with Section 40 of the Local Government Finance Act 1992 (as amended), for each of the categories of dwellings shown below:-

<b>Band</b>	<b>GLA Precept</b>
	<b>£</b>
A	196.15
B	228.85
C	261.54
<b>D</b>	<b>294.23</b>
E	359.61
F	425.00
G	490.38
H	588.46

4) Having calculated the estimated aggregate amount in each case of the amounts at 2) (f) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, assumed the following amounts as the amounts of Council Tax for the year 2018/19 for each of the categories of dwellings shown below:-

<b>Band</b>	<b>Total Council Tax (LBL &amp; GLA)</b>
	<b>£</b>
A	998.73
B	1,165.19
C	1,331.65
<b>D</b>	<b>1,498.10</b>
E	1,831.01
F	2,163.92
G	2,496.83
H	2,996.20

## APPENDIX B

### MOTION FOR THE MAYOR TO RECOMMEND TO COUNCIL

Having considered:

- (i) an officer report, the comments of the Public Accounts Select Committee of 6 January 2018, and a presentation from the Cabinet Member for Resources;
- (ii) the views of those consulted on the budget as required and subject to proper process and consultation;

The Mayor, from the options available, is asked to:

#### **Capital Programme**

- 3.1 note the 2017/18 Quarter 3 Capital Programme monitoring position and the Capital Programme potential future schemes and resources as set out in section 5 of this report;
- 3.2 recommend that Council approves the 2018/19 to 2020/21 Capital Programme of £271.5m, as set out in section 5 of this report and attached at Appendices W1 and W2;

#### **Housing Revenue Account**

- 3.3 note the consultation report on service charges to tenants' and leaseholders in the Brockley area, presented to area panel members on 12 December 2017, as attached at Appendix X2;
- 3.4 note the consultation report on service charges to tenants' and leaseholders and the Lewisham Homes budget strategy presented to area panel members on 14 December 2017, as attached at Appendix X3;
- 3.5 recommend that Council set a decrease in dwelling rents of 1.0% (an average of £0.97 per week) – as per the requirements from government as presented in section 6 of this report;
- 3.6 recommend that Council set a decrease in the hostels accommodation charge by 1.0% (or £0.35 per week), in accordance with Government requirements;
- 3.7 approve the following average weekly increases/decreases for dwellings for:
- 3.8 service charges to non-Lewisham Homes managed dwellings (Brockley);
  - caretaking 4.90% (£0.24)
  - grounds 4.90% (£0.12)
  - communal lighting 4.90% (£0.06)
  - bulk waste collection 4.90% (£0.02)
  - window cleaning 4.90% (£0.01)



- tenants' levy 30.0% (£0.03)
- 3.9 service charges to Lewisham Homes managed dwellings:
- caretaking -1.17% (-£0.12)
  - grounds 16.27% (£0.27)
  - window cleaning 51.41% (£0.03)
  - communal lighting 0.38% (£0.01)
  - block pest control 1.87% (£0.03)
  - waste collection 1.93% (£0.01)
  - heating & hot water no change
  - tenants' levy 30.0% (£0.03)
  - bulk waste disposal 2.96% (£0.02)
  - sheltered housing 1.00% (£0.24)
- 3.10 approve the following average weekly percentage changes for hostels and shared temporary units for;
- service charges (hostels) – caretaking etc.; no change
  - energy cost increases for heat, light & power; no change
  - water charges increase; no change
- 3.11 approve an increase in garage rents by Retail Price Inflation (RPI) of 3.9% (£0.46 per week) for Brockley residents and 3.9% (£0.46 per week) for Lewisham Homes residents;
- 3.12 note that the budgeted expenditure for the Housing Revenue Account (HRA) for 2018/19 is £156.8m, split £84.1m revenue and £72.7m capital, which includes the decent homes and new build programmes;
- 3.13 agree the HRA budget strategy savings proposals in order to achieve a balanced budget in 2018/19, as attached at Appendix X1;

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

- 3.14 agree and recommend Council agrees, subject to final confirmation of the allocation, that the provisional Dedicated Schools Grant allocation of £292.3m be the Schools' Budget for 2018/19;
- 3.15 note and ask Council to note the implementation of the national funding formula schools block for schools;
- 3.16 agree and ask Council to agree that Lewisham uses the national funding formula schools block to allocate funds to schools from April 2018;
- 3.17 agree and ask Council to agree that Minimum Funding Guarantee for the schools block be set at 0.25% for 2018/19;
- 3.18 agree and ask Council to agree the change to the PFI factor in the formula to base it on estimates for the schools block;

- 3.19 agree and ask Council to agree to implement the new banding systems in resource bases at a cost to the High Needs block of £251k;
- 3.20 agree and ask Council to agree to implement the new banding system for ECHP's in mainstream schools at a cost to the High Needs block of £47k;
- 3.21 note and ask Council to note the latest financial position in schools;
- 3.22 note and ask Council to note the likely future cost pressures on schools;
- 3.23 notes and ask Council to note the estimated pupil premium of £17.0m;
- 3.24 note and ask Council to note the changes to the way the High Needs block is calculated;
- 3.25 note and ask Council to note the Loan Scheme consultation for the schools block;
- 3.26 note and ask Council to note the position of the consultation on eligibility for free school meals and the early years pupil premium under Universal Credit;

#### **General Fund Revenue Budget**

- 3.27 note and ask Council to note the projected overall variance against the agreed 2017/18 revenue budget of £12.9m as set out in section 8 of this report and that any year-end overspend will have to be met from reserves;
- 3.28 endorse and ask Council to endorse the previously approved revenue budget savings of £0.58m for 2018/19 and budget savings proposals of £4.28m as per the Mayor and Cabinet meeting of the 6 December 2017, as set out in section 8 of the report and summarised in Appendix Y1 and Y2 of the main Budget Report;
- 3.29 agree and ask Council to agree the transfer of £5.0m in 2018/19 from the New Homes Bonus reserve to the General Fund for one year to meet funding shortfalls and that the position be reviewed again for 2019/20;
- 3.30 agree and ask Council to agree the use of £3.570m reserves to meet the budget gap in 2018/19;
- 3.31 agree and ask Council to agree the allocation of £6.500m in 2018/19 be set aside for corporate risks and pressures, added to the £2.130m set aside for unidentified risks in 2017/18;
- 3.32 agree and ask Council to agree the allocation of £6.915m in 2018/19 to fund quantified budget pressures from the £8.630m set aside for corporate risks and pressures;
- 3.33 agree and ask Council to agree to create a fund in respect of the identified but as yet un-quantified revenue budget risks in the sum of £1.715m in 2018/19 (the balance of budget for corporate risks and pressures), allowing the Executive Director for Resources & Regeneration to hold these resources corporately in case these pressures emerge during the year, and authorises the Executive Director for Resources and

Regeneration to allocate these funds to meet such pressures when satisfied that those pressures cannot be contained within the Directorates' cash limits;

- 3.34 agree that the Executive Director for Resources and Regeneration identify up to £5m of earmarked reserves to fund service transformation costs to facilitate services change and develop further savings proposals;
- 3.35 agree to recommend to Council that a General Fund Budget Requirement of £241.281m for 2018/19 be approved.
- 3.36 ask Council to agree to a 3.99% increase in Lewisham's Council Tax element. This will result in a Band D equivalent Council Tax level of £1,203.87 for Lewisham's services and £1,498.10 overall. This represents an overall increase in Council Tax for 2018/19 of 4.2% and is subject to the GLA precept for 2018/19 being increased by £14.21 (i.e. 5.1%) from £280.02 to £294.23, in line with the GLA's draft budget proposal;
- 3.37 note and ask Council to note the Council Tax Ready Reckoner which for illustrative purposes sets out the Band D equivalent Council Tax at various levels of increase. This is explained in section 8 of the report and is set out in more detail in Appendix Y3 of the main Budget Report;
- 3.38 note and ask Council to note the exemption from Council Tax for Care Leavers up to the age of 25 in the Borough, agreed by Council in January 2018 when setting the 2018/19 Council Tax base, and the review underway to assess other possible exemptions;
- 3.39 ask that the Executive Director for Resources & Regeneration issues cash limits to all Directorates once the 2018/19 Revenue Budget is agreed;
- 3.40 agree and ask Council to agree the draft statutory calculations for 2018/19 as set out at Appendix A;
- 3.41 note and ask Council to note the prospects for the revenue budget for 2019/20 and future years as set out in section 9;
- 3.42 agree that officers continue to develop firm proposals and bring them forward as soon as possible as part of the Lewisham Future Programme to help meet the future forecast budget shortfalls;

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

- 3.43 note and ask Council to note the adjustments to and impact of various specific grants for 2018/19 on the General Fund as set out in section 8 of this report;

#### **Treasury Management Strategy**

- 3.44 approve and recommend that Council approves the prudential indicators and treasury indicators, as set out in section 10 of this report;
- 3.45 approve and recommend that Council approves the Annual Investment Strategy and Credit Worthiness Policy, set out in further detail at Appendix Z3 of the main Budget Report;

- 3.46 approve and recommend that Council approves the Minimum Revenue Provision (MRP) policy as set out in section 10 of this report;
- 3.47 agree and recommend that Council agrees to delegate to the Executive Director for Resources & Regeneration authority during 2018/19 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;
- 3.48 approve and recommend that Council approves the credit and counterparty risk management criteria, as set out at Appendix Z3 of the main Budget Report, the proposed countries for investment at Appendix Z4 of the Main Budget Report, and that it formally delegates responsibility for managing transactions with those institutions which meet the criteria to the Executive Director for Resources & Regeneration; and
- 3.49 approve and recommend that Council approves a minimum sovereign rating of AA-.

## APPENDIX C

### RELEVANT AMOUNTS OF COUNCIL TAX AND LEVIES

<b>'Relevant Basic' Amount of Council Tax</b>	<b>2017/18</b>	<b>2018/19</b>
Council Tax Base	81,087.65	86,456.64
Council Tax Requirement with Levy (£)	93,873,550	104,082,555
Basic Amount of Council Tax (£)	1,157.68	1,203.87
<b>Increase in basic amount of Council Tax (%)</b>	<b>4.99%</b>	<b>3.99%</b>

<b>Levy bodies for Lewisham</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>Change £</b>
LPFA (Estimated)	1,229,386	1,229,386	0
Lee Valley Regional Park	224,364	209,061	(15,303)
Environment Agency	178,500	196,220	17,720
<b>Total Levies</b>	<b>1,632,250</b>	<b>1,649,970</b>	<b>2,417</b>

*The term "relevant basic amount of council tax" is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the **Local Audit and Accountability Act 2014**).*

## APPENDIX D

### APPENDIX Y4: Chief Financial Officer's Section 25 Statement

1. This statement makes reference to the 2018/19 Budget Report to Mayor & Cabinet circulated to all Members.
2. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its Council Tax. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates, included in the budget and the adequacy of the reserves, for which the budget provides. This Statement also reflects the requirements of CIPFA's current Local Authority Accounting Panel (LAAP) Bulletin 99 on 'Local Authority Reserves and Balances'.
3. Section 114 of the Local Government Act 1988, requires the CFO to issue a report to all the Local Authority members to be made by that officer, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

#### Generally

4. The Council has already made savings from its revenue budget of £160m since May 2010. The Medium Term Financial Strategy was reported to Mayor & Cabinet in July 2017. This set out that an estimated £33m of savings is required by 2019/20. To date saving proposals for £4.8m have been presented for scrutiny and agreed by Mayor & Cabinet for 2018/19, leaving a budget gap of £8.6m to be funded from reserves.
5. The final Local Government Finance Settlement announced on the 6 February 2018 confirmed the settlement for 2018/19 as part of the four year settlement to 2019/20 for local government.
6. The Council has prepared forecasts beyond 2019/20 to 2022/23, However, these are tentative at this stage as they are be subject to, amongst other things, the results of the next Comprehensive Spending Review, results of the delayed Fair Funding Review, any move to 100% business rates retention by local government in 2020, and possible changes to health and social care governance and funding arrangements. From the government's financial forecasts and outlook, further reductions to local government funding are to be expected into at least the mid 2020s.
7. The Council continues to take a prudent approach towards financial planning. During these times, the Council will need to weigh up the need to hold reserves and balances against the increased risk to delivery of the budget if services are not transformed so that they are managed within the resources available.
8. The report discusses the use of once off reserves and balances when considering the in-year financial position, transformation opportunities, and

savings requirements to enable members to set a balanced budget. In particular the proposal to draw up to a further £5m from reserves to support 'invest to save' projects in 2018/19. This commitment is additional to the use of once off resources required to meet any overspends and to balance the budget until the required savings are delivered.

9. This balance of risk and reserves is even more important for the Council looking to 2018/19 and future years as a number of fundamental changes are proposed to the way in which local government will be financed. The emphasis of these changes is focused on local authorities becoming more self-sufficient and less reliant on central government grant.

### **Budget Risks**

10. During 2017/18 there have been a number of pressures which have crystallised due to increasing demographics and legislative changes. For example; children social care, demand for adult social care, transport costs, and waste disposal costs. Consideration is given in the report to the management and funding of these risks. It is also to be noted that going into the seventh consecutive year of sustained and significant budget reductions, the proposals to save money have necessarily become more ambitious, more risky and carry a higher level of uncertainty about the exact timing and value they will deliver.
11. In addition to the Council's General Fund, other areas of the Council's activities face resource constraints and if not managed could potentially present impact the General Fund. For example:
  - The Housing Revenue Account (HRA) which is impacted by the national right-to-buy and four years of annual 1% rent reduction for social housing policies. These policies put pressure on the HRA and its plans to bring forward more housing.
  - Changes to the Dedicated Schools Grant (DSG) with the implementation of the new national funding formula from 2018/19. These changes create budget pressures for Lewisham schools.
12. These HRA and DSG risks and those related to the Capital Programme are discussed in more detail in the budget report. In respect of the capital works these are managed scheme by scheme. Officers review required funding (be it from capital receipts, grant support, or borrowing) quarterly. The most recent review was in January 2018 and updated projections are reported regularly to Mayor & Cabinet.
13. In setting this budget, the Council will maintain a level of corporate balances and reserves which should be adequate to deal with any risk associated with the delivery of this budget. That said there are still considerable risks associated with delivering the scale of savings required. The Chief Financial Officer recommends that the un-earmarked reserves are held at the current level of £13.0m. Should the need arise to call upon these reserves during the year, consideration should be given to replenish them as soon as possible.
14. In addition, the Council held Specific Earmarked Reserves which totalled £71m at the end of March 2017 (£80m at March 2016). These funds are earmarked for various future planned spending and to undertake one-off projects or work that does not happen every year. Examples include, the

transformation fund, redundancy provisions, elections, replacement of obsolete equipment and contractual claims that may become due (e.g. dilapidations that may become payable on properties we lease from the private sector to provide housing).

15. The 2018/19 budget pressures have been outlined in the main budget report. These include a range of pressures, some of which cannot be quantified at this stage, and include: demographic pressures for children and adult services; unachieved savings and further potential changes to funding as a result of government legislation and reform. These funds will either be transferred to the Directorate budgets where quantifiable and not thought to be directly controllable at the start of the year or held corporately until such time as the pressure emerges during the year.

## **Budget assumptions**

### Inflation

16. For financial planning purposes in the budget, the Council anticipates an average inflation of 2.5% per annum, which equates to approximately £4.4m for both pay and non-pay costs.
17. Moving forward, officers will need to closely monitor inflationary pressure on contracts, which in many cases, continue to outstrip the current level of Consumer Prices Index (CPI) inflation. In particular, this applies to those areas which are viewed as being particularly sensitive to contract price changes, for example; Adult Social Care or long term fixed rate contracts such as the range of PFI contracts which the Council is currently engaged with.

### Savings

#### *Identifying savings*

18. The Council, through the Lewisham Future Programme, continues to look at reshaping the Council over the medium term. This Programme recognises that in the eighth consecutive year of spending reductions even greater innovation, focus on the customer, and cross-cutting thinking is required to deliver savings. This whilst attempting to minimise the impacts on residents and customers reliant on Lewisham Council services.
19. The Programme comprises a mixture of thematic and cross-cutting reviews. Some examples of these include: smarter assessment arrangements and deeper integration of social & health care, including public health; approach to safeguarding and early intervention services; opportunities for asset rationalisation; a strategic review of income generation and the drive to make further reductions in management and corporate overheads.
20. Since 2014/15 the Council's annual budgets have been supported by the use of reserves, mostly drawn from the New Homes Bonus reserve. The 2018/19 budget again makes use of once off resources - £5.0m from New Homes Bonus and £3.6m of earmarked reserves. Going forward, ongoing measures will need to be put in place to ensure the sustainability of the budget.



### *Implementing savings*

21. There is a risk that one or more budget savings, in full or in part, may not be delivered on time in the year. The Council operates financial management on the principle of devolved responsibility for budgets to managers in Directorates. This is managed through the monthly budget monitoring process with quarterly updates provided in the budget monitoring reports for members. The extent to which any anticipated savings are not delivered adds to future pressures, as noted with the £12.9m forecast Directorate overspend for 2017/18.

### **Budget control**

22. Going forward into 2018/19 the Council will continue to maintain its strong systems for monitoring expenditure and controlling expenditure through Directorate cash limits.
23. During 2016/17 instructions to budget managers were re-affirmed to ensure tight spending on budgets and focus on ensuring the Council's budget position remains within budget at the year-end. However, throughout the year the Council has forecast a persistent overspending position. The forecast outturn position for the year at November 2017 was an overspend of £12.9m. This will likely reduce with the application of the unallocated element of the risk and pressures monies in the 2017/18 budget. Any overspend at the end of the financial year will have to be met from once off resources.
24. For 2018/19, the budget holders within Directorates are again being requested to endorse their cash limits before the start of the financial year and provide confirmation of an ability to deliver their services within the agreed allocated resources. At this stage it is expected that the Departmental Expenditure Panels and the Corporate Expenditure Panel will continue into 2018/19 and this will be kept under review.
25. Given the forecast outturn position in 2017/18, the level of savings required for 2018/19 and the anticipated significant level of savings/cuts required in the years beyond; it remains critically important to monitor the progress being made in implementing these savings throughout the year.

### **Conclusion**

26. The Council has an established and mature approach for producing and maintaining its annual budget. Its financial plans and strategies have contributed to the achievement of the Council's corporate objectives to date. However, continuing public sector austerity in the face of demographic growth and rising demand for services increases the uncertainty on managing future financial pressures within the available resources.
27. The Council has drawn on once-off resources for four years and will do so again in 2018/19. This approach has been used to allow the Council to identify and implement cost reduction and transformational changes in a measured way. However, it does need to be recognised that this is not sustainable over the long term as continued use of reserves, if unplanned, could reduce the resilience of the Council to respond flexibly to unforeseen expenditure or continued resource reduction.

28. 2017/18 was the eighth consecutive year the Council has made sustained budget reductions and with the local finance settlement for 2018/19 we know this will continue. The measures taken to date have, in the main, been successful. However, the identification and implementation of savings is becoming more challenging and taking longer to achieve. This pressure is expected to continue and tight control will need to be exercised over the budget for 2018/19 given the level of risk the Council faces. As well as managing within budget, attention also needs to continue to be focussed on identifying the savings necessary to achieve a balanced budget in future years.
29. The use of once off resources on a continuous basis to balance the annual budget is not sustainable and could quickly lead to the depletion of reserves. Should the Council find itself in a position where it does not have the resources to meet expenditure this would lead to the consideration of a Section 114 notice. Whilst the Council does currently have adequate reserves and an established financial management regime, the budget preparation for both the short and medium term must remain a priority.

David Austin – Head of Corporate Resources  
**(Acting) Chief Financial Officer – Section 151**

**February 2018**

## APPENDIX E

### CAPITAL PROGRAMME (Amended paragraphs in the Budget Report)

**Table A2: Proposed Capital Programme Resources for 2018/19 to 2020/21**

	17/18	18/19	19/20	20/21	3 Year Total
	£m	£m	£m	£m	£m
<b>General Fund</b>					
Prudential Borrowing	12.8	17.7	9.0	0.0	<b>26.7</b>
Grants and Contributions	25.0	28.7	7.0	2.6	<b>38.3</b>
Capital Receipts	10.7	2.5	1.1	0.0	<b>3.6</b>
Reserves / Revenue	16.0	14.3	7.4	7.5	<b>29.2</b>
	<b>64.5</b>	<b>63.2</b>	<b>24.5</b>	<b>10.1</b>	<b>97.8</b>
<b>Housing Revenue Account</b>					
Prudential Borrowing	0.0	0.0	0.0	0.0	<b>0.0</b>
Grants	0.0	0.0	0.0	0.0	<b>0.0</b>
Specific Capital Receipts	0.0	0.0	0.0	0.0	<b>0.0</b>
Reserves / Revenue	36.2	72.7	56.3	44.7	<b>173.7</b>
	<b>36.2</b>	<b>72.7</b>	<b>56.3</b>	<b>44.7</b>	<b>173.7</b>
<b>Total Resources</b>	<b>100.7</b>	<b>135.9</b>	<b>80.8</b>	<b>54.8</b>	<b>271.5</b>

#### Resources available to finance future schemes

- 5.31 The General Fund Capital Programme is financed by a number of sources, including capital receipts, central government grants, the revenue budget, S106 and CIL. As per table A2, General Fund resources totalling £97.8m have been committed towards financing the budgeted spend over the next three financial years.
- 5.32 In addition to the £97.8m of committed resource, there is an estimated £18.4m of uncommitted resource that is expected to become available over the next three years, mainly arising from forecast capital receipts. Therefore the maximum possible capital programme budget over the next three years, aside from new Prudential Borrowing, would be a total of £116.2m.
- 5.33 It is considered prudent, however, to leave a contingency of £10m (approximately 9% of available resource) to meet any overspends or urgent new commitments, and a further £10m is recommended to be set aside to provide finance for future Mayoral and corporate priorities over the next three years.
- 5.34 This then leaves a resource of £96.2m that is recommended to be committed at this point. This is slightly less than the £97.8m that has already been committed as per table A2, but it is expected that some programme slippage and good cost control will bridge this small gap.

- 5.35 This does, however, mean that there is no finance available to bring new corporate priority schemes onto the General Fund Capital Programme at this point. Borrow-to-repay schemes can be considered separately as they have demonstrably robust business cases, and the Council would be able to secure new resource through Prudential Borrowing in order to finance them.
- 5.36 During 2018/19, updates on the Capital Programme will be reported to Mayor & Cabinet and the Public Accounts Select Committee on a regular basis. As capital receipts and other resources come in to the Council, it may be possible to bring some of the future schemes onto the programme. These additions to the programme will be put forward for scrutiny and approval by members as part of the Capital Programme update reports in the financial monitoring.