

<b>Mayor and Cabinet</b>			
<b>Report Title</b>	2020/21 Revenue Budget Cuts		
<b>Key Decision</b>	No	<b>Item No.</b>	
<b>Ward</b>	All Wards		
<b>Contributors</b>	Acting Chief Finance Officer		
<b>Class</b>	Part 1	<b>Date:</b>	<b>30 October 2019</b>

## **1. PURPOSE**

- 1.1. To set out the officer revenue budget cut proposals that have been considered by Scrutiny, and need to be approved as part of the preparation of a balanced budget for 2020/21.

## **2. EXECUTIVE SUMMARY**

- 2.1. The Council's net General Fund budget for 2019/20 is £243m. This is based on using reserves for the sixth consecutive year to balance the budget and in-year pressures in some key services areas resulting in overspending, in part due to the delivery of cuts becoming harder. The current forecast for 2019/20 is an end of year overspend of £4.6m (at May 2019).
- 2.2. To put the Council's finances on a sustainable footing, the Medium Term Financial Strategy identifies the need for £37m of ongoing cuts in the two years to 2021/22 - £20.6m in 2020/21 and £17m in 2021/22. Of the £20.6m required in 2020/21, £8.4m cuts have already been approved by Mayor and Cabinet. This leaves a remainder of £12.2m to be identified. This is on top of the need to address the continuing in-year overspend in some service budgets.
- 2.3. Over the last ten years, the Council has undertaken a major budget reduction programme to manage the difficult financial challenge it has been faced with. In the period 2010/11 to 2019/20 the Council has implemented savings of £173m and identified cuts of £8.4m (out of the £20.6m required) in 2020/21.
- 2.4. The MTFs anticipates that an additional £29m worth of cuts will be required in the two years following 2020/21. However, these projections remain tentative pending confirmation of any policy, funding, or wider implications from the new Chancellor of the Exchequer's Autumn Budget in November and Local Government Finance Settlement announcement in December and Review of Relative Needs in 2021/22.
- 2.5. On the 4 September, the Chancellor of the Exchequer announced the 2019 Spending Review (SR19). It is a one-year spending review that covers only

2020-21; a multi-year spending review will be announced next year. Further details have been provided at 6.14 below.

2.6. This report concentrates on £9.2m of the £12.2m remaining budget cuts required to balance the budget in 2020/21 and £500k of £17m required in 2021/22.

2.7. Table 1 below shows the agreed budget cuts since 2010 by directorate.

**Table 1: Agreed Budget Cuts by Directorate from 2010/11**

Year	CYP	COM Services	CUS Services	Res. & Regen.	In-year / Corp.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2010/11	1,494	801	759	1,135	3,300	7,489
2011/12	6,386	5,744	3,591	4,614	113	20,448
2012/13	4,395	4,611	3,529	4,020		16,555
2013/14	6,469	6,930	2,453	5,082		20,934
2014/15	6,123	11,255	2,843	4,273		24,494
2015/16	4,240	16,118	3,381	3,771	700	28,210
2016/17	3,476	6,892	3,339	3,108	1,400	18,215
2017/18	4,297	10,000	4,182	3,756		22,236
2018/19	824	1,151	294	1,087	1,500	4,856
2019/20	1,575	3,681	3,108	906		9,270
<b>Total</b>	<b>39,279</b>	<b>67,183</b>	<b>27,479</b>	<b>31,753</b>	<b>7,013</b>	<b>172,707</b>

Source: Council savings and budget reports.

2.8. These cuts have been made in the context of main government funding for Local Authorities in England being reduced by 63% over the decade from 2010, Council's facing inflationary pressures of over 20% since 2010, and in Lewisham, the demands on the Council increasing as the population has risen to over 300,000 from the 2011 census position of 275,000, a 10% increase.

2.9. The detail presented in this report identifies potential cuts proposals from officers of £9.7m over the years 2020/21 and 2021/22, bringing the total cuts for 2020/21 to approximately £17.6m, and £500k in 2021/22. By Directorate and Division these proposals are outlined in table 2 below:

**Table 2: Summary of Budget Cuts by Directorate and Division**

Directorate / Division	20/21 Approved	20/21 New Proposals	21/22 New Proposals	Total
	£'000	£'000	£'000	£'000
<b>Children and Young People (CYP)</b>				
Children's Social Care	1,150	0		1,150
Joint Commissioning and Targeted Support	225	0		225
<b>CYP Total</b>	<b>1,375</b>	<b>0</b>		<b>1,375</b>
<b>Community Services</b>				
Adult Social Care	1,982	4,000		5,982
Crime Reduction, Supporting People, and Enforcement	161	0		161
Culture & Community Services	185	0		185
<b>Community Total</b>	<b>2,328</b>	<b>4,000</b>		<b>6,328</b>
<b>Customer Services</b>				
Environment	852	823		1,675
Housing (non HRA)	696	1,175		1,871
Regeneration and Place	1,105	180		1,285
Planning	100			100
<b>Customer Services Total</b>	<b>2,753</b>	<b>2,178</b>		<b>4,931</b>
<b>Corporate Services</b>				
Financial Services	350	0		350
Legal Services (excl. elections)	32	0		32
Policy & Governance	259	0		259
Strategy	135	0		135
Corporate Resources	0	2,500		2,500
Human Resources	78	0		78
Public Services	1,124	500	500	2,124

Directorate / Division	20/21 Approved	20/21 New Proposals	21/22 New Proposals	Total
	£'000	£'000	£'000	£'000
Technology & Change	0	0		0
<b>Corporate Services Total</b>	<b>1,978</b>	<b>3,000</b>	<b>500</b>	<b>5,478</b>
<b>Grand Total</b>	<b>8,434</b>	<b>9,178</b>	<b>500</b>	<b>18,112</b>

2.10. The report presents a summary of the cuts proposed with detailed proformas provided for each of the proposed cuts for 2020/21 by Directorate appended, with one exception which will follow in a separate report. That is:

- The Regeneration & Place proposal to reduce the number of school crossing patrols on conclusion of risk assessments – est. £80k.

2.11. In addition to the General Fund budget cuts considered in this report, SR19 confirmed that there will be no cut to the Public Health Grant for 20/21. The Service will need to ensure spend is maintained within the level of grant and any, if needed, any cuts brought forward separately for Scrutiny and onto Mayor & Cabinet.

2.12. At this stage, if all the proposed cuts are agreed and there are no further proposals, nor any surprises from the local government finance settlement in December, the Council's budget for 2020/21 would need to be set using £2.9m of reserves or New Homes Bonus.

2.13. There is scope for two additional rounds of budget cuts to be taken through the decision process as part of setting the 2020/21 budget, as detailed in section 10 below. Consideration of how the gap for 2020/21 will be closed, either through proposals for further cuts or the use of reserves, will be addressed in subsequent reports to Mayor and Cabinet up to and including the 2020/21 budget report in February 2020.

2.14. Overall the strategic focus for services in terms of the Medium term Financial Strategy is on:

- Delivering budget cuts in 2019/20 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 2019/20; and
- Work on bringing forward further proposals to close the budget gap as soon as possible, including through 2020/21 so that part year effects can be taken.

### **3. RECOMMENDATIONS**

3.1. Mayor & Cabinet is asked to:

3.1.1. Note the progress with identifying budget cuts, the £2.9m shortfall against the target for 2020/21, and the possible implications for the use of reserves.

3.1.2. Review the new cuts proposals presented in Section 9 and Appendices 1 to 3, totalling £9.178m and referenced:

- COM1a,2a,3a and COM18
- CUS7, CUS15, CUS16, RES19, and RES20
- CUS11a, CUS14a , RES21 and RES22

3.1.3. Consider the comments of the Public Accounts Select Committee of the 24 September 2019, which incorporates the views of the respective select committees.

3.1.4. Authorise officers to carry out consultations where staff consultation is necessary in relation to the proposal and delegate the decision to the relevant Executive Director for the service concerned.

3.1.5. Authorise officers to carry out consultations where public consultation is necessary in relation to the proposal and ask officers to report back to the Mayor with the outcome, for a decision to be made.

3.1.6. Where no consultation is required, either:

- agree the cut proposal, or
- delegate the decision to the relevant Executive Director for the service concerned.

3.1.7. Or, request officers to complete further work to clarify the proposal and that officers then re-submit the proposal at the earliest opportunity for a decision.

### **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 Contextual Information
8	Approach to 2020/21 Budget Cuts
9	Proposed Budget Cuts
10	Timetable
11	Financial implications
12	Legal implications
13	Conclusion
14	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 launched its new Corporate Strategy in 2019, with seven corporate priorities as stated below:

### Corporate Priorities

- **Open Lewisham** - Lewisham will be a place where diversity and cultural heritage is recognised as a strength and is celebrated.
- **Tackling the housing crisis** - Everyone has a decent home that is secure and affordable.
- **Giving children and young people the best start in life** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
- **Building and inclusive local economy** - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- **Delivering and defending health, social care and support** - Ensuring everyone receives the health, mental health, social care and support services they need.
- **Making Lewisham greener** - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.
- **Building safer communities** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

### 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 cuts for 2020/21.

## **6. FINANCIAL CONTEXT**

6.1. The Council has a net General Fund budget for the current financial year, 2019/20, of £243m. The schools Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA) are discrete and so do not form part of this 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 2018/19 the Council ended the financial year with a Directorate overspend position of £9.6m with the largest pressure being in the area of Children's Social Care. The 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 cuts with the full financial impact.

6.4. The 2019/20 budget is under pressure from the need to deliver services within the available level of financial resource and identify yet further reductions. The 2019/20 budget was set using £5.0m of New Homes Bonus and £2.5m of reserves as insufficient cuts were agreed.

6.5. The impact of a cuts shortfall is that reserves, which can only be used once, are depleted, higher levels of spending are carried forward, and added to the cuts target for the following year. The £7.5m shortfall from 19/20 now forms part of the £20.1m target for 2020/21. Any unachieved cuts in 2020/21 will most likely have to be met by using reserves and will then also be carried

forward to 2021/22, increasing the budget reductions requirement for that year.

- 6.6. Furthermore, as at August 2019, Directorates have forecast an end of year overspend in the region of £4.0m, down from £9.6m at the same time last year. The 19/20 budget also used once-off funding to support the Children Social Care budget pending the impact of the continuing improvement programme for this service. Any end of year overspend also has to be met from the use of the Council's once-off reserves and provisions.
- 6.7. In the ten years between 2010/11 and 2019/20 the Council has agreed budget cuts of £174m of which £172.7m have been and are being delivered.
- 6.8. In July 2019, 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:
  - changes in regulations and standards;
  - government policy and funding changes; and
  - demographic change and wider social implications linked to the above.
- 6.9. For 2019/20 and beyond, to bring the Council's finances in line with the estimated reduced funding levels going forward, the MTFS identifies the need for £29.2m of ongoing cuts in the two years post 2020/21 – split £16.6m in 2021/22 and £12.6m in 2022/23.
- 6.10. These longer dated cuts projections remain uncertain pending confirmation of any policy, funding, or wider economic changes, especially with the delay in the Review of Relative Needs and the change of Government. These estimates will be revisited for any implications from the new Chancellor of the Exchequer's Autumn Budget in November, and the 2020/21 provisional Local Government Finance Settlement announcement in December.
- 6.11. The Council's four year Revenue Support Grant settlement came to an end in 2019/20. There is uncertainty as to the level of funding the Council will receive after 2019/20. Funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.
- 6.12. The government is therefore undertaking a review of relative needs and resources to update the needs formula and set new funding baselines. This was originally intended to take effect from April 2020, however after the Spending Review announced on the 4 September, the Secretary of State announced a years delay to the review. It will now take effect from April 2021.

- 6.13. The Spending Review announced on the 4 September by the Chancellor of the Exchequer is a one-year spending review that covers only 2020-21; a multi-year spending review will be announced next year.
- 6.14. The main announcements impacting Local Government directly are as follows:
- All Departments
    - No Department will be cut in 20/21, with all receiving increase in line with inflation (NB – assume this is case for MHCLG and Public Health grant).
  - Social Care
    - Build on £2.5bn social care grants already committed and continued
    - £1.5bn of new funding to Councils for social care (NB – includes £0.5bn of 2% adult social care precept, i.e. from CTax)
    - £54m for homelessness
  - Education
    - Schools to receive £7.1bn in three year settlement to 22/23
    - In 20/21 all school budgets will at least increase in line with inflation
    - £1.5bn added to teacher pensions
    - £700m to Special Education Needs (and 11% increase)
    - Early Years £66m more spending to increase Nursery free hours rates
    - DCMS to set out proposals for youth investment fund to improve Youth Services
- 6.15. Overall it is expected that SR19 will be positive for Lewisham despite the loss of government support for the London Business Rate pool. This will support the correction of the Council's existing base budget pressures. However, until the detail for 20/21 is confirmed the full implications for next year's budget will remain uncertain. It is expected that the 2020/21 provisional local government finance settlement will be announced in December. Until then, the uncertainty in the Council's future funding forecasts remains.

## **7. LEWISHAM CONTEXTUAL INFORMATION**

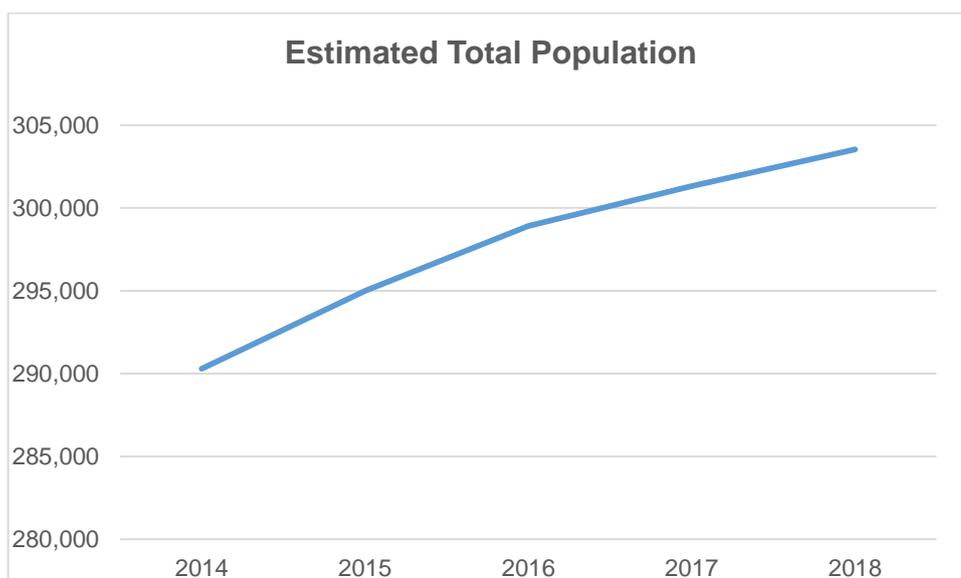
- 7.1. The level of cuts required continues to require work on cost control in all areas (e.g. use of agency staff, contract management, etc.) and an acceptance of more service and financial risk through ever leaner corporate governance, risk and control arrangements. These conditions drive the focus on enhancing corporate grip to manage the increased risks across the organisation and keep the financial position in balance.

7.2. This section provides an overview of some of the main volume drivers for service income and expenditure considered in reviewing the potential for further cuts (see approach in section 8). They are:

- Population by age band
- Number of properties by CTax band
- Looked after Children
- Adults receiving Social Care
- Waste disposal volumes
- Number of Businesses

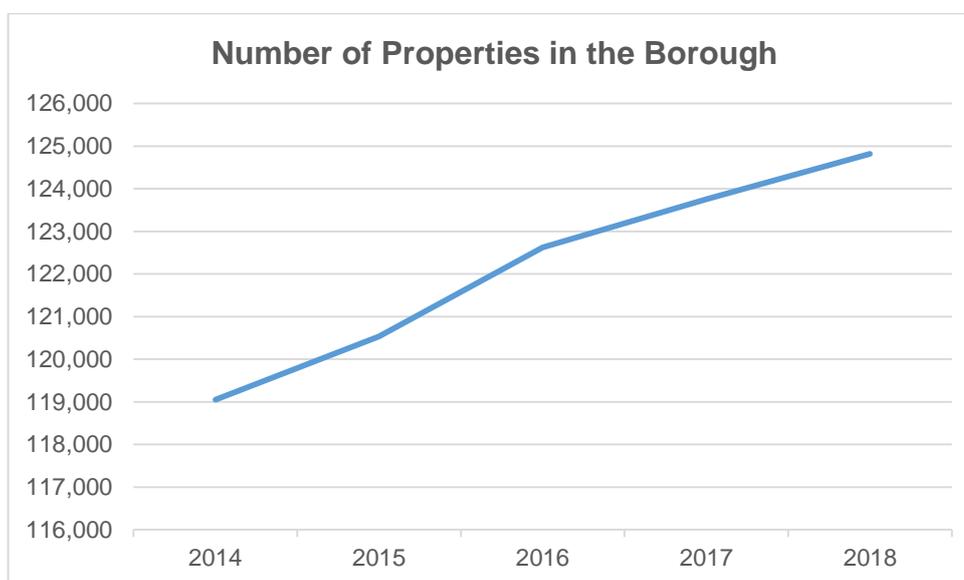
7.3. The increase in population over time has increased spend in certain areas such as waste disposal, and other environmental services. The change in Lewisham's demographics is one of the main drivers of Council spending. The graphs below show Lewisham's population and other demographic changes over the last few years.

7.4. The following charts and tables highlight some of the changes in Lewisham demographics over the past five years.



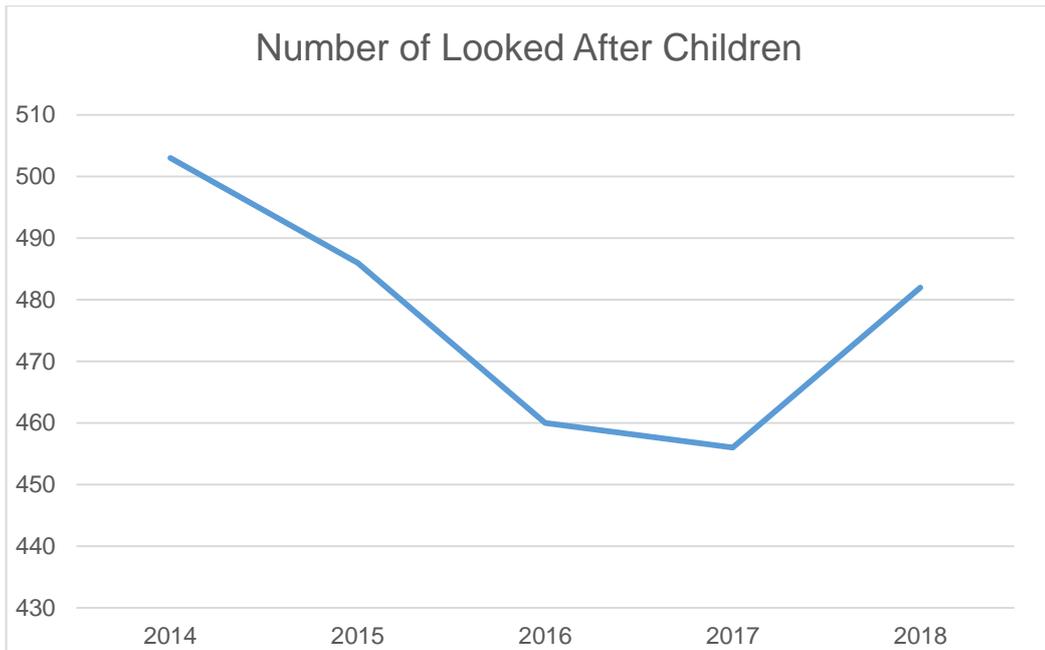
## Estimated Population Data by Age Group

	2014	2015	2016	2017	2018	
<b>0 - 5</b>	26,979	27,035	27,019	26,801	26,112	32%
<b>6-18</b>	42,767	43,502	44,001	44,485	45,404	
<b>19- 25</b>	28,022	27,617	27,150	26,819	26,436	
<b>26 - 65</b>	166,934	171,018	174,669	176,861	178,948	59%
<b>65+</b>	27,320	27,548	27,943	28,088	26,636	9%
<b>Total</b>	<b>290,284</b>	<b>294,999</b>	<b>298,903</b>	<b>301,307</b>	<b>303,536</b>	

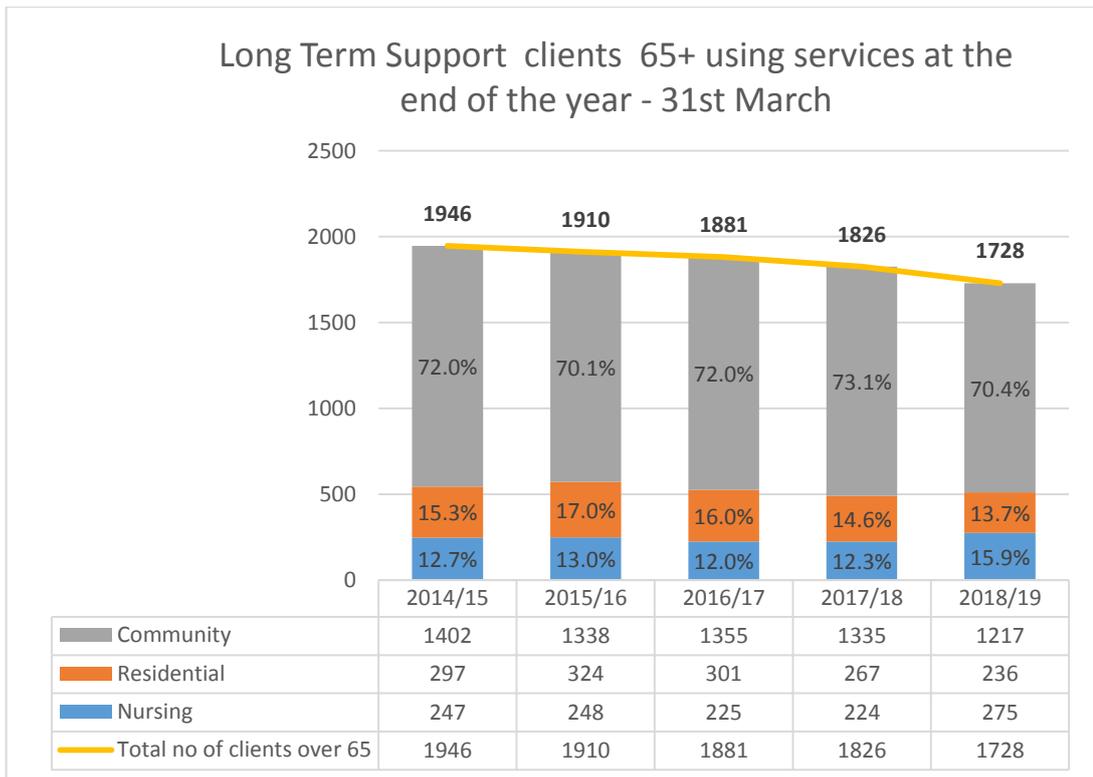


## Number of Properties in the Borough by Council Tax Band

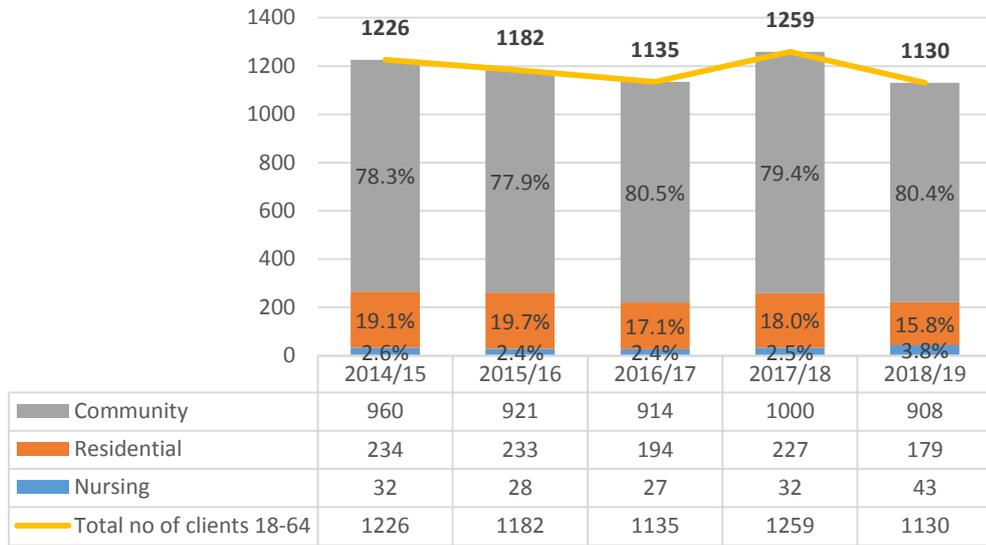
Property Band	2014	2015	2016	2017	2018
<b>A</b>	7,281	7,470	7,726	7,789	7,864
<b>B</b>	32,733	33,152	33,691	34,000	34,198
<b>C</b>	42,354	42,944	43,868	44,357	44,852
<b>D</b>	25,285	25,501	25,726	25,955	26,146
<b>E</b>	7,229	7,294	7,413	7,463	7,559
<b>F</b>	2,718	2,725	2,736	2,722	2,727
<b>G</b>	1,277	1,283	1,292	1,300	1,300
<b>H</b>	170	166	169	171	171
<b>Total</b>	<b>119,047</b>	<b>120,184</b>	<b>122,621</b>	<b>123,757</b>	<b>124,817</b>



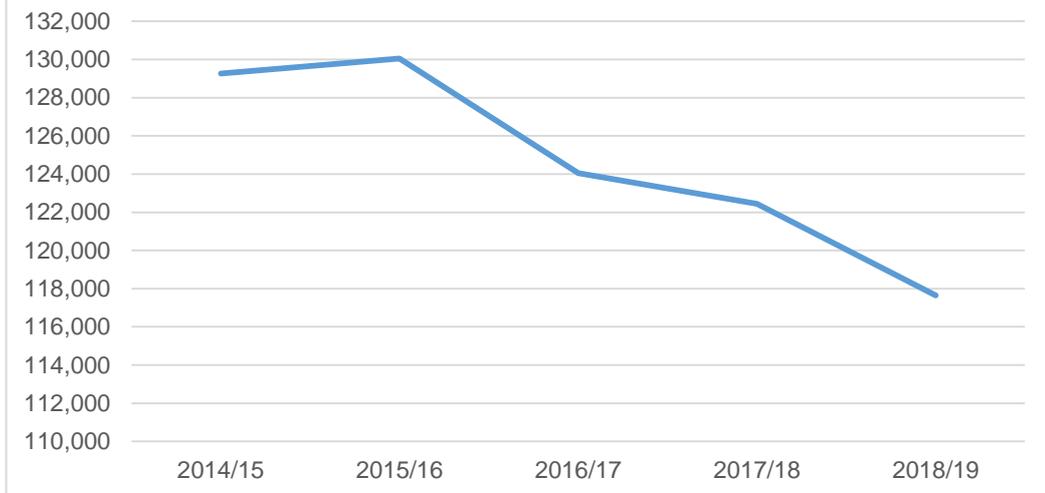
Source: Dept for Education



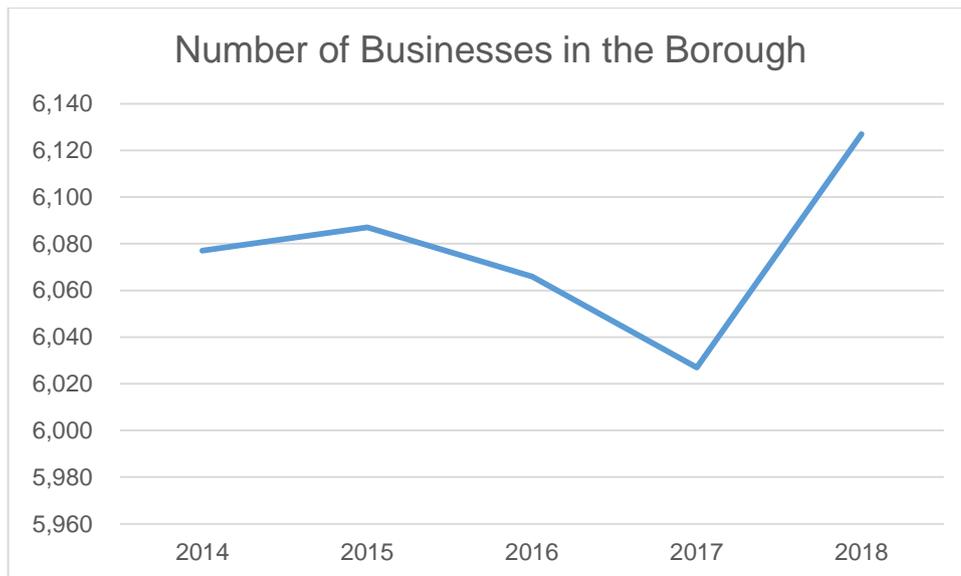
### Long Term Support - Adults 18-64 using services as at the end of the year - 31st March



### Waste Disposal Volumes



7.2 Please note - whilst total waste collection volumes have decreased by 8% over the last five years, the contractual costs of disposal have increased at a greater rate. This has been magnified by the change in the mix, where volumes of incineration waste has declined by 14,000 tonnes (14%) whilst composting volumes have increased by 10,400 tonnes (576%) over the same period. The former is currently charged at £63.52 per tonne for disposal whilst the latter costs up to £78 per tonne. Recycled tonnages has actually decreased by almost 2,000 tonnes (10%) over the same period but the cost is forecast to increase by £0.4m this year as the unit cost has increased by £6.17 (8.4%) pursuant to a new dry recycling contract.



Source: Valuation Office, 2018 numbers based on 2017 revaluation

## 8. APPROACH TO 2020/21 BUDGET CUTS

- 8.1. Officers have built on the approach to the budget cuts process used in 19/20 which looks differently at the pressures, risks, and opportunities which lie ahead. The approach for bringing forward cuts proposals for 2020/21 maintained the back to basics approach, focused on the Directorates accountability for delivering their services to budget.
- 8.2. This year has continued with the Star Chamber process for all services. Targets have not been set by service area or work strand. The Acting Chief Finance Officer held Star Chamber meetings with each Executive Director and the respective Directors summarising the financial position for their services and the actions being taken to manage costs within budget. Directors then presented their cuts proposals for the year. The purpose of the EMT Star Chamber sessions was to ensure that all options are considered, and any financial interdependencies between services were not overlooked.
- 8.3. In the absence of targets and following the focus last year on the boundary with statutory limits, there were a number of services that are not providing proposals this year. This position was reviewed and challenged with examples of reasons for not offering further cuts including:
  - Currently overspending so any reduced spending to meet existing pressures first (e.g. some children and environment services);
  - At the statutory or regulatory limits of the service and notified following inspection (e.g. enforcement of environmental standards);
  - Risk of severe service weakness or failure if cut further such that better to stop rather than reduce (e.g. a number of corporate services areas); and

- Services severely cut in recent years with change needing to settle before disrupting further (e.g. grants programme)
- 8.4. Those service areas without proposals were challenged to work on setting out their future service needs and the relationships and dependencies with other services to be relevant going forward. Examples of the areas this approach applies to include:
- Links between voluntary sector, Council grants in cash and services in kind (e.g. premises) and adult social services;
  - The future role of Libraires for the community and services they might support;
  - The Leisure offering the Council provides for residents; and
  - Corporate services, in particular the use of technology to support service delivery.
- 8.5. This preparatory work is to help set the ground work for more radical service redesign and prioritising investment in the future, depending on the Council's financial constraints and the opportunities such change may offer. The conclusion of this work will translate through into future service planning and budget rounds.

### ***The Decision making process***

- 8.6. The decision making process for budget cuts depends on the nature of each individual cut being proposed. The decision depends on the scale and impact of the proposal and the actions required to deliver it. For example; a proposal requiring staff consultation can either be reserved by Mayor and Cabinet to themselves or follow the usual delegation for employment matters to the chief executive. In either case the decision can only be taken after completion of the consultation and a full report setting out the equalities, legal and financial implications for the decision maker.
- 8.7. Table 4 below shows the combination of criteria possible for a proposal (the first three rows) with the remaining rows identifying the options for concluding the decision available to Mayor & Cabinet. Appendix 7 shows which proposals require consultation etc.

**Table 4: Options for Decisions**

Decision combinations	1	2	3	4	5	6
Key Decision - >£500k and/or specific ward impact	N	Y	Y	N	Y	Y
Public Consultation	N	N	Y	N	N	Y
Staff Consultation	N	N	N	Y	Y	Y
Decision routes for M&C						
M&C agree to consult – proposal to return to M&C for decision			✓	✓	✓	✓
M&C take decision – no consultation required	✓	✓				
Delegate to Exec. Dir. to consult and take decision				✓	✓	
Delegate to Exec. Dir. – no consultation required	✓	✓				
Other – e.g. seek clarification, reject, endorse.	✓	✓	✓	✓	✓	✓

## 9. PROPOSED BUDGET CUTS

- 9.1. The £9.178m of cuts presented in the overview in this section all relate to the cuts required of £20.6m for 2020/21 (£8.4m previously approved), and £17m required in 2021/22. The proposed cuts are presented by Directorate and have passed through the Star Chamber process.
- 9.2. The cuts proposed here are additional to those already agreed in the £8.4m November 2018 M&C report for 2020/21. Preparations for the implementation of these continues and is tracked through the financial monitoring and will be brought back for re-endorsement as part of the 2020/21 budget setting process.
- 9.3. The referencing for the new proposals presented here continues on from 19/20, not least as a number of the cuts are extensions of the service changes begun with the 19/20 cuts. Those that build on existing work carry the same reference but denoted as a, b, etc.. (e.g. COM1a is a continuation and extension of cut COM1 agreed on the 28 November 2018 as part of the previous cuts round). New cuts extend the numbering from where the previous round stopped (e.g. COM18 is a new proposal).
- 9.4. Further details are presented setting these details out in the proformas at Appendices 1 to 3.

### **Children and Young People's Directorate**

- 9.5. The Directorate of Children and Young People has not proposed further cuts in addition to those already approved by Mayor and Cabinet in November 2018.
- 9.6. A summary of previously approved 2020/21 cuts is attached as Appendix 8 to this report.

### **Community Services Directorate**

- 9.7. The following cuts totalling £4m are proposed by the Community Services Directorate in 2020/21 in addition to the £2.3m already approved in November 2018. The total cuts of £6.3m represent 7% of the Directorate's total net budget. Over half of the total cuts are to the Adult Social Care budget focussing on cost reduction.
- 9.8. Details of each proposal can be found in Appendix 1 of this report and a summary of previously approved 202/21 cuts at Appendix 8.

**Table 6: Summary of Community Services Proposed Budget Cuts**

<b>Division</b>	<b>Ref</b>	<b>Summary of Proposals</b>	<b>2020/21</b>
			<b>£'000</b>
<b>Adult Social Care</b>			
The service offers 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.			
<b>Net Budget</b> £53.588m			
<b>Proposed Cuts</b> £4m			
	COM1a	Managing demand at the point of access to adult social care services	1,000
	COM2a	Ensuring support plans optimise value for money	500
	COM3a	Increase revenue from charging Adult Social Care clients	500
	COM18	Funding inflationary increase from within the ASC Grant	2,000
	<b>Community Services Total</b>		<b>4,000</b>

## Public Health

- 9.9. The ring-fenced public health grant is £23,683,000 for 2019/20, following a grant reduction of £642,000 from the 2018/19 grant amount. This makes a total of £3,985,000 in cuts to the public health grant to date. The public health grant settlement for 2020/21 is due to be confirmed in the government one-year spending round this autumn and is expected to increase slightly.
- 9.10. Nonetheless, the public health team is making preparations in the event that there are further grant reductions required. These preparations will be brought forward if necessary.
- 9.11. Even if the Public Health Grant Settlement for 2020/21 remains the same as 2019/20 (i.e. no further cut), there will still be a £196,000 cost pressure in the Health Visiting Service budget line for 2020/21. This is a result of the £196,000 recurring budget reduction for this service agreed as part of the PH budget cuts for 2019/20.
- 9.12. The interim arrangement for 2019/20 only, was agreed between the Executive Director of Community Services and the Chief Executive of Lewisham and Greenwich Trust to enable the saving to be achieved without an impact on the budget available to the HV Service. The saving was badged as a reduction in the value of the contract for HV Services but the Trust provided assurance that the reduction in income would be absorbed from elsewhere in the Trust's budget and not result in a reduction in the funds available to the HV Service.
- 9.13. As the current contracts for both Health Visiting (HV) Services and the School Health Service (SHS) expire on 31/03/20, it has been proposed that the contracts & budgets for these services be combined into a single 0-19 service and extended for 1 year to 31/03/21. The combined value of this contract would be £6.9m, including the reduction of £196,000 to the value of the HV Service budget.
- 9.14. Combining and extending the contract with LGT, for a period of 12 months, will provide both stability and flexibility to enable the provider and commissioners to work together to respond to emerging local and national policy developments whilst developing a new service model capable of identifying, prioritising and addressing the needs of CYP in Lewisham across the age spectrum.
- 9.15. A number of mutual benefits to this approach have been identified by both the provider and commissioner. This includes greater flexibility and responsiveness enabling:
- Ratios and caseloads across both the HV and SHS workforce to be reviewed and staff resources to be deployed more effectively to meet identified need;
  - Current performance levels and service quality to be maintained within a reduced budget envelope; and

- Opportunities to test innovative models of delivery to provide proof of concept and inform the ongoing development of the service model.

### ***Housing, Regeneration & Environment Directorate***

- 9.16. The following cuts totalling £2.178m are proposed by the new Housing, Regeneration & Environment Directorate in 2020/21, in addition to the £2.7m cuts previously approved in November 2018.
- 9.17. Details of each proposal can be found in Appendix 2 of this report and a summary of the previously approved cuts from November 2018 at Appendix 8.

**Table 7: Summary of Housing, Regeneration & Environment Proposed Budget Cuts**

<b>Division</b>	<b>Ref</b>	<b>Proposals</b>	<b>2020/21</b>
			<b>£'000</b>
<b>Environment</b>			
The service area includes the following - Waste Management (refuse & recycling), Cleansing, Green Scene (parks and open spaces), Fleet and Passenger Services, Bereavement Services and Markets.			
<b>Net Budget</b> £19.8m			
<b>Proposed Cuts</b> £0.823m			
	CUS7	Reduce sweeping frequency to residential roads to fortnightly.	823
		<b>Subtotal</b>	<b>823</b>
<b>Strategic Housing</b>			
The service area includes the following - Housing Needs (including Housing Options and Home Search), Housing Partnership & Development and Private Sector Housing.			
<b>Net Budget</b> 5.545m			
<b>Proposed Cuts</b> £1.175m			
	CUS15	Cuts to No Recourse to Public Funds service budget	1,000
	CUS16	Operational savings in the Private Sector Housing Agency through service improvements	175
		<b>Subtotal</b>	<b>1,175</b>
<b>Regeneration and Place</b>			
The service area works to renew the physical fabric of the borough sustainably, and enhance the overall economic well-being of Lewisham through programme management capital delivery; school place expansion programme; town centre regeneration; asset strategy;			

Division	Ref	Proposals	2020/21
			£'000
contract management; maintenance of the corporate estate (including investment assets); and Transport (including highways improvement and lighting).			
<b>Net Budget</b> £7.8m			
<b>Proposed Cuts</b> £0.18m			
	RES19	School crossing patrol NB – no proforma at this time as risk assessment work is underway which will report back separately for scrutiny and a M&C decision.	80
	RES20	Nursery Lettings	100
		<b>Subtotal</b>	<b>180</b>
	<b>Housing, Regeneration &amp; Environment Total</b>		<b>2,178</b>

#### ***Corporate Services Directorate***

- 9.18. The following cuts totalling £3.5m are proposed by the new Corporate Services Directorate over 2020/21, in addition to the £2m cuts previously approved in November 2018, a total of £5.5m across both years.
- 9.19. Full details of each proposal are attached as Appendix 3 to this report and a summary of previously approved cuts at Appendix 8.

**Table 8: Summary of Corporate Services Proposed Budget Cuts**

Division	Ref	Proposals	2020/21	2021/22
			£'000	
<b>Public Services</b>				
The service area provides the 'front door' to a wide range of services across the Council. This area includes Customer Contact Centre, Registrars, Revenues, Benefits, Emergency Planning and Parking Management.				
<b>Net Budget Revenues and Benefits</b> £1.436m				
<b>Proposed Cuts</b> £0.5m				
<b>Net Budget Parking</b> £(5.81)m				
<b>Proposed Cuts</b> £0.5m				
CUS11a		Process automation in Revenues and Benefits		500

Division	Ref	Proposals	2020/21	2021/22
			£'000	
CUS14a		Parking service budget review	500	
		<b>Subtotal</b>	<b>500</b>	<b>500</b>
<b>Corporate Resources</b> The service area facilitates the Council's Strategic Finance activities (managing the cuts and budget setting process, providing corporate finance advice (including procurement), performing treasury management functions and managing the pension fund) to support delivery of Council objectives. It also oversees the Council's governance, risk and controls processes; coordinates and provide assurance on the framework of internal control, undertakes investigations, and delivers professional guidance and support in respect of insurances, risk management and health & safety.				
RES21		Reduced allocaton of inflation to contract costs	1,000	
RES22		Reduced allocation of inflation as dividend for improved ICT provision	1,500	
		<b>Subtotal</b>	<b>2,500</b>	
<b>Corporate Services Total</b>			<b>2,500</b>	<b>500</b>

## 10. TIMETABLE

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

Review of budget cuts proposals	Healthier	Children & Young People	Sustain-able	Housing	Safer Stronger	Public Accounts
Select Ctte.	3 Sept	17 Sept	11 Sept	18 Sept	12 Sept	24 Sept
OSBP	15 October					
M&C	30 October					

10.2. 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. The M&C report will be available for the Overview and Scrutiny Business Panel on the 15 October 2019.

- 10.3. If required, two more cuts rounds can be taken through the decision process, still with the possibility (if no consultation required) of achieving a full-year effect of cuts in 2020/21. The key dates for these rounds are as follows:

Review of Cuts proposals	Healthier Communities	Children & Young People	Sustainable Development	Housing	Public Accounts	Safer Stronger
Select Ctte.	4 Nov	16 Oct	28 Oct	30 Oct	6 Nov	9 Oct
OSBP	12 November 2019					
M&C	20 November 2019					
Select Ctte.	2 Dec	5 Dec	4 Dec	16 Dec	16 Dec	26 Nov
OSBP	27 January 2020					
M&C	5 February (Budget)					

- 10.4. The Overview and Scrutiny Business Panel (OSBP), post M&C, for these rounds will be 3 December 2019 and 11 February 2020 respectively.

## 11. FINANCIAL IMPLICATIONS

- 11.1. This report is concerned with the cuts 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.

## 12. LEGAL IMPLICATIONS

### Statutory duties

- 12.1. 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

- 12.2. 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**

- 12.3. 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**

- 12.4. 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.
- 12.5. 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.
- 12.6. 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.
- 12.7. 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.

- 12.8. 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>
- 12.9. <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>
- 12.10. 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.
- 12.11. 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>
- 12.12. 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 4 and attention is drawn to its contents.
- 12.13. The equalities implications pertaining to the specific service reductions are particular to the specific reduction.

## **The Human Rights Act**

12.14. 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.

12.15. 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

12.16. 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**

12.17. 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**

12.18. 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**

12.19. 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**

12.20. Members’ attention is drawn to the specific legal implications arising in relation to particular proposals set out in the relevant proforma in Appendices 1 to 3 of this report and Appendix 6 which is a summary of specific legal implications for each budget cut proposal.

### **Equalities Implications**

12.21. Detailed policy and equality implications have been appended to this report as Appendix 5.

## **13. CONCLUSION**

13.1. The Council expects to need to make further cuts between now and 2021/22 as the resources available to run services continue to be reduced and because insufficient budget reductions have been identified to date. This results in the Council having to use its reserves when setting the budget. This is not sustainable as reserves are only available on a once off basis.

13.2. The expected amount and timing of the cuts for 2020/21 and future years has been detailed above. However, the definitive position is dependent on the SR19, Autumn Budget and Local Government Finance Settlement due in September, November and December respectively.

## **14. BACKGROUND DOCUMENTS AND FURTHER INFORMATION**

<b>Short Title of Report</b>	<b>Date</b>	<b>Contact</b>
Medium Term Financial Strategy <a href="http://councilmeetings.lewisham.gov.uk/documents/g5477/Public%20reports%20pack%2026th-Jun-2019%2018.30%20Mayor%20and%20Cabinet.pdf?T=10">http://councilmeetings.lewisham.gov.uk/documents/g5477/Public%20reports%20pack%2026th-Jun-2019%2018.30%20Mayor%20and%20Cabinet.pdf?T=10</a>	June 2019	David Austin
Budget 2019/20 <a href="http://councilmeetings.lewisham.gov.uk/documents/g5131/Public%20reports%20pack%2027th-Feb-2019%2019.30%20Council.pdf?T=10">http://councilmeetings.lewisham.gov.uk/documents/g5131/Public%20reports%20pack%2027th-Feb-2019%2019.30%20Council.pdf?T=10</a>	February 2019	David Austin

### **Appendices**

1. Community Services Budget Cuts Proposals
- 1B. Adult Social Care Savings Consideration 20/21
2. Housing, Regeneration and Environment Budget Cuts Proposals
3. Corporate Services Budget Cuts Proposals
4. Making Fair Financial Decisions Guidance
5. Policy and Equalities Analysis
6. Specific Legal Implications
7. Summary of Cuts Proposals

## 8. Previously Approved 2020/21 Budget Cuts

For further information on this report, please contact:

David Austin, Interim Chief Finance Officer on 020 8314 9114