

MAYOR & CABINET

Financial Results 2019/20

Date: 9 July 2020

Key decision: No

Class: Part 1

Ward(s) affected: N/A

Contributors: Executive Director for Corporate Services

Outline and recommendations

This report sets out the draft financial results for 2019/20. The key areas to note are as follows:

- There is an overspend of £5.9m against the directorates' net general fund revenue budget for the financial year 2019/20. After adding in the effect of agreed transfers to reserves for specific carry forwards underspends of £0.9m, the total directorate overspend becomes £6.8m. For the third successive year, the main element of the overspend has been expenditure on children's social care. Officers are continually seeking to identify ways to manage down overspending budget, but this has not been sufficient to balance the budget this financial year.
- The Dedicated Schools Grant (DSG) outturn position is broadly balanced with a minor overall overspend of £108k.
- The Housing Revenue Account (HRA) final position is a surplus of £14.6m. The HRA had budgeted for a surplus of £2.8m. Therefore, the additional surplus amount is £11.8m, of which £7.2m was received as an unbudgeted grant for fire related works which will be carried forward to 2020/21. The revised additional surplus is therefore £4.6m.
- As at 31 March 2020, some 94.3% of council tax due and 99.8% of business rates due had been collected. Last year, 94.5% of council tax due and 99.7% of business rates due had been collected.
- The Capital Programme final spend for 2019/20 is £121.2m, which is 72% of the revised budget of £169.1m. The total capital expenditure last financial year was £71.1m, which was 82% of the revised budget of £87.3m.

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to set out the financial results for 2019/20. This report provides a direct comparison to the position reported to the end of January 2020, which was the last publicly reported monitoring position. The key areas to note are as follows:
- i. There is a forecast overspend of £5.9m against the directorates' net general fund revenue budget. This is set out in more detail in sections five to nine of this report. The main budget pressures are in the Children's & Young People and the Housing, Regeneration & Environment directorates.
 - ii. The Dedicated Schools Grant (DSG) is broadly balanced at the year end. There are nine schools with loans totaling £2.4m. This is set out in more detail in section 10 of this report.
 - iii. The Housing Revenue Account (HRA) is showing a final year-end revised surplus of £4.6m. More information on this is set out in section 11 of this report.
 - iv. As at 31st March 2020, some 94.3% of council tax due and 99.8% of business rates due had been collected. Last year, 94.5% of council tax due and 99.7% of business rates due had been collected. This is set out in more detail in section 12 of this report.
 - v. The Capital Programme final spend for 2019/20 is £121.2m, which is 72% of the revised budget of £169.1m. The total capital expenditure last financial year was £71.1m, which was 82% of the revised budget of £87.3m. This has been set out in more detail in section 13 of this report.

2. RECOMMENDATION

- 2.1 The Mayor & Cabinet is recommended to:
- 2.1.1 Note the financial results for the year ending 31 March 2020.

3. POLICY CONTEXT

- 3.1 This financial position demonstrates the impact of the very severe financial constraints which have been imposed on Council services with the cuts made year on year, despite the increasing demand to deliver services to the borough's residents.
- 3.2 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:
- 3.3 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

3.4 Values are critical to the Council's role as an employer, regulator, and 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 delivering our duties, 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.

4. PURPOSE

4.1 The purpose of this report is set out the financial results for 2019/20. This report provides a direct comparison to the position reported to the end of January 2020, which was reported in Budget Report update.

5. DIRECTORATE FORECAST OUTTURN

5.1 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a year end overspend of £5.9m is being reported as at the end of March 2020. By way of comparison, the outturn for 2018/19 was an overspend of £9.4m.

Table 1 – Overall Directorate position for 2019/20

Directorate	Gross budgeted spend 2019/20	Gross budgeted income 2019/20	Net budget 2019/20	Outturn Over/ (Under) Spend 31 March 2020	Forecast over/ (under) spend January 2020
	£m	£m	£m	£m	£m
Children & Young People (1) (3)	68.7	(9.6)	59.1	5.8	3.3
Community Services	179.7	(88.0)	91.7	(4.0)	(2.5)
Housing, Regeneration & Environment	123.4	(88.9)	34.5	3.2	2.7
Corporate Services (2)	62.5	(28.2)	34.3	0.9	0.7
Directorate Totals	434.3	(214.7)	219.6	5.9	4.2
Corporate Items	23.6	(0.0)	23.6	0.0	0.0
Net Revenue Budget	458.1	(214.9)	243.2	5.9	4.2

(1) – gross figures exclude £290m Dedicated Schools' Grant expenditure and matching grant income

(2) – gross figures exclude approximately £213m of matching income and expenditure for housing benefits.

(3) – includes £5.4m of once-off funding for 2019/20 to be reviewed in 2020/21

6. CHILDREN AND YOUNG PEOPLE DIRECTORATE

6.1 The final outturn position for the Children & Young People Directorate for 2019/20 is an overspend of £5.8m against a budget of £59.1m. This represents an increase of £2.5m compared to the figure reported in January.

- 6.2 The most significant area of overspend, and movement is in Children's Social Care where the final outturn was an overspend of £4.3m compared to a projection of £1.7m and will be the main focus of this section of the report.
- 6.3 With the exception of the placements budgets and a minor change in the Joint Commissioning and Early Help outturn, all other areas are within the projected outturn positions.

The table below confirms the outturn position against each of the services in the directorate.

Table 2 – Children & Young People Directorate

Service Area	Gross budgeted Spend 2019/20	Gross budgeted income 2019/20 – including grants*	Net Budget 2019/20	Outturn for 2019/20	Outturn Variance Over/ (Under) Spend March 2020	Forecast Outturn as at the end of January 2020
	£m	£m	£m	£m	£m	£m
Children's Social Care	42.9	(1.4)	41.5	45.8	4.3	1.7
No Recourse to Public Funds	4.0	(0.0)	4.0	2.4	(1.6)	(1.4)
Education Services	11.7	(1.7)	10.0	11.9	1.9	1.9
Joint Commissioning and Early Help	10.1	(5.0)	5.1	6.4	1.3	1.1
Schools	0.0	(1.5)	(1.5)	(1.5)	0.0	0.0
Total	68.7	(9.6)	59.1	64.9	5.8	3.3

* The government grants include the Adoption Reform Grant, SEND reform grant, Troubled Families grant.

* The CYP budget has increased by £0.2m as a result of the transfer from Corporate Services in respect of the Tribal system budget which was formerly a part of the IMT budget

Children's Social Care

- 6.4 The Children's Social Care budget for 2019/20 was £41.5m with a further £7m funded from corporate resources making a total resource available of £48.5m. It should be noted that the revised budget was uplifted to align with the 2018/19 outturn position and then reduced by the savings (£1.5m) proposals as agreed with Mayor and Cabinet.
- 6.5 There has been a clear understanding that detailed work is required to realign budgets. For 2019/20, the CSC budget was therefore considered in three broad disciplines, these being salaries, placements and other care costs:

Salaries

- 6.5.1 Salaries expenditure, in including agency costs finished the year in line with the budget of £16.5m.

Placements

- 6.5.2 The overall budget for placements of £29.8m reported an outturn of £32.9m, i.e. £3.1m overspent which is £2.6m higher than previously reported.
- 6.5.3 During 2019, the CSC budget and coding structure was comprehensively reviewed. The CSC finance system (Controcc) that connects to the child's record (LCS) is also being redesigned. This work, supplemented by a financial management training package for CSC managers, is due to be completed this summer. Going forward, the changes are intended to enable more detailed and transparent financial management.
- 6.5.4 The table above is based on the current placement budgets, i.e. prior to the implementation of the budget review, and the individual lines do not reflect current or historic spend in all cases. During this transition period, the monitoring reports have been based on spend

against the bottom line.

- 6.5.5 It can be seen by comparing the 2018/19 costs to the 2019/20 outturn that the main causes of the overspend are in these areas: Residential Care, Leaving Care 18+ (LC+) and Special Guardianship Orders (SGO). The table below shows the movement in numbers relative to April last year. It should be noted that for each area, numbers do go up and down throughout the year and this table is illustrating the overall trend in movement. It should be further noted that demand is one aspect of the profile, there is also price volatility and the statutory requirements to ensure each young person's needs are met.
- 6.5.6 Lewisham has a high rate of Children Looked After (69) compared to statistical neighbours (62). Considerable work has been done through 2019/20 in the service to bring this rate down. Fewer children came into care this year (179) compared to 2018/19 (196) and the overall number and rate of Children Looked After has fallen from 489, (a rate of 72 in January 2019) to 475 (a rate of 69 in March 2020). However, the profile of children in care is shifting and the complexity of the children/young people's situations has intensified. There are more 11–17 year olds with emotional and behavioural issues and concerns relating to violence, gangs and exploitation, which has increased the need for specialist and residential placements. This is coupled with the increasing unit costs of these placements. It is also important to recognise that where more alternatives to care are secured through SGOs, there continues to be cost associated with these arrangements.
- 6.5.7 Strengthening family support services for children on the edge of coming into care and expansion of in-house Fostering Services to increase the number and diversity of placements continue to be a priority for Children's Social Care to further reduce the overall rate of Children Looked After and reliance on Independent Fostering Agencies

Table 3 – Residential placements numbers

	April 2019	JAN 2020	FEB 2020	MARCH 2020	April '19 vs March '20
Numbers					
Local Authority Fostering	172	162	165	161	-11
Agency Fostering	209	194	195	195	-14
Residential Placement	48	62	60	62	14
Semi-Independent	33	38	38	40	7
SGOs	213	226	231	231	18
Leaving Care 18+	46	46	46	46	0
Total	721	728	735	735	14

Further detailed work is taking place with the service examining the outturn position and considering its impact on the 2020/21 Budget position. The budget is already facing a pressure of £1.3m as a result of previously agreed cuts to the placements budget.

Other care costs

- 6.5.8 The budgets cover all aspect of CSC which are either not “salaries” or “placement”, e.g.
- Section 17 payments, legal fees etc.
- 6.5.9 Against a budget of £2m, the outturn was £3.2m representing an overspend position of £1.2m. In previous years, this has been offset by the no recourse to public funds (NRPF). The NRPF has sufficiently underspent to cover this for 2019/20. From 2020/21 the budget will be aligned.
- 6.5.10 Details of the overspend are set out in the following:-

- The Section 17 budget, which includes non-housing NRPF spend, is a demand led budget and spend exceeded the budget by **£0.6m**.
- The balance of the overspend is in respect of Legal Fees of **£0.3m**
- Looked after Children 'additional extras' of **£0.6m**.
- This is partially offset but a number of minor underspends elsewhere.

Other Budget Areas in Children & Young People

6.6 No Recourse to Public Funds

- 6.6.1 The stabilisation of numbers of cases (led by the Housing Team in the HRE Directorate) has resulted in an underspend of £1.6m.

6.7 Education Services

- 6.7.1 Education Services budgets overspent by £1.8m, a reduction of £0.1m compared to the projection reported in January. This is predominantly as a result of a £2m overspend in SEN transport, and is of a similar level to the overspend in 2018/19.

6.8 Joint Commissioning and Early Help

- 6.8.1 Joint Commissioning and Early Help budgets overspend by £1.3m, an increase of £0.2m from the variance reported in January.
- 6.8.2 The early help offer for families is funded exclusively from the Troubled Families (TF) grant. Although the Council's TF claims are at the level expected by MHCLG, the service overspent by £1.1m. This is a legacy from the 2015/16 savings process. Furthermore, the budget for Youth Services overspent by £0.5m, mainly as a result of the contract being extended at a higher rate than originally budgeted.
- 6.8.3 The budget for Children's Centres underspent by £0.3m and monies set aside for one off post Ofsted actions remained as yet unspent at the end of the year. The service has applied for the latter to be carried forward into 2020/21 to ensure that the action can be completed.

6.9 Progress on Savings for 2019/20

- 6.9.1 The final position on the revenue budget savings for the directorate have been set out in the table below. After discussion at the Children's Social Care Improvement Board on the challenges in delivering the savings, it was agreed that the service would review the proposals and seek alternative options for meeting the savings target for 2019/20 and 2020/21.

Table 4 – CYP Savings Tracker for 2019/20

Ref	Description	Division	Proposal £k	Achieved £k	Gap £k	Comment
CYP01	More efficient use of residential placements	CSC	500		500	Not Achieved Not sufficient expertise to deliver the cut This has now been rectified
	Improved placement process and more efficient systems with					Not Achieved Delays with systems

CYP02	rigorous control through operating model and IT	CSC	250		250	implementations to facilitate the delivery of these savings
CYP03	More systematic and proactive management of the market for independent fostering	CSC	350		350	Not Achieved The original proposal overestimated the ability of the local authority to influence the market.
CYP04	Commission semi-independent accommodation for care leavers	CSC	250		250	Not Achieved Semi-independence framework completed in 2018, but difficult to assess the impact.
CYP05	Residential framework for young people - Joint South East London Commissioning Programme	CSC	200		200	Not Achieved Delays with the South London Commissioning Group's residential framework, led to exploring other options for example the West London Alliance
CYP06	Cease funding for former CYP funded post in Voluntary Action Lewisham	Joint Commissioning/ Early Help	25	25		Achieved
	Total		1,575	25	1,550	

7. COMMUNITY SERVICES

- 7.1 At year end, the Community Services directorate is showed an underspend of £4.0m, which represents an increase of £1.5m on the underspend position reported at the end of January 2020.

Table 5 – Community Services Directorate

Service Area	Gross budgeted Spend 2019/20	Gross budgeted income 2019/20	Net budget 2019/20	Outturn for 2019/20	Outturn Variance Over/ (Under) Spend March 2020	Forecast over/ (under) spend January 2020
	£m	£m	£m	£m	£m	£m
Adult Social Care	127.9	(55.4)	72.5	70.2	(2.3)	(1.8)
Cultural and Community Development	16.3	(7.9)	8.3	7.9	(0.4)	0.0
Public Health	14.9	(15.3)	(0.3)	(0.3)	(0.0)	0.1
Crime Reduction & Supporting People	19.3	(9.3)	10.0	8.9	(1.1)	(0.8)
Strategy & Performance	1.3	0.0	1.3	1.2	(0.2)	(0.1)
Reserves	0.0	0.0	0.0	0.0	0.0	0.0

Total	179.7	(88.0)	91.7	87.7	(4.0)	(2.5)
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- 7.2 The most significant cost variance for the directorate falls within the *Adult Social Care division*. The following sections provide a summary of the revenue outturn by division. It provides an explanation of the cause of the variance and any movements from the previous period.

7.3 Adult Social Care Services

- 7.3.1 The *Adult Social Care* division underspent by £2.3m (£1.8m projected in January). The budget has been increased in 2019/20 by the precept of £2m to fund the rise in London Living Wage costs and a rise in the improved Better Care Fund grant of £2.8m. There are cost pressures arising from transition and other demographic effects and from increased costs of care arising from the London and National Living Wage.
- 7.3.2 The net variance is £0.5m higher than that reported in January with the main change being an underspend of resources set aside for implementing the IT systems used by the service. Of this underspend, the majority (£0.5m) has been carried forward to 2020/21 to fund completion of the work. The outturn includes, as yet unfunded expenditure on Covid-19.
- 7.3.3 The pressures on package and placement budgets continue to be due, at least in part, to increased demand to speed up flow from University Hospital Lewisham (UHL). In order to improve the performance of Lewisham hospital, the Lewisham and Greenwich Trust (LGT) are in receipt of support from the National Director of Urgent and Emergency Care and there is pressure on the community system, particularly adult social care. These impacts have led to increased costs of care and support as people discharged often require more intense and costly care and support. There is also a £0.3m overspend on the cost of client transport.
- 7.3.4 Consultation on a new staffing structure that is designed to increase the levels and skills mix of staff at the front door has now concluded and the new structure is being implemented, recruitment is now underway to fill vacant posts and thus further reduce agency spend. This along with more effective use of short term interventions, such as enablement are expected to contribute to some delay or reductions in the need for longer term care. Work to improve systems have taken longer than planned. Once the combined workforce changes and new processes are in place, further revenue savings on package and placement budgets will be possible through better demand management. These have been assumed in the 2020/21 budget.
- 7.3.5 Officers from within the services of Joint Commissioning and Adult Social Care are working proactively to identify appropriate and cost effective solutions that will reduce some of the costs associated with long term care and support. These reductions are work in progress and have not been factored into the projections.
- 7.3.6 The service is dealing with more complex levels of need from cases that are referred from the acute hospitals due to a reduced length of stay. In addition, the young people with special educational needs and/or disabilities that transition from children's services to adults' social care, tend to be more complex. On average there are 20 new transition cases each year costing £700k per annum.
- 7.3.7 Additionally, there has been an unexpected increase in the number of residential and nursing placements for service users aged 18 to 65. Transition was expected to increase learning disabilities numbers, but there has been an increase of 20 placements (28%) on other client groups as well. Officers are investigating the reasons for this and will consider whether they could be avoided or mitigated in future.

- 7.3.8 There are also emerging pressures on care home fees linked to concern about market sustainability. This was highlighted as a national concern by the Association for the Directors of Adult Social Services (ADASS) in a recent survey and been recognised nationally through the Covid-19 response.

7.4 Cultural and Community Development

- 7.4.1 The *Cultural and Community Development division* was underspent by 0.4m. This represents a movement of -£0.4m against the balanced budget position reported for January. The main movements were an increase in the underspend position on the Libraries budget of £170k due to a combination of further slippage in the potential costs arising from the proposed operational changes to the Local History Archive resulting from the development works at Lewisham Library and an increase in the staffing underspend due to vacancies. Increased underspend on Leisure Management of £95k due to slippage in dilapidations work on the Leisure Centre buildings as a result of various issues with the Leisure Management contract. It has been agreed that this funding can be carried forward. A reduced overspend on the Broadway Theatre £50k due to an improvement in balance between income and expenditure over the final quarter.
- 7.4.2 The budget for community sector grants programme was overspent by £167k. An overspend of £200k was highlighted in the Main Grants Programme 2019-22 report to Mayor & Cabinet on 24 April 2019. A revenue budget saving of £600k was taken against the 2019/20 grants budget. However, the new 3-year programme came into effect on 1 August 2019 meaning that the existing programme was extended for four months resulting in the £200k budget pressure for 2019/20 with the full saving only being achieved from the 2020/21 financial year onwards. This full potential budget pressure was mitigated by slippage in the set up cost of the Lewisham Disability Coalition (£36k) with other small variances making up the balance.
- 7.4.3 The Culture and Community Development core staffing team has been restructured in order to deliver a full year saving of £150k per annum (£75k in 2019/20 and a further £75k in 2020/21). The new structure was put in place with an effective date of January 2020 and there was no material variance in 2019/20 which meant the initial £75k saving was fully achieved.
- 7.4.4 There was no material variance on that part of Community Centres budget held by Community Services Directorate - £17k underspend. A number of outstanding commercial rent agreements on community hub buildings have now been finalised resulting in the receipt of outstanding lease and rental amounts which in some cases have been backdated to reflect prior occupation leading to the small surplus in 2019/20.
- 7.4.5 There was an overspend on the Broadway Theatre budget of £30k. The service has to strike a delicate balance between costs and income generation and additional staffing costs incurred on marketing and some event management costs were not covered from additional income generation.
- 7.4.6 There was an overall net underspend on Events of £16k. The Blackheath Fireworks Events held in November was overspent by £16k as a result of an income shortfall - despite every attempt being made to maximise contributions and sponsorship for the event. As part of the 2019/20 budget savings process the Lewisham Peoples Day was moved to a bi-annual event with no event being held in the summer of 2019 – the annual budget was not therefore be spent in the 2019/20 financial year resulting in an underspend of £32k to be carried forward for future Peoples Day events.
- 7.4.7 There was a final underspend of £206k across the Leisure management budget. This is primarily the result of a change in the accounting treatment for the budgeted contribution to the Discretionary Rate Relief Pool. This cost now falls on the Collection Fund rather than on the revenue budget for the service resulting in a £130k underspend. In addition, there was an underspend of £95k due to slippage in dilapidations work on the Leisure Centre

buildings due to the issues with the Leisure Management contract. The underspends were offset by some additional costs incurred on consultancy and support in relations to the Leisure Strategy and support in relation to the Fusion Lifestyles contract of £15k.

- 7.4.8 The Libraries budget was net underspent by £254k. There were underspends on staffing budgets of £267k due to staff vacancies and turnover. Against this, a total of £125k had been earmarked to cover the costs arising from the operational changes to the Local History Archive which were necessary to ensure the safeguarding of the local history and archive collection based at Lewisham Library whilst the proposed development works are undertaken. These costs had been expected to fall in 2019/20, but delayed implementation mean the costs will now fall in 2020/21. In addition, there was a net underspend of £34k on Operational development resulting primarily from underspends on ICT maintenance, books and other electronic resources. These main underspends were offset by an income shortfall of £20k on fees and charges and £35k additional costs for security staff at Lewisham Library. Other minor variations made up the balance of the overall underspend on the service. In addition, there was a small net underspend of £6k on the Deptford Lounge budget after taking into account the running costs of the building which are offset by rental and other service charge income.
- 7.4.9 The Adult Learning Lewisham (ALL) service incurred gross expenditure of £4m which was fully covered in 2019/20 from a combination of grant funding from a combination of the Education and Skills Funding Agency and the GLA of £3.4m and student fee/other income of £0.6m. Although staffing budgets were tightly drawn for the year following the need to absorb the impact of the April 2019 pay award and the uncertainty around the funding for the Teachers' Pension increase, there was no net variance on the service for 2019-20.

7.5 Public Health

- 7.5.1 Overall, the Public Health Division spent to budget. The planned revenue budget saving on staffing has not yet been delivered in full and there was therefore an overspend of £0.1m on employee budgets but this was offset by underspends elsewhere in the service.

7.6 Crime Reduction and Supporting People

- 7.6.1 The *Crime Reduction and Supporting People* division was underspent by £1.1m which was an increase of £0.3m on the position reported for January. There were increased underspends of £200k on the Crime, Enforcement and Regulation and Youth Offending Service core budgets. A large part of this resulted from the use of additional MOPAC grant received for Serious Youth Violence (£200k-confirmed Nov 2019). In order to maximise the use of this new grant funding existing projected staffing spend has been moved from core funding in these teams increasing the final underspend position. There is an increase of £100k in the final underspend position on the Drug and Alcohol budgets which are 100% funded from Public Health Grant; this is primarily a result of lower than expected spend on activity based rehabilitation and detoxification services. In addition, the final underspend on Environmental Health increased by £33k from a combination of additional external funding in the Environmental Protections Team and further reduction in agency/consultancy costs in the Food Safety Team.
- 7.6.2 There was an underspend of £236k on the budget for secure remand placements in the Youth Offending Service. This was in part due to better demand management by the service and in part due to an increase in the level of grant received from the Youth Custody Service in 2019/20. Historically, this budget has been quite volatile in nature as the remand placements are at the discretion of the court and are based on the age/vulnerability of the young person and the nature of the offence that has been committed. The underspend increased over the final quarter due to a steady fall in the bed night numbers required in the Young Offenders Institutes and Secure Training Centres.
- 7.6.3 There was an underspend on the Environmental Health budget of £191k. This primarily relates to staffing in the Food Safety Team. There has been a significant increase in staff

turnover in the Food Safety Team and a difficulty in recruiting suitable replacement agency staff to carry out food inspection activity which was the primary factor in a final underspend of £181k on the Food Team budget. There was also a small underspend of £10k on Environmental Protection across non staffing operational budgets.

7.6.4 The Youth Offending core budget was underspent by £145k. This variance resulted primarily from underspends on the staffing budget as a result of staff turnover and recruitment lag in filling vacant posts within the service. The Crime, Enforcement and Regulation budget was underspent by £185k which again is primarily due to staff turnover and recruitment drag coupled with some additional income generated from licensing activity (£24k). The Prevention & Inclusion staffing budget also underspent by £83k mainly due to the part year impact of a staff secondments. The staffing underspends figures in all three services areas have been exacerbated by the need to maximise the use of the MOPAC grant for Serious Youth Violence (£200k) resulting in some core staffing costs being met from the grant funding.

7.6.5 There are also expected underspends of £93k on the Supporting People service resulting from contract savings and on the Drug and Alcohol Service of £160k primarily due to a reduction in spend on activity based rehabilitation and detoxification services.

7.7 **Strategy and Performance**

7.7.1 The *Strategy and Performance* division underspent by £0.2m. The underspends were on employee budgets.

7.8 **Reserves**

7.8.1 There was no material variance shown against Community Services Reserves.

7.9 **Trends in activity**

7.9.1 The following paragraphs show trends in activity in adult social care.

Table 6 – Number of 18+ Clients in service:

Adults 18+ in each type of care (numbers)				
	Dec 19	Jan 20	Feb 20	Mar 20
Residential	438	439	433	434
Nursing	284	288	289	281
Non-Residential	2,136	2,125	2,132	2,117
Total	2,858	2,852	2,854	2,832

Table 7 – Average Weekly Cost of 18+ Clients in service:

Adults 18+ in each type of care (average cost)				
	Dec-19	Jan 20	Feb-20	Mar 20
Residential	£1,100	£1,094	£1,092	£1,091
Nursing	£838	£812	£812	£814
Non-Residential	£396	£398	£400	£401
Average Gross v. Numbers	£548	£547	£546	£548

Table 8 – Weekly Gross Cost of 18+ Clients in service:

Adults 18+ in each type of care (gross cost)				
	Dec-19	Jan 20	Feb-20	Mar 20
Residential	£481,611	£480,316	£473,004	£473,632
Nursing	£238,074	£233,891	£234,588	£228,662
Non-Residential	£846,699	£845,521	£851,989	£849,004
Total	£1,566,384	£1,559,728	£1,559,581	£1,551,298

7.10 Progress on Savings for 2019/20

7.10.1 The final position on the revenue budget savings for the directorate have been set out in the table below.

Table 9 – Community Services Savings Tracker for 2019/20

Ref	Description	Division	Proposal £k	Achieved £k	Gap £k	Comment
COM01	Managing demand at the point of access to adult social care services	ASC	122	122		Achieved
COM02	Ensuring support plans optimise value for money	ASC	250	250		Achieved
COM03	Increase revenue from charging Adult Social Care clients	ASC	159	159		Achieved
COM04	Reduce costs for Learning Disability and Transitions	ASC	900	700	200	Partial achievement (£700k savings) in 2019/20, as this was offset by unforeseen increases in some care packages
COM05	Increased focus of personalisation	ASC	260	260		Achieved
COM06	Reduction in Mental Health Residential care costs	ASC	300	300		Achieved
COM07	Reduction in Adult Social Care contribution to Mental Health Integrated Community Services	ASC	100	100		Achieved
COM09	Cut to intensive housing advice and support service	CR&SP	300	300		Achieved
COM10	Crime, Enforcement & Regulation reorganisation	CR&SP	255	255		Achieved
						Only Partial achievement due to the nature of the saving (£400k savings) in 2019/20. The balance will be delivered in

COM12	Cut to Main Grants budget	C&CD	600	400	200	2020/21
COM13	Reduction in Arts, Development and Events Funding	C&CD	85	85		Achieved
COM14	Reduce Local Assemblies funds	C&CD	225	225		Achieved
COM16	Cultural and Community Development Service Staffing	C&CD	75	75		Achieved
COM17	Ending the Small & Faith Fund	C&CD	50	50		Achieved
	Total		3,681	3,281	400	

8. HOUSING, REGENERATION & ENVIRONMENT

- 8.1 The Housing, Regeneration & Environment directorate ended the 2019/20 financial year with an overspend of £3.2m, an adverse movement of £500k on the reported position to the end of January 2020. Last year's actual year-end outturn was an overspend of £1.7m.

Table 10 – Housing, Regeneration & Environment Directorate

Service Area	Gross budgeted spend 2019/20	Gross budgeted income 2019/20	Net budget 2019/20	Final Outturn 2019/20	Outturn Variance Over/ (Under) Spend March 2020	Forecast Over/ (Under) Spend January 2020
	£m	£m	£m	£m	£m	£m
Strategic Housing	32.6	(26.8)	5.8	5.3	(0.5)	0.0
Environment	38.0	(17.5)	20.5	22.8	2.3	2.6
Regeneration	49.9	(42.1)	7.8	8.1	0.3	0.4
Planning	2.7	(2.0)	0.7	0.4	(0.3)	(0.4)
Reserves / Provisions	0.2	(0.5)	(0.3)	1.1	1.4	0.0
Total	123.4	(88.9)	34.5	37.7	3.2	2.7

- 8.2 The most significant cost pressures for the directorate fall within the Environment division. The following sections provide a summary of the revenue outturn by division. They provide an explanation of the cause of the variance and any movements from the last reported period. It also makes clear what the impact of any management action or other intervention has had on the year-end outturn. Where any variance is impacted upon by demand driven activity, then these are set out and made clear in this section also. This section also provides a directorate summary of the progress made on delivering agreed savings for 2019/20 and what impact if any, slippage on those savings has had on the overall directorate position.

8.3 Strategic Housing

- 8.3.1 The net budget for *Strategic Housing* in 2019/20 is £5.8m. The outturn position for 2019/20 is an overspend of £3.2m. However, as the corporate recharges are non-controllable and not budgeted for, removing these elements reduces the outturn position to an under spend of £478k, an improvement on the forecast breakeven position reported in January.
- 8.3.2 The Private Sector Leasing (PSL) service overspent by £1.1m, reduced to £549k after applying the PSL reserves for incentive payments (forecast overspend of £110k in

January). Repairs and maintenance (R&M) costs significantly exceeded available budget with a total spend of £934k against a budget of £366k, an overspend of £568k. A significant amount of charges were processed as part of closing. The service manager will be investigating why costs appear excessive in comparison to previous years and why charges were left until the year end before being processed. Total number of PSL stock at the start of the financial year is 462 units.

- 8.3.3 Bed and Breakfast (B&B) is overspent by £356k after the use of grants given specifically for this purpose (covering the housing benefit (HB) limitation recharge). The overspend is related, in part, to increased bad debt charges at £98k over budget. In addition, an increase in the numbers accommodated in nightly paid units for the financial year resulted in additional HB limitation recharges. An overspend of £161k was reported in January.
- 8.3.4 Actual numbers in B&B totalled 769 tenancies at the end of March 2020 (January 761 tenancies). The monthly average number of tenancies for 2019/20 is 739 per month which is a 12% or 81 tenancies increase on the monthly average for 2018/19 of 658. This has therefore increased the total HB limitation recharge from £2.918m in 2018/19 to £3.776m in 2019/20. The numbers accommodated have been kept relatively stable over the last few months due to the continuation of incentive payments to landlords and clients (finding their own accommodation to rent). In 2018/19, a total of 593 preventions were made using this resource. If this resource was not available and these clients had to be housed in nightly paid accommodation, this would have cost an additional £3.6m to the service.
- 8.3.5 B&B Arrears have increased by £684k since the beginning of the year. The resulting bad debt charge of £398k was some £98k over the budget provision. The arrears for Children's placements and Non-Recourse to Public Funds (NRPF) client groups were recharged to the specific service areas and are therefore not included in the bad debt provision figures for housing.
- 8.3.6 Private Managed Accommodation (PMA) as a product is a cost to the Council and has contributed to the pressure in the Housing division, but at a lesser extent than if B&B accommodation was used. PMA underspent by £448k (£260k forecast underspend reported in January). Again, this is after the use of specific grant given for this purpose (covering HB limitation recharge). The total number of PMA stock at the start of the financial year is 359 units. Stock at the start of March has risen to 470 units, increasing the pressure in this area. However, additional flexible homelessness support grant funding (FHSG) has been used to reduce this after allowing for the £40 per unit per week management costs allowance and additional £45 per unit per week above current LHA levels.
- 8.3.7 There is an overspend in the Housing Needs Group of £202k which is mainly due to salaries cost overruns and under recovery of income.
- 8.3.8 The Housing, Partnership and Development division has overspent by £1.74m (£308k forecast over spend in January) mainly as a result of a £1.42m charge for a payment to Peabody in relation to security costs incurred on the Deptford Southern project. This will be corporately funded and is discounted from the monitoring position. In addition capital write back recharges of £36k have also been discounted from the monitoring position as non-controllable costs. There is an overspend of £452k in the PLACE Ladywell scheme relating to repairs and the fire related waking watch scheme.

8.4 *Environment*

- 8.4.1 The Environment division ended the 2019/20 financial year with a net overspend of £2.3m, which represents a favourable movement of £300k on that reported in January. This is set against an over spend of £1.9m in 2018/19 and £0.8m agreed revenue budget savings for 2019/20.
- 8.4.2 For *Environmental Administrative Support*, this ended the year with a £100k underspend

due reduced staffing costs.

- 8.4.3 The *Refuse Collection* service is ending the year with a £1.5m overspend, accounting for almost two thirds of the total overspend in Environment. The change in position from the one reported in January is mainly due to a rebate in vehicle hire costs being apportioned in March. With the introduction of the fortnightly refuse collection and weekly garden and food waste services in recent years, unforeseen operational issues emerged that have added to the underlying budgetary pressures.
- 8.4.4 Staff costs exceeded the budget by £615k, a slight increase on the January position, and a slight improvement of £22k on the 2018/19 overspend. Some £75k of this staffing overspend relates to the trade waste service and between £250k - £300k can be attributed to the two additional dry recycling collection rounds as each refuse vehicle has a driver and a crew of three staff. The additional bulk collection rounds adds another £130k staffing pressures.
- 8.4.5 As seen in previous years, the overspends on vehicle costs for refuse services are reducing following the purchase of a number of new vehicles in 2018/19. However, there are still ten hired in vehicles in use, which created an overspend position for this year of £620k, down from £669k last year and no change from position reported in January. Earlier this year, Mayor & Cabinet approved a report for the acquisition of a fleet of new Euro Low Emission Zone compliant vehicles. Once these vehicles have arrived, there should no longer be a need to hire refuse vehicles. There will be a delay in receiving these vehicles due to Covid-19 outbreak. Other pressures still remain due to the hired vans used to deliver and collect bins to and from households and trade waste customers.
- 8.4.6 There is also a shortfall of income for *trade refuse* of £460k. This is £130k worse than the shortfall in 2018/19 and the same as January's reported position based on current amounts invoiced. The income budget for 2019/20 included an additional £150k savings target, but it has not been possible to achieve this target as numbers of trade customers have reduced as shown in the Table 11. Recharges to Lewisham estates and Schools for the provision of trade waste services are excluded from the Table below, but raised £290k (£287k last year). Work is being undertaken to analyse the customer base and develop more streamlined marketing, contract and debt collection processes to increase the income stream from trade waste and in line with the recommendations of the APSE review. An additional £300k income target was agreed for 2020/21 although an equivalent amount of pressures funding has been applied to the 2020/21 budget. This would require at least 500 trade customers subscribing for a full year to achieve the increased income target based on analysis of average income per customer.

Table 11 – Trade Refuse (excluding Lewisham Estates and Schools)

	2016/17	2017/18	2018/19	2019/20
Income Budgets	1,951,000	2,048,000	2,048,000	2,198,000
Income Actuals / Forecast	1,775,986	1,746,770	1,714,415	1,722,000
Surplus / (Deficit)	(175,014)	(301,230)	(333,585)	(476,000)
Number of Trade customers	2,195	2,097	2,084	1,874

- 8.4.7 For *Strategic Waste Management* services an underspend of £30k is being reported, which is an improvement of £168k on January's forecast. The existing contract for the disposal of dry recyclables expires on the 30 June 2020 and a new five year contract has been procured with the same supplier. The 2019/20 cost is £1.3m, an increase of £0.4m on 2018/19, funded from corporate reserves. The indicative contract cost for 2020/21 is approximately £1.9m, an increase of £0.6m.

- 8.4.8 Whilst total waste collection volumes have decreased by 11% 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 15,000 tonnes (18%) whilst composting volumes have increased by 10,300 tonnes (over 800%) over the same period. The former is currently charged at £63.52 per tonne for disposal whilst the latter costs up to £79 per tonne. Recycled tonnages has actually decreased by almost 1,400 tonnes (7%) 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. These rising costs described above, faced with an 11% fall in volumes over five years require further analysis. The service will work on getting a better understanding of waste disposal volumes and increasing numbers of households and how this drives costs both in terms of collection and disposal rounds needed. Table 12 sets out waste disposal volumes for the last five years.

Table 12 – Waste Disposal Volumes

Waste Type	2015/16	2016/17	2017/18	2018/19	2019/20
Total waste sent for incineration	99,573	99,835	94,930	85,558	84,341
Total waste sent to landfill	856	958	499	362	11
Total waste sent for recycling	19,231	17,329	16,091	15,801	17,902
Total waste for composting	1,372	2,626	7,597	12,138	11,707
Total waste sent for re-use	992	1,303	1,050	811	509
Total waste sent for RDF	8,030	2,003	2,284	2,982	2,414
Total waste collected (tonnes)	130,055	124,055	122,451	117,653	116,884

- 8.4.9 Further work is being done to refine, develop and link both the service operating and budgetary models so that pressures are clearly identified, costed and highlighted at an early stage of the annual business and financial planning cycle. This will enable the Council and service to take appropriate remedial actions. This could include a review of the current model of service delivery in terms of number of rounds, staffing mix between permanent and temporary staff, and other key inputs in order to secure greater efficiencies and optimal service delivery.
- 8.4.10 The *Street Management* service ended the year with a £243k overspend, £93k worse than the overspend position reported in January and an improvement on the £327k overspend in 2018/19. A significant element of the overspend is due to staffing costs (£156k), and a small element of residual spend (£31k) for public conveniences. These pressures are partially offset by a favourable income variance (£93k), largely due to recharges to other services. Management are undertaking a detailed analysis of this staffing pressure to have a better understanding of the cost drivers. An area which may require greater attention is the levels of long term sickness.
- 8.4.11 The *Green Scene* service ended the year with an overspend of £73k, which represents a £31k improvement on January's position. This is due to a combination of factors in Pest Control Arboreal Services (due to the storms earlier in the year) and Parks.
- 8.4.12 The *Passenger Services* budget showed no net variance for 2019/20. The cost of passenger services for 2019/20 was £4.1m and this cost was fully recharged to the Directorates using the service, predominately CYP (for SEN transport) and Community Services (Adults) with smaller charges to schools budgets. The overall cost of the service was £0.2m higher than the 2018/19 cost of £3.9m. This overall cost increase related primarily to staffing and was a combinations of the annual pa and some additional staffing costs relating to increased rounds.
- 8.4.13 The *Fleet Service* also showed a balanced budget position for 2019/20, no change from

the January reported position.

- 8.4.14 For *Bereavement Services*, this ended the year with a net overspend of £614k, the same as January's reported position. This overspend is due to a combination of shortfalls in cemeteries and crematoria income of £395k, overspend on cemeteries supplies and services equipment of £186k, increased charges for the *coroners' court service* of £66k with the London Borough of Southwark, staffing overspends of £41k and underspends on premises related expenditure (£36k).
- 8.4.15 Lewisham's contribution to the Coroners' Consortium this year is £476k, an increase of £65k on last year and £66k more than budgeted mainly due to a £57k under-recovery of 2018/19 costs by the London Borough of Southwark, and outside the control of the service.
- 8.4.16 As a result of a 7.5% increase in cost of burials from 1 April 2019, there was an expectation that income would rise, reflected in a £67k savings proposal, £44k of which was applied to the cemeteries income budget. The current numbers of deaths and resultant burials and cremations are significantly less than last year, leading to a sizeable shortfall against the income budget and the savings target.
- 8.4.17 The service has incurred additional expenditure in the year resulting from work to create four new burial plots at Hither Green and Grove Park Cemeteries; the cost of creating the plots is in the region of £27k and work is in the latter stages of completion.
- 8.4.18 Cremation charges were reduced by 7.5% from 1 April 2019 with the aim of making the services more affordable, but current figures do not suggest a commensurate increase in market share. Due to the nature of the service, it is difficult to predict the numbers of burials and cremations for the year, as volatile factors such as the weather and possible influenza epidemic, amongst others, all play a role.

8.5. *Regeneration*

- 8.5.1 The Regeneration division has ended the year with a £340k overspend, which represents an improvement of £59k on the position previously reported in January. This movement is primarily due to increased underspends of £72k in the Highways & Transportation division.
- 8.5.2 The main pressures have been in the *Property Strategy* service where the income shortfall from commercial rents is £177k, partly due to void rent loss and limited rent review opportunities this year, some £54k worse than January's forecast. This is largely because of a site returning to the Council earmarked for housing. The 2018/19 outturn was a £99k overspend. Utility costs have exceeded the budget by £312k, mainly due to rising prices. The Building Control service ended the year £304k overspent due to re-absorption of two Customer Services staff and the recruitment of a third in order to maintain service delivery. There is also an under recovery of income arising from staff vacancies, including a Building Control Manager, who would have been responsible for leading on income generation. The rents underspend of £177k is due to rent now being paid by the NHS for the use of Laurence House and the surrender of a previously rented building. Further re-alignment of salary budgets within the Property Strategy service is reflected in an underspend of £39k. Some posts have only just been filled part way through the year and other posts are being held vacant in order to support agency costs.
- 8.5.3 The overspend in the *Highways and Transport* service is due to a combination of pressures, primarily staffing/agency costs to provide temporary cover for delivery of schemes (£48k) and a 2.5% uplift on Lewisham's contribution towards the Street Lighting PFI contract (£40k) which still has seventeen years to run. Income permits underspend of £20k is due to higher than anticipated income from Section 74 fines where utility works have overrun. Additional section 278 and section 106 income brought in an extra £50k. Underachievement of income from the electric vehicles totalled £18k and was due to

delays in rolling out the charger installations. These delays are largely as a result of the Council's reliance upon external funding sources over which there is no control.

8.5.4 Within the *Estate Compliance* service the overspend position is due to realignment of staffing budgets so that members of staff now sit under the correct service (£113k). The Corporate Estate finished the year with an overspend of £99k, attributable to payment of the London Living Wage for the cleaning and security contracts, as well as establishing first year costs of an insourced service. The FM Team have been undertaking a lot of work on TFCloud in order to unpick data entry errors previously made. This has resulted in a more accurate picture of expenditure against budget, and the expectation was for the over spend to increase until year end. These total cost pressures of £212k are partially offset by underspends in the schools estates of £151k. This underspend is made up of an existing member of the team having completed the compliance training so now the service can deliver the annual review from within the service area instead of using a consultant (£14k), fencing works which has not been undertaken (£45k), reduced Supplies & Services (£32k) and £60k due to the delays in quotes from Dalmain Primary School to fit fire doors. A request has been made by the service to carry forward this underspend into 20/21 to fund the works on the fire doors.

8.5.5 There was a staffing underspend of £55k in the *Commercial and Investment Delivery* service due to a vacancy and reduced employee expenses. There was also a small underspend of £5k on the Capital Programme Delivery team.

8.6. Planning

8.6.1 The Planning Service has ended the year with a £366k underspend, a slight improvement of £2k on the previous position reported for January 2020.

8.6.2 *Development Management* is reporting an underspend of £335k, a small movement of £16k from the £351k forecast under spend reported in January.

8.6.3 The current Covid-19 pandemic is having a significant adverse impact on the levels of planning applications received and indeed, the ability to process the same within normal timescales. This will inevitably lead to a material reduction in planning fees and associated income in 2020/21 and senior managers within the service are working with colleagues across other London Boroughs to put in place measures to mitigate the loss of fees and charges.

8.6.4 *Strategic Planning* has finished the year with an underspend by £55k, an improvement of £30k on the forecast outturn reported in January. Corporate funding of £122k has been awarded to cover costs incurred in preparing the affordable housing supplementary planning document. Neighbourhood Planning Grant of £25k has been carried forward into 2020/21 and is available to spend, providing the relevant criteria are met.

8.6.5 It should, however, be noted that the Council is in the process of preparing a new Local Plan, a statutory planning document setting out the council strategy and policies for future growth and change in the borough over a 15 year plan period; this has the potential to increase expenditure as a number of studies will need to be commissioned to contribute to the evidence base of the plan. This expenditure is likely to continue to be incurred in 2020/21. The Service is also managing greater demands for planning guidance where costs are unrecoverable. The implications of additional work streams on budgets and resources are being kept under review.

8.7 Reserves and Provisions

8.7.1 Reserves and Provisions overspend relates to unbudgeted costs of securing a development site for longer than anticipated, which was in the final stages of transfer as part of a housing regeneration scheme. This site has now been transferred and the costs will not recur.

8.8 **Progress on Savings for 2019/20**
Table 13 - Housing, Regeneration & Environment Progress on Savings

Ref	Description	Division	Proposal £k	Achieved £k	Gap £k	Comment
CUS02	Income Generation – increase of Garden Waste Subscription	Environment	278	278		Achieved
CUS03	Income Generation – Events in Parks	Environment	200	161	39	Partially achieved. There was an overall shortfall £39k against target. Fewer events were booked than originally anticipated.
CUS04	Income Generation – increase in Commercial Waste Charges	Environment	150		150	No savings were achieved. There are existing pressures on commercial waste income targets. There is an ongoing review of potential and existing trade customers with a view to increase the customer base.
CUS05	Increase charge for the collection of Domestic Lumbar from households	Environment	30	30		Achieved
CUS06	Bereavement Services – increase income targets	Environment	67		67	This target was not achieved, there are existing pressures on income within the service. As a result of a 7.5% increase in cost of burials from 1 April 2019, there was an expectation that income

						would rise. The current numbers of deaths and resultant burials and cremations were significantly less than last year, leading to a sizeable shortfall against the income budget.
CUS08	Close the four remaining Automated Public Toilets	Environment	92	92		Achieved
CUS09	To reduce the net budget for Nightly Paid Temporary Accommodation, as new permanent homes become available	Strategic Housing	405	405		Achieved
RES11	Increase in pre-application fees	Planning	100	100		Achieved
RES14	Corporate Estate Facilities Management Contract Insourcing	Regeneration	100	100		Achieved
RES17	Beckenham Place Park – income generation	Regeneration	28	28		Achieved
RES18	Electric Vehicle charging points	Regeneration	50	32	18	Only £32k savings achieved due to delays in rolling out the charger installations.
Total			1,500	1,226	274	

9. CORPORATE SERVICES

- 9.1 The Corporate Services directorate has an outturn overspend of £0.9m. The overall position has been set out in Table 14.

Table 14 – Corporate Services Directorate

Service Area	Gross budgeted	Gross budgeted	Net budget	Outturn for	Outturn Actual	Forecast over/
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	spend 2019/20	income 2019/20	2019/20	2019/20	Over/ (Under) Spend March 2020	(under) spend January 2020
	£m	£m	£m	£m	£m	£m
Corporate Resources	5.9	(3.2)	2.7	2.6	(0.1)	(0.1)
Corporate Policy & Governance	4.7	0.0	4.7	4.4	(0.3)	(0.3)
Financial Services	5.4	(1.5)	3.9	3.9	0.0	0.1
OD & Human Resources	3.0	(0.3)	2.8	2.4	(0.4)	(0.1)
Legal Services	3.4	(0.5)	2.9	2.8	(0.1)	0.0
Strategy	5.4	(2.8)	2.6	2.2	(0.4)	(0.2)
IT & Digital Services	5.9	0.0	5.9	7.5	1.6	1.2
Public Services	28.8	(18.5)	10.3	10.9	0.6	0.1
Reserves	0.0	(1.4)	(1.4)	(1.4)	0.0	0.0
Total	62.5	(28.2)	34.3	35.2	0.9	0.7

- 9.2 The *Corporate Resources* division underspent by £0.1m, mainly due to vacant posts. The *Corporate Policy and Governance* underspent by £0.3m. This is mainly on staffing budgets, including the Chief Executive and Executive Director for Corporate Services posts, which have been vacant for periods of this financial year.
- 9.3 The *Financial Services* division ended the financial year with a balanced budget position.
- 9.4 The *Organisational Development and HR* division underspent by £0.4m at year-end. There was underspending against staffing budgets and also slippage on learning and development expenditure that increased the overall underspend at year-end.
- 9.5 The *Legal Services* has a £0.1m underspend at year-end, primarily due to increased income. The *Strategy* division ended the year with a £0.4m underspend. There was a £0.1m underspend against the Apprenticeship budget due to slippage in recruitment, and also a number of grant funded schemes have received funding which will be carried forward into 2020/21.
- 9.6 The *IT & Digital Services* division had a year-end overspend of £1.6m. This is £0.4m higher than the previous forecast, mainly because of the year-end accrual from the Shared ICT Service; this included £0.3m of costs which due to timing have not been recharged out across other service areas. The overall overspend is primarily due to the additional costs of the Shared ICT Service (£0.8m), the extended use of interim consultants whilst a new management team is recruited (£0.3m), as well as a number of “investment costs” to improve service levels, and some residual costs from the legacy print contract. The remaining £0.5m is due to previously unbudgeted software commitments being identified, and an extended use of contractor resource whilst the IT and DS Restructure is finalised. The 2020/21 budget setting process has identified ongoing service pressures and new commitments which will be funded. The service budget will increase by £1.7m to £7.3m in the new financial year.

Public Services

- 9.7 The Public Services division has an overall overspend of £0.6m at the year-end. This is £0.5m worse than the February forecast, with the main reasons being: reduced Parking income with no additional accrual for amounts collectible in 20/21 in relation to 19/20 income due; increased overspending in Revenue Services primarily due to reduced income collected by the Enforcement Agent Team and Council Tax Court Fee income; and salary overspends combined with reduced SLA income from Schools in the Complaints, Casework and Information Governance section (within Emergency Planning & Admin in table above). The variances are set out in the table below:

Table 15 – Public Services

Service Area	Net budget	Outturn over/ (under) spend March 2020	Forecast over/ (under) spend January 2020
	£m	£m	£m
Revenue Services	2.0	0.2	0.0
Housing Benefits	11.1	0.0	0.3
Emergency Planning & Admin	0.9	0.4	0.1
Service Point	2.0	0.1	0.2
Parking Services	(5.8)	(0.1)	(0.5)
Director of Public Services	0.1	0.0	0.0
Total	10.3	0.6	0.1

- 9.8 For the *Revenue services* area, there was an overspend of £0.2m. Court Fee income was reduced due to Court restrictions on case numbers, and the Enforcement Agent Team was not able to achieve the income budget. This budget has received pressure funding in 20/21 to make the income budget more realistic.
- 9.9 The *Housing Benefits* section has a year-end balanced budget position. There was a £250k underspend in the Admin team, although this included a £0.1m once-off receipt that has been requested to be carried forward to 2020/21. There was also a £0.3m underspend in concessionary fares due to lower settlement figures from Transport for London (TfL) based on the number of Freedom Pass holders. The local support scheme provides small loans and grants to at risk individuals in the case of a crisis or emergency. The service has been funded from one off grant income received in previous years from the DWP; this ran out during the year and an overspend of £0.1m was recorded against this budget line. This will be a budget pressure in 2020/21 if this scheme continues in any form without additional budget provision. The Housing Benefits Subsidy budget was overspent by £0.5m, even with the application of corporate funding of £675k towards a structural shortfall in the budget. This £675k has been added to the base budget for 2020/21, but nonetheless this is a potential on-going budget pressure that will need to be kept under review.
- 9.10 There was an overspend of £0.4m in the *Emergency Planning & Administration* service. This has been driven by salary and agency spend significantly above budget, and also reduced income from Schools in comparison to 2018/19. There were also IT costs that had not been factored into previous forecasts that has partly caused the increase in overspend at year-end.
- 9.11 *Service Point* has a £0.1m overspend, mostly due to a staffing pressures in the Customer Service Centre team (partially offset by overachievement on license and permit income) and an underachievement of recharge income in the in-house printing service.
- 9.12 The *Parking service* has an underspend of £0.1m at year-end. Although the underspend was less than forecast, this is partly due to a prudent decision not to assume any further income related to 19/20 will be collected in 20/21. Given the current major impact on Parking income arising from social restrictions it is likely the service will experience severe difficulty in achieving the income budget in 20/21, particularly with a £0.5m saving having increased the collection target for the new year.
- 9.13 Progress on Savings for 2019/20**
- 9.13.1 The final position on the revenue budget savings for the directorate have been set out in the table below.

Table 16 – Corporate Services Savings Tracker for 2019/20

Ref	Description	Division	Proposal £k	Achieved £k	Gap £k	Comment
CUS01	Printing reduction	IT & Digital	100		100	Not delivered in 2019/20, expected to be delivered in 2020/21 due to delay in starting the reduction programme
CUS10	Invest to save – create revenues protection team	Public Services	806	806		Achieved
CUS12	Invest to save – Housing Benefit overpayment recovery improved	Public Services	480		480	Not achieved – the value of overpayments has reduced rendering the proposal non deliverable for 2019/20
CUS14	Parking Service revenue review	Public Services	500	500		Achieved
RES01	Benefits Realisation of Oracle Cloud	Finance	90		90	Not Achieved – Delayed delivery of the payroll and HR element of the Oracle Project. To be delivered in 2020/21
RES02	Legal fees increase	Legal	50	50		Achieved
RES05	Withdrawal of Councillor Car Run Delivery Service	Policy & Governance	10	10		Achieved
RES06	Increase income supporting the Funding Officer post and review the Economy and Partnerships Function	Strategy	30	30		Achieved
RES08	Insurance costs – premium reduction	Corporate Resources	30	30		Achieved
RES09	Insurance costs – self-insurance reserves	Corporate Resources	200	200		Achieved
RES10	Cease graduate programme	OD & HR	78	78		Achieved
RES16	Commercial Property Investment Acquisitions	Corporate Provisions	140	140		Achieved
Total			2,514	1,844	670	

10. DEDICATED SCHOOLS' GRANT

- 10.1 The table below shows the net DSG position after academy recoupment of £258.53m. Please note that position is broadly at break even, with a £108k overspend.

Table 17 – Summary position of funding v spend

		2019-20 DSG allocations,				
		2019-20 schools block (£ million)	2019-20 central school services block allocation (£ million)	2019-20 high needs block allocation (£ million)	2019-20 early years block (£ million)	2019-20 total DSG allocation (£ million)
2019/20	Allocation	178.18	5.42	50.71	24.53	258.83
2019/20	Outturn	178.18	5.42	51.34	24.00	258.94
2019/20	Variance	0.00	0.00	0.63	-0.52	0.11

- 10.2 However it should be noted that at an individual level, the High Needs Block is now beginning to show pressure. The high needs element shows a net overspend of £630k.
- 10.3 This is after applying other resources including £800k from the Schools Block, £725k High needs applied from 2018/19 (following late allocation by the Secretary of State in 2018/19).
- 10.4 It is important to note that Lewisham remains to be one of very few Local Authorities that is spending within their budget position. The pressure on the High Needs Block has been recognised as a national issue. Over the last two years, the DfE has targeted additional resources to the DSG (High Needs Block), unfortunately the demand is outstripping the funding both in terms of demand. The Public Accounts Select Committee (PAC) and Schools Forum have been previously advised of this pressure. For 2020/21, the high needs block is anticipated to overspend. Officers are currently working on forecasts and will be reporting further detailed information to both PAC and Schools Forum as appropriate.
- 10.5 The Early Years block remains provisional until the finalisation of pupil data anticipated in June.
- 10.6 With regards the Schools final position. Overall, the net position for schools has reduced from £21.6m to £19.4m. This includes £1.4m in loans (a reduction on the previous year by £752k). It should however be noted that within the overall net surplus there are 11 schools with a total of £3.7m deficit.

11. HOUSING REVENUE ACCOUNT

- 11.1 The 2019/20 outturn position for the Housing Revenue Account (HRA) is a surplus of £14.6m. The HRA budgeted for a surplus of £2.8m, which is contained within the current budget allocations. Therefore the additional surplus amount is £11.8m. However, £7.2m of this surplus relates to a grant received for fire related works which will be carried forward to 2020/21. The revised additional surplus is therefore £4.6m and is a significant change from the £110k forecast surplus reported in January. A high level summary by division is set out in the Table below, and key variances are highlighted in the following paragraphs.

Table 18 – Housing Revenue Account

Service Area	Expenditure Budget 2019/20	Income Budget 2019/20	Net Budget 2019/20	Outturn Over/ (Under) Spend March 2020	Forecast Outturn Over/ (Under) Spend January 2020
	£m	£m	£m	£m	£m
Customer Services – Housing	17.6	(3.5)	14.1	(1.4)	(0.2)
Lewisham Homes & R&M	38.0	0	38.0	(1.9)	0
Resources	1.5	0	1.5	(0.1)	0
Centrally Managed Budgets	42.9	(96.5)	(53.5)	3.4	0.1
Total	99.9	(99.9)	0	0.0	(0.1)

- 11.2 The actual surplus of £4.64m has been transferred to reserves to fund the future HRA Programme as a part of the 30 year HRA business plan.
- 11.3 Housing Strategy has now been split between the housing management function and new build/developments team. These areas are showing an under spend of £19.8k on Housing Management and £1.06m on New Build & Developments. However, the New Build & Development under spend will be carried forward for use in 2020/21 as this relates to ongoing feasibility costs for the building for Lewisham Programme.
- 11.4 Repairs & Maintenance (R&M) costs are £1.86m under budget (breakeven position forecast in January), mainly due to increased capitalisation of repair works at the end of the financial year. Rental income exceeded budget by £1.4m and income from tenants' service charges exceeded budget by £219k. A void allowance of 1.5% is made for budgeting purposes. However, final void rates for 2019/20 was 0.44%. In addition, it was forecasted that 46 units would become void during the financial year and would not be available for re-letting due to regeneration schemes. However, it is difficult to precisely predict when units will be decanted. A delay in the decanting progress has resulted in additional income to the HRA. In addition, it is was forecast that there would be 90 Right to Buy (RTB) sales for the year. In total there were only 46 sales.
- 11.5 There was also an under spend on bad debt provisions totalling £2.46m as a result of the phased implementation of universal credit in Lewisham. Major works income was under-recovered by £4.31m. This income is based on actual final bills raised in the financial year. Charges not raised in this financial year will fall to be raised in 2020/21. Raising of bills is dependent on the Lewisham Homes Capital Programme undertaking works which can/are recharged to Leaseholders. Lewisham Homes' fee spent to budget for 2019/20 in the sum of £21.4m. As previously reported the contingency budget of £250k was not utilised during the financial year.
- 11.6 The current 30 year HRA financial model has been recently refreshed, with the final outturn for 2019/20 as well as the latest updates for the new build programme and general capital programme incorporated into the plans. Budgets were updated to reflect starting stock numbers from 1st April 2020 to reflect the latest position.

12. COLLECTION FUND

- 12.1 As at 31 March 2020, some £137.555m of council tax had been collected. This represents 94.3% of the total amount due for the year. This is below target for the year of 96%. Last year, the collection rate was 94.5%.
- 12.2 Business rates collection is at 99.8%, ahead of the target collection rate of 99.0%. Last year's collection rate was 99.7%.

12.3 The tables below shows the council tax and business rates collection rates and values for 2019/20:

Table 19 – Council Tax Collection 2019-20 (Actual against profiled)

	Cash Collected (cumulative)	Cash needed to meet 96% Profile	difference between collected and 96% profile	Current Year Collection Rate%	Previous Year Collection Rate (2018-2019)	difference	Required Collection Rate to reach 96%	difference
Apr-19	15,924,057.93	16,008,021.97	-83,964.04	10.94%	10.79%	0.14%	10.98%	-0.04%
May-19	27,849,341.80	28,144,421.89	-295,080.09	19.15%	19.10%	0.05%	19.30%	-0.15%
Jun-19	39,235,018.21	39,793,189.22	-558,171.01	26.91%	26.90%	0.01%	27.29%	-0.38%
Jul-19	51,343,745.90	51,788,011.95	-444,266.05	35.15%	35.05%	0.10%	35.52%	-0.37%
Aug-19	62,690,277.50	63,398,737.46	-708,459.96	42.89%	42.83%	0.06%	43.48%	-0.59%
Sep-19	74,271,040.71	75,142,401.54	-871,360.83	50.72%	50.54%	0.18%	51.54%	-0.81%
Oct-19	86,105,622.86	87,378,932.86	-1,273,310.00	58.83%	58.84%	-0.01%	59.93%	-1.09%
Nov-19	97,551,961.61	99,069,583.37	-1,517,621.76	66.59%	66.75%	-0.16%	67.95%	-1.36%
Dec-19	109,381,760.29	110,599,078.61	-1,217,318.32	74.66%	74.46%	0.20%	75.85%	-1.19%
Jan-20	121,101,237.60	122,664,462.01	-1,563,224.41	82.74%	82.41%	0.33%	84.13%	-1.39%
Feb-20	129,308,401.56	131,977,262.30	-2,668,860.74	88.59%	89.22%	-0.62%	90.52%	-1.92%
Mar-20	137,554,757.05	139,973,652.86	-2,418,895.81	94.34%	94.48%	-0.14%	96.00%	-1.66%

Table 20 – Business Rates Collection 2019-20

	Previous year (%)		Current year (%)			Difference from previous year (%)	
	Excluding Credits	Including Credits	Excluding Credits	Including Credits	Profile	Excluding Credits	Including Credits
April	18.85	18.91	22.35	22.39	11.87%	3.5	3.48
May	31.49	31.61	31.00	31.09	26.28%	-0.49	-0.52
June	40.31	40.47	37.82	37.96	36.54%	-2.49	-2.51

July	47.44	47.58	45.55	45.74	45.61%	-1.89	-1.84
August	55.69	55.96	53.97	54.39	53.97%	-1.72	-1.57
September	63.01	63.35	61.93	62.40	64.66%	-1.08	-0.95
October	71.06	71.59	68.66	69.18	73.18%	-2.4	-2.41
November	79.41	79.97	75.83	76.77	81.46%	-3.58	-3.2
December	86.82	87.71	83.87	84.96	89.89%	-2.95	-2.75
January	91.87	93.43	88.93	90.70	96.89%	-2.94	-2.73
February	95.57	97.17	93.78	96.63	98.24%	-1.78	-0.54
March	97.56	99.65	96.75	99.77	99.00%	-0.81	0.12

13. CAPITAL EXPENDITURE

- 13.1 The overall spend this financial year to the end of March is £121.2m, which is 72% of the revised budget. The total capital expenditure last financial year was £71.1m, which was 82% of the revised budget of £87.3m.
- 13.2 The table below shows the current position on the major projects in the 2019/20 Capital Programme (i.e. those over £1m in 2019/20).

Table 21 – Capital Programme

2019/20 Capital Programme	Budget Report (February 2019)	Revised Budget 2019/20	Outturn Spend to 31st March 2020	Spent to budget (Revised Budget)
	£m	£m	£m	%
GENERAL FUND				
Schools - School Places Programme	7.0	7.0	5.8	82%
Schools - Other (inc. Minor) Capital Works	5.9	5.9	4.4	75%
Highways & Bridges - LBL	3.5	3.5	3.1	89%
Highways & Bridges - TfL	3.2	3.4	2.8	82%
Highways & Bridges - Others	1.4	1.4	1.0	71%
Catford town centre	2.3	2.3	1.9	83%
Asset Management Programme	2.4	2.7	2.0	74%
Smart Working Programme	2.7	2.7	2.6	96%
Beckenham Place Park	3.0	3.0	3.0	100%
Heathside & Lethbridge Regeneration	0.5	0.5	0.0	0%
Excalibur Regeneration	0.6	0.6	0.4	67%
Lewisham Homes – Property Acquisition	0.0	0.0	0.0	0%
Private Sector Grants and Loans (inc. DFG)	3.8	1.8	1.5	83%
Achilles St. Development	7.3	7.2	1.7	24%
Ladywell Leisure Centre Development Site	0.5	0.6	0.4	67%
Edward St. Development	0.1	0.1	0.1	100%
Residential Portfolio Acquisition – Hyde Housing Association	45.7	45.7	42.8	94%
Travellers Site Relocation	0.0	0.0	0.0	0%

Fleet Replacement Programme	0.5	0.5	0.5	100%
Other General Fund schemes	4.1	4.2	2.6	55%
TOTAL GENERAL FUND	94.5	93.1	76.6	82%
HOUSING REVENUE ACCOUNT				
Building for Lewisham Programme	22.0	22.0	3.5	7%
HRA Capital Programme	52.0	52.0	40.4	42%
Other HRA schemes	1.6	2.0	0.7	30%
TOTAL HOUSING REVENUE ACCOUNT	75.6	76.0	44.6	59%
TOTAL CAPITAL PROGRAMME	170.1	169.1	121.2	72%

- 13.3 The main sources of financing the programme are Grants and contributions, and capital receipts from the sale of property assets. £58.2m was received in 2019/20, comprising £31.4m (net) from Housing Right to buy sales and other Capital Receipts and £26.8m of Grants and Contributions.

14. FINANCIAL IMPLICATIONS

- 14.1 This report concerns the financial forecasts for the 2019/20 financial year. However, there are no direct financial implications in noting these.
- 14.2 In overview, the Council's financial commitments are currently not wholly inconsistent with the budget as, while there are significant changes at this time, the Council continues to operate its usual services and is receiving government funding for the additional and unplanned impact of Covid-19. Officers are intending to bring forward a 'stabilisation' budget in the autumn to confirm the position at that time for the remainder of the financial year.
- 14.3 Taking the estimated costs and lost income considerations of the Covid-19 response and additional support from government into account, the Council has sufficient reserves to meet these financial commitments at present.

15. LEGAL IMPLICATIONS

- 15.1 The Council is under a duty to balance its budget and cannot knowingly budget for a deficit. It is imperative that there is diligent monitoring of the Council's spend and steps taken to bring it into balance. The proposals in the body of the report suggest this can be achieved this year by use of reserves.
- 15.2 Section 114 Local Government and Finance Act 1988 places a duty on the Council's Section 151 officer to prepare a report if the Council has taken or is about to take a course of action which if pursued to conclusion would be unlawful and likely to cause a loss or deficiency on the part of the Council. The effect of a s114 notice would be to prevent any further expenditure by the authority. This is effected with the approval of the s151 officer on the basis that it would prevent the financial situation worsening, to improve it or to prevent it recurring. The Council is not yet in that position, but the situation will have to be carefully monitored in future.
- 15.3 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended provide that if a decision is concerned with the Council's budget, borrowing or capital expenditure and is an executive function, the decision cannot be taken by the Executive if it would not be wholly in accordance with the Council's budget or plan/strategy relating to borrowing or capital expenditure. The Acting Chief Finance (s151) officer has advised that this situation has not yet arisen, but it will need to be borne in mind in relation to any future decisions.
- 15.4 Under Section 17 Crime and disorder Act 1998, the Council has a duty in the exercise of its

functions to consider the impact of all their functions and decisions on crime and disorder in their local area.

- 15.5 Section 12 of the Health and Social Care Act inserted a new section 2B into the NHS Act 2006 to give a local authority a new duty to take such steps as it considers appropriate to improve the health of the people in its area. The steps in this report are consistent with that duty.
- 15.6 Under s3 Local Government Act 1999, the Council must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This duty remains even in these exceptional circumstances.

16. CRIME AND DISORDER IMPLICATIONS

- 16.1 There are no specific crime and disorder implications directly arising from this report.

17 CLIMATE AND ENVIRONMENT IMPLICATIONS

- 17.1 There are no specific climate or environment implications directly arising from this report.

18. EQUALITIES IMPLICATIONS

- 18.1 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.
- 18.2 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; and
 - foster good relations between people who share a protected characteristic and those who do not.
- 18.3 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.
- 18.4 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 members, bearing in mind the issues of relevance and proportionality. They 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.
- 18.5 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#>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

18.6 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

18.7 The essential guide provides an overview of the equality duty requirement 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>

BACKGROUND PAPERS AND APPENDICES

Short Title of Report	Date	Location	Contact
Financial Monitoring Reports 2019/20	July 2019, October 2019, January 2020 (M&C)	1 st Floor Laurence House	Selwyn Thompson
Council's Response to Covid-19 Financial Update	10 th June 2020 (M&C)	1 st Floor Laurence House	David Austin
2020/21 Budget	27 th February 2020 (Council)	1 st Floor Laurence House	David Austin

For further information on this report, please contact:

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