

Public Accounts Select Committee Agenda

Wednesday, 20 March 2019
7.00 pm, Committee room 1
Civic Suite
Lewisham Town Hall
London SE6 4RU

For more information contact: Timothy Andrew (timothy.andrew@lewisham.gov.uk)

This meeting is an open meeting and all items on the agenda may be audio recorded and/or filmed except for item 7 (appendix 1) on the Agenda. For legal reasons, those items will be considered in private with the press and public excluded.

Part 1

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Public Accounts Select Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Wednesday, 20 March 2019.

Janet Senior, Acting Chief Executive
Tuesday, 12 March 2019

Councillor Jim Mallory (Chair)	
Councillor Louise Krupski (Vice-Chair)	
Councillor Abdeslam Amrani	
Councillor Patrick Codd	
Councillor Alan Hall	
Councillor Mark Ingleby	
Councillor Paul Maslin	
Councillor Joan Millbank	
Councillor Bill Brown (ex-Officio)	
Councillor Juliet Campbell (ex-Officio)	

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Tuesday, 5 February 2019 at 7.00 pm

PRESENT: Councillors Jim Mallory (Chair), Louise Krupski (Vice-Chair), Patrick Codd, Alan Hall, Mark Ingleby, Paul Maslin and Joan Millbank

APOLOGIES: Councillor Abdeslam Amrani

ALSO PRESENT: Damien Egan (Mayor), Councillor Amanda De Ryk (Cabinet Member for Finance, Skills and Jobs (job share)), Councillor Chris Barnham (Cabinet Member for School Performance and Children's Services), Councillor Chris Best (Deputy Mayor of Lewisham and Cabinet Member for Health and Adult Social Care), David Austin (Head of Corporate Resources), Sara Williams (Executive Director for Children and Young People), Mala Dadlani (Group Finance Manager, Children and Young People), Aileen Buckton (Executive Director for Community Services), Robert Mellors (Group Finance Manager, Community Services), Selwyn Thompson (Head of Financial Services) and John Bardens (Scrutiny Manager).

1. Minutes of the meeting held on 20 December 2018

1.2 **Resolved:** that the minutes of the meeting held on 20 December 2018 be agreed as an accurate record.

2. Declarations of interest

- Cllr Ingleby declared a non-prejudicial interest as a Director of Lewisham Homes in relation to item five.
- Cllr Hall declared a non-prejudicial interest in relation to item five as a Member of the London Cooperative Council.
- Cllr Mallory declared a non-prejudicial interest in relation to item five as the Chair of the Pupil Referral Unit.

3. Responses from Mayor and Cabinet

3.1 The Mayor and Cabinet response to the committee's referral on the Children and Young People (CYP) budget was considered alongside the update on CYP finances as part of the council budget item.

3.2 **Resolved:** that the response be noted.

4. Referral from the Audit Committee

4.1 The committee did not consider this item as the report presenter was not present.

5. Council budget 2019-20

5.1 Damien Egan (Mayor of Lewisham) addressed the Committee. The following key points were noted:

- Lewisham is a borough with growing poverty and growing need.
- Government austerity is leaving frontline services critically underfunded.

- Progress is being made in housing, both in terms of social housing targets and getting more from housing developers.
- There are plans for more pop-up developments like PLACE/Ladywell to provide support for homeless families and reduce the cost to the council of nightly-paid accommodation.
- The property acquisition programme continues to buy homes on the open market to bring into public ownership.
- Lewisham is aiming to be London's lead borough for refugee resettlement.
- The council is insourcing again, having insourced the council's maintenance contract.
- The council is committed to working closely with secondary schools to improve results.
- Lewisham is among London's fastest improving recycling boroughs with new innovations with food recycling supporting improvement in this area.
- The Early Years Review is being launched to take a rounded view of all of the services around young people.
- It is difficult to see how major cuts can continue to be made to services.
- Councils in London are critically underfunded.
- The government is currently consulting on the Fair Funding Review and is considering removing deprivation as one of the indicators. This could see real terms funding reductions of 23% across London. Shire counties could see a 47% increase.
- There is a distribution away from London and this is one of the reasons for the decision to raise council tax by the maximum amount allowed.
- The Mayor thanked officers for their work and members for their engagement.

5.2 Councillor Amanda De Ryk (Cabinet Member for Finance, Skills and Jobs) addressed the Committee. The following key points were noted:

- The budget for 2019/20 is £243.012m. This is slightly more than last year, which is mainly due to being part of the London business rate levy.
- Budget cuts of £7.9m have been approved for 2019/20, with a further £1.3m of cuts to be re-presented to Mayor and Cabinet for approval.
- The 2019/20 budget assumes a 4.99% increase in council tax. A 2.99% core element increase and a 2% increase from the social care precept.
- The full £6.5m of pressures money for 2019/20 will be allocated in advance.
- £5m of the New Homes Bonus will be transferred to the general fund for 2019/20.
- £2.5 reserves will be used to meet the budget gap in 2019/20.
- Reserves continue to be used to smooth the implementation of cuts and pressures.
- Budget cuts of £8.5m have been approved for 2020/21, with a further £440k to be re-presented to Mayor and Cabinet for approval.
- The council needs to find cuts in the region of £28m over 2020/21 and 2021/22.
- School funding is flat which leaves schools to absorb inflation.
- There are 14 schools in deficit, some with reserves, but 9 with loans.
- Pupil premium funding could drop as there has been a drop in pupil numbers.

- Cabinet Members have regular finance improvement meetings as part of the forensic analysis of spending pressures in the Children & Young People directorate.
- The Housing Revenue Account (HRA) is in the last of the government's four-year 1% rent decrease. Balances should improve next year.
- Key pressures in the budget include children's and adults' social care, environmental services, and highways.
- The budget cuts round with officers will start in April 2019. The cabinet star chamber meetings will start considering proposals in June or July.
- The delivery of cuts will be tracked in order to monitor progress and understand any issues before the year ends.

5.3 David Austin (Acting Chief Financial Officer) addressed the Committee, the following key points were noted:

- The policy shift towards local authorities becoming self-funding is increasing the burden on the council tax payer and making it more difficult to balance the budget.
- The proposed capital programme for 2019/20 to 2021/22 is £344.7m. The most significant element of the capital programme will be the new homes programme.

5.4 In the Committee's discussions the following key points were also noted:

Housing Revenue Account

- The committee noted that the primary purpose of the HRA is to ensure that tenants receive services and that their homes are kept to a good standard.
- The committee queried how the HRA has been balanced between investment in new homes and carrying out day to day repairs and maintenance.
- The HRA is ringfenced and resources cannot be used to fund general fund activity. HRA resources should be used as efficiently as possible.
- Money is always retained in the HRA to keep homes in a good condition and the council has just had delivered an extensive decent homes programmes.
- The HRA is also used to ensure that housing supply is maintained, but this is not at the expense of keeping homes to decent standards.
- Recent rent reductions have created pressures, but this is being carefully managed to keep maintenance and repairs work going.
- One member noted that the council's external auditors had identified risks to the council, including reserves and the CYP overspend, and risks relating to Lewisham Homes.

Schools

- The council makes detailed population projections for the purposes of school budgeting.
- Growth in primary and secondary school places has not been as high as expected.
- It is important to have accurate projections as schools are dependent on being full to be financially viable.

- The committee noted that a number of schools are likely to have budget deficits by the end of the year and asked how this is being managed.
- Schools have their own independent budgets and some school have reserves.
- The council is working closely with schools to carry out effective three-year budgeting.
- This process is being made more difficult, however, by the Department of Education only providing one-year budgets.
- There are contingency plans for schools if there is a significant drop in pupil numbers, but the direction of travel is to support schools towards a sustainable position.
- Schools with specific problems have budget recovery plans which have to be agreed with the council.
- A third of secondary schools in England have budget deficits.

General Fund

- The committee noted that council tax is a regressive tax but, given the financial pressures facing the council, that the proposed council tax changes were reasonable.
- The Cabinet Member for School Performance and Children's Services, Cllr Chris Barnham, noted that there was a £12.6m overspend in CYP at the end of last year.
- 9 out of 10 local authorities are currently overspending on their children's services.
- The National Audit Office found a £872m overspend on children's social care in England.
- There are a number of rising pressures in children's social care.
- The number of child protection enquiries has risen markedly in the last ten years.
- The number of children on child protection plans has risen nationally.
- The cost of children in care is rising, with demand for residential placements outstripping capacity.
- Demand for social workers is also outstripping capacity, which is why many local authorities are using agency staff.
- There has been intensive scrutiny and restructuring of the children's social care budget.
- There is a long-term plan to get costs under control.
- The pressures on the budget are in two main areas: expensive residential placements and agency foster carers.
- Getting more local foster carers and placing more children with families, rather than expensive residential placements, is going to take time, but will save money in the long term and improve outcomes for children.
- There is also a plan to build a social workforce of 90% permanent staff over the next three years.
- There is a commitment for next year to reduce the placement spend by £2.9m.
- This will be achieved through a combination of reducing unit costs and reducing numbers.
- There is also, however, an underlying increase in demand.

- The number of unaccompanied asylum seekers, for example, has increased by a quarter in the last six months.
- There are mechanisms in place to reduce placement costs without making any reductions to the staffing budget.
- The committee noted that this should be monitored carefully over the coming year.
- The current overspend in children's social care is £6.9m.
- The additional money for the CYP budget this year is being put in in advance.
- This is in recognition of the overspend and will allow the directorate to start with a balanced budget.
- The impact of the CYP budget improvement plan will be tracked.
- The additional money, which is coming from reserves, will be put into the base budget for this year, but taken out at the end of the year.
- The additional money is intended to sustain the current level of the service to afford time to deliver the actions in the CYP improvement plan.
- It also allows the council to monitor the impact of the improvements to see whether the assumptions made were accurate.
- The council is trying to avoid making cuts elsewhere that may not be necessary if the improvement plan delivers.
- The committee noted that the forecast overspend for CYP had decreased by £1m.
- One committee member suggested that given the significant risk the council should be looking at a corporate response to children's social care.
- The council is making arrangements to be prepared for the outcome of the Brexit negotiations.
- There are working groups covering the health and care market, emergency planning, and general considerations such as contracts and workforce.
- The council will be receiving around £200,000 from the Treasury for Brexit preparations.

Adult Social Care

- The adult social care service overall is forecasting an underspend of £200,000.
- There remain significant pressures on the service however.
- These include, an increasing number of adults living longer with complex care needs, managing transitions from children's to adults social care; and costs in the care market.
- One-off winter pressure funding will be used for the increasing number of social care assessments being carried out in people's homes instead of hospital.
- There is a budget pressure of approximately £1m due to increased care needs because of people being discharged from hospital earlier.
- Transitions from children's to adults' social care represents between £800,000 and £1.2m gross demand on the adult social care budget. There will be an increased pressure of £800,000 in 2019/20.
- The increased number of people that are expected to require Deprivation of Liberty (DOLS) assessments will create a pressure of £800,000.
- Increases in costs of care will create a price pressure of £2.1m. This will be funded from the 2% precept for adult social care.

- Budget reductions in adult social care are being delivered primarily through the service's demand management programme.
- This includes ensuring that people are receiving the levels of benefit they are entitled to and making use of the family and community assets and resources.
- The programme is already beginning to have an impact.
- The adult social care service has brought in a programme of challenge from the LGA.
- This will involve going through every part of the budget, making comparisons with other local authorities, and considering which areas could be looked at again.
- This will help the service prepare for the next budget round and start identifying where the next round of budget reductions may come from.
- The LGA will also work with staff to make sure that the demand management programme is at the forefront of their minds.
- The committee expressed support for the focus on demand management.
- The gross budget for adult social care, including additional funding such as the Better Care Fund, is around £100m.
- The committee requested further information on the detail of the 2019/20 budget for adult social care, including any additional funding received by the council
- The committee noted the need to replace the learning disability advocacy service, previously provided by the Lewisham Disability Coalition, as quickly as possible.
- The money for the learning disability advocacy service is still in the budget and is not proposed to be cut.
- The council will be looking for alternative organisations to provide this service.

5.5 **Resolved:** The Committee agreed to note the report; and to receive further information on the detail of the 2019/20 budget for adult social care.

6. **Select Committee work programme**

Resolved: The committee agreed to consider the referral from the audit panel on the Catford Regeneration Partnership (item 4) at its next meeting as part of the audit panel update.

7. **Referrals to Mayor and Cabinet**

There were no referrals.

The meeting ended at 9.50 pm

Chair:

Date:

Public Accounts Select Committee		
Title	Declaration of interests	
Contributor	Chief Executive	Item 2
Class	Part 1 (open)	20 March 2019

Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

1. Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct:

- (1) Disclosable pecuniary interests
- (2) Other registerable interests
- (3) Non-registerable interests

2. Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person* for profit or gain
- (b) Sponsorship – payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.
- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:
 - (a) that body to the member's knowledge has a place of business or land in the borough;

(b) and either

- (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
- (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

3. Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council
- (b) Any body exercising functions of a public nature or directed to charitable purposes, or whose principal purposes include the influence of public opinion or policy, including any political party
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

4. Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

5. Declaration and Impact of interest on members' participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in

consideration of the matter and vote on it unless paragraph (c) below applies.

- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.
- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

6. Sensitive information

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

7. Exempt categories

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

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Public Accounts Select Committee			
Report Title	Income Generation Update		
Key decision	No	Item No	4
Contributors	Strategic Procurement and Commercial Services Manager		
Class	Part 1	Date	20 March 2019

1. Purpose of paper

- 1.1. To provide an update on the progress of implementation of the new Income Generation Strategy, the fees and charges work programming and service development to support both activities.

2. Recommendations

- 2.1. The Public Accounts Select Committee is recommended to:

- note the update on income generation provided by this report;
- note the work planned and achieved against developing capacity within service group;
- note that work is achieving against the workplan identified and the full work programme scoped in appendix A.

3. Policy context

- 3.1. This work has been undertaken in line with the Corporate Strategy 2018-22:

- Directly supporting the objective to build an economy for the many; and
- Indirectly supporting the remaining six objectives through supporting a sustainable financial position which will fund activity in these areas.

4. Background

- 4.1. Over the course of the last six years, the Council has undertaken a significant revenue budget reduction programme to manage the difficult financial challenge arising from austerity. The Council has already made cuts of £160.6m to meet its revenue budget requirements since May 2010 and is seeking to find £30m in savings in the medium term, by 2020/21. In addition, the Council faced an unprecedented overspend of £16.5m in 2017/18 which has created additional pressures.

- 4.2. The Council has identified the need to develop a clear income generation strategy and culture and ethos to ensure that vital levels of service delivery can continue throughout a period of sustained austerity and funding cuts.
- 4.3. Further to the Committee's work programme commitment to consider regularly the Council's approach to income generation, as well as the work by Committee under the previous administration of income generation and commercialisation, three key lines of enquiry were established. The last report, of September 2018, addressed the first and second of these in relation to the work to develop a new Income Generation Strategy. Those lines of enquiry are set out below:

Understanding and benchmarking

- How much money does Lewisham currently generate through its income generating activities?
- Where does Lewisham sit in relation to its peers?
- What is a realistic target in terms of income generation?

Progress

- What progress has been made on implementing the recommendations of the income generation opportunities review?
 - How is the development of a new income generation strategy progressing?
 - How well do the fees and charges and the income board operate?
- 4.4. This paper will consider progress since the last report in December 2018 and the adoption of the Income Generation Strategy thereafter by Mayor and Cabinet.

5. Income Generation Strategy

- 5.1. The new Income Generation Strategy was approved by Mayor and Cabinet in February 2019. This strategy is now live and services will be expected to align their work with its objectives and follow the processes set-out within.
- 5.2. A programme of culture change to move the organisation towards a more commercial mindset is key to embedding the strategy and part of its objectives. In order to progress this, the following action has taken place:
- The new strategy has been to the organisation's Executive Management Team meeting, where the Interim Chief Executive and Executive Directors have signed up to the new approach and endorsed it to provide top-tier sponsorship.
 - Work has been undertaken to consider change theory and models which could be used to support the development of the culture piece. This is discussed further at point 5.3 onwards.

- The Organisational Development team have been made aware of the new strategy and work has begun with them to review opportunities to address the cultural shift required, including existing learning and development, new tailored training and softer transmission across the organisation in partnership with our Communications team.
 - Initial work has taken place with select services to develop tools for the organisation to support the work. A cost-model has been developed using feedback from work with initial services reviewing their charges, and this forms the basis of a guidance and toolkit package to support work in the organisation and reduce barriers to engagement.
 - APSE have supported work with Environment Services around commercialisation, doing specific work to review their income generating activity across the division and providing a workshop on the new business case model and basic training on economic principles and concepts relevant to commercial delivery, which will be drawn on to some extent for the wider organisational piece.
- 5.3. In terms of change theory being considered, officers have reviewed the models of Lewin, Kotter and Tuckman. In brief, each model sets out an early change state as one in which the organisation is in a transitional phase of uncertainty. Typically after long periods of stability, which sometimes leads to drift, or lack of adaptation to change as necessary, the organisation will move into a state of what is often referred to in relation to Lewin, 'controlled crisis' where the reasons for change are made apparent and urgent. In the case of income generation, this arises from the ongoing reductions in resource set out in the background of this report, which have necessitated a new approach to provide financial resilience and enable continued service improvement.
- 5.4. In Lewin's model, there are three stages – unfreeze, change and refreeze. The factors which have compelled this new way of thinking have unfrozen the organisation, and we are now operating within the change stage as the strategy is introduced as a solution to the problems identified. Work will need to be undertaken with colleagues in Organisational Development and Communications to deliver and communicate this change before we can 'refreeze' the new, commercially informed, state of service delivery. It is likely that the three-year term of this strategy will see the organisation through the change phase and a new strategy introduced as we refreeze.
- 5.5. With Kotter's model too, there is an obvious pathway through from current-state to flux, to successfully embedded change. Kotter uses eight steps, which are explored in turn below:
- Create a sense of urgency: this, as mentioned in 5.4, has been created for us with the local government funding cuts over time and the recent budget round.
 - Build a guiding coalition: this has been addressed by the strategy, with the income generation board, and by obtaining EMT buy-in.

- Form a strategic vision: this is served in the main by the Income Generation Strategy, but also by the Corporate Strategy which sets out deliverables that are more achievable with greater financial resilience, achievable through income generation.
- Enlist a volunteer army: early work with services aims to help identify those interested and passionate about working in a more commercial way and to harness the energy and enthusiasm of these services to encourage others – work with Organisational Develop will also look to build this network, and learning from the Change Champions who support the new office space work will be taken into account.
- Enable action by removing barriers: the existence of a formal strategy, with senior buy-in, helps remove the biggest barriers, and the development of the toolkits for cost-modelling and business case templates are also designed to remove practical barriers. The workbook that will be used with services has been developed to populate itself as much as possible, saving officers time in working through it, and further work with Organisational Development will identify ways to reduce other barriers.
- Generate short term wins: it is hoped that early fees and charges reviews will provide motivation for services as they see the ease of the process, and the greatly improved oversight managers gain from understanding their costs and activity in full. Case studies will be looked at with the Communications team, with a view to publicising these internally to show services how success can be achieved.
- Sustain acceleration: work to improve the resourcing of the service supporting this work is underway, and new capacity will help maintain momentum to keep delivering over the course of this year.
- Institute change: the final step, which will be a culmination of the previous steps, this will then need to be celebrated, formalised and iterated going forward.

5.6. Tuckman's model is more micro, and looks at team-level interactions rather than organisational level ones. This model will be useful in informing work within services, and will be where the input of managers around the organisation will be especially important in making the work a success at team levels. In Tuckman's group development, team growth is understood through the four phases of 'forming', 'storming', 'norming' and 'performing'. In the first instance as a team comes together, roles are established, negotiated and individuals orient themselves to the tasks at hand and each other. In this case, the teams exist, but will form themselves around the new task of commercial thinking. Storming follows, and is where conflict sometimes arises around responsibilities and relationships. With the income generation agenda, this could be considered to apply around the new mindset and approaches being asked of the team, and it is essential that teams are well-supported and allowed to work through their issues with the change. Finally, the norming phase arises as the team settles and work with commitment towards shared goals, and performing is attained when motivation and knowledge develop and enable high success within the

team. It will be the goal of the culture work to achieve this within teams, and accelerate their attainment of this final stage by providing support and tools to minimise any tensions around the requirement to take responsibility over commercial thinking.

6. Fees and charges work programme

- 6.1. A full programme has been developed to ensure that all fee-charging services are worked with to establish cost-modelling and up-to-date charging levels.
- 6.2. Some work has already begun, particularly with services within the schools service level agreement and environment services, which has been facilitated by APSE. This work will be rolled out more widely with the newly developed toolkit that was produced and iterated using the learning from these initial reviews.
- 6.3. A full work programme is appended to this report, and sets out the timeframes for review, services programmed for review and the key information being captured alongside the full workbook.
- 6.4. The workbook itself will capture the business case, cost model, activity, basis for charging, concessions and other relevant factors to inform the setting and reviewing of fees and charges across a service. The information established here will then inform the annual Fees and Charges Report for next year.

7. Income function resourcing update

- 7.1. Members will be aware that the pilot to create a central function for the oversight of income, procurement and contract management was agreed 28 June 2017 and as a result an interim internal appointment made in December 2017 and taking effect in January 2018.
- 7.2. A work programme for this function has been designed, published and is being delivered against, with Committee kept regularly apprised of the work being undertaken.
- 7.3. Alongside the income generation work programme set out in the update in July, this function is wide ranging in its scope and has been serving as the commercial link across services in the Council and has been involved in the following activity, either delivering directly or serving in an advisory capacity:
 - Work to exit the Kier contract and bring facilities management in-house;
 - Design and testing of an in-sourcing model;
 - Leading and strengthening the procurement function across the Council;
 - Work to support Adult Social Care in contracts and business case development;
 - Publication of the procurement measures within the first modern slavery statement for the Council;
 - Delivery of a new procurement social value policy and metrics for measurement of social value and publication in an annual report;

- Chairing the procurement sub-group of the Lewisham Deal for wider community wealth building; and
 - Besson Street joint venture procurement, initiation and governance.
- 7.4. Further to the value this function drives and acknowledgment of progress against the income work plan and the range of other duties, there has been recognition of additional resources required. This is being addressed through agreement of £200k of growth in the 2019/20 budget and was initially raised in Financial Forecasts 2018/19 tabled to PASC on 25 September this year. This will be required to ensure that the strategy is properly embedded and the benefits realised.
- 7.5. Work is currently underway (subject to formal agreement) to bring in three additional resources under the umbrella of the Procurement and Commercial Services team, plus an extension of the current interim role until the 31 March 2020. The three resources will report into the interim Strategic Procurement and Commercial Services Manager and will add significant resilience to the Council's procurement function whilst taking forward the hands on delivery of the Income Generation Strategy and the development of a Council wide contract management framework including systems and processes.
- 7.6. Procurement - to ensure that this continues to support the Council and to ensure robust and effective procurement which maximises value for money and minimises the risk of a successful challenge. We have seen a sharp and steady increase in the challenges received from tenderers which is requiring increased and senior support from the procurement function. This suggests that to mitigate this we require more investment in the process from the start to ensure that at every stage we minimise these risks.
- 7.7. Income generation - to effectively roll out the newly adopted income generation strategy, to continue to cost model all services within the Council for the annual fees and charges report, as well as developing the training and development piece which will ensure a cultural change to a commercial mindset across the Council. The governance structure as set out in the Income Generation Strategy, coupled with the senior support, will ensure Council wide support from all services but without a dedicated resource the identified fees and charges workplan and required cultural change will not be able to be successfully and properly implemented.
- 7.8. Contract management - the design and implementation of a Council wide system and processes for contract management (linked to the newly published contracts register) will ensure that we share good and best practice across the Council and will assist in driving efficiencies through the terms of our contracts. Improved contract management practice will also ensure consistently good levels of service delivery.
- 7.9. It is intended that these roles be a mixture of temporary and fixed term posts to allow for the evolution of the various strategies and practices within this relatively new service and for performance and feedback to be incorporated into the development of the final team structure.

8. Financial implications

8.1. There are no specific financial implications directly arising from agreeing the recommendations to this report.

9. Legal implications

9.1. There are no specific legal implications arising from the report. Any legal issues arising from the implementation of the deliverables referred to in the report will be considered in relation to that deliverable.

10. Further implications

10.1. There are no further implications, environmental, public safety or equalities related, arising from this report. These will be considered again as the work progresses.

11. Background documents

11.1. The table below contains background reports to Committee which informed this work as well as the existing Income Generation Strategy and Guidance published in 2015:

Title:	Date:
Lewisham Council Income Strategy and Guidance	February 2015
Income generation review scoping report	March 2015
Income generation review evidence session 1	April 2015
Income generation review evidence session 2	July 2015
Income generation review evidence session 3	September 2015
Income generation review final report and recommendations	October 2015
Response from Mayor and Cabinet to the recommendations of PASC on income generation	March 2016
Income generation 6 month update	July 2016
Income generation opportunities review	October 2016
Income generation update	November 2016
Income generation and commercialisation	June 2017
Income generation and commercialisation update	September 2017
Income generation and commercialisation update	March 2018
Income strategy update	September 2018
Income strategy update	December 2018
Income strategy report for Mayor and Cabinet	February 2019

11.2. The table below outlines the appendices to this report:

Appendix A	Fees and charges work programme
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Appendix A

Wave	Service	Estimated Value - £m	Dates
Wave 1	Environment, Licencing, Schools SLA	9.44	Dec-Apr
Wave 2	Catering, Planning, Building control, Transport, Court fees, Bailiffs	8.82	Apr-Jun
Wave 3	Health, Lewisham Homes SLA	27.00	May- Jul
Wave 4	Parking, Other*	14.36	Jul-Aug

Programme Overview

Other* - These include services such as income from community parks, registrar fees, fees from charging students, room hire, etc. Due to their relatively low value, these services have been grouped together.

To date, the following services have been contacted and the key findings have been tabulated below.

Schools SLA

Estimated Value	Activity	Charge	Review Start	Review End	Cost Model Completed	Business Case Completed
£831,817.00	Human Resources	Various	Dec-18	Mar-18	Yes	No
£351,300.00	Education Psychology	£595 per visit	Dec-18	Jan-18	Yes	No
£214,398.00	Governor Services	Various	Dec-18	Ongoing	No	No
£179,554.00	Information and Data Protection	£3.03 per pupil	Dec-18	Mar-18	Yes	No
£170,554.00	Attendance Service	Various	Dec-18	Mar-18	Yes	No
£162,534.00	Specific Learning Difficulty	£495 per visit	Dec-18	Jan-18	Yes	No
£8,125.00	Emergency Planning	£325 per school	Jan-18	Jan-18	Yes	No

Licencing

Estimated Value	Activity	Charge	Review Start	Review End	Cost Model Completed	Business case Completed
£350,000	HMO Licence	£500/ lettable unit	Dec-18	Mar-18	Yes	No

PUBLIC ACCOUNTS SELECT COMMITTEE			
REPORT TITLE	Financial Forecasts 2018/19		
KEY DECISION	No	Item No.	
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources		
CLASS	Part 1	Date	20 March 2019

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the financial forecasts for 2018/19 as at 31 January 2019. The key areas to note are as follows:
- i. There is a forecast overspend of £9.9m against the directorates' net general fund revenue budget as at the end of January 2019. As highlighted in previous reports, this is after the application of £6m to support the Children's Social Care base budget. This is set out in more detail in sections five to nine of this report. The position as at the end of January 2019 compares to a projected year outturn position of £10.4m as at the end of November 2018.
 - ii. The Dedicated Schools Grant (DSG) is expected to balance at the year end. It is expected that there will be 14 schools that will have a licensed deficit. This is set out in more detail in section 11 of this report.
 - iii. The Housing Revenue Account (HRA) continues to project an additional surplus of £2.8m, in addition to the £6.4m budgeted surplus that is forecast to be transferred to reserves at year-end (which creates a balanced budget for the year). This remains unchanged from the position reported to the end of May 2018. This is set out in more detail in section 12 of this report.
 - iv. As at 31 January 2019, some 82.4% of council tax due and 91.9% of business rates due had been collected. At this point last year, 82.7% of council tax due and 91.3% of business rates due had been collected. This is set out in more detail in section 13 of this report.
 - v. The Capital Programme spend as at 31 January 2019 is £53.5m, which is 61% of the revised budget of £87.3m. The capital expenditure up to month 10 in the last financial year was £64.2m, which was 63% of the revised budget of £102.4m, with the final outturn being 86% (£87.0m) of the revised budget of £100.7m.

2. PURPOSE

- 2.1 The purpose of this report is set out the financial forecasts for 2018/19 as at the end of January 2019, projected to the year end. This report provides a direct comparison to the position reported to the end of November 2018.

3. RECOMMENDATIONS

- 3.1 The members of the Executive Management Team are recommended to:
- 3.1.1 Note the current financial forecasts for the year ending 31 March 2019 and the action being taken by the Executive Directors to manage down the forecasted year-end overspend.

4. POLICY CONTEXT

- 4.1 The Corporate Strategy 2018-2022 sets out how the Council plans to deliver for residents over the next four years. The corporate priorities identified within the Corporate Strategy are:
- Open Lewisham
 - Tackling the housing crisis
 - Giving children and young people the best start in life
 - Building an inclusive local economy
 - Delivering and defending: health, social care and support
 - Making Lewisham greener
 - Building safer communities
- 4.2 Reporting financial results in a clear and meaningful format contributes to the Council's priorities and commitment to openness and accountability, efficiency, effectiveness and equity.
- 4.3 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.

5. DIRECTORATE FORECAST OUTTURN

- 5.1 The Oracle system's budget monitoring tool entitled 'planning and budgeting cloud service' (PBCS) is now fully available for use by budget holders. Alongside the systems integrator, the finance team continues to provide further support and training to budget holders on use of the PBCS system.
- 5.2 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a forecast year end overspend of £9.9m is being reported as at the end of January 2019, after the application of resources held corporately and the use of reserves. This compares to the £10.4m forecast overspend reported to the end of November 2018 and represents an improvement in the monitoring position by £0.5m.

Table 1 – Overall Directorate position for 2018/19

Directorate	Gross budgeted spend	Gross budgeted income	Net budget 2018/19	Variance Jan 2019	Variance Nov 2018
	£m	£m	£m	£m	£m
Children & Young People (1) (2)	71.3	(16.6)	54.7	9.6	9.6
Community Services	172.2	(81.3)	90.9	(1.9)	(0.9)
Customer Services (3)	99.7	(57.3)	42.4	2.5	1.8
Resources & Regeneration	76.7	(51.2)	25.5	(0.3)	(0.1)
Directorate Totals	419.9	(206.4)	213.5	9.9	10.4
Corporate Budgets	27.9	0.0	27.9	0.0	0.0
Net Revenue Budget	447.8	(206.4)	241.4	9.9	10.4

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

(2) – £6m has been applied to Children's Social Care in its entirety. It commits the remaining £1.7m of the 2018/19 risk and other budget pressures and draws £4.3m from reserves in advance of the proposed commitment from the 2019/20 budget for risks and other pressures.

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

- 5.4 Officers are continually seeking to identify ways to manage down overspending budgets, but it is unlikely that this will be sufficient to balance the budget in this financial year. Furthermore, delivering a large package of revenue budget savings for 2018/19 is managerially complex and challenging. There is an inherent risk that some savings will be delivered later than planned, which would result in overspends within the year. As a result, officers will continue to focus on monitoring the progress of savings being implemented.
- 5.5 The table below sets out the proportion of agreed revenue budget savings to be delivered during the course of the year. Any variances are included in the overall forecasts shown in the table above.

Table 2 – Progress of 2018/19 savings

Ref.	Saving	2018/19 £'000	Update at January 2019
A	Smarter & deeper integration of social care & health		
A19	Workforce productivity from better technology	300	Ongoing IT work on LAS liquid logic system. Will be met with risk of any shortfall covered by iBCF in 2018/19.
	Total	300	
B	Supporting People		
B4	Service economy rental income	70	Delivered
	Total	70	

Ref.	Saving	2018/19 £'000	Update at January 2019
D	Efficiently review		
D2	Corporate efficiency from Unallocated inflation	1,000	Delivered via cash limits set for 18/19
	Total	1,000	
E	Asset Optimisation		
E8	Income from Private Rented Scheme (PRS) Joint Venture	500	In progress – Besson St contract signed
	Total	500	
I	Management and Corporate Overheads		
I12	Administrative budgets	20	Delivered
I13	Finance function efficiencies through the implementation of Oracle Cloud	200	In progress – Oracle Cloud system now live for finance. HR & Payroll due April 2019
I14	Loss of seconded Police Officer to Counter Fraud team	70	Delivered
I15	Balance sheet review of accounting policies	1,000	Subject to external independent review
	Total	1,290	
J	School Effectiveness		
J18	Statutory functions of School Effectiveness	366	Delivered as part of SLA agreements with schools for 2018/19
	Total	366	
K	Statutory functions of School Effectiveness		
K5	Problem solving crime reduction	30	Delivered
	Total	30	
L	Culture and Community Services		
L8	Facilities management - retender of contract for Deptford Lounge	130	Delivered – Albany successful and managing this site.
	Total	130	
M	Housing strategy and non-HRA funded services		
M8	Reduced costs of providing nightly paid accommodation	250	On track to be delivered but at risk of demand pressures
	Total	250	

Ref.	Saving	2018/19 £'000	Update at January 2019
O	Public Services		
O5	Council Tax single person discount review	500	Delivered through data matching work
	Total	500	
P	Planning and Economic Development		
P3	Planning savings	270	In progress – subject to development demand to sustain income levels
	Total	270	
Q	Safeguarding and Early Intervention		
Q6	Developing alternative pathways for care	100	Savings delivered in housing costs for care leavers but offset by large overspend on placements budget from increased numbers in residential placements
Q7	Review of Lewisham CAMHS	50	On hold
	Total	150	
	Grand Total (excluding Q7 CAMHS)	4,806	

- 5.6 For the majority of the revenue budget savings, some £3.186m have either been delivered already or are expected to be delivered in full by the end of the financial year.
- 5.7 The saving which pertains to the finance function efficiencies through the implementation of Oracle Cloud (£200k) may only deliver a part year-effect in 2018/19. Furthermore, delays to developing alternative pathways to care could mean that this savings of (£100k) is not delivered in full in 2018/19. There is one further saving which relates to the review of Lewisham CAMHS of (£50k) which will not be progressing at all.

6. CHILDREN AND YOUNG PEOPLE'S SERVICES

- 6.1 As at the end of January 2019, the Children and Young People's directorate is forecasting a £9.6m overspend. The position remains unchanged from the variance reported to the end of November 2018. Members should note that this comes after an agreed injection of £6m to the Children's Social Care base budget approved by Mayor & Cabinet.

Table 3 – Children & Young People Directorate

Service Area	Gross budgeted spend	Gross budgeted income – including grants*	Net budget	Forecast over/ (under) spend Jan 2019	Forecast over/ (under) spend Nov 2018
	£m	£m	£m	£m	£m
Children's Social Care – includes No Recourse to Public Funds	52.8	(5.1)	47.7	6.9	6.9
Education, Standards and Inclusion	1.8	(1.4)	0.4	(0.1)	(0.1)
Targeted Services and Joint Commissioning	21.0	(8.4)	12.6	2.8	2.8
Schools	0.0	(1.7)	(1.7)	0.0	0.0
CYP Reserve	(4.3)	0.0	(4.3)	0.0	0.0
Total	71.3	(16.6)	54.7	9.6	9.6

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

- 6.2 The full year projection of the Children's Social Care spend has not changed since the last report. The numbers of children placed in residential, local authority fostering and agency fostering has increased by 38 compared with the same time in the previous year. Since July, the projections for placements and staffing projections have continued at previously forecasted levels.
- 6.3 The most significant cost pressures for the directorate fall within the *children's social care* division, which amounts to £6.9m. The key issues relating to the directorate's budget pressures have been set out in the following paragraphs.
- 6.4 With the injection of the £6m budget approved by M&C for Children Social Care, the Residential placement budget for *looked after children* is currently forecast to overspend by £0.3m and budget for independent fostering is also overspent by £0.5m although the unit costs and numbers in independent fostering are not out of line with other boroughs. The semi-independent placements are forecast to overspend by £0.3m, for placements of 40 young people. Special Guardianship orders (SGO), which are a rising cost with an increasing number of children being placed with family members, are set to overspend by £0.2m. Local authority fostering is in addition overspent by £0.6m as placements have increased by 21 since the start of the year. The placements budget is the primary focus of the Children's Social Care Improvement Programme, which commenced with the Placements Team being transferred into the Commissioning Team in order to strengthen gatekeeping, decision-making and to introduce more pro-active management of the local market.

- 6.5 Table 4 sets out the current trend of weekly unit costs and client numbers for the key placement types in this service area. The unit cost information set out in the table above, demonstrates the importance of reducing, both through alternative high quality provision and through earlier intervention, use of residential placements as these are extremely costly, with significant shortages in the regional and national market.

Table 4 – Client Numbers and Costs

Placement Type	Weekly Unit Costs			
	Nov 2018 (£)	Dec 2018 (£)	Jan 2019 (£)	Jan 2018 (£)
Local Authority Fostering	440	440	440	454
Agency Fostering	912	907	907	901
Residential Placement	3,700	3,581	3,581	3,771
Semi-Independent	1,568	1,644	1,644	1,274
SGOs	160	160	160	134

	Nov 2018	Dec 2018	Jan 2019	Jan 2018
Local Authority Fostering	200	200	199	171
Agency Fostering	188	188	193	190
Residential Placement	50	50	50	43
Semi-Independent	44	40	39	40
SGOs	210	210	210	187
Total	692	688	691	631

- 6.6 Another major area of pressure within CYP is spend on staffing. Currently, the forecast is estimated at £3.9m overspend, which represents a reduction of £0.2m on the position reported at the end of November. Current data shows over 30% of staff in Children’s Social Care are agency staff. This is higher than the service aims for (maximum 10%) but mid-table for London.
- 6.6.1 There has been an issue around clarity of establishment and alignment between the budget and the establishment. This is the second urgent focus of the Children’s Social Care Improvement Programme which is re-base lining the establishment and working to match the budget against it. The caseloads of social workers are constantly monitored and are appropriate (recently endorsed by Ofsted).
- 6.6.2 The savings target for 2018/19 of £466k is expected to be fully met. However, slippages in historic savings are a factor in current in-year pressures.
- 6.6.3 As set out in detail in section 5, Members should note that the corporate allocation of £6m has been applied to the children’s social care budget in its entirety and has the impact of reducing the projected year-end variance down from £12.9m to £6.9m for 2018/19.

6.7 The Targeted Services and Joint Commissioning Division is forecast to overspend by £2.8m, which is unchanged from the position reported to the end of July 2018. Last year, the outturn, before the use of reserves was £4.3m for the service. The main pressure area is SEND Transport £2.0m. Work has been done to reduce demand and the percentage of children with EHCPs on transport compares well in London. However, overall numbers of EHCPs has increased by 242 since the January 2018 census to 2,259 and continues to do so. In addition, the reduced use of buses by adults' services has increased unit costs for children's transport because of increased down time. A review is being undertaken, following an initiative in LB Hillingdon which has realised large scale savings in SEND transport.

6.7.1 In addition, the budget for the Youth services does not match the value of the contract, creating a £600k overspend. The early help offer for families is funded exclusively from the Troubled Families (TF) Grant (attachment fees and payment by results). Although our TF claims are at the level expected by MHCLG, the income is £1.0m short of the expenditure on the early help offer and it relates to an unachievable savings income set up in 2015/16.

6.7.2 The Education psychologists' budget is forecast to overspend by £200k compared to £700k last year. Budget growth was awarded to reflect increased spending, pressure due to the demand for Education Health and Care Plans (EHCP), to reflect the doubling in the number of EHCPs and the pressure to complete within statutory timescales. The budget continues to overspend to meet demand but is subject to a comprehensive review to further benchmark spend and caseloads.

7. COMMUNITY SERVICES

7.1 As at the end of January 2019, the Community Services directorate is forecasting an underspend of £1.9m, which represents a £1m increase on the position reported to the end of November 2018. At the same time last year, the year-end forecast was an overspend of £1.2m with the actual year-end outturn being an underspend of £0.9m.

Table 5 – Community Services Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend Jan 2019	Forecast over/ (under) spend Nov 2018
	£m	£m	£m	£m	£m
Adult Services Division	120.7	(49.5)	71.2	(0.9)	(0.2)
Cultural and Community Development	16.7	(7.5)	9.2	0.0	0.1
Public Health	15.4	(16.1)	(0.7)	(0.4)	(0.4)
Crime Reduction & Supporting People	18.1	(8.2)	10.1	(0.5)	(0.2)
Strategy & Performance	1.3	(0.0)	1.3	(0.1)	(0.1)
Reserves	0.0	0.0	(0.2)	(0.0)	(0.1)
Total	172.2	(81.3)	90.9	(1.9)	(0.9)

- 7.2 For the new savings totalling £0.9m for 2018/19, achievement is predicted to be £0.6m. The one area of slippage is on staffing budgets in adult social care where there will only be a part-year effect.
- 7.3 The *adult services* division is forecast to underspend by £0.9m. At the same time last year an overspend of £1.7m was projected. The final outturn for 2017/18 was £0.8m.
- 7.3.1 Budgets have been supplemented in 2018/19 by increases in Improved Better Care Fund (iBCF) and by a 1% precept. Most of the additional funding has been used to fund increases in home care and residential/nursing budgets to reflect, respectively, increases in London Living Wage and National Living Wage. Additionally, transitions from Children's Services are expected to increase adult social care costs by £0.7m. This cost, along with demographic pressures for other client groups, is funded through the iBCF, as is the financial impact of earlier discharges from hospital. Additionally, the Council has been allocated £1.4m of the £240m national Winter Pressures funding. Plans for the use of this are being developed. Part will be used to develop and fund new initiatives to support hospital discharges, but part will be available to fund existing pressures. The monitoring position reported here assumes that £0.9m is used to fund existing spend.
- 7.3.2 Overall, staffing budgets are projected to overspend by £1.3m, with the largest pressures (£0.6m) being on budgets for Deprivation of Liberties Safeguards (DOLS) although compensating savings are projected on package and placement budgets.
- 7.3.3 Budgets for fees and charges are expected to be fully achieved, a significant improvement on 2017/18 following an exercise to bring financial assessments and charges up to date.
- 7.3.4 The projection assumes further spend on system improvements of £200k from the £855k Adult Social Care Support Grant. It also reflects the likely spend against the new funding for winter pressures announced this autumn. Finally, the increased underspend reflects revised assumptions on the level of recovery of unspent funds from recipients of direct payments.
- 7.4 The cultural and community services division is forecasting no overall variance.
- 7.4.1 There is a projected overspend on the Community Centres budget of £143k. A review was undertaken of the facilities management arrangements for the seven buildings directly managed by the Community Resources Team in order to deliver a full year saving of £70k for the 2017/18 financial year. This work included the option to outsource management functions to a third party provider with experience in either managing community facilities or to a social housing provider. Changes and delays in the implementation of this work coupled with a loss of income from the closure of several building during 2016/17 following the implementation of voluntary sector accommodation plan and additional running costs relating to the community hubs have all contributed to an underlying budget pressure. There have been delays in finalising a number of outstanding commercial rent agreements which are still in the process of being agreed with occupants of both the Sydenham and Leemore community hubs and this has impacted on the 2018/19 income position. In addition, work is progressing to transfer a further five community centres to Lewisham Homes early in 2019.

- 7.4.2 There is an overall net pressure on the Libraries Service which totals £84k. There will be an overspend of up to £100k in the Libraries Service resulting from LB Lewisham's agreed contribution to London Libraries Consortium (LLC) for the implementation of the new Libraries Services platform. An earmarked reserve of £80k had originally been requested against the 2017/18 underspend on the Libraries Service budget to mitigate this pressure. However, this carry forward request was not approved and this commitment has therefore had to be fully funded from the 2018/19 revenue budget. There is a further pressure of £35k which has resulted from the need to put additional security in place at Lewisham Library during operating hours following an incident at the Library. These two pressures are currently offset by underspends on staffing and other operational budgets.
- 7.4.3 There is a total projected underspend of £251k across the *Leisure Management* budget. A net underspend of £130k has resulted from a change in the accounting treatment for the budgeted contribution to the Discretionary Rate Relief Pool. This cost will now fall on the Collection Fund rather than on the revenue budget. In addition, there is an underspend of £113k on the Downham PFI unitary charge payment for 2018/19 which has resulted from a retrospective adjustment to the contract payments due under the PFI agreement for 2018/19. Smaller variances on client budgets make up the rest of the underspend.
- 7.4.4 The previously projected overspend on the Local Assemblies Devolved budget will now be covered by a budgeted drawdown from earmarked reserves of £45k. There is also a projected overspend on the Broadway Theatre budget of £83k which is has resulted primarily from additional costs incurred on the Pantomime season which will not be covered from the income generated from the event.
- 7.4.5 Smaller overspends are projected on the *Community Sector Grant* Programme of £21k due to lost CCG funding, £17k on the *Deptford Lounge* budget as a result of once of costs relating to the implementation of the new management contract. A projected underspend of £116k on the *culture and community development* staffing resulting from a combination of staff turnover and vacancies will help to mitigate the divisional overspend position. The cost of the Adult Learning Lewisham (ALL) Service is currently expected to be fully externally funded from a combination of grant from the Education & Skills Funding Agency and student fee income.
- 7.5 An underspend of £0.4m is projected on the *public health* budget reflecting early achievement of savings.
- 7.6 The *crime reduction and supporting people* division is now projecting a forecast underspend of £0.5m for 2018/19. The initial budget pressure of £100k across the Division that was created following the transfer of Business Support staff from Customer Services has been absorbed within the overall position for the Division.
- 7.6.1 There is a projected underspend of £177k on the budget for secure remand placements. This has resulted from a combination of an increase in the level of government grant funding received from the Ministry of Justice for 2018/19 and the level of remand placements required by the courts continuing to be exceptionally low for the year to date. Historically, Secure Remand Placements can be a volatile area of spend as they are dependent on the age/vulnerability of the young person and the nature and severity of the offence that has been committed. The final decision on the nature and length of remand being made in the operation of the court process.

- 7.6.2 Despite budget pressures funding of £250k for 2018/19, there is still a projected pressure of £69k on the core staffing and operational budget for the *youth offending service* in 2018/19. This cost pressure follows the adverse service inspection by the Youth Justice Board, this resulted in a 'new' staffing structure being put in place to address the issues raised and to implement the HM Inspectorate of Prisons improvement plan.
- 7.6.3 There are further underspends on *environmental health* of £100k (staffing & income), the *prevention & inclusion team* of £148k (staffing), the *supporting people* budget of £59k (contract savings) and the *drug & alcohol* budget of £58k (operational marketing & publicity budgets). The *crime enforcement & regulation service* has a projected underspend of £97k resulting from an underspend on staffing budgets offset by pressures on licensing income/legal costs These underspends are partially offset by a budget pressure of £59k on the CCTV service due to increased equipment & maintenance costs.
- 7.7 The *strategy and performance* service which included the directorate management team budget is projected to underspend by £0.1m.
- 7.8 There is no longer a projected variance shown against Community Services Reserves. An income budget has now been put in place to cover the drawdown from earmarked Reserves in respect of the Violence Against Women & Girls (VAWG) contract in the Supporting People Programme under Crime Reduction & SP Division (£119.5k) and the Local Assemblies Devolved budget under Cultural and Community Services Division (£45k) - this income is matched against expenditure budgets in the relevant service area.

8. CUSTOMER SERVICES

- 8.1 As at the end of January 2019, the Customer Services directorate is forecasting an overspend of £2.5m. At the same time last year, the year-end forecast was an overspend of £4.6m with the actual year-end outturn being an overspend of £5m.

Table 6 – Customer Services Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend Jan 2019	Forecast over/ (under) spend Nov 2018
	£m	£m	£m	£m	£m
Strategic Housing	28.8	(23.2)	5.6	-	-
Environment	37.0	(16.8)	20.2	0.9	0.9
Public Services*	28.9	(17.3)	11.6	0.3	(0.3)
Technology and Change	5.0	0	5.0	1.3	1.2
Total	99.7	(57.3)	42.4	2.5	1.8

* excludes £213m of matching income and expenditure in respect of housing benefits.

- 8.2 The *Strategic Housing* service is forecasting spend to budget for 2018/19. It should be noted that Tidemill security costs have not been reflected in the forecast for the service. These costs are expected to be in the region of £1.5m for the year. It had been anticipated that these costs could be capitalised, but it's been confirmed that the nature of these costs are not permissible for capitalisation purposes and are expected to be covered through the use of revenue reserves held corporately.
- 8.2.1 An overspend of £0.3m is forecast for the housing partnership and development area of the service, due to staffing costs for projects in the *housing strategy* team. The team is implementing a number of initiatives to increase the supply of affordable housing, manage the demand for homelessness provision through prevention work and increase the use of alternative provision to expensive nightly paid accommodation (expecting a cost reduction of £0.4m in the year) and create income generating schemes.
- 8.2.2 *Housing needs* is forecasting an underspend of £0.6m. A favourable variance of £0.4m is anticipated for bed and breakfast accommodation, predominately from a reduction in rents payable, as the service is gradually reducing the use of nightly paid accommodation by finding alternative provision at a cheaper rate. In addition, unbudgeted grant income of £0.6m is expected, partially offset by a reduction in rental income of £0.3m, following the move away from bed and breakfast accommodation to increased use of private sector landlords.
- 8.2.3 An overspend of £0.3m is expected for the year for *private sector housing*. The incentives paid to landlords is a means of reducing the cost of nightly paid accommodation either by preventing families becoming homeless or retaining PSL landlords. Spend of £0.5m in incentive payments is anticipated this year, which has in the past prevented the service from needing to spend around £1.5m in nightly paid accommodation costs.
- 8.2.4 The *no recourse to public funds* service is expecting to spend to budget. The budget funds the staffing costs of the team only. Other service costs are funded by Children and Young People's Directorate.
- 8.3 The *Environment division* is forecasting an overspend of £0.9m. In 2018/19, additional funding of £0.2m was provided for budget pressures in relation to domestic refuse collection and £0.15m for the shortfall in income from the garden waste subscription service. In addition, further funding for pressures from the costs of waste disposal in the strategic waste management service of £0.2m was allocated to the service.
- 8.3.1 As at the end of January 2019, a net overspend of £0.8m on *refuse services* is projected. The overspends on vehicle costs for refuse services as seen in previous years are not expected to occur at the same level following the purchase of a number new vehicles. However, there are still nine hired in vehicles in use, which is expected to create an overspend position for this year of £0.4m. There is also a shortfall of income projected for *trade refuse* of £0.2m within this overspend, which is in line with the income shortfall in 2017/18. In addition, recycling staff costs are anticipated to exceed the budget by £0.2m.

- 8.3.2 The *passenger services* budget is showing a net nil position for 2018/19. Additional budget funding of £500k was provided to the service for the 2018/19 financial year in order to mitigate a prior year saving allocated to the service. The cost of the service (£3.8m) will be fully recharged to directorates, predominately CYP (for SEN transport) and Community Services. A significant level of cost reductions have been achieved by Passenger Services across the two-year period which follows efforts to reduce demand for the service by both CYP-SEN and Community Services-Adults.
- 8.3.4 *Green scene* is forecasting an overspend of £0.1m in relation to grounds maintenance costs for parks and open spaces and costs of the arborists' service. Additional budget of £0.1m for the year was allocated to the arborist's service, to help alleviate budget pressures from the tree works, to prevent potential insurance and injury claims. Despite the additional funding, an overspend of £0.1m is anticipated across the green scene service area.
- 8.3.5 *Bereavement services* is forecasting an overspend of £0.1m in relation to staffing, grounds maintenance works and charges for the *coroners' court service* with London Borough of Southwark.
- 8.4 The *Public Services division* is forecasting an overspend position of £0.3m at the year-end. For the *revenue services* area, an overspend of £0.4m is anticipated, with £0.2m in the *council tax administration and court grant* area, primarily due to bank charges. A similar position was reported in 2017/18. The *council tax administration team* is anticipated to underspend by £0.1m on staffing costs. An overspend of £0.2m is expected in relation to agency staffing in the *central debtors team* and £0.1m in the *cashiers team*. Underspends for *council tax management* of £0.1m in relation to ICT hardware and other supplies and services. A shortfall income of £0.1m is also anticipated for the *bailiff service*.
- 8.4.1 In the *housing benefits* service area, there is a shortfall of £0.5m between the amount of housing benefit to be paid and the housing benefit subsidy (grant) due from Department for Work and Pensions (DWP) for the year. In 2016/17 and 2017/18, overpayments identified within the benefits system were particularly high, but following initiatives from DWP to detect error and fraud and reduce it, such as Real Time Information (RTI), overpayments of housing benefit were more easily detected and recovery action for these overpayments taken. A reduction in the number of overpayments created is being seen this year, due to changes in claimants' income being available more quickly and therefore a reduction the overpayments to be recouped from claimants has been seen. The impact of the reduction in potential income has been lessened by the forecast reduction in the bad debt provision associated with the reduction in overpayments made. However, a shortfall of £0.5m is nevertheless forecast for the year.
- 8.4.2 Across the service point area, an overspend of £0.3m is forecast, as a result of underachievement of income for business support services of £0.1m, an unfavourable variance for *customer service centre* of £0.1m in relation to agency costs combined with unbudgeted security costs and a shortfall in income for *registrars' service*, £0.1m.

- 8.4.3 The gross costs of the *parking service* are forecast at £1.1m above budget, due to the increase in bank charges arising from the rise in cashless parking charge payments, and an increase in overtime payments for enforcement. This is expected to be offset by a favourable variance of £1.8m from fixed penalty notices and pay and display charges, creating a £0.7m surplus for the parking service.
- 8.4.4 There is also an underspend forecast on *customer services reserves and management team* of £0.2m, relating to a transfer to reserves that is not anticipated to take place in 2018/19, due to the current overspend position.
- 8.5 The *Technology and Change* division is forecasting a £1.3m overspend. Following the notification of additional costs not previously forecast for the shared service, in relation to a service improvement programme, creating need for additional staffing costs and infrastructure related items and for prior year spend which has only recently been advised. In addition, potential telephony credits are not likely to be realised, where contracts with other telephony service providers at a higher rate were not migrated to the current provider, despite a contractual obligation to do so, in order to secure a contract. A forecast overspend of £0.8m is anticipated for the shared service.
- 8.5.1 Historically, the shared services budget has provided funding for the core element of the shared service, but the shared service arrangements include variable elements such as printing and the purchase of IT consumables, which are unbudgeted. In 2016/17, the service delivered budget savings of £1m, primarily through introducing the shared ICT service and reducing the cost of infrastructure contracts. For 2017/18, the division was expected to deliver a further saving of £0.35m, but a reduction in the division's budget, combined with a new pressure from software licences resulted in an outturn position for 2017/18 of £1.3m. Some savings have been made in 2018/19, following the extension of the shared service arrangements to the London Borough of Southwark in late 2017/18, in which the 2018/19 is seeing the full-year effect. However, these savings were lower than estimated, following the introduction of London Borough of Southwark as a partner in the service, rather than a customer of the service.

9. RESOURCES AND REGENERATION

- 9.1 As at the end of January 2019, the Resources and Regeneration directorate is forecasting an underspend of £0.3m. This is an improvement of £0.2m on the position reported as at the end of November 2018. At the same time last year, the year-end forecast was an underspend of £1.1m with the actual year-end outturn being an underspend of £1.9m. The overall position has been set out in Table 7.

Table 7 – Resources and Regeneration Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend Jan 2019	Forecast over/ (under) spend Nov 2018
	£m	£m	£m	£m	£m
Corporate Resources	5.7	(3.2)	2.5	(0.1)	(0.1)
Corporate Policy & Governance	4.8	(0.2)	4.6	(0.2)	(0.2)
Financial Services	4.5	(1.5)	3.0	0.1	0.1
Organisational Development & HR	2.8	(0.3)	2.5	(0.1)	(0.1)
Legal Services	3.3	(0.3)	3.0	0.0	0.0
Strategy	5.0	(2.8)	2.2	(0.2)	(0.2)
Planning	2.6	(1.9)	0.7	(0.2)	0.0
Regeneration & Place	48.0	(40.4)	7.6	0.4	0.4
Reserves	0.0	(0.6)	(0.6)	0.0	0.0
Total	76.7	(51.2)	25.5	(0.3)	(0.1)

- 9.2 The corporate resources division (£0.1m), the corporate policy & governance division (£0.2m) and the strategy division (£0.2m) are forecasting underspends that are mainly due to vacancies. The organisational development and HR division is forecasting an underspend of £0.1m against salaries, income and supplies & services budgets.
- 9.3 The financial services division is forecasting an overspend of £0.1m due to pressures across salaries, supplies & services and income budgets. The *planning* division is forecasting an underspend of £0.2m that is mainly due to high levels of income. There is currently a balanced budget forecast for the *legal services* division.
- 9.4 The *regeneration & place* division is forecasting a net overspend of £0.4m. There are currently budget pressures in relation to a projected income shortfall on commercial rents (£0.3m); a continuing underachievement of budgeted income in relation to the sustainable energy levy (£0.1m) due to reduced energy consumption; utilities costs across the corporate estate (£0.2m) due to price increases; and a continuing pressure in relation to Garages (£0.2m). These pressures are partly offset by underspends forecast in relation to employee costs (£0.2m) due to vacancies; once-off income received in relation to costs incurred on Deptford Wharves CPO (£0.1m); and rental income in relation to the Old Town Hall (£0.1m).

10. CORPORATE PROVISIONS AND USE OF RESERVES

- 10.1 The *corporate financial provisions* include working balances, capital expenditure charged to the revenue account (CERA), and interest on revenue balances. These provisions are not expected to overspend although, with the impact of continued reductions in service budgets, there is ever greater pressure on working balances. Certainty on their outturn only becomes clear towards the end of the financial year.

11. DEDICATED SCHOOLS' GRANT

- 11.1 The Dedicated Schools Grant (DSG) for 2018/19 has provisionally been set by the Department for Education at £292.3m, although this will change during the year to reflect updated pupil numbers at January 2018. Further grants are given to schools and routed through the local authority. These include the pupil premium (£16m), post 16 funding (£8.1m) and the universal free school meals grant (£3m), making total funds of £319m.

Schools

- 11.2 There were nine schools with deficits at the year-end 31 March 2018 totalling £1.5m. It is anticipated that there will be 14 schools in deficit at the end of March 2019. These are not all the same schools as some schools expect to recover their current deficit during 2018/19, but others are projected to go into deficit.
- 11.4 The forecast cumulative revenue balances for the year to 2018/19 is a surplus of £13.9m which represents a reduction of £4.3m to the 2017/18 balance (£18.3m). Approximately 70% of schools are forecasting an in year deficit for 2018/19.
- 11.5 There are nine schools with loans with a total balance of £3m. Of this, seven are secondary schools and two are primary schools. All schools with deficits have a budget recovery plan and work will continue this year to ensure that this is delivered and sustainable.
- 11.6 It should be noted that the central side of the DSG is expected to end the year in balanced budget position.
- 11.7 There is on-going review of High Needs Block (HNB) budget in the DSG. The Council's finance team is working closely with service leads and HNB sub-group to finalise a position post September 2018 when the pupil places numbers will be confirmed.

12. HOUSING REVENUE ACCOUNT

- 12.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2018/19. The balanced HRA budget seen in the table includes a budgeted surplus of £4.0m, which is to be transferred to reserves at year end as a part of the 30-year HRA business plan.
- 12.2 The forecast position for January 2019 is for an additional surplus of £2.8m. There had been no additional surplus reported since the position to the end of May 2018. Within this January position, there is a net increase in expected income of £1.2m due to lower than budgeted void loss.
- 12.3 Bad debt impairments have been revised with a reduction of £1.3m in costs. Energy charges are currently forecasted to budget whilst billing issues relating to the new contract are resolved. However, given the underspend generated in 2017/18, it is expected that this may re-occur in 2018/19.
- 12.4 Repairs & Maintenance (R&M) is forecasting spend to budget. Lewisham Homes is currently reporting potential pressures within the R&M allocations for hostels. However, this is to be reviewed and is expected to be contained within overall allocations.
- 12.5 Major works income forecasts has been reduced to reflect the expected billing activity between February 2019 and the end of March 2019. Lewisham Homes are reporting that the net income of these transactions will be in the region of £2.4m, and, when added to bills raised between April 18 and January 19 will total £3m for the year. This is some £915k below the budgeted level.
- 12.6 The current 30-year HRA financial model has been recently refreshed, with the latest updates for the new build programme, general capital programme, GLA grant and Headroom borrowing bid incorporated into the plans. Budgets will be amended from October 2018 to reflect the latest position.

Table 8 – Housing Revenue Account

Service Area	Expenditure Budget	Income Budget	2018/19 budget	Forecast over/ (under) spend Jan 19	Forecast over/ (under) spend Nov 18
	£m	£m	£m	£m	£m
Customer Services – Housing	15.0	(3.5)	11.5	(0.1)	0
Lewisham Homes & R&M	37.5	0	37.5	0	0
Resources	1.5	0	1.5	0	0
Centrally Managed Budgets	43.6	(94.1)	(50.5)	(2.7)	(2.9)
Total	97.6	(97.6)	0	(2.8)	(2.9)

13. COLLECTION FUND

13.1 As at 31 January 2019, £1111.9m of council tax had been collected. This represents 82.4% of the total amount due for the year of £135.8m. This is below the 'in year' profiled collection rate of 84.3% if the overall target for the year of 96% is to be met. At the same time last year, the collection rate to date was 82.7%.

13.2 Business rates collection is at 91.9%, an increase of 0.6% compared to the same period last year, and 5.02% lower than the profiled collection rate if the overall target rate for the year of 99% is to be achieved.

13.3 The table below shows the business rates cumulative collection rates and values from 2010/11 onwards, up to 31 January 2019:

Cumulative Collection by Year

As at:	BILL YEAR:	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
April 2018	Balance o/s	£2,484,433	£2,654,472	£2,701,232	£3,718,574	£3,830,488	£4,339,179	£4,923,074	£8,086,408
	% collected	97.39%	97.25%	97.26%	96.56%	96.45%	96.11%	95.80%	93.82%
May 2018	Balance o/s	£2,478,661	£2,647,932	£2,696,690	£3,706,702	£3,812,467	£4,320,694	£4,872,635	£7,846,148
	% collected	97.39%	97.26%	97.27%	96.57%	96.47%	96.12%	95.84%	94.01%
June 2018	Balance o/s	£2,472,185	£2,640,695	£2,689,536	£3,697,818	£3,798,824	£4,294,657	£4,832,619	£7,610,060
	% collected	97.40%	97.27%	97.28%	96.58%	96.48%	96.15%	95.87%	94.19%
July 2018	Balance o/s	£2,464,493	£2,633,099	£2,676,928	£3,682,038	£3,777,160	£4,271,146	£4,794,367	£7,376,480
	% collected	97.41%	97.27%	97.29%	96.59%	96.50%	96.17%	95.91%	94.37%
August 2018	Balance o/s	£2,460,353	£2,628,797	£2,672,572	£3,669,496	£3,766,850	£4,258,220	£4,754,796	£7,228,599
	% collected	97.41%	97.28%	97.29%	96.60%	96.51%	96.18%	95.94%	94.48%
Sept 2018	Balance o/s	£2,455,020	£2,622,360	£2,667,794	£3,659,588	£3,753,674	£4,228,577	£4,720,917	£7,097,971
	% collected	97.42%	97.28%	97.30%	96.61%	96.52%	96.21%	95.97%	94.58%
Oct 2018	Balance o/s	£2,445,611	£2,610,498	£2,658,785	£3,649,602	£3,737,412	£4,193,669	£4,671,419	£6,972,595
	% collected	97.43%	97.30%	97.31%	96.62%	96.54%	96.24%	96.01%	94.68%
Nov 2018	Balance o/s	£2,442,031	£2,604,567	£2,652,292	£3,639,846	£3,721,292	£4,166,314	£4,633,502	£6,860,370
	% collected	97.43%	97.30%	97.31%	96.63%	96.55%	96.26%	96.04%	94.76%
December 2018	Balance o/s	£2,435,602	£2,594,010	£2,645,959	£3,631,672	£3,711,302	£4,153,892	£4,606,255	£6,772,856
	% collected	97.44%	97.31%	97.32%	96.64%	96.56%	96.27%	96.07%	94.83%
January 2019	Balance o/s	£2,431,796	£2,586,745	£2,640,431	£3,619,807	£3,698,450	£4,134,584	£4,563,107	£6,638,122
	% collected	97.44%	97.32%	97.32%	96.65%	96.57%	96.29%	96.10%	94.93%

14. CAPITAL EXPENDITURE

14.1 The overall spend to 31 January 2019 is £53.5m, which is 61% of the revised budget of £87.3m. The capital expenditure up to month 10 in the last financial year was £64.2m, which was 63% of the revised budget of £102.4m, with the final outturn being 86% (£87.0m) of the revised budget of £100.7m.

14.2 The table below shows the current position on the major projects in the 2018/19 Capital programme (i.e. those over £1m in 2018/19).

2018/19 Capital Programme	Budget Report (February 2018)	Revised Budget (February 2019)	Spend to 31 Jan 2019	Spent to Date (Revised Budget)
	£m	£m	£m	%
GENERAL FUND				
Schools - Pupil Places Programme	17.7	3.6	2.3	64%
Schools - Other Capital Works	1.1	4.8	3.0	63%
Highways & Bridges – LBL	3.1	3.1	2.8	90%
Highways & Bridges – TfL	0.0	3.8	0.8	21%
Highways & Bridges - Others	1.1	3.4	0.8	24%
Catford town centre	4.8	1.0	1.0	100%
Asset Management Programme	3.9	2.4	1.1	46%
Heathside & Lethbridge Regeneration	1.1	1.1	0.1	9%
Excalibur Regeneration	0.0	2.6	0.8	31%
Lewisham Homes – Property Acquisition	10.0	8.0	11.0	138%
Private Sector Grants and Loans (inc. DFG)	1.7	3.0	0.8	27%
Fleet Replacement Programme	2.6	2.9	2.9	100%
Beckenham Place Park	5.5	3.2	3.9	122%
Smart Working Programme	2.0	1.9	1.1	58%
Edward St. Development	4.9	0.1	0.0	0%
Travellers Site Relocation	1.1	0.0	0.0	0%
ICT Tech Refresh	0.7	1.6	0.2	13%
Other General Fund schemes	1.9	5.6	2.1	38%
TOTAL GENERAL FUND	63.2	52.1	34.8	67%
HOUSING REVENUE ACCOUNT				
Housing Matters Programme	28.0	5.1	2.9	57%
Decent Homes Programme	43.9	29.0	15.6	54%
Other HRA schemes	0.8	1.1	0.3	27%
TOTAL HOUSING REVENUE ACCOUNT	72.7	35.2	18.8	53%
TOTAL CAPITAL PROGRAMME	135.9	87.3	53.5	61%

14.3 The main sources of financing the programme are grants and contributions, and capital receipts from the sale of property assets. Some £29.8m has been received so far this year, comprising £13.0m (net) from Housing Right-To-Buy and other capital receipts and £16.8m of grants and contributions.

- 14.4 The paragraphs below set out further detail regarding the delivery of the Council's major capital schemes:

Highways

- 14.5 During 2018/19, investment from Transport for London (TfL) has been used to deliver major improvements to local streets, as part of the Local Implementation Plan (LIP) programme. This includes the completion of the Deptford High Street scheme, as part of TfL's major schemes programme, and builds on the continued regeneration of the town centre area. It also includes major works in Dartmouth Road (Forest Hill), Baring Road (Grove Park) and Sangley Road (Catford South) to provide improved pedestrian environments, support local businesses, and reduce traffic speeds.
- 14.6 Following the release of a new Mayor's Transport Strategy for London, a thorough review of the Council's LIP transport strategy is now underway, that will consider the Council's investment priorities for highways and transport over the next 5 years. As part of this review, the new strategy will need to consider the implications of cuts to the annual formula grants received from TfL, expected to be over £300,000 a year, as well as a two-year pause on maintenance funding from TfL, at a similar level of reduction. In September 2018, the new strategy was approved in draft by Mayor & Cabinet, and will focus on creating "Healthy Neighbourhoods" that reduce traffic flows, improve air quality, and create better environments for walking and cycling, as well as delivering speed reduction measures that support the Council's Borough-wide 20mph limit.
- 14.7 To offset the annual funding cuts from TfL, the Highways & Transport service continues to have success in bidding for additional funding, including being one of only seven London Boroughs to be awarded Liveable Neighbourhoods funding to deliver "Healthy Streets", as well as the proposed Cycle Superhighway which will run the full length of A200 Evelyn Street.
- 14.8 In addition, the Council continues to invest resources in maintaining its highway assets, most notably through its £3.5million programme of carriageway and footway resurfacing works. The budget for carriageways allows for 60 to 70 roads to be resurfaced each year and, until 2017, the majority of these roads were those in the worst condition and categorised as "Red" - lengths of road in poor overall condition and in need of immediate further engineering assessment with a planned maintenance soon. In 2018 we carried out resurfacing to 67 roads from the Council's programme.
- 14.9 As a result of the resurfacing programme, it is now anticipated that the Council will have repaired all those roads with a Condition Index of "Red" category by early 2019. The focus will now move to works to roads classified with Condition Index of "Amber" (lengths of road where some deterioration is apparent, which should be investigated within one year to determine the optimum time for planned maintenance treatment). Without a planned early intervention within a year or two, could result into further severe defects and move the Condition Index to "Red". Early intervention using appropriate design, based on carriageway coring information and other factors like bus routes, high volume of traffic, usage and environment will result in better value for money. There are still some 386 roads classified as Amber that require essential works and the Council's long-term investment strategy is taking effect as since 2013, the number of annual insurance claims against the Council for carriageway defects has reduced by approximately 50%.

- 14.10 As progress continues on the condition of carriageways, the balance of focus will also move towards the footways programme where there are still approximately 70 roads categorised as Red and the proposal is to carry out essential repairs to at least 10 roads each year.

Schools

Schools - Pupil Places Programme

- 14.11 Since December 2015, the Regeneration and Place Division has been working with colleagues in the Children and Young Peoples Directorate to develop a longer term strategy for the delivery of school places to meet identified needs across the borough and to do so in a sustainable and efficient manner. As part of this, a new cross directorate governance structure has been implemented and a new procurement strategy agreed; utilising two-stage design and build contracts which transfer risk away from the Council to the contractors. As primary place demand has levelled off recently across London, the priority for the programme is Special Educational Need and Disability provision. Four schemes are currently in development stages, two due for completion in 2019 and two by 2020.

Schools – Minor Works Capital Programme

- 14.12 The School Minor Works Programme (SMWP) is an ongoing programme of minor capital works to existing community school buildings, primarily relating to mechanical/electrical infrastructure and building fabric needs. The programme is grant funded by central government and has been consistently delivered on budget.

Early Years Programme

- 14.13 Works have taken place at three nurseries within the borough since 2017, providing additional facilities to enable the delivery of 30 hours free childcare per week, in line with government policy.

Housing Regeneration

- 14.14 In the past year excellent progress has been maintained on the Council's two main housing regeneration projects, at Heathside & Lethbridge and at Excalibur, which in combination will deliver 1,500 high quality new homes, of which half will be affordable homes of varying types. At Heathside & Lethbridge phase 4 completed this year delivering 121 new social homes, and all of the remaining residents on the old estate have now been successfully re-housed. At Excalibur the first new homes have completed, enabling the first residents to move out of their pre-fab homes into high quality modern homes at protected social rents.
- 14.15 Across the housing delivery programme there have been a number of achievements. As of January 2019, 429 of last administration's 500 social home programme are either complete, on-site or have received planning permission. All homes that make up this programme will have started on site in 2019. As well as the 500 new social homes, the Council has committed to delivering 1,000 additional new social homes over the next four years. A programme of sites, to fulfil this commitment, is expected to be prepared by spring 2019. More than 100 homes have now been purchased by Lewisham Homes to provide better and more financially viable accommodation for homeless households.

- 14.16 On Edward Street in Deptford, a new housing scheme that will provide 34 new homes for use as high-quality temporary accommodation for homeless families, using the next iteration of the precision manufacturing technology used to build PLACE/Ladywell received planning permission in November 2018. The development will also provide a community run nursery and commercial space on the ground floor. The build will generate rental income for the Council, as well as delivering significant savings by not having to house 34 families in expensive private temporary accommodation.
- 14.17 In relation to existing homes, in this past year Lewisham Homes has commenced Decent Homes works on the final homes required to achieve 100% decent homes, which is a significant landmark. Alongside this, the Council has helped 72 households with disabled facilities grant funding to make homes safer and more suitable. The priority in the coming year will be to continue to respond quickly to the Grenfell tragedy. Aluminium Cladding Materials (ACM) on three Lewisham Homes blocks has already been removed and will be replaced in the next financial year. The Council and Lewisham Homes will continue to work closely in partnership on any other investment requirements as they arise.

Other Schemes

Catford Town Centre

- 14.18 A masterplanner, Studio Egret West, has been appointed to develop a spatial plan or masterplan for Catford. The masterplan work which started in July this year will run for approximately 1 year. At the end the process, Council is expected to have a comprehensive masterplan that delivers on the Council's strategic objectives for a viable Town centre and as well as on local aspirations of its residents. TfL continues to be a key partner in progressing the road realignment which forms part of the masterplan process. Work has also continued on the engagement, meanwhile use and place making initiatives started in 2016. These activities continue to reach out to thousands of people and have led to growing interest in the overall regeneration of the Town Centre. The challenge for 2019 is to complete the masterplan process and begin the process of developing a strategy for delivery the strategic outcomes it contains.

Beckenham Place Park

- 14.19 The restoration of the west side of Beckenham Place Park has secured planning and listed building consent. Preparatory works commenced in winter 2017 and the main restoration of the landscape and a number of listed building commenced in April 2018. Work to the west side of the park will be complete by summer 2019. Works to the east side of the park led by the Environment Agency to create a flood storage scheme for the River Ravensbourne have been put on indefinite hold following a significant increase in the cost of delivering their proposals. Council officers are investigating alternative ways of bringing investment to the east side of the park.

Smart Working Programme

- 14.20 The Smarter Working programme seeks to consolidate offices and release sites for future redevelopment in Catford town centre, whilst refurbishing the council's main office site, Laurence House, to ensure it is fit for purpose until new council offices can be built. The ground floor has been refurbished to provide a modern, welcoming and better functioning reception for the Council. It opened to staff and the public in October 2018. Work has commenced on refurbishing floors 1 to 5, improving and extending toilet provision, delivering new meeting rooms and kitchens, improving the heating and ventilation system, new energy efficient LED lighting, decoration and a layout and furniture which supports and encourages agile working. The programme of work will continue until the autumn of 2019, one floor at a time.

Asset Management Programme

- 14.21 Over the past few years, the Asset Management Programme (AMP) has provided resources to fund much needed capital works across the operational corporate estate. These have been reactive works to building fabric such as roof replacement and mechanical works including boiler replacements and lift repairs across the estate of approximately 80 sites.
- 14.22 More recently, the programme has funded essential works to the Civic Suite, Laurence House reception as well as impending emergency repair works to the Broadway Theatre and other key sites and buildings.
- 14.23 Officers are in the process of commissioning a condition survey of the entire operational corporate estate of approximately 105 buildings across the circa 80 sites. The survey will help inform a future corporate capital works programme for the estate.

15. FINANCIAL IMPLICATIONS

- 15.1 This report concerns the financial forecasts for the 2018/19 financial year. However, there are no direct financial implications in noting these.

16. LEGAL IMPLICATIONS

- 16.1 The Council must act prudently in relation to the stewardship of Council taxpayers' funds. The Council must set and maintain a balanced budget.

17. CRIME AND DISORDER ACT IMPLICATIONS

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

18. EQUALITIES AND ENVIRONMENTAL IMPLICATIONS

- 18.1 There are no equalities or environmental implications directly arising from this report.

19. CONCLUSION

- 19.1 The council will continue to apply sound financial controls throughout the duration of the financial year. However, the short and medium term outlook remains difficult and the continued strong management and fiscal discipline will be required to enable the council to meet its financial targets for 2018/19 and beyond.

BACKGROUND PAPERS AND APPENDICES

Short Title of Report	Date	Location	Contact
Financial Outturn for 2017/18	7 th July 2018 (M&C)	5 th Floor Laurence House	Selwyn Thompson
2018/19 Budget	21 st February 2018 (Council)	5 th Floor Laurence House	David Austin
Financial Forecast for 2018/19 – Months 2, 4 and 6	11 th July, 10 th October and 21 st November 2018 (M&C)	5 th Floor Laurence House	Selwyn Thompson
2019/20 Budget	6 th February 2019 (M&C)	5 th Floor Laurence House	David Austin

For further information on this report, please contact:
Selwyn Thompson, Head of Financial Services on 020 8314 6932

Public Accounts Select Committee		
Title	Asset Management Update	
Contributors	Assistant Director Regeneration & Place and Service Group Manager for Property, Asset Strategy & Estates, Regeneration & Place	Item 7
Class	Part 1 (open)	20 March 2019

1. Purpose

- 1.1 This report provides an update to Public Accounts Committee on the Council's approach to asset management including work taken forward since the last update in March 2018 and the priorities and risks going forward in relation to corporate assets. The report also provides an update on the Council's successes and strategy in relation to generating revenue and stimulating the local economy from its asset base.

2. Recommendations

- 2.1 Public Accounts Committee is invited to note the contents of the report.

3. Policy context

- 3.1 Lewisham's Sustainable Community Strategy 'Shaping our Future' 2008-2020 sets out 6 priority outcomes. Each of these outcomes are relevant, since Council assets provide the foundation for delivery of all services. The Council's Strategic Asset Management Plan 2015-2020 has particular resonance with the priorities for 'dynamic and prosperous' communities 'where people are part of vibrant localities and town centres well connected to London and beyond'.
- 3.2 Lewisham's Corporate Strategy 2018-2022 sets out 7 corporate priorities. Each of these priorities are relevant to the Council's Strategic Asset Management Plan 2015-2020, since Council assets provide the foundation for delivery of all services.
- 3.3 The Lewisham Regeneration Strategy- People, Prosperity and Places sets out the Council's vision for the regeneration of Lewisham until 2020, and outlines the new and emerging opportunities from which the residents, current and new, will benefit. This sets out:
- The links to the Council's wider strategic aims;
 - The main development corridor and links that are the building blocks for regeneration both large and small across the borough;
 - The ways in which the Council is working to drive growth and transformation of the borough, particularly through the use of its own assets.
- 3.4 In March 2015 Mayor and Cabinet approved a new Strategic Asset Management Plan 2015-2020. Integration of asset management work with housing, planning, infrastructure, regeneration, highways and schools remains a strategic priority. The Council's ability to link plans for the corporate estate with wider activity on highways, schools and the public realm creates the potential to connect to, benefit from and influence the wider regeneration of the borough.

4. Overview

- 4.1 As of March 2019, the estimated value of the Council's property assets is £1,228m (excluding dwellings, vehicles, plant and equipment).
- 4.2 The Council's non-housing asset portfolio base is currently 853 properties. These have been classified as follows:
- 145 operational assets supporting the Council's service delivery and office accommodation needs.
 - School and school assets over which the Council hold the freehold. The school estate across both the primary and secondary numbers 97.
 - Property assets from which the Council derives revenue income in the form of rent. There are sites in the Council's commercial portfolio covering 312 separate assets (sites with multiple units as well as other assets such as aerial sites).
- 4.3 In March 2015 the Council published a new corporate Strategic Asset Management Plan 2015-2020 that set management of corporate assets within the framework of the following outcomes:
- Compliance with regulation and responsiveness to risk.
 - Improving the quality of services that can be delivered through the corporate asset function.
 - Reducing expenditure and exposure to costs; and
 - Increasing income generated and collected.
- 4.4 Key achievements since the last report in relation to asset management include:
- Implementation of a new in-house facilities management team to deliver response repairs and statutory compliance across the Corporate Estate, replacing the previous contracts delivered by Kier;
 - Further progress developing the use of the updated Asset Register;
 - Successful collaborative working with other public sector partners, particularly in relation to the One Public Estate (OPE) programme;
 - Further progress on maximising income from new lettings across the commercial portfolio, including from the reuse of ex-operational sites as commercial properties;
- 4.5 This report provides a more detailed update on some of these achievements, together with detail of both the strategy and the ongoing work to generate and maximise revenue from the Council's portfolio.

5. Facilities Management Services

- 5.1 In October 2018, Mayor and Cabinet gave their approval for the Council to bring the Corporate Estate's Facilities Management Planned Preventative Maintenance (PPM) and Reactive Repairs contract with Kier to an end; and in its place adopt and implement a new service delivery model, including self-delivered and bought in services.
- 5.2 Through the latter part of 2018 and early weeks of 2019, Officers worked hard to ensure the necessary systems, resources and contracts were in place to facilitate transitional arrangements following the end of Kier's contract. The contract with Kier was terminated by mutual agreement on 13th January 2019 and, on 14th January, the Council implemented the new transitional delivery model, which includes the FM helpdesk and maintenance operatives team service now being delivered directly by the Council. The transitional arrangements were put in place as an interim measure to

ensure statutory PPM works and reactive repairs could be delivered, and compliance with legal and health and safety requirements met.

- 5.3 The FM services delivered by the Council are supplemented by 15 contractors who deliver PPM and reactive repairs in their service areas, each of which are contracted directly with the Council. These contracts include specialist servicing and maintenance of equipment such as lifts, commercial gas boilers, high voltage works and lightning protection. The current model means the Council have taken back the direct management, control and labour for the maintenance and servicing regime for the Corporate Estate.
- 5.4 In order to ensure the continuation of such important services, works to facilitate this included:
- TUPE of five Kier Staff into the Council's Facilities Management team;
 - Set up of a new in-house FM Helpdesk;
 - Procurement and implementation of specialised FM Helpdesk software.
- 5.5 The current operating model is an interim solution for a short-term period, where Hard FM service provision is delivered by contractors, all directly appointed by the Council. Adoption of this model for the medium to long term period is not sustainable primarily due to the high level of contract administration that will be required. Therefore the current transitional arrangements are expected to be in place for between the next three to nine months, whilst necessary work takes place to put in place the permanent in-house team and structure and procure the longer term specialist contracts required to supplement the work of the in-house service. A report is due to be presented to Mayor and Cabinet in the Spring, updating them on the progress of this work and the next steps required.
- 5.6 Asset Register
- 5.7 Work to update the Non-housing Asset Register is now complete, with the numbers of assets and percentage split between asset categories shown below:

Asset Category	March 2018	
	No.	%
Commercial	312	37%
Operational	145	17%
Parcels of Land	144	17%
Parks / Open Spaces	102	12%
Schools	89	11%
Residential (Inc. Homes)	33	4%
Other	28	2%
Total	853	

- 5.8 Work is continuing to assess our various Assets based on the information currently available, together with detailed site inspections of land and buildings to enhance our knowledge and enable strategy and operational management plans to be formulated. We will seek to capture, hold and maintain the Asset inventor
- 5.9 The Council is required by law to publish details of its land ownership. Data is already shared on the Government's EPIMS system as part of it's undertaking in the OPE programme, and further requirements are likely to come forward as part of other

Government led initiatives and regulations. It is therefore positive that we have reached the position we have in relation to the Council's Asset Register and Officers will be ensuring that all requirements in relation to data publishing is complied with.

6. Optimisation of the operational estate

6.1 Reshaping the corporate portfolio has been an ongoing part of the Council's response to financial pressures, and part of the division's identified savings targets. The Council has continued with its work to optimise the operational estate, with further progress made to consolidate office accommodation, surrendering empty properties and ending rental agreements.

6.2 Since we last reported further properties have been vacated or proposed to be vacated, so reducing the Council's exposure to maintenance, security and facilities management costs. These properties have either been returned to the landlord or alternative uses are being explored to generate income and further revenue savings. There are now very few operational properties that are held leasehold.

6.3 Where the Council is the landlord, the approach continues to be to seek alternative commercial opportunities, turning ongoing costs into an income. For example the Old Town Hall is now fully let, providing accommodation for Lewisham Homes and Meanwhile Use, creating local employment opportunities on the 4th and 5th floors.

6.4 Laurence House continues to be used intensively and the project to refurbish and restyle the ground floor reception to improve the customer experience is now complete. A programme to refurbish, modernise and future proof subsequent floors is ongoing.

6.5 The works have also facilitated the co-location of key public sector partners, including the Clinical Commissioning Group, who occupy part of the newly refurbished third floor (discussed further below).

6.6 Estate Compliance

6.7 The Asset Compliance Team monitors statutory compliance across the whole Operational Estate, ensuring the required statutory maintenance, inspections and remedial works are completed accordingly. Additionally, they also offer assistance and advice in regards to the Commercial Estate.

6.8 One Public Estate (OPE)

6.9 OPE is a pioneering initiative delivered in partnership by the Cabinet Office Government Property Unit and the Local Government Association. It provides practical and technical support and funding to councils to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners. The main aim of the initiative is to encourage better collaboration and working between public sector partners in relation to the use of assets. More specifically, the programme has four core objectives:

- Creating economic growth
- More integrated, customer-focused services
- Generating efficiencies through reducing running costs and capital receipts.

6.10 Lewisham Council is the lead organisation for the Lewisham Partnership, which includes Lewisham & Greenwich Trust (LGT), South London & Maudsley Trust (SLaM), Lewisham CCG and the GP Federation. The Partnership has been

successful in obtaining funding for Phases 4, 6 and, more recently, 7 of the Programme, totalling more than £700k for a variety of projects, covered in more detail below.

6.11 The Lewisham Partnership's bids and programme outline three interdependent areas of work:

- Regeneration – activity focussed on shared use of area specific sites that can deliver new homes, employment and fit for purpose assets.
- Collaboration – activity to enable the expansion of community based care services, new models of care at home and primary care development.
- Strategic Estate Planning – activity to maximise the use of existing facilities and co-location of services.

6.12 A number of projects have received funding so far, including:

- Development of a Strategic Plan for Ladywell, centring around the former Ladywell Leisure Centre site but also taking into account other key partnership land holding in the immediate area;
- Reconfiguration of the Lewisham Hospital site for the provision of a neighbourhood “hub” for N2, mental health bed/SLaM re-provision and other new service facilities;
- Reconfiguration of Downham Health and Leisure Centre to facilitate a neighbourhood “hub” for N3;
- Feasibility study around the potential redevelopment of Sydenham Green Health Centre for new health facilities and housing.

6.13 In addition, there are separate estate related projects between the partners related to improved service integration and collaboration, and the sharing of back office accommodation to realise running saving costs amongst other benefits. This has included the CCG moving into the remodelled 3rd floor in Laurence House, generating a revenue saving for the Council in respect of shared costs for the building, and the ability for the organisations to work more closely together.

6.14 As part of the OPE agenda, the Council are pro-actively engaging with key partners, such as the Hospital Trust, to unlock opportunities deliver new genuinely affordable housing across public sector land.

7. Commercial estate

7.1 The commercial portfolio continues to represent a significant opportunity to drive income generation by continued work in the following areas:

- Realign the portfolio;
- Acquisitions and disposal;
- Clear backlogs of casework;
- Cleansing data and systems; and
- Improve income collection and debt recovery processes.

7.2 Further progress has been made in this regard, again linked to already identified savings and income targets, this is described in more detail below.

- 7.3 Asset classification has improved significantly with the work achieved in updating the Asset Register and this work continues. Void rates continue to sit comfortably within a target rate of under 6%.
- 7.4 Closer integration with Finance on income collection and debt recovery has resulted in a much better understanding of the key issues. Due to a historic lack of communication and a build-up of bad debts, this remains an issue to be fully resolved going forward, although it is important to note that current write off levels are at around 1% of the total annual rent roll.
- 7.5 Work has also been ongoing to improve the monitoring of statutory compliance across the Commercial Estate. The main focus has been on high risk properties (in terms of type of use or type of user), with site visits and compliance reports being undertaken where necessary.

8. Asset Realisation & Income Generation

- 8.1 A great deal of work continues to identify and progress opportunities to maximise and generate income from the Council's asset portfolio. The key areas of priority and focus remain:
- Growth and increased performance of the commercial estate;
 - Land and asset uses with a focus on income generation;
 - Development of a private rental sector programme; and
 - Cross service working to bring forward regeneration in the borough.

8.2 Commercial Estate

- 8.3 The Estate Management team continues to significantly improve the performance of the portfolio through new lettings, tenancy regularisation and working through a backlog of lease renewals and rent reviews. For 2018/19 the final income is expected to be £3.98 million. For 2019/20 income is forecast to grow to £4.33 million, with the increase in income made up of a 25% increase on the garage portfolio and 5% growth on the income for the remainder of the portfolio.
- 8.4 The strategy for further improved performance will continue to focus on the following key areas:
- Growth in the commercial portfolio;
 - Tenancy regularisation and continuing to ensure lease management casework is up to date;
 - Minor refurbishments of vacant properties where appropriate to enhance marketability, and the pro-active marketing of vacant units to achieve best value
 - Garages –The garage rents will be increased by 25% in the new financial year rather than the usual RPI increase. This will bring them in line with current market value. A draft asset management strategy is being formulated, identifying key areas where inward investment is required in order to increase rental income;
 - New commercial opportunities in Beckenham Place Park;
 - Debt management and recovery.

8.5 Growth of the portfolio will come from a mix of strategic acquisitions, operational properties being released as part of the asset optimisation programme and historic land disposals which will result in commercial space coming back to the Council.

8.6 In February 2019 Mayor and Cabinet agreed the overall savings proposals for the Council over 2019/20 and 2020/21. For the Regeneration & Place Division, this included proposals to invest in commercial property in order to grow revenues within the Commercial Estate. An outline strategy has been drafted, set out in appendix 1.

9. Financial implications

9.1 There are no direct financial implications in noting the contents of this report.

10. Legal implications

10.1 There is no statutory requirement on local authorities to have an asset management plan in place, although it is considered a matter of good practice.

11. Crime and disorder implications

11.1 There are no crime and disorder implications arising out of this report.

12. Equalities implications

12.1 The equalities implications of decisions in relation to the corporate estate will be considered in detail as part of the asset optimisation process and in relation to decisions on individual buildings will be subject to the Council's decision-making processes.

13. Environmental implications

13.1 The Council's assets, and the operation of the corporate estate has implications for carbon emissions, local air quality, use of resources and a range of other environmental factors. Improving the efficiency of the estate would be expected to have a positive environmental impact.

13.2 On February 27th 2019 The Council approved a motion declaring a climate emergency and recognising the importance of reducing carbon emissions in the Borough, including in relation to how the Council is run and the services it delivers. Actions required include setting new targets to reduce the Council's carbon emissions and a systematic assessment of the climate change impact of each area of the Council's activities. This work will shape our strategic approach to asset management going forward.

Contact details for the report authors

Freddie Murray
Assistant Director
Regeneration & Place
020 8314 3914

APPENDICES

Appendix 1: Draft Commercial Investment Strategy (CONFIDENTIAL)

Exclusion of the press and public for the consideration of Appendix 1:

It is recommended that under Section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during discussion of this item because it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act as set out below

It includes information relating to the financial or business affairs of any particular person (including the authority holding that information).

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Public Accounts Select Committee		
Title	Select Committee work programme	
Contributor	Scrutiny Manager	Item 8
Class	Part 1 (open)	20 March 2019

1. Purpose

- 1.1 To advise the Committee about the process for agreeing the 2019-20 work programme.

2. Summary

- 2.1 At the beginning of the municipal year each select committee is required to draw up a work programme for submission to the Overview and Scrutiny Business Panel. The Panel considers the suggested work programmes and coordinates activities between select committees in order to maximise the use of scrutiny resources and avoid duplication.
- 2.2 The meeting on 20 March 2019 is the last scheduled meeting of the Public Accounts Select Committee in the 2018-19 municipal year. This report provides a summary of the issues considered in 2018-19 (the completed work programme) and asks the Committee to put forward suggestions for the 2019-20 work programme.

3. Recommendations

- 3.1 The Select Committee is asked to:
- consider the Committee's terms of reference **appendix A** alongside the scrutiny work programme prioritisation process when adding items to the programme for 2019/20;
 - note the completed work programme attached at **appendix B**;
 - review the issues covered in 2018-19 municipal year;
 - consider any matters arising that it may wish to suggest for future scrutiny, including topics for in-depth review;
 - take note of the key decision plan attached at **appendix C** and consider which decisions will require further scrutiny.

4. Public Accounts Select Committee 2018-2019

- 4.1 The Committee had six meetings in the 2018-19 municipal year. The completed work programme is attached at appendix B. Key issues considered were:
- Children's and adult's social care;
 - Income generation and commercialisation;
 - Budget cuts and the Council budget;
 - Financial monitoring;

5. Planning for 2019-20

- 5.1 Eight meetings will be scheduled for the 2019-20 municipal year. A work programme report will be put forward at the first meeting of the year for members to review, prioritise, revise and agree. The report will take account of the Committee's previous work and may incorporate:
- issues arising as a result of previous scrutiny
 - issues that the Committee is required to consider by virtue of its terms of reference
 - items requiring follow up from Committee reviews and recommendations
 - issues suggested by members of the public
 - standard reviews of policy implementation or performance, which is based on a regular schedule
 - suggestions from officers
 - decisions due to be made by Mayor and Cabinet

Issues arising from the 2018-19 work programme

- 5.2 The Committee has already indicated that there are matters it feels should be considered for further scrutiny (this includes issues carried over from the 2018-19 work programme) these are:
- Overspending in children's social care
 - Income generation and commercialisation

Public Accounts Select Committee terms of reference

- 5.3 The Committee's terms of reference are included at appendix A. These are formalised in the Council's constitution.
- 5.4 The Public Accounts Select Committee's role is to promote good custodianship of the Council's finances and to make recommendations for best financial practice across the authority. This includes (but it not limited to) investigating ways to improve the Council's financial management practice and to improve procurement practice.
- 5.5 The Public Accounts Select Committee is consulted on the Council's budget as part of its role in holding the Mayor and officers to account for their performance in respect of all budgetary matters. The Committee also has a responsibility to scrutinise the effectiveness of the Audit Panel.

Items requiring follow up from Committee reviews and recommendations

- 5.6 Over the course of the year, the Committee made recommendations to Mayor and Cabinet on:
- Children's social care
 - Income generation
 - Financial control
 - Social value
- 5.7 Given the significance of these issues, the Committee may decide to consider them again in 2019-20.

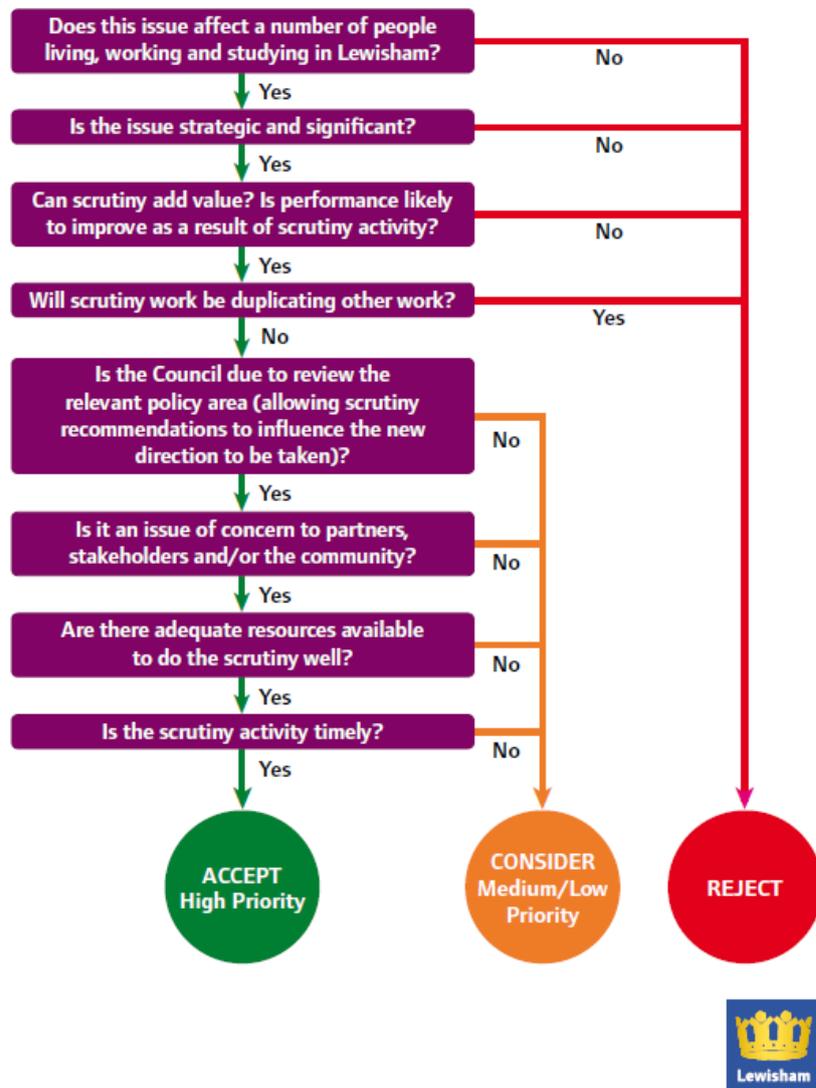
Standard reviews of policy implementation or performance, which are based on a regular schedule

- 5.8 In previous years, the Committee has regularly considered the Council's financial forecasts; treasury management strategy; asset management strategy; cuts programme; budget report and .

Suggestions from officers

- 5.9 The cuts programme: the Council has already made cuts from its annual revenue budget of £163m since 2010. The Medium Term Financial Strategy was reported to the Public Accounts Select Committee as well as Mayor and Cabinet in July 2018. This set out that an estimated £30m of cuts is required by 2020/21. To date saving proposals for £9.3m have been presented for scrutiny and agreed by Mayor and Cabinet for 2019/20, leaving a budget gap of £7.5m to be funded from reserves.
- 5.10 All scrutiny committees will need to allocate time to the scrutiny of further cuts proposals in the coming year. It should also be noted that a significant proportion of proposals this year related to income generating schemes. The Committee might decide to review the implementation of these proposals.
- 5.11 In deciding on items to add to the work programme for 2019/20, the Committee should give consideration to the work programme prioritisation process, which is based on best practice:

Scrutiny work programme – prioritisation process



Decisions due to be made by Mayor and Cabinet

5.12 The notice of key decisions is attached at **appendix E**.

6. Financial implications

6.1 There are no financial implications arising from the implementation of the recommendations in this report. There will be financial implications arising from items on the agenda; these will need to be considered, as necessary.

7. Legal implications

7.1 In accordance with the Council's Constitution, all scrutiny select committees must devise and submit a work programme to the Business Panel at the start of each municipal year.

8. Equalities implications

- 8.1 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.
- 8.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 8.3 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 at 8.2 above.

The Comprehensive Equalities Scheme

- 8.4 The Council's comprehensive equalities scheme (2016-20) reconfirms Lewisham's commitment to five enduring objectives:
- tackling victimisation, discrimination and harassment
 - improving access to services
 - closing the gap in outcomes for all residents
 - increasing mutual understanding and respect within and between communities
 - increasing citizen participation and engagement
- 8.5 There may be equalities implications arising from items on the work programme and all activities undertaken by the Select Committee will need to give due consideration to this. In particular, the Committee should note the Council's planned approach to the delivery of its enduring objectives through the delivery of key strategies and plans.

Background documents

Lewisham Council's Constitution: <https://tinyurl.com/lblconstitution2019>

Appendix A

Public Accounts Select Committee

- To make reports and recommendations to the Council or the Executive which promote the better custodianship of the Council's finances and to make recommendations for best financial practice across the authority.
- To investigate the possibilities for improving the Council's financial management practice and to make reports and recommendations to Executive or Council as appropriate.
- To encourage the highest standards of financial custodianship where necessary overseeing training activity for all members in this area.
- To consult on and to comment on and make recommendations to the Executive in respect of the actual and proposed contents of the Council's budget and without limiting the general remit of the committee, to hold the Executive to account for its performance in respect of all budgetary matters.
- To receive reports as appropriate from the Audit Panel in respect of their overview of contract procedure rules and financial regulations.
- To make recommendations and reports for consideration by the Executive or Council to improve procurement practice.
- To scrutinise the effectiveness of the Audit Panel.

Appendix B – the completed 2018/19 work programme

Public Accounts Select Committee Work Programme 2018/19

Programme of work

Work Item	Type of item	Priority	Strategic priority	Delivery deadline	09-Jul	25-Sep	07-Nov	20-Dec	05-Feb	20-Mar
Savings proposals	Performance monitoring	High	CP10	Ongoing			Proposals			
Election of the Chair and Vice-Chair	Constitutional requirement	High	CP10	Jul						
Select committee work programme 2017/18	Constitutional requirement	High	CP10	Ongoing						
Financial forecasts 2018/19	Performance monitoring	Medium	CP10	Mar				Capital programme		
Medium term financial strategy	Performance monitoring	High	CP10	Jul						
Final outturn 2017/18	Performance monitoring	High	CP10	Jul						
Income generation	In-depth review	High	CP10	Ongoing						
Cost pressures in children's social care	Performance monitoring	High	CP10	Sep						
Adult social care budget	Performance monitoring	High	CP11	Nov						
Mid-year treasury management review	Performance monitoring	Medium	CP10	Dec						
Finance control review	Performance monitoring	High	CP10	Dec						
Social value policy	Policy development	High	CP10	Dec						
Annual budget 2019/120	Standard item	High	CP10	Feb						
Asset management	Standard item	Medium	CP10	Dec						
Audit panel update	Constitutional Requirement	High	CP10	Mar						

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FORWARD PLAN OF KEY DECISIONS

Forward Plan March 2019 - June 2019

This Forward Plan sets out the key decisions the Council expects to take during the next four months.

Anyone wishing to make representations on a decision should submit them in writing as soon as possible to the relevant contact officer (shown as number (7) in the key overleaf). Any representations made less than 3 days before the meeting should be sent to Kevin Flaherty, the Local Democracy Officer, at the Council Offices or kevin.flaherty@lewisham.gov.uk. However the deadline will be 4pm on the working day prior to the meeting.

A “key decision”* means an executive decision which is likely to:

- (a) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council’s budget for the service or function to which the decision relates;
- (b) be significant in terms of its effects on communities living or working in an area comprising two or more wards.

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
December 2018	Annual Budget 2019-20	06/02/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		
November 2018	Lewisham Transport Strategy and Local Implementation Plan 2019-2041	06/02/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Brenda Dacres, Cabinet Member for Parks, Neighbourhoods and Transport (job share)		
January 2019	Income Generation Strategy	06/02/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance, Skills and Jobs (job share)		
January 2019	Social Value Policy	06/02/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance, Skills and Jobs (job share)		
December 2018	Council Budget Update	13/02/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
November 2018	Determined Admission Arrangements 2019-20	13/02/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance		
December 2018	Financial Regulations and the Directorate Schemes of Delegation	13/02/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		
December 2018	Demolition of Mayow Road Warehouse to build new Council Homes	13/02/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
November 2018	Corporate Strategy	13/02/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
November 2018	Adoption of Charter against Modern Slavery and Approval of 1st Annual Modern Slavery and Human Trafficking Statement	13/02/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
December 2018	Public Health Neighbourhood Grants	13/02/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Jonathan Slater, Cabinet Member for Community Sector		
January 2019	Prevention and Inclusion Contract Extensions	13/02/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor		
January 2019	Athena (Violence against women and girls service) contract extension	13/02/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
November 2018	Award of a Printing Services Contract for the ICT Shared Service Authorities	13/02/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
December 2018	Financial Regulations and the Directorate Schemes of Delegation	27/02/19 Council	David Austin, Head of Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		
November 2018	Annual Budget 2019-20	27/02/19	David Austin, Head of		

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		Council	Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		
November 2018	Adoption of Charter against Modern Slavery and Approval of 1st Annual Modern Slavery and Human Trafficking Statement	27/02/19 Council	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
January 2019	Corporate Strategy	27/02/19 Council	Janet Senior, Executive Director for Resources & Regeneration and Mayor Damien Egan, Mayor		
January 2019	Lewisham Homes Articles Amendment - Governance	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
December 2018	Redevelopment of PLACE/Ladywell site	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
October 2018	Public Health cuts revised proposals	13/03/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best,		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Deputy Mayor		
October 2018	Neighbourhood CIL Strategy	13/03/19 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Mayor Damien Egan, Mayor		
January 2019	Waldron Health Centre S106 Bid	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
February 2019	Longfield Crescent	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
December 2018	Parking Policy Update	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Brenda Dacres, Cabinet Member for Parks, Neighbourhoods and Transport (job share)		
December 2018	Beckenham Place Park update	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Brenda Dacres, Cabinet Member for Parks, Neighbourhoods and		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Transport (job share)		
December 2018	Commissioning of Older Adults Day Services parts 1 and 2	13/03/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor		
February 2019	Commissioning of Extra Care Housing, Parts 1 and 2	13/03/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor		
December 2018	Learning Disability Framework - shortlisting approval	13/03/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor		
January 2019	Retendering of the Occupational Health and Employee Assistant Programme	13/03/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		
January 2019	Pay Statement	13/03/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		
February 2019	Powered two wheelers in bus lanes	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for		

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			Customer Services and Councillor Brenda Dacres, Cabinet Member for Parks, Neighbourhoods and Transport (job share)		
February 2019	Arrangements to provide Home Care Services in Neighbourhood 1	13/03/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor		
February 2019	Catford Regeneration Partnership Limited 2019-20 Business Plan	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
February 2019	Extension of Sexual Health Clinic Contract with LGT	13/03/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor		
February 2019	Lewisham and Greenwich Trust Site Acquisitions	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
February 2019	Residential Portfolio Acquisition	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for		

FORWARD PLAN – KEY DECISIONS

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			Housing		
February 2019	New Homes Development	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
February 2019	Lewisham Homes Acquisitions Programme	13/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
May 2018	Stillness School Kitchen and Dining Hall Contract	19/03/19 Executive Director for Children and Young People	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance		
December 2018	Heathside and Lethbridge Phases 5 & 6 Land Assembly. Part 1 & 2	27/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
February 2019	Local Democracy Review	27/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for		

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			Democracy, Refugees & Accountability		
February 2019	Boundary Commission Review	27/03/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
February 2019	Local Safeguarding Partnership - Future Arrangements	27/03/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance		
February 2019	Local Democracy Review	03/04/19 Council	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
January 2019	Pay Statement	03/04/19 Council	David Austin, Head of Corporate Resources and Councillor Joe Dromey, Cabinet Member for Finance, Skills and Jobs (job share)		
November 2018	Neighbourhood CIL Strategy	03/04/19 Council	Janet Senior, Executive Director for Resources &		

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			Regeneration and Mayor Damien Egan, Mayor		
February 2019	Catford Regeneration Partnership Limited 2019-20 Business Plan	03/04/19 Council	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
February 2019	Boundary Commission Review	03/04/19 Council	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
December 2018	New Woodlands School Remodelling works Contract Award	24/04/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance		
February 2019	Watergate Special School Expansion Contract Award	24/04/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance		
December 2018	Proposals for private rented	24/04/19	Kevin Sheehan,		

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	sector licensing in Lewisham	Mayor and Cabinet	Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
February 2019	Re-Procurement of Tier 4 Substance Misuse framework Contract for adult substance misuse services	24/04/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor		
October 2018	Chelwood Nursery Expansion	07/05/19 Executive Director for Resources and Regeneration	Kevin Sheehan, Executive Director for Customer Services and Councillor Chris Barnham, Cabinet Member for School Performance		
October 2018	Rockbourne Community Centre Refurbishment	07/05/19 Executive Director for Resources and Regeneration	Kevin Sheehan, Executive Director for Customer Services and Councillor Brenda Dacres, Cabinet Member for Parks, Neighbourhoods and Transport (job share)		
February 2019	Authorisation to consult on adoption of new Conservation Area Appraisal and Article 4 Direction Deptford High Street Conservation Area	08/05/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
August 2018	Lewisham Strategic Heat	05/06/19	Kevin Sheehan,		

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	Network Business Case	Mayor and Cabinet	Executive Director for Customer Services and Mayor Damien Egan, Mayor		
February 2019	Adoption Lewisham Park Conservation Area, accompanying Article 4 direction, and appraisal document	26/06/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		

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