

# Public Document Pack

## Lewisham Council Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Wednesday, 2 March 2022.



Kim Wright, Chief Executive  
February 22 2022

|                               |  |
|-------------------------------|--|
| Mayor Damien Egan             |  |
| Councillor Obajimi Adefiranye |  |
| Councillor Tauseef Anwar      |  |
| Councillor Chris Barnham      |  |
| Councillor Paul Bell          |  |
| Councillor Peter Bernards     |  |
| Councillor Chris Best         |  |
| Councillor Kevin Bonavia      |  |
| Councillor Andre Bourne       |  |
| Councillor Bill Brown         |  |
| Councillor Juliet Campbell    |  |
| Councillor Suzannah Clarke    |  |
| Councillor Patrick Codd       |  |
| Councillor Liam Curran        |  |
| Councillor Brenda Dacres      |  |
| Councillor Sophie Davis       |  |
| Councillor Amanda De Ryk      |  |
| Councillor Colin Elliott      |  |

Councillor Aisling Gallagher

Councillor Leo Gibbons

Councillor Alan Hall

Councillor Carl Handley

Councillor Octavia Holland

Councillor Coral Howard

Councillor Mark Ingleby

Councillor Liz Johnston-Franklin

Councillor Caroline Kalu

Councillor Silvana Kelleher

Councillor Louise Krupski

Councillor Samantha Latouche

Councillor Jack Lavery

Councillor Jim Mallory

Councillor Paul Maslin

Councillor Sophie McGeevor

Councillor Joan Millbank

Councillor Hilary Moore

Councillor Pauline Morrison

Councillor John Muldoon

Councillor Olurotimi Ogunbadewa

Councillor Rachel Onikosi

Councillor Lionel Openshaw

Councillor Jacq Paschoud

Councillor John Paschoud

Councillor Stephen Penfold

Councillor Kim Powell

Councillor James Rathbone

Councillor Joani Reid

Councillor James Royston

Councillor Sakina Sheikh

Councillor Jonathan Slater

Councillor Alan Smith

Councillor Luke Sorba

Councillor Eva Stamirowski

Councillor James-J Walsh

Councillor Susan Wise



# Council Agenda

Wednesday, 2 March 2022

**7.30 pm**, Council Chamber - Civic Suite

Civic Suite

Lewisham Town Hall

London SE6 4RU

For more information contact: Kevin Flaherty 0208 3149327 (Tel: 0208 314 9327)

## Part 1

| <b>Item</b> |  | <b>Pages</b> |
|-------------|--|--------------|
| 1.          | Declaration of Interests                                 | 1 - 3        |
| 2.          | Minutes  | 4            |
| 3.          | Petitions  | 5            |
| 4.          | Announcements or Communications                          | 6 - 7        |
| 5.          | Public questions   | 8 - 76       |
| 6.          | Member questions   | 77 - 112     |
| 7.          | Budget 2022-23   | 113 - 275    |
| 8.          | Update to the Constitution - Scrutiny Executive Protocol | 276 - 287    |
| 9.          | Aldermanic Protocol                                      | 288 - 295    |
| 10.         | Motions  | 296 - 299    |

## FIELD\_TITLE

Members of the public are welcome to attend committee meetings. However, occasionally, committees may have to consider some business in private. Copies of agendas, minutes and reports are available on request in Braille, in large print, on audio tape, on computer disk or in other languages.

# Agenda Item 1

| COUNCIL             |                           |                    |
|---------------------|---------------------------|--------------------|
| <b>Report Title</b> | Declarations of Interests |                    |
| <b>Key Decision</b> |                           | Item No. 1         |
| <b>Ward</b>         |                           |                    |
| <b>Contributors</b> | Chief Executive           |                    |
| <b>Class</b>        | Part 1                    | Date: March 2 2022 |

## 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; and
- (b) 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)



# Agenda Item 2

| COUNCIL             |  |                    |
|---------------------|--|--------------------|
| <b>Report Title</b> | Minutes                                      |                    |
| <b>Key Decision</b> |  | Item No.2          |
| <b>Ward</b>         |  |                    |
| <b>Contributors</b> | Chief Executive (Head of Committee Services) |                    |
| <b>Class</b>        | Part 1                                       | Date: March 2 2022 |

## Recommendation

It is recommended that the minutes of the meetings of the Council which were open to the press and public, held on January 19 2022 be confirmed and signed (copy previously circulated).

# Agenda Item 3

| COUNCIL             |  |                    |
|---------------------|--|--------------------|
| <b>Report Title</b> | Petitions                                      |                    |
| <b>Key Decision</b> | no   | Item No.           |
| <b>Ward</b>         | n/a  |                    |
| <b>Contributors</b> | Chief Executive (Head of Business & Committee) |                    |
| <b>Class</b>        | Part 1   | Date: March 2 2022 |

1. The Council is invited to receive petitions (if any) from members of the Council or the public. There is no requirement for Councillors to give prior notice of any petitions that might be presented.
2. The Council welcomes petitions from the public and recognises that petitions are one way in which people can let us know their concerns. All petitions sent or presented to the Council will receive an acknowledgement from the Council within 14 days of receipt. This acknowledgement will set out what we plan to do with the petition.
3. Paper petitions can be sent to :-  
  
Governance Support, Town Hall, Catford, SE6 4RU  
  
Or be created, signed and submitted on line by following this link  
  
<https://councilmeetings.lewisham.gov.uk/ielogon.aspx?lp=1&RPID=49729383&HPI D=49729383&Forms=1>
4. Petitions can also be presented to a meeting of the Council. Anyone who would like to present a petition at a Council meeting, or would like a Councillor to present it on their behalf, should contact the Governance Support Unit on 0208 3149327 at least 5 working days before the meeting.
5. Public petitions that meet the conditions described in the Council's published petitions scheme and which have been notified in advance, will be accepted and may be presented from the public gallery at the meeting.
6. No public petitions have been notified for this meeting.

# Agenda Item 4

| COUNCIL             |                                 |                    |
|---------------------|---------------------------------|--------------------|
| <b>Report Title</b> | Announcements or Communications |                    |
| <b>Key Decision</b> |                                 | Item No.           |
| <b>Ward</b>         |                                 |                    |
| <b>Contributors</b> | Chief Executive                 |                    |
| <b>Class</b>        | Part 1                          | Date: March 2 2022 |

## Recommendation

The Council is invited to receive any announcements or communications from the Speaker, the Mayor, members of the Executive or the Chief Executive.

## International Women's Day

On International Women's Day (8<sup>th</sup> March) the Council is hosting a celebrating of poetry performance, collage workshops, art and music at Lewisham Shopping Centre. The projects, supported by Lewisham Council, are Noras of Lewisham, a participatory public art project that honours women's contributions to society, and SHEroes, a poetry project that will be unveiled for the first time before touring local Lewisham libraries. Attendees are also invited to nominate an inspiring women to become one of our Lewisham Legends. To find out more about the event and register [visit the event page](#).

## Ellie Scotney

The Council congratulates Catford resident Ellie Scotney, professional boxer, for claiming her first title by winning the WBA International Boxing in February.

## Mayor's Recognition Award: Lesley Allen

At Full Council (2<sup>nd</sup> March) Lesley Allen, Co-Ordinator of the Bring Me Sunshine Project and The Diamond Club, will receive a Mayor's Recognition Award for her services to older residents, particularly during the COVID-19 pandemic.

Lesley has co-ordinated the Diamond Club, which aims to tackle loneliness for older residents, for the past twenty years. She then co-ordinated with five local churches to found the Bring Me Sunshine Project, which provides a wide range of events and activities for older residents in Lewisham. During the COVID-19 pandemic Lesley led volunteers in supporting, befriending and providing activities to older isolated residents. The Mayor's Recognition Award is a testament to her dedication and the joy her and her volunteers have inspired in older people.

## Borough of Culture Poetry Challenge

Lewisham's Borough of Culture programme invites you to get involved in our Poetry Challenge in March. The Poetry Takeaway Van will be visiting Lewisham Market (3 March), Deptford Lounge (19 March) and Beckenham Place Park

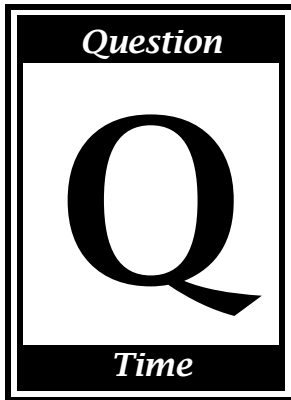
Courtyard (26 March), and people are invited to tell their story and have it transformed into a poem that will be shared and displayed across Lewisham. People can also write their own story to share on social media. For more information visit [www.wearelewisham.com](http://www.wearelewisham.com)

*For Wearside*, a poem by Jacob Sam La Rose, will be read out at the Council meeting.

# Agenda Item 5

| COUNCIL             |  |                    |
|---------------------|--|--------------------|
| <b>Report Title</b> | Public Questions                               |                    |
| <b>Key Decision</b> |  | Item No.           |
| <b>Ward</b>         |  |                    |
| <b>Contributors</b> | Chief Executive (Head of Business & Committee) |                    |
| <b>Class</b>        | Part 1   | Date: March 2 2022 |

- . Questions received from members of the public will be published together with written answers on March 1. Questioners will be entitled to attend either in person or via a Virtual Microsoft Teams meeting and ask a supplementary question.



# **LIST OF PUBLIC QUESTIONS AND ANSWERS**

Public questions and answers for the  
Council Meeting of the London Borough of  
Lewisham to be held on Wednesday 2  
March 2022

## **PUBLIC QUESTION NO. 1**

### **Priority 1**

Question asked by: Renee Novotna

Relevant Directorate: Community Services

Member to reply: Councillor Patrick Codd

### **Question**

What is Lewisham's policy and where is the plan for planting trees along Lewisham roads?

### **Reply**

Lewisham supports a scheme of planting trees along Lewisham's roads.

The Council works closely with the street tree planting charity Street Trees for Living (STfL), on obtaining internal and external grant funding to supplement our community / resident supported programme.

Details of the Lewisham Planting scheme can be found on the Lewisham website:

<https://lewisham.gov.uk/myservices/environment/trees/how-to-get-new-trees-planted>

STfL currently supports Lewisham residents to plant new street trees along residential roads in every ward in Lewisham, as well as overseeing targeted planting projects outside schools and in areas of multiple deprivation, high pollution, low tree canopy cover and high flood risk.

STfL has planted over 1,000 Lewisham street trees to date with a 98% survival rate. With the support of the Council, STfL has become a well-respected, award-winning, community-led tree planting charity and is growing in its volunteer capacity, reach and tree planting numbers yearly. To find out more and register your interest to plant a street tree in Lewisham please visit: [www.streettreesforliving.org](http://www.streettreesforliving.org)

We do request that residents who want to have trees in their roads contribute to their establishment but their financial contribution is subsidised by the Council. An important factor and part of the success of the tree planting schemes in Lewisham is this public / private not-for-profit partnership. This approach results in trees that are 'owned' and cared for.

Please note that although the Council would like to have a 'like for like' replacement policy, this is not practically or operationally possible in many circumstances. It is not always as simple as reusing a tree pit: there are multifaceted factors that need to be taken into consideration which may not have been present when the deceased tree was planted, however long ago.

The Council has to adopt a right tree, right space, right place strategy. Most importantly residents need to want the trees. We do our utmost to facilitate all requests where other factors allow, either by asking for public contributions and / or directing grant funded schemes (if they accord with the funders stated priorities) to planting in those areas.



## **PUBLIC QUESTION NO. 2**

### **Priority 1**

Question asked by: Katherine Hughes

Relevant Directorate: Community Services

Member to reply: Councillor Patrick Codd

### **Question**

The Mayors Greening Fund is supposed to benefit green and open spaces. There is nothing in the guidance from the Mayor of London that restricts the funding to only being used for council owned or council managed sites. Lewisham Borough have chosen however to only allocate funding to the green space which they own or directly manage. This means that several important green spaces for biodiversity in Lewisham are excluded from this funding even though they are charities and are volunteer led and despite the fact they contribute to Lewisham Council biodiversity targets. Sites include for example the Buckthorne Cutting Nature Reserve, Albion Millennium Green and the Crofton Railway Garden.

Will the council re-consider this 'local' arrangement and include green spaces that are run by not-for-profit groups where they benefit Lewisham residents in 2022/2023?

### **Reply**

The Greening Fund Phase 2 is a continuation of a new fund born out of the Council's Corporate Strategy 2018-22 commitment:

*'Preservation of our award winning green spaces - We will establish a new Greening Fund to support the work of our local community groups protecting and enhancing our green spaces.'*

This was in recognition of the borough's 18 Green Flag Award parks and 1st place award in the 'Good Parks for London' benchmarking in 2018, run by Parks for London organisation. Lewisham continues to score highly in the Good Parks for London reports and, last year, Lewisham's parks were recently ranked as "outstanding", with Lewisham performing as the [best borough in London in the latest Good Parks for London report](#).

The Greening Fund is a Lewisham Council initiative, rather than a GLA (or Mayor of London) fund. It was primarily set up to facilitate S106 expenditure on parks and open spaces. Works to highways and land outside of the Council's ownership were not included in the initial phases of the fund.

The Council administered and delivered this complex grant scheme and in order to ensure prompt delivery only implemented projects that fall within their operational control. Council officers developed the guidance pack, assessed the applications, bid for the funding from the S106 Board, procured products, project managed and implemented the schemes on behalf of the applicants.

Any future investment projects of this type will review this approach.

### **PUBLIC QUESTION NO. 3**

#### **Priority 1**

Question asked by: Diana Ruthven

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

#### **Question**

The owners of the woodland at 8A Courtrai Road SE23 1PL, AA Homes and Housing, have now had four enforcement notices served on them within 4 years by Lewisham Council. Currently homeless people are living in an unsafe building on the woodland and have been for 6 months with no working toilets. Drugs are being dealt in the woodland on a regular basis and an individual was seen on site with a chainsaw in an ancient woodland space highlighting the risk to trees on site. The council have issued enforcement notices and have actively tried to hold the owner to account which is appreciated.

Will the council consider taking the land owner to court? After at least 4 years of evidence of on-going neglect, fly tipping, illegal activity and permitting habitation of an unsafe building without toilets it seems that more robust action is now necessary.

#### **Reply**

The Council's Planning team are continuing to work alongside colleagues from Enviro-Crime Enforcement and Crime Enforcement and Regulation (CER) to tackle the breaches at this site.

The Council issued a warning followed by a notice to require the removal of controlled waste on the owners. Our planning team have re-served an untidy land notice (section 215) which requires compliance by 9th March 2022 and have also been liaising with the owner's legal team regarding the squatters to seek their cooperation. Officers have been informed that an appeal has been lodged and await further information.

Illegal activities fall outside of the remit of the Council and are police matters to pursue. Our CER team have liaised with the local safer neighbourhoods team as some of the reported issues may well be police matters. Officers attended the site in response to noise complaints but did not witness a statutory nuisance.

Should the enforcement matters continue on site in breach of notices, the Council will look to pursue this case further, which may include prosecution.

## **PUBLIC QUESTION NO. 4**

### **Priority 1**

Question asked by: Anna-Maria Cahalane

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

### **Question**

A Compulsory Purchase Order is a process that councils understandably avoid because of the resources and costs involved in buying an asset (building or land) that is privately owned. However the process exists because sometimes it is the only option left where a valuable community and/or green asset is at risk of being lost to the community.

In 2019 the CPO section on community assets was updated and states:

‘Authorities can receive requests from the community or local bodies to use their compulsory purchase powers to acquire community assets, which may have been designated as Assets of Community Value, that are in danger of being lost where the owner of the asset is unwilling to sell or vacant commercial properties that are detracting from the vitality of an area.’

If Lewisham Council receives a CPO request, in relation to the Scout Hut/woodland at 8A Courtrai Road SE23 for example, will the Council give serious consideration to saving the Asset of Community Value via a CPO if the evidence is compelling in terms of benefit to the community, if all other options have been exhausted and if there is no financial impact on Council financial resources?

### **Reply**

It is considered that there is no redevelopment value for the site, given its position near / within designated Ancient Woodland (which is protected under legislation). However, there is still a current ‘existing use value’ which would form the part of any CPO. Costs for the acquisition, including surveyor, lawyer, capital acquisition and other internal costs are likely to exceed £200,000. Financial implications to the council will therefore be unavoidable.

**PUBLIC QUESTION NO. 5**

**Priority 1**

Question asked by: Patricia Richardson

Relevant Directorate: Community Services

Member to reply: Councillor Brenda Dacres

**Question**

It has been suggested that the new Catford Library may be open from sometime in March 2022 and that staff from Lewisham Library will be used to manage the building and service. Is this the case?

If so, what does that mean for the opening of Lewisham Central Library during Lewisham's tenure as borough of culture? Will it open at all?

If so how will the council maintain security and the library service at both Catford and Lewisham Libraries?

**Reply**

Catford Library is moving out of the Ground Floor of Laurence House and into the Catford shopping precinct. Work has started on site to two shopping units and, because of building issues, it is clear that the library is likely to open later than March. Official communication will follow as soon as timescales are confirmed.

It was hoped that the opening of Catford Library and the closure of Lewisham Central Library for refurbishment would happen at the same time. However, the timescales for the refurbishment of the Lewisham Central Library are being confirmed. Again, announcements will follow in due course.

Given the above, the Library and Information Service will allocate staff as required and we do not envisage specific security or service issues at the two buildings.

Lewisham Central Library continues to operate as normal and will host several Borough of Culture events in the coming months.

## **PUBLIC QUESTION NO. 7**

### **Priority 1**

Question asked by: Gina Raggett

Relevant Directorate: Chief Exec's

Member to reply: Councillor Kevin Bonavia

### **Question**

According to the Blackheath Joint Events Policy 2017-2020, Appendix 1, para 2.3 [ ... ] The Blackheath Joint Working Party's (BJWP) remit includes advising on events and activities and ensuring that the fabric of the Heath is protected and that the views of residents and regular Heath users are considered when the Heath is hired out for events". In view of this can the Council explain why Agendas, Minutes and notices of meetings relating to the BJWP, including the AGM, have been unavailable to the general public online or in any other format since June 2018? Will the Council now act to ensure greater transparency in future?"

Cllr Bonavia replied as follows:

"The Minutes of BJWP meetings should be published on the Council's website. The fact that this has not been kept up to date is an oversight which has now been corrected. Minutes of the meetings can be seen at <https://lewisham.gov.uk/inmyarea/neighbourhoods/blackheath>."

Q: Given that the Minutes only cover the period up to September 2019, will the Council now keep its word and update the relevant details to cover the past 2 ½ years? Will the Council ensure that such an oversight is not repeated in future?

### **Reply**

The Council acknowledges that minutes of meetings of the Blackheath Joint Working Party (BJWP) have not been published on the Council's website for the past two years. Of course for much of that period, the Council has been concentrating efforts towards its Covid-19 pandemic response and recovery, with staff being redeployed to confront the public emergency. This has led to a number of delays to a wide range of non-emergency functions, including those relating to the publication of minutes of the Blackheath Joint Working Party on the Council's website. This oversight has been now been rectified with the minutes being published [here](#). Officers have been asked to ensure that future meeting minutes are published within a week following approval by the BJWP.

## **PUBLIC QUESTION NO. 8**

### **Priority 1**

Question asked by: Carol Spurling

Relevant Directorate: Community Services

Member to reply: Councillor Kim Powell

### **Question**

Does the application procedure for NCIL money, in local wards, make clear that some councillors who have decision-making powers, also have an interest in some of the groups making bids? How is such an interest guarded against so there is no suggestion of questionable influence over decisions made?

In Lee Green Ward there was meagre attendance for the virtual assembly meeting, and there was little time available for discussion on the bids and they went through, almost on the nod. How can this be averted in the future so the public can be sure due diligence has been applied publicly?"

### **Reply**

The assessment process for Neighbourhood Community Infrastructure Levy (NCIL) applications included independent assessment and scoring by two officers, moderation of scores by a manager, expert panel assessments, and then a review of recommended projects by ward Councillors. This review process clearly set out that Councillors declare any conflicts of interest. This was documented throughout the process and Councillors with conflicts of interest did not take part in reviewing those specific projects. The assessment process was outlined in the presentation at each of the ward Assembly meetings to present the NCIL recommendations. All decision making for the ward based NCIL sits with Mayor and Cabinet and not ward Councillors.

The ward assemblies were advertised through door to door letter drops, via e-mail to networks and assembly contact lists, and via social media. It is acknowledged that the virtual meeting format may have limited attendance, and this is something we will review for the future.

This is the first time that NCIL funds have been distributed. The Council is committed to reviewing the whole process and ensuring that our learning is applied to future NCIL grant programmes.

**PUBLIC QUESTION NO. 9**

**Priority 1**

Question asked by: Dave Levy

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

There are no public nor 24 hour public toilets on Deptford High Street. The alternative it seems is the pavements and streets which is unacceptable. What do the council propose to do to ensure that people can have access to toilets when they need them?

**Reply**

In 2017, the Council commissioned Lewisham Local to create and develop a [Community Toilet Scheme](#).

The scheme has since grown and has coverage across the borough. In Deptford, Community Toilets can be found in Deptford Park, Festa Sul Prato, Rough & Ready Coffee Shop, The Albany, and the Deptford Lounge.

Lewisham Local actively encourages local businesses, cafés, community centres and libraries to join the Community Toilet scheme to expand the offer of clean, safe and accessible toilets for residents and visitors to the borough.



**PUBLIC QUESTION NO. 10**

**Priority 1**

Question asked by: Cheryl McLeod

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Please can the cabinet member list any properties that the Council have put up for sale in the last four years and detail whether this is by auction or other means? Please provide reasons for the sale and date of the sale, price achieved and price expected and/or reserve price.

**Reply**

The Council has not put any of its properties up for sale in the past 4 years.

**PUBLIC QUESTION NO. 11**

**Priority 1**

Question asked by: Richard Hebditch

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Local authorities have the power to set local energy efficiency standards that go beyond the minimum standards set through the Building Regulations, through the Planning and Energy Act 2008. The Government has said that they will not amend the Planning and Energy Act 2008, so councils still have powers to set local energy efficiency standards that go beyond the minimum standards set through the Building Regulations. Does the council already have go beyond the minimum and is the council going to raise local energy efficiency standards?

**Reply**

The Council's Development Plan currently includes energy efficiency standards that go beyond the minimum standards set through the Building Regulations.

The London Plan forms part of Lewisham's statutory Development Plan, together with the Council's Local Plan and adopted Neighbourhood Plans. Since 2016, the London Plan has included a zero-carbon target for major residential developments, and this now also applies to major non-residential developments by virtue of the London Plan (2021). To meet the zero-carbon target, an on-site reduction of at least 35 per cent beyond the baseline of Part L ('Conservation of fuel and power') of the current Building Regulations (2013) is required.

The Council is in the process of reviewing its adopted Local Plan. It recently published the Lewisham Local Plan: Main Issues and Preferred Approaches document (i.e. draft Local Plan) for a Regulation 18 stage public consultation. The draft Local Plan proposes to apply the London Plan standards for carbon reduction and energy efficiency. Officers are now reviewing feedback received from the public consultation which will be used to inform the preparation of the 'proposed submission' version of the Local Plan, the Regulation 19 stage document.

**PUBLIC QUESTION NO. 12**

**Priority 1**

Question asked by: Lee Powell

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

How many planning applications for private-led developments have been approved since October 2020 where 50% or more of the homes provided are for affordable housing?

**Reply**

There have been 4 approved applications that contain 50% or more affordable housing from private-led development.

**PUBLIC QUESTION NO. 13**

**Priority 1**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Below is a catalogue of video's taken of the traffic build up on Lee Rd, from the first week after the national unlock. Will Cllr Patrick Codd accept that there is indeed a traffic issue that needs to be addressed.?

25th Jan 2022 at 17:40 - <https://youtu.be/EboXpmaX09k>

26th Jan 2022 at 16:22 - [https://youtu.be/Ts\\_jcngHSCk](https://youtu.be/Ts_jcngHSCk)

28th Jan 2022 at 08:14 - <https://youtu.be/eRpeyuN6Sbl>

28th Jan 2022 at 16:02 - <https://youtu.be/T78wSb5PsL8>

01st Feb 2022 at 08:15 - <https://youtu.be/nULoIWZQ8M8>

01st Feb 2022 at 17:10 - <https://youtu.be/dHpdTs4lahU>

02nd Feb 2022 at 08:15 - <https://youtu.be/f3g9cmFAIDM>

02nd Feb 2022 at 16:19 - <https://youtu.be/-EVd3-BMgtM>

03rd Feb 2022 at 08:25 - [https://youtu.be/\\_PMLqQzkHGw](https://youtu.be/_PMLqQzkHGw)

04th Feb 2022 at 08:04 - <https://youtu.be/Fas14G4Ub4s>

09th Feb 2022 at 08:15 - <https://youtu.be/TR47chpuQil>

09th Feb 2022 at 16:09 - <https://youtu.be/4yn1I0UyOVA>

13th Feb 2022 at 12:09 - <https://www.youtube.com/watch?v=mWYdM29u1BI>

**Reply**

It is recognised that the videos show the build-up of traffic from a junction of two key A and B roads during the busiest times of the day for the road network within

London. In Lewisham, traffic has increased by almost 25% in the decade since 2009, bringing the total number of miles travelled on Lewisham roads by motor vehicles to 613 million in 2019.

It is key that we reduce the number of private car journeys, one of the key elements to achieving this, is to provide safe sustainable and active travel options for those undertaking short journeys.

We know that a third of car trips in London are under 2km, a distance which could reasonably be travelled on foot or by bike. By providing safe attractive routes for active travel we can reduce the number of trips taken by motor vehicles and reduce congestion across our network and at our busiest junctions.

**PUBLIC QUESTION NO. 14**

**Priority 1**

Question asked by: Helen

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

The LTN is creating exceptionally large amounts of gridlocked and standing traffic on Lee Road - with pollution (including noise) and dangerous emissions from idling cars/buses etc increasing exponentially for those using/living on Lee Road - why does the Council consider this acceptable given the presence of a doctors surgery, children's nursery and residential property on Lee Road?

**Reply**

The intention of low traffic neighbourhoods (LTN) isn't to move traffic from one place to another, but to reduce the number of unnecessary car journeys. The Lewisham and Lee Green LTN is not intended to work in isolation, but as part of the borough's wider transport strategy and policies to achieve behaviour change to sustainable and active modes of travel across the borough – and across London.

If walking and cycling is safer and more convenient for shorter trips, fewer people will use their cars unnecessarily. They may also decide not to make certain trips, to travel at quieter times, switch to public transport or combine trips. However, this behaviour change takes time to take effect.

As part of the Mayor and Cabinet approval it has been agreed to continue monitor traffic levels and air quality in and around the LTN.

**PUBLIC QUESTION NO. 15**

**Priority 1**

Question asked by: Joan Sakkas

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Within the LTN's, what was the percentage of cars per household pre LTN and what is it currently?

And

Generally within the whole of LBL, What is the percentage of cars per household pre LTN and now.

**Reply**

Data on car ownership is not a criteria that we are using to assess the impact of the LTN, and therefore it is not something we have been monitoring. Details of what has been monitored and the impact of the LTN is outlined in the Mayor and Cabinet report that was considered in January 2022. While car ownership in the area may reduce for a variety of reasons in coming years as for example people join car clubs, an aim of the low traffic neighbourhood is for unnecessary car journeys to be reduced and for more journeys to be made by walking and cycling.

Statistics on car ownership are often developed from the national travel demand survey or the Census. Due to the timeframes in which these surveys are carried out it is not possible to provide a comparison between before the LTN and since its introduction. In Lewisham 49% of households do not have access to a car.

**PUBLIC QUESTION NO. 16**

**Priority 1**

Question asked by: Mark Bennett

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

How does the Council satisfy itself that service charge bills produced by Lewisham Homes for its leaseholders are clear about what people are paying for and correct?

**Reply**

The Council is satisfied that the service charge bills produced by Lewisham Homes for its leaseholders are correct through the annual consultation on rents and service charges with tenants and leaseholders. The service charges are based on Lewisham Homes known costs which are audited. The consultation covers what increases are to be applied and these are set out in the consultation reports discussed at the meetings.

[This link](#) on the Lewisham Homes website sets out what is included in the service charge bill.

Leaseholders can also contact the Home Ownership Services team for help and further information: [homeownershipservices@lewishamhomes.org.uk](mailto:homeownershipservices@lewishamhomes.org.uk).



**PUBLIC QUESTION NO. 17**

**Priority 1**

Question asked by: Kate Richardson

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

As a follow up to my question in the previous session ( question 16 Priority 1) I was told that since October 2021 there have been 597 penalty notices issued for Environmental offences This is welcome news in deed particularly as it is such a change since previous years!

How many of these Penalty notices have now been paid? How long is the offender given to pay? Should the offender not pay what is the council's next step?

How many more have been issued? Is this the result of the newly formed Crime Enforcement Team

**Reply**

Since October 2021, 537 Fixed Penalty Notices (FPNs) have been paid for Environmental Offences.

Offenders are given 14 days to pay FPNs.

Should the offender not pay the FPN, a prosecution file may be forwarded to the council's legal department or a formal caution may be offered, depending on the individual circumstances of the case.

768 FPNs have been issued since October 2021. This is directly the result of the newly formed Environmental Crime Enforcement Team.

**PUBLIC QUESTION NO. 18**

**Priority 1**

Question asked by: Julia Webb

Relevant Directorate: Children & Young People

Member to reply: Councillor Paul Bell

**Question**

The OLSPN School planning enforcement case has been dragging on for years, and Lewisham's enforcement case has been validated by the planning inspectorate and by the High Court.

During the recent planning inquiry, the developers admitted under oath that, having parted company with the original contractors, they had no access to the Buildings Regulations certificates, or any information about the as-built scheme's construction.

a) Will Lewisham Council insist that the as-built school's safety documentation be produced before any application is registered for the remediation of its many planning breaches?

b) If the developer cannot supply the correct documentation, will Lewisham Council approach the private buildings regulations inspector to supply the evidence? Given that the Council provided over £5m for the construction, how will evidence of how that money was spent for audit be provided?

**Reply**

A) No – Lewisham cannot insist on this as condition prior to the registration of a planning application. Building Regulation matters are separate to Planning. Lewisham's consideration of any revised planning proposal for OLSPN School would proceed independently of Building Control issues.

B) It is the developer's responsibility to ensure that all relevant Building Control certification, and any other health and safety documentation related to either the original school construction or any remedial works, is in place. An approved inspector was responsible for overseeing the construction for OLSPN school and the Council has been in touch with the contract administrator to review the documentation.

The Development Agreement between the Council and the developer sets out the terms and conditions related to the Council's financial contribution towards the development. Any formal request for information related to this Agreement will be dealt with on a case-by-case basis.

**PUBLIC QUESTION NO. 19**

**Priority 1**

Question asked by: Mark Morris

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Source London's website currently states:

"If you live in London and have a valid resident or company parking permit, you are entitled to an exclusive resident discount when charging at Source London stations in the borough for which you hold a valid parking permit"

Does Lewisham Council believe such a policy is unfair to residents who do not have a valid resident or company parking permit?

Although Source London is a private company Lewisham Council does actively co-operate with the company through providing parking spaces to them so arguably the council should seek to ensure there is equitable access to the cheapest form of electricity.

**Reply**

Lewisham Council works closely with Source London to provide the best possible charging locations borough-wide, at no cost to the borough. This collaboration facilitates open discussion between Source London, the borough, elected representatives, residents and businesses to enable rates that best suit all parties. There are two offers currently available to our residents, either Resident Discount or Pro Resident Discount. These offers are only available due to previous discussions and negotiations. We will continue to monitor these arrangements and seek to ensure that the charging structure is consistent with other London boroughs and is of most benefit to the majority of our residents.

**PUBLIC QUESTION NO. 20**

**Priority 1**

Question asked by: Chris Maines

Relevant Directorate: Chief Exec's

Member to reply: Councillor Amanda De Ryk

**Question**

Please supply a breakdown by Council Directorate of the number of people that the London Borough of Lewisham have made redundant, and whether this has been voluntary or compulsory. Please include any severance payments or compensation made to terminate an employment.

Please can this be broken down by year since 2014/15 to date, please can you ensure that includes any arms-length organisation eg Lewisham Homes or contracts that have been brought in house during this time. Please also break down into council directorate, including again any services that have been brought "in-house" in this period.

Please can you provide me with the 10 highest amounts of redundancy paid out by each directorate again broken down into year and including any services brought "in-house" again during this time.

And lastly, please can you provide me with the number of early retirements broken down into directorate since 2014/15, please can these be broken down into years as above, as well as the details of any financial payments made to these individuals as a result - also broken down per directorate, and listing the 10 largest amounts/ payments that were made, including any enhanced payments.

**Reply**

As the request is asking for information spanning back several years, more time would be required for officers to collate this detail and so officers have been unable to provide all this information at this time. What is readily available is set out below. The council publishes details of all staff redundancies every year as part of the annual employment profile which can be found here. Information on redundancy payments are also published in the annual statement of accounts and can be found on our [website](#).

The 2021/22 employment profile and statement of accounts will be produced at the end of the financial year and will be available by the summer of 2022

We are unable to provide information on the number of employees taking early retirement in the way requested as the pension system is not configured in this way. Officers would need more time to manually extract the overall numbers for each of the years requested so have been unable to provide this at this time.

Where an employee chooses to take early retirement there is no cost to the council, as their pension will be actuarially reduced due to early access.

As Lewisham Homes are a separate employer to the Council information regarding staff redundancies and any associated payments would need to be requested from them directly.

When a contracted service is brought back in-house, employees who are transferred to the council as a result become employees of the council. Details of all redundancies made by the Council as set out in the employment profile includes these employees.

**PUBLIC QUESTION NO. 21**

**Priority 1**

Question asked by: Roger Stocker

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

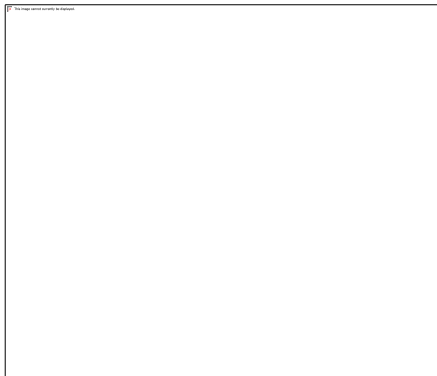
**Question**

Please can the Cabinet Member say exactly which traffic sign is positioned at the entry to Catford Broadway from Rushey Green?

Can the cabinet member please provide a link to the traffic order for Catford Broadway which restricts which vehicles can access this street?

**Reply**

Please see below the traffic sign at the entry to Catford Broadway from Rushey Green and an extract of the traffic order.



**Extract:**

**TRAFFIC MANAGEMENT ORDER**  
**2019 No. 21**  
***The Lewisham (Prescribed Routes) (No. 3) Traffic Order 2019***  
*Made: 5th June 2019*  
*Coming into force: 10th June 2019*  
*The Council of the London Borough of Lewisham, after consulting the Commissioner of Police of the Metropolis, in exercise of the powers conferred by section 6 of the Road Traffic Regulation Act 1984<sup>1</sup> and of all other powers thereunto enabling, hereby makes the following Order:*

***Citation and commencement***  
*1. This Order shall come into force on the 1<sup>0th</sup> June 2019 and may be cited as "The Lewisham (Prescribed Routes) (No. 3) Traffic Order 2019."*

### **Interpretation**

2. (1) In this Order:

1 1984 c.27

2 2011 c. 5

"approved list" means a list containing details of the registration mark, make and model of vehicles which, whilst they remain on the approved list, are permitted to enter and proceed within the pedestrian street;

"Council" means the Council of the London Borough of Lewisham;

"enactment" means any enactment, whether public general or local and includes any order, byelaw, rule, regulation, scheme or other instrument having effect by virtue of an enactment.

"pedestrian street" means the whole of Catford Broadway and that section of Brookdale Road between its junction with Catford Broadway and a point 0.5 metres north-west of the north-western boundary of No. 26 Catford Broadway in the London Borough of Lewisham;

"permit" means a permit granted by the Council in respect of a vehicle permitting such vehicle to enter and proceed in the pedestrian street and "valid" in relation to such permit means that details of the vehicle in respect of which the permit is granted are included on the approved list;

"universal service provider", "provision of a universal postal service" and "postal packet" have the same meanings as in the Postal Services Act 2011 2.

Page 1 of 3 2019 No. 21

(2) Any reference in this Order to any enactment shall be construed as a reference to that enactment as amended, applied, consolidated, re-enacted by or as having effect by virtue of any subsequent enactment.

### **Prohibition**

3. No person shall cause or permit any vehicle, other than a vehicle in respect of which a valid permit has been granted, to enter or proceed in the pedestrian street in the said London Borough.

### **Exemptions**

4. (1) Nothing in Article 3 of this Order shall apply in relation to:-

(a) any vehicle being used for ambulance, fire brigade or police purposes in an emergency; or

(b) anything done with the permission or at the direction of a police constable in uniform; or

(c) any person who causes any vehicle to proceed in accordance with any restriction or requirement indicated by traffic signs placed pursuant to section 66 or section 67 of the Road Traffic Regulation Act 1984; or

(d) a vehicle which has entered the pedestrian street for one or more of the purposes specified in sub-paragraph (2) of this Article and which cannot reasonably be used for such a purpose without entering the pedestrian street.

(2) The purposes referred to in sub-paragraph 1 (d) of this Article are -

### **Revocation**

(a) a marked vehicle being used by a universal service provider in the course of the provision of a universal postal service only for so long as may be reasonably necessary for postal packets to be delivered or collected in the pedestrian street; or

(b) while the vehicle is being used in connection with any building operation, demolition or excavation in or adjacent the pedestrian street where the Council or authorised agent has given permission for the works to proceed and where such reasonable conditions as they might impose are complied with; or

(c) while the vehicle is being used in connection with the removal of any obstruction to traffic in the pedestrian street; the maintenance, improvement, reconstruction, cleansing or lighting within the pedestrian street; the laying, erection, alteration in or adjacent to the pedestrian street of any sewer or of any main, pipe or apparatus for the supply of gas, water or electricity, or of any electronic communications network [within the meaning of the Communications Act 2003], or the placing, maintenance or removal of any traffic sign, if the vehicle cannot conveniently and lawfully be used for that purpose in the pedestrian street.

5. Without prejudice to the validity of anything done or to any liability incurred in respect of any act or omission before the coming into operation of this Order, The Lewisham (Prescribed Routes)(No. 3)

*Traffic Order 2014 4 is hereby revoked.*  
3 2003 c. 21  
4 LBL 2014 No. 5  
*Page 2 of 3 2019 No. 21*  
*Dated this fifth day of May 2019.*  
S. MOSS  
*Service Group Manager, Transport and Highways*

**EXPLANATORY NOTE**

*1<sup>st</sup> Floor Laurence House*  
*1 Catford Road*  
*London*  
*SE6 4RU*

*(This Note is not part of the Order but is intended to indicate its general purport.)*

*This Order prohibits all vehicles, other than vehicles that have been granted a permit, from entering Catford Broadway and part of Brookdale Road within the London Borough of Lewisham.*

*Page 3 of 3 2019 No. 21*



**PUBLIC QUESTION NO. 22**

**Priority 1**

Question asked by: Ben Maguire

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Please provide the current amount of Community Infrastructure Levy (CIL) which has accrued but not yet been spent by Lewisham Council?

.Of this amount please provide the deadline date by which it must be spent before it is returned to the developer? (I asked this question previously and it was not answered) if the dates and amounts vary please specify.

Similarly please provide the current amount of s. 106 monies which has accrued but not yet been spent by Lewisham council.

Of this amount please provide the deadline date by which it must be spent? If the dates and amounts vary please specify.

Can the council confirm whether s. 106 monies or CIL funding will be spent on the Low Traffic Neighbourhoods.

**Reply**

Information on CIL and S106 monies can be found in the Infrastructure Funding Statement (IFS) published on the Council's [website](#). We are currently preparing the IFS for the financial year 2020 – 2021 and this will be published shortly.

There are no deadline dates for the spend of CIL.

The Council currently has 340 S106 agreements each with numerous financial and non-financial contributions linked to them. Some of these contributions have deadlines associated with them whilst others do not. The review of every agreement in detail to present this information as requested would be a significant piece of work requiring additional resource which will not be possible. However, all S106 agreements, including the individual payback clauses are publically available for members of the public to review through the planning portal.

No sums of money are specifically identified for Low Traffic Neighbourhoods/Healthy Neighbourhoods. However, sums are available that can be spent on walking, cycling and public realm improvements which could go towards measures in and around an LTN/Healthy Neighbourhood.

**PUBLIC QUESTION NO. 23**

**Priority 2**

Question asked by: Renee Novotna

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Why is Lewisham increasing the amount of cars that can park on pavements? If we are to be truly walking and cycling more than let pavements return to being used only by pedestrians and small children on bicycles. Therefore, does Lewisham have any plans to stop cars parking on pavements?

**Reply**

The Council is not actively increasing the number of cars that can park on the footway. We have committed to review all parking throughout the borough, with a view to introducing controlled parking zones to those areas currently without parking controls, through a programme of consultation and engagement with affected residents. The design of controlled parking zones (CPZs) will consider the issue of footway parking.

**PUBLIC QUESTION NO. 24**

**Priority 2**

Question asked by: Patricia Richardson

Relevant Directorate: Community Services

Member to reply: Councillor Kevin Bonavia

**Question**

A senior planning officer and Cllr Bonavia (Democratic Review) agreed to establish webpages showing the NCIL for each ward and the projects also by ward it is allocated to. It was also agreed to look at how robust the process was. Has this site now been established? Will the site also contain any indication where a conflict of interest has been noted and stated by any participant in the process making a judgment on acceptance and agreement on accepting bids?

**Reply**

The [Assembly pages](#) on the Council website already has a list of recommended/non recommended projects, which was published prior to NCIL Assembly meetings. The notes of Assembly meetings where NCIL recommendations were discussed will be published in early March on the same pages, prior to the Mayor and Cabinet Meeting on 9 March.

The presentation of recommendations at Assembly meetings included a section on the various stages of the assessment process. The presentation set out how and when conflicts of interest were declared. Declarations, scores and other parts of the assessment process will not be published, but feedback on individual applications will be provided to applicants if requested.

The allocation of NCIL ward funding is due to be considered by Mayor and Cabinet on the 9 March 2022. The Mayor and Cabinet report will be accompanied by a note of ward assemblies held through the ratification process and a summary of the points raised at these meetings.

Should the officer recommendation be agreed at Mayor and Cabinet the relevant webpages will be updated to indicate successful projects per ward.

The Council is committed to hearing all feedback on the process and ensuring that learning is built into delivery of the NCIL process going forward.

**PUBLIC QUESTION NO. 25**

**Priority 2**

Question asked by: Richard Hebditch

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

What are the figures for the weight of collected household waste per person for the last four years?

**Reply**

The data requested is:

2017-18 – 328.7 kg per person  
2018-19 – 317.5 kg per person  
2019-20 – 319.9 kg per person  
2020-21 – 324.5 kg per person.

[This information](#) and a range of other waste statistics is available at gov.uk.

**PUBLIC QUESTION NO. 26**  
**Priority 2**

Question asked by: Lee Powell

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

In October 2017, the council gave the following estimated completion dates for its developments under the New Homes, Better Place plan, now being taken forward as Building for Lewisham (<https://councilmeetings.lewisham.gov.uk/documents/s52665/New%20Homes%20Programme%20Update.pdf>). Please can you say what the actual completion dates were or the latest expected completion dates?

|                           |         |
|---------------------------|---------|
| Marnock Road              | May-19  |
| Stanstead Road            | Jan-19  |
| Mayfield                  | Jul-18  |
| Hawke Tower               | Aug-19  |
| Kenton Court              | Feb-19  |
| Endwell Road              | Jul-19  |
| Pepys Housing Office      | Jul-19  |
| Somerville Estate Phase 1 | Jun-19  |
| Church Grove              | Mar-21  |
| Brasted Close             | Dec-19  |
| Grace Path                | May-19  |
| Silverdale Hall           | May-19  |
| Algernon Road             | Dec-19  |
| High Level Drive          | Dec-19  |
| Forest Estate             | Jun-18  |
| Home Park                 | Oct-18  |
| Bampton Estate            | Dec-19  |
| Embleton Road             | July 19 |
| PLACE/Deptford            | Mar 18  |

**Reply**

| <b>Scheme</b> | <b>Original Estimated PC</b> | <b>Current estimated PC (as per Dec 21)</b> | <b>Comments</b> |
|---------------|------------------------------|---|-----------------|
| Marnock       | May 19                       | Mar-22                                      |                 |

|                  |         |            |   |
|------------------|---------|------------|---|
| Stanstead        | Jan-19  | 17/05/2021 | Completed   |
| Mayfield         | Jul-18  | Jan-25     |   |
| Hawke            | Aug-19  | 18/12/2020 | Completed   |
| Kenton           | Feb-19  | Feb-22     |   |
| Endwell          | Jul-19  | Dec-22     |   |
| Pepys            | Jul-19  |            | Known as Eddystone Tower. Withdrawn due to maintenance works to Tower block and scheme viability. |
| Somerville       | Jun-19  | Sept-22    |   |
| Church Grove     | Mar-21  | May-23     |   |
| Brasted          | Dec-19  | Aug-22     |   |
| Grace Path       | May-19  | Apr-22     |   |
| Silverdale       | May-19  | Apr-22     |   |
| Algernon         | Dec-19  | Apr-22     |   |
| High Level Drive | Dec-19  |            | Withdrawn due to ancient woodland on site   |
| Forest Estate    | Jun-18  | Apr-22     |   |
| Home Park        | Oct-18  | Aug-22     |   |
| Bampton          | Dec-19  | Sept-22    |   |
| Embleton         | July 19 |            | Withdrawn due prior to planning application.  |
| PLACE/Deptford   | Mar 18  | Feb-23     | Now known as Edward Street (PMH)  |

**PUBLIC QUESTION NO. 27**

**Priority 2**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Based on the evidence put forward in the my question on Lee Road, can the council please tell me how they indeed to reduce the increased levels of traffic we now find on Lee Road, owing to the displaced traffic coming from the Lee and Hither Green LTN's?

**Reply**

The road network is dynamic and we have seen traffic patterns continually change over the last two years with the easing and tightening of restrictions to respond to the pandemic.

Throughout the implementation of the Lewisham and Lee Green LTN we have monitored the scheme to understand how it is operating, its impact and whether it is meeting its objectives. Information relating to this monitoring can be found in [appendix K](#) of the January 2022 Mayor and Cabinet report. There is a commitment to continue to monitor the scheme and we will use that evidence to inform any next steps.

The Transport Strategy and Local Implementation Plan sets out how we are seeking to achieve a reduction in traffic levels across the whole borough.

**PUBLIC QUESTION NO. 28**

**Priority 2**

Question asked by: Helen

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Lee Road is now being used as a cut through by displaced traffic - this makes the crossing the road to the doctors surgery, children's nursery and the homes of its residents often impossible for long periods of time. There are no designated, formal crossing points (zebra crossing, pelican crossing etc) - why not?

**Reply**

As set out within our Transport Strategy and Local Implementation Plan 2019-2041, we want to ensure that by 2041 80% of all journeys in the borough to be made by sustainable modes of transport such as walking, cycling and public transport. This is why the council have been working to deliver schemes that improve the street environment for walking and cycling.

As part of the decision by Mayor and Cabinet relating to the Lewisham and Lee Green LTN, approval was given for a complementary package of environmental measures, including new or improved crossings. As part of this work, consideration will be given to whether the informal pedestrian crossings on Lee Road can be improved.



**PUBLIC QUESTION NO. 29**

**Priority 2**

Question asked by: Joan Sakkas

Relevant Directorate: Community Services

Member to reply: Councillor Kim Powell

**Question**

Please clarify whether the NCIL grant for the proposed “greening “ on Blackheath Hill is money from the Lewisham allocation and if so why?

**Reply**

One of the priorities agreed for Blackheath ward is to address ‘air quality, open/green spaces and nature, transport and streets’. The Greening on Blackheath Hill is recommended as a project for Blackheath to meet this priority. It is recommended to be funded via the NCIL fund available for Blackheath ward by Lewisham Council.

## **PUBLIC QUESTION NO. 30**

### **Priority 2**

Question asked by: Mark Bennett

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

### **Question**

The reply to Q49 of January 2022 referred to M&C meetings on 8th December & 12th January for information supporting the statement that “offering separate food and garden waste collections, this will reduce the amount of food waste sent to incineration”. I can find no such data; what is the evidence to support the claim that separate collections will reduce food waste incineration? Why wasn't a carbon footprint evaluation carried out before deciding to separate the food and garden waste collection?

### **Reply**

By encouraging the separate collection of food waste and recycling it with an anaerobic digestion (AD) process, the Council is ensuring that the full value of this resource is recovered more effectively and efficiently than incineration. Recovering and processing food waste in this way is an overall driver towards reducing the amount of waste that is processed through our energy from waste facility, which is a less efficient and more expensive route for waste management.

To inform the decision to separately collect food and garden waste, the Council is aware of peer reviewed research undertaken by Science Direct that the anaerobic digestion of food waste has a carbon footprint of -40kg CO<sub>2</sub>e (equivalent Co<sub>2</sub>) per tonne and a life cycle energy recovery ratio of 12%. In contrast, in-vessel composting of food and garden waste has a carbon footprint of +80 kg CO<sub>2</sub>e per tonne, with a lowest recovery efficiency at 1%. On this basis, the treatment of separately collected food waste through anaerobic digestion is a superior method of waste treatment than in-vessel composting of food and garden waste together.

The Council intends to undertake a carbon footprint evaluation of its waste services in the near future, and it will be measuring the carbon impact of our waste services as a part of delivering on the Council's net zero targets. We do anticipate that a separate collection will have an overall neutral impact on carbon emissions once the carbon benefits of separate treatment are offset by the additional carbon costs arising from separate kerbside collection.

While there is a carbon aspect to the Council's strategic and operational decision-making processes, it must factor in other factors such as cost and government policy; the Council is anticipating a Government requirement to separately collect food waste from 2023. In its determination of such a policy, the Council is confident that a carbon assessment will be undertaken by the Department for Environment, Food and Rural Affairs when it comes to setting national legislation on food waste collection.

**PUBLIC QUESTION NO. 31**

**Priority 2**

Question asked by: Julia Webb

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

The Livesey Memorial Hall and sports grounds are being threatened with redevelopment by its landowner, Kier. The tenants' lease expires next month, and no new lease has been offered. The emerging Bell Green Neighbourhood Forum is very grateful for your strong public statement, outlining Lewisham's concern to ensure its community use, and of it taking action to halt the listed buildings' deterioration.

How much progress has been made on negotiating with Kier, and what actions are being taken? Given the urgency and danger of the club's imminent eviction, there is no time to lose. May I have full details of the Council's actions now?

**Reply**

As the Livesey Memorial Hall is a private building rather than a Council asset, we are not directly engaging with Kier about its occupation or any ongoing lease negotiations.

Planning enforcement officers have visited the site to investigate complaints regarding deterioration at the Livesey and have engaged with the Council's senior conservation officer. Options are currently being explored with the Council's legal team regarding next steps and officers continue to attempt to engage with Kier around the condition of the building.

I have committed to meet with Kier and the Council is very clear that we value the Livesey Memorial Hall as our heritage. I am also happy to work with the emerging Bell Green Neighbourhood Forum.

**PUBLIC QUESTION NO. 32**

**Priority 2**

Question asked by: Mark Morris

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

How many parking spaces in the borough are reserved for car clubs? What is the expected number of parking places by 2023 and what overall policies does Lewisham Council have to expand the provision of car clubs in the borough?

**Reply**

We have 57 designated parking bays within the Borough for car clubs which are used by Zip Car. We also allow 100 Flex cars (Zip Cars) to park in any permitted bay within the borough.

The Council will work with Zipcar and other car club companies to increase provision in areas where the level of provision is lower, such as in the south of the borough. However, the future programme of expansion will be affected by the level of funding available.

**PUBLIC QUESTION NO. 33**

**Priority 2**

Question asked by: Cheryl McLeod

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Has the Mayor had any discussions with the developer of the Catford Island site?

**Reply**

The Mayor met with Barratt Homes in March last year when they first approached the Council to discuss their interest in the Catford Island site. The scheme has been subject to a number of pre application meetings with the Council's Planning Service as they develop the proposals.

**PUBLIC QUESTION NO. 34**

**Priority 2**

Question asked by: Roger Stocker

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Did Lewisham Council produce a LIP bid for TfL funding for 2022/23?

**Reply**

Yes, a LIP funding submission for 2022/23 was submitted by the Council to TfL, in accordance with the TfL guidance and timescales. The outcome of this funding submission is currently unknown as future funding is dependent on a funding agreement being reached between Government and TfL.

**PUBLIC QUESTION NO. 35**

**Priority 2**

Question asked by: Ben Maguire

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

What specific consultations has the council carried out with local residents regarding the Low Traffic Neighbourhoods on how effectively or badly they are working? Has the council explored the bottleneck effect of LTNs in other areas and the subsequent air quality reduction?

**Reply**

Lewisham has one low traffic neighbourhood in the borough which is in Lewisham and Lee Green. [A report](#), including the public consultation that was undertaken in summer 2021, was considered by Mayor and Cabinet on 12 January 2022. This report considered a range of factors relating to how the scheme is operating, its impacts and whether it is achieving its aims.

**PUBLIC QUESTION NO. 36**

**Priority 3**

Question asked by: Renee Novotna

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

How much money was spent on the project management and hardware e.g. signage installation of speed humps, 20 markings on roads, flags with 20mph ..etc?

**Reply**

The approximate cost of introducing a borough wide 20mph speed limit and associated works is £1.2 million. This excludes the cost of speed humps, which were introduced over many years through numerous traffic safety schemes and this information is not currently available.



**PUBLIC QUESTION NO. 37**

**Priority 3**

Question asked by: Patricia Richardson

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

I understand that normal council business can and will continue during the election period and that PERP only affects council communications. It appears that the processing of planning applications will be able to continue, and planning committees will continue to meet as scheduled and that Planning is usually the one committee process that is unaffected at election time.

Is this still the case if a Planning Application is deemed to be contentious and have a political impact on the outcome of voting?

**Reply**

Under national Government law, planning decisions can continue to be made during the pre-election period, even when contentious.

**PUBLIC QUESTION NO. 38**

**Priority 3**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Will the council commit to reducing off street parking by at least 50% and introduce double yellow lines for the streets within the LTN's that now benefit from quieter roads. It seems only fitting for people that are benefitting from these new scheme's to lead on reducing car ownership, rather than continuing to be part of the problem. As current these roads are nothing but parking lots for the privileged few. Please see the following video which highlights this matter - <https://youtu.be/q2lQ7qzIY18>

**Reply**

The Council has committed to review all parking throughout the borough, with a view to introducing controlled parking zones to those areas currently without parking controls, through a programme of consultation and engagement with affected residents. There is also a commitment to review the Lee Gate CPZ. As part of this process consideration will be given to whether it is appropriate to implement double yellow lines to improve road safety and/or improve the movement of traffic.

**PUBLIC QUESTION NO. 39**

**Priority 3**

Question asked by: Helen

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Why, when traffic increase is making Lee Road a bottleneck for all surrounding areas, does the Council consider the LTN to be working?

**Reply**

Information relating to how the LTN is operating, its impacts and whether it is achieving its aims is set out in the report that was considered by Mayor and Cabinet on 12th January 2022.

**PUBLIC QUESTION NO. 40**

**Priority 3**

Question asked by: Mark Bennett

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

What is the target maximum waiting time for people who call Lewisham Homes repair service and how does it compare with reality? How many callers hang up before their call is answered? How many wait on hold for more than 5 minutes?

**Reply**

Lewisham Homes doesn't have a published target maximum waiting time for repair calls. However, Lewisham Homes aims to answer 90% calls in under 2mins. In January the majority of calls (circa 95%) exceeded 2mins waiting times. The number of callers hanging up is not a statistic our phone system captures. Lewisham Homes' phone system is not configured to specifically record how many calls exceed 5min. I am aware that it is taking longer than it should to get through to Lewisham Homes. Lewisham Homes is working on addressing the wait times which will improve.

**PUBLIC QUESTION NO. 41**

**Priority 3**

Question asked by: Julia Webb

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Why is the consultation process for the Bell Green Neighbourhood Forum being delayed on the grounds of election purdah? It is hard to see how this could be seen as politically sensitive, and given that Council officers won't provide any assistance until we are formally registered, it has a huge impact on our ability to progress anything. As the BGNF tried to start the process in February 2020, further delays are very unwelcome.

**Reply**

The Council is not seeking to delay any consultation process for the Bell Green Neighbourhood Forum.

No formal application for the Bell Green Neighbourhood Forum and Area has been submitted to the Council. Officers have been aware of the desire for residents to establish a Neighbourhood Forum within this area and have reached out on a number of occasions to discuss the process and provided information on the application requirements.

The Planning Service have sought initial legal advice which states that consultation on a new Neighbourhood Forum should be avoided during the pre-election period. Further advice is being sought but until such time as the formal submission is made, officers are providing conservative estimates of potential timescales.

As discussed at our meeting on the 1st February 2022 once we receive a formal application we can then allocate officer time to undertake the necessary checks and carry out the preparation required for the consultation period.

I want to put on record that I am in full support of the community in and around Bell Green progressing this application and look forward to the application process being completed so we can begin public consultation at the earliest opportunity.

**PUBLIC QUESTION NO. 42**

**Priority 3**

Question asked by: Cheryl McLeod

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Have Council Officers attended meetings that the Mayor has had with developers within the Catford Town Centre Framework area? Will the cabinet member list the dates of the meetings now?

**Reply**

The Mayor met with Barratt Homes at their request, to discuss their interest in the Catford Island site. This meeting took place in March 2021 and was attended by officers.

The Mayor has had no further engagement with developers relating to the Catford Town Centre Framework.

**PUBLIC QUESTION NO. 43**

**Priority 3**

Question asked by: Roger Stocker

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Have Lewisham Council had a public meeting to discuss cycling as stated would happen annually in the Council Cycle Action Plan.

Are Lewisham Council planning to hold a public meeting to discuss cycling, as stated would happen annually in the Council Cycle Action Plan, before the Council elections.

How many times have officers met with Lewisham Cyclists, as stated in the Council Cycle Action Plan, in the last 12 months?

**Reply**

Since the start of the pandemic resources have been redirected to the Council's emergency transport response to the Covid-19 pandemic and delivering temporary measures to support safer walking and cycling.

There are currently no plans to hold a public meeting to discuss cycling before the election. This is because there is a high level of uncertainty around future levels of funding that will be available for cycling schemes from TfL and the reduced level of staff resource currently available.

In the past 12 months senior officers have met with Lewisham Cyclists as part of the regular meetings three times and there have been other project specific meetings held. Cllr Mark Ingleby, Lewisham Council's Cycling Champion, also meets regularly with Lewisham Cyclists.

**PUBLIC QUESTION NO. 44**

**Priority 3**

Question asked by: Ben Maguire

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Regarding the development in Lewisham Gateway development opposite the train and DLR station what guarantees have the council agreed with the developers that there will be as the signage suggests: shops, restaurants and bars, a public cinema and a public realm? What other local amenities will there be?

**Reply**

The planning permission for Lewisham Gateway secures the provision of shops, restaurants, a cinema and new public space.

Full details of the scheme and its benefits can be found [here](#).



**PUBLIC QUESTION NO. 45**

**Priority 4**

Question asked by: Renee Novotna

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

How much money was spent on installation of speed cameras ins  
and administration of processing and enforcing fines? Over the last 4 years?

**Reply**

The Council does not install speed cameras and does not have a role in the administration and processing of speeding fines. Speeding is a criminal offence and the enforcement of these offences is the responsibility of the Police.

**PUBLIC QUESTION NO. 46**

**Priority 4**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Does Lewisham council have any plans to open up the LTN's when large traffic issues like the closure of the Blackwall tunnel happen, or when major roads works close large parts of the road network in Lewisham?

**Reply**

All roads within the revised low traffic neighbourhood are still accessible for motor vehicles, however the restrictions have changed the routes that vehicles can travel. The way that the low traffic neighbourhood is deployed and managed means that the scheme is able to be flexible and therefore the Council can respond to incidents that affect routes through the area when we receive notification of such events.

This will not always be immediately possible as some works that will affect the network are emergency works which require temporary traffic management to ensure that repair work can be undertaken and road users can continue to use the network safely. In such cases there is no advanced notification of the work or wider co-ordination across the wider strategic transport network as would be the case with planned works.

We will continue to work collaboratively with TfL and utility companies to manage and mitigate the impacts on our network.

**PUBLIC QUESTION NO. 47**

**Priority 4**

Question asked by: Helen

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

When will the Council be consulting directly with Lee Road residents given the proposed - very much objected - developments in Lee? All of which will be to the detriment of those living in the area and the increase in levels of traffic will make the area impassable.

**Reply**

The Council undertakes direct consultation upon the submission of a valid planning application. Consultation is also undertaken as part of the local plan process which will include seeking comments on site allocations. The last consultation took place from January-April 2021. The next stage of consultation on the local plan will be in the Autumn of 2022.

## **PUBLIC QUESTION NO. 48**

### **Priority 4**

Question asked by: Mark Bennett

Relevant Directorate: Chief Exec's

Member to reply: Councillor Kevin Bonavia

### **Question**

Does the Council or one of its committees have a role in monitoring the services provided by Lewisham & Greenwich NHS Trust? Does it have a role in ensuring the Trust implements the recommendations made in a review last year into its use of bailiffs?

### **Reply**

The Council works closely with the Trust, both as a key strategic partner in the delivery of health and social care services and also through a commissioning role with a range of Public Health services. The Council and the Trust also have a number of joint appointments in place that help to ensure shared goals and operational alignment in the delivery of services.

The Trust were eager to have senior councillor and officer involvement in their review of their Overseas Charging policy and both myself and the Executive Director for Community Services attended and contributed on behalf of the Council in that review.

I personally gave evidence to the review in my Cabinet role leading the Council's policy in making Lewisham the UK's first recognised Borough of Sanctuary. I urged the Trust to follow the Council in applying sanctuary principles in its approach when implementing any charging policies as required by law that reflect the Government's cruel "hostile environment" approach towards migrants.

The Council and the Trust also have a number shared goals and operational alignment in the delivery of services to ensure better outcomes for Lewisham's residents.

The Council appoints a Healthier Communities Select Committee which is empowered to fulfil all Overview and Scrutiny functions in relation to the provision of service by and performance of health bodies providing services for local people. These functions include all powers given to the Council's Overview and Scrutiny Committee by any legislation but in particular the NHS Act 2006, the Health and Social Care Act 2012 and the Care Act 2014.

The Healthier Communities Select Committee received an update on the Trust's 'oversight panel for overseas charging in September 2021:

Lewisham Council - Agenda for Healthier Communities Select Committee on Wednesday, 8th September, 2021, 7.30 pm

This concerned the Trust's use of Experian to check residency and eligibility for free NHS care.

Under the terms of the Health and Social Care Act 2012, the Council also appoints a Health and Wellbeing Board. The terms of reference of this Council committee include a statutory entitlement to encourage persons who arrange for the provision of any health or social services in the area to work in an integrated manner for the purpose of advancing the health and wellbeing of the area. The Health and Wellbeing Board prepares and oversees delivery of a joint health and wellbeing strategy for the borough.

In addition to the Council, Lewisham CCG, Lewisham & Greenwich NHS Trust, South London and Maudsley NHS Trust, and HealthWatch Lewisham are also organisations that are represented on the Board. The current membership is shown below:

Lewisham Health & Wellbeing Board Members:

|                    |   |
|--------------------|---|
| Cllr Chris Best    | Cabinet Member for Health and Adult Social Care                     |
| Damien Egan        | Mayor of Lewisham   |
| Tom Brown          | Executive Director for Community Services,<br>Lewisham Council      |
| Val Davison        | Chair, Lewisham and Greenwich NHS Trust                             |
| Pinaki Ghoshal     | Executive Director for Children & Young People,<br>Lewisham Council |
| Sam Hawksley       | Lewisham Local  |
| Sam Gray           | Service Director, South London and Maudsley<br>NHS Foundation Trust |
| Michael Kerin      | Healthwatch Lewisham Committee Member                               |
| Dr Faruk Majid     | GP Clinical Lead (Lewisham), South East London CCG                  |
| Dr Catherine Mbema | Director of Public Health, Lewisham Council                         |
| Dr Simon Parton    | Chair, Lewisham Local Medical Committee                             |

**PUBLIC QUESTION NO. 49**

**Priority 4**

Question asked by: Julia Webb

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Lower Sydenham station is underused and inaccessible. It is in zone 4, while nearby Sydenham Station is in Zone 3. According to TfL looking at daily and weekly fare caps, there is a respective difference of £1.90 and £8.80 between the two. The entry and exit figures for the stations show that nearly eight times as many people use Sydenham Station.

Attempts by the Bell Green Neighbourhood Forum to get the station rezoned from Zone 4 to 4/3, bringing fares level with Sydenham station, have proved unsuccessful so far. Will Lewisham Council get behind our campaign, to relieve the pressure on Sydenham station and the Canada Water interchange?

**Reply**

Decisions regarding the re-zoning of any station rests with TfL as the strategic transport authority. Such a decision is likely to have other implications across the wider network that TfL would need to consider as a whole. Lewisham Council has limited influence over such a decision, but will forward the request to TfL on behalf of the Bell Green Neighbourhood Forum.

**PUBLIC QUESTION NO. 51**

**Priority 4**

Question asked by: Roger Stocker

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Funding that is used for highway maintenance (road resurfacing) is it ring fenced or can it be used for other highway projects (i.e. road safety schemes?).

**Reply**

The Council has a statutory duty to maintain the public highway in a safe and serviceable manner for all types of road users. Maintenance budgets are allocated on an annual cycle on the basis of condition surveys, which ensures that available funding is spent in the areas that are in most need to repair carriageway and footway defects. Potential reallocation of these funds away from maintenance may lead to increased potholes and trips on the footway resulting in safety concerns and a potential increase in overall costs of any future maintenance interventions.

Although the budget is currently protected for the use of highway maintenance the Council will consider improving road safety and other interventions through opportunities for co-ordination across the different funding programmes to maximise the benefits for all types of road users on the highway network across the borough.

**PUBLIC QUESTION NO. 52**

**Priority 5**

Question asked by: Renee Novotna

Relevant Directorate: Community Services

Member to reply: Councillor Patrick Codd

**Question**

How much of money raised from fines (as from question4) over the last four year has been allocated and used to purchase and plant trees along Lewisham roads? Name the roads and quantity of trees planted in the roads in each road mentioned.

**Reply**

The Council does not install speed cameras and does not have a role in the administration and processing of speeding fines. Speeding is a criminal offence and the enforcement of these offences is the responsibility of the Police. Therefore the Council does not receive any funding from fixed penalty notices relating to speeding that can be allocated to the purchase and planting of street trees.



**PUBLIC QUESTION NO. 53**

**Priority 5**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Is Lewisham council willing to invest in pollution monitoring for the LTN boundary roads, like Lee Rd?

**Reply**

In 2018, the Council increased the continuous monitoring units of air quality in the borough from three to four. These stations monitor automatically a variety of pollutants including nitrogen dioxide.

Diffusion tubes are a simple and cost effective way to measure nitrogen dioxide and the Council increased its network of diffusion tubes from 36 to 50 sites around the borough.

From September 2020, the Council added 51 temporary air quality monitoring sites as part of the LTN scheme.

Lewisham Council has committed to expanding its air quality monitoring and this includes roads such as Lee Road, which will be considered for monitors. Lee Road is a boundary between Lewisham and the Royal Borough of Greenwich and discussions are expected to take place in the coming months to reach an agreement between the two boroughs. As part of the decision to retain the LTN, the Council committed to ongoing air quality monitoring in and around the area.

A map of the Council's air quality monitoring diffusion tubes can be found [here](#).

**PUBLIC QUESTION NO. 54**

**Priority 5**

Question asked by: Mark Bennett

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

When did the Council publish its business plan concerning its interest in the Kitewood Creekside development?

**Reply**

The Council published its interest in the Kitewood development on 9th November 2016 when a decision was made to grant a long lease on land at Creekside to Kitewood.

**PUBLIC QUESTION NO. 55**

**Priority 5**

Question asked by: Julia Webb

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

On 11th February, a pedestrian was hit by a motorcycle while crossing Sydenham Road opposite St Philip Neri. Fortunately they survived, but the motorcycle delivery driver left the scene without giving their contact details.

Given the huge increase in vehicle numbers and their speed along this stretch of road, will Lewisham Council urgently review its pedestrian crossings? The crossing point outside Our Lady and St Philip Neri School is of particular concern, as it appears to be an official crossing to the pedestrian, but there is no apparent warning for drivers.

**Reply**

One of the objectives of the Lewisham Transport Strategy is that Lewisham's streets will be safe, secure and accessible to all and we have been delivering a number of schemes to work towards achieving this objective.

Measures to improve safety for pedestrians and cyclists, improve bus operation and bus stop accessibility along Sydenham Road were delivered a number of years ago. A school crossing patrol operates at the traffic island to support pupils who need to use this location to cross the road. Our annual speed monitoring surveys show that average speeds at this survey location is 23mph, which is below the level which would result in the street being prioritised for speed reduction measures.

Unfortunately as a result of the pandemic the funding that the Council usually receives from TfL to implement schemes to deliver the transport strategy was suspended. It is our hope that a longer term funding agreement will be reached between Government and TfL soon so that we are able to continue to plan and deliver priority schemes for the benefit of our borough and residents, including improved pedestrian crossings.

**PUBLIC QUESTION NO. 56**

**Priority 5**

Question asked by: Cheryl McLeod

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Studio Egret West was appointed on a short term contract in relation to Catford, this had a specific value; are Studio Egret West still working to that contract and how much has the Council paid them over the last four years?

**Reply**

Studio Egret West were appointed in June 2018 to produce the Catford Masterplan or Town Centre Framework. Since approval of the contract, work on producing the framework has been hampered by a number of factors including Covid. It has therefore taken longer than originally anticipated to complete the Town Centre Framework. The Framework was adopted by the Council in July 2021. The total contract value for Studio Egret West's work on the framework was £336K

**PUBLIC QUESTION NO. 57**

**Priority 5**

Question asked by: Roger Stocker

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

The junction of St Norbert Road and Brockley Way (and Turnham Road with Brockley Way to a lesser extent) is on a key cycle route. Both these junctions have very wide entries to the side roads encouraging motor vehicles to cut across cyclists at speed and making it very difficult for pedestrians to cross at the junction mouths. Has any consideration been given to tightening the junction radii with the use of wands or temporary barriers etc. If not will the council look to install some temporary measures to evaluate their effectiveness and liaise with Lewisham Cyclists?

**Reply**

This was not given consideration as part of the Covid emergency transport response as the focus of these measures were on creating additional space for walking and cycling.

The request for these junctions to be reviewed has been noted and will be considered should future funding become available.

**PUBLIC QUESTION NO. 58**

**Priority 6**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Can Lewisham council please tell me, how many emails they have received in total cross all departments, including the Mayor and Lewisham Wards, regarding the Lewisham LTN system since they took the decision to retain them. Can they also say how many were negative and how many were positive?

**Reply**

The Mayor, councillors and officers have received a range of emails from residents concerning the LTN since its implementation. As these emails are sent to more than one person, and a number have been duplicated/forwarded/deleted on completion, it is not possible to provide the total number of emails received or provide a breakdown of their content.

**PUBLIC QUESTION NO. 59**

**Priority 6**

Question asked by: Cheryl McLeod

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

Given that there are known covenants on properties within the Catford Town Centre Framework area, can the cabinet member confirm what covenants and any other agreements or restrictions that exist on the land bought by the Council known as Catford Shopping Centre?

**Reply**

The detail of all title information and covenants affecting the Council's land interest in the Catford Shopping Centre are publically available and obtainable from the Land Registry.

**PUBLIC QUESTION NO. 60**

**Priority 7**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Can Lewisham council please tell me what plans they currently have in place incentivize people to move from ICE vehicles to EV? and when we can expected to start seeing the outputs of these plans?

**Reply**

Lewisham is committed to increasing the number of electric vehicle charging points (EVCP) across the borough as set out in the Low Emission Vehicle Charging Strategy, which is soon due for review. As of October 2021, there are 172 EV charging points across the borough 21 of which are rapid chargers and more charging points are planned across the borough. Increasing the number of available EVCPs should contribute towards reducing the range anxiety associated with electrical vehicles, and encourage the take up of this more sustainable mode of transport.

However, we also recognise that increasing EVCPs is not the only way to help move people away from internal combustion engines as we also want to encourage greater levels of sustainable and active forms of transport, such as walking and cycling.

Details of projects and programmes that we are delivering to achieve this and our wider plans for the future of transport in Lewisham are set out in the Lewisham Transport Strategy and Local Implementation Plan, 2019 – 2041.

Our ability to deliver improved infrastructure for all sustainable modes of travel is of course constrained by the funding and resources available.



**PUBLIC QUESTION NO. 61**

**Priority 8**

Question asked by: Mark De-Laurey

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

Will Lewisham council commit to opening up the Lewisham LTN system to EV, as another form of incentivisation?

**Reply**

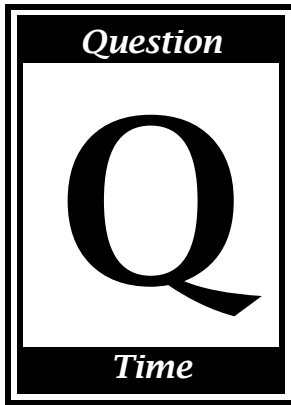
All roads within the revised low traffic neighbourhood are still accessible for motor vehicles, however the restrictions have changed the routes that vehicles can travel. A report relating to the next steps and future of the Lewisham and Lee Green LTN was considered by Mayor and Cabinet on 12th January 2022. One of the main aims of the LTN was to encourage people to walk and cycle more so at the current time this does not include opening up the LTN to electric vehicles.

# Agenda Item 6

| COUNCIL             |  |                    |
|---------------------|--|--------------------|
| <b>Report Title</b> | Member Questions                               |                    |
| <b>Key Decision</b> |  | Item No.           |
| <b>Ward</b>         |  |                    |
| <b>Contributors</b> | Chief Executive (Head of Business & Committee) |                    |
| <b>Class</b>        | Part 1   | Date: March 2 2022 |

## Questions from Members of the Council

Section C, paragraph 14 of the Constitution, provides for questions relevant to the general work or procedure of the Council to be asked by Members of the Council. Copies of the questions received and the replies to them will be published as an attachment to this document on March 1 2022.



# **LIST OF MEMBER QUESTIONS AND ANSWERS**

Member questions and answers for the  
Council Meeting of the London Borough of  
Lewisham to be held on Wednesday 2  
March 2022

## **MEMBER QUESTION NO. 1**

### **Priority 1**

Question asked by: Luke Sorba

Relevant Directorate: Community Services

Member to reply: Councillor Patrick Codd

### **Question**

Last year, the Council announced £700,000 of funding to upgrade playgrounds in parks in Deptford at Evelyn Green, Sayes Court and Folkestone Gardens. Can the Cabinet Member for Environment and Transport provide an update of the progress of the play developments?

### **Reply**

I am pleased to be able to inform you that good progress has been made on all of these projects:

#### **Sayes Court Park**

Following a process of consultation with parks users the purchase order for the play area and park improvements has been issued and work will commence in March 2022.

I am also very pleased to advise you that the project is also being recommended for an additional £30k of funding from the Neighbourhood Community Infrastructure Levy (NCIL) process, increasing the initial project budget from £148k to £178k. This money will further enhance the play opportunities offered to the children of the Evelyn ward.

#### **Evelyn Green**

Again, I am please to inform you that the project to extend and upgrade the Multi Use Games Area (MUGA), install a new outdoor gym and a children's play area is progressing well. There is ongoing dialogue with the current users of the MUGA regarding the improvements with many of their ideas being considered to make the facility even better. Work on site will begin soon.

#### **Folkestone Gardens**

Further to site visits and consultation with park users, officers are currently working with our contractors to develop initial plans for the park improvements that reflect the aspirations of park users. Once this has been completed further discussions with park users will take place in advance of work commencing.

The initial deadline set to complete the work has slipped slightly to facilitate due consideration of an additional £80k assigned to the project from the Neighbourhood Community Infrastructure Levy (NCIL). This brings the total budget for the Folkestone Gardens project to £270k, again enhancing the opportunity for quality

play for the children of the Evelyn ward and I'm sure neighbouring wards in the north of the borough will also benefit from all of these improvements.

## **MEMBER QUESTION NO. 2**

### **Priority 1**

Question asked by: James-J Walsh

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Kim Powell

### **Question**

Last year, the Council unveiled the results of its ground-breaking study of high streets which found that 70% of businesses on Lewisham's high streets are independent, and more than two thirds of the independent shops and services are owned by Black, Asian or Minority Ethnic entrepreneurs. Can the Cabinet Member for Business and Community Wealth Building explain how the results of the study have been used to support the borough's businesses as we emerge from the pandemic

### **Reply**

We are proud to have been the first local authority in the country to conduct a headcount and survey of independent businesses and Black, Asian and Minority Ethnic entrepreneurs. Some of the key findings revealed that 70% of businesses on Lewisham's high streets are independent and that two thirds of the independents shops and services are owned by Black, Asian or Minority Ethnic entrepreneurs. We wanted to use the study to understand and address the unique challenges local retailers face as they emerge from the pandemic. Two of the main issues raised by businesses were the need for an increase in footfall in town centres to help increase sales and revenue; and to increase awareness of the support available to independently-owned local businesses.

We are building on our existing communication channels to businesses such as our fortnightly newsletter (received by over 4,000 subscribers), social media, and working with partners such as the Federation of Small Businesses and local Chamber of Commerce. We are now conducting more direct visits to businesses on our high streets across the borough to outline the support available and promote grants and advice services. We are also creating new business networks and organising more online webinars, the latter having proved successful during the last year in helping to reach a large number of businesses.

To help increase footfall in our town centres and high streets we have been running a "Shop Safe, Shop Local" campaign to encourage residents to spend more locally. We have also recently delivered a Town Centre Small Grants programme to fund initiatives by businesses or community organisations which will help attract visitors to town centres. This funded 22 different projects in town centres across the borough. In addition, we are investing in our street markets, most recently in Lewisham town centre. We have also created a new partnership for Lewisham town centre bringing together representatives from the public, private, community, cultural and education

sectors. This is alongside our broader regeneration activities to ensure that our town centres are vibrant, attractive and inclusive.

### **MEMBER QUESTION NO. 3**

#### **Priority 1**

Question asked by: Samantha Latouche

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Kim Powell

#### **Question**

In 2020, the Council partnered with key stakeholders in the borough to sign the Lewisham Deal, committing to tackle poverty and support inclusive growth in the borough.

Can the Cabinet Member for Business and Community Wealth Building provide an update on the progress made by the Lewisham Deal partnership?

#### **Reply**

The Lewisham Deal is a common commitment by local public sector institutions to promoting inclusive growth in the borough. Based on the principles of community wealth building, the Lewisham Deal seeks to ensure we build an economy that works for everyone in the borough.

In the last two years the Lewisham Deal partnership has:

- Promoted contract opportunities to local small and medium sized businesses. A Meet the Buyer event in November 2021 was attended by over 100 local businesses providing an opportunity to hear about upcoming contracts and to gain an understanding of public sector procurement processes.
- Collectively worked towards the Mayor's Apprenticeship Programme target of 250 new apprenticeships in 2018-2022. In the last two years 142 apprenticeship starts have been achieved, taking the cumulative total to 247 out of the 250 target. The target is on track to be achieved by the end of March 2022.
- Supported the increase in Living Wage accredited employers from 47 in 2018 to 85 now.
- Set up new workstreams to additionally focus on collective effort to tackle the climate emergency and support the progression of Black, Asian and Minority Ethnic staff. This is alongside existing workstreams on apprenticeships; procurement; Living Wage; and information, advice and guidance.



## **MEMBER QUESTION NO. 4**

### **Priority 1**

Question asked by: Juliet Campbell

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

### **Question**

Fly tipping has become a real issue across the borough, the Cabinet Member for Environment and Transport recently wrote a blog about the work the Council is doing to tackle fly-tipping and enviro-crime. Can he comment on how the new Environmental Crime Enforcement team is working to tackle this crime?

### **Reply**

Fly-tipping is a key focus of our new Waste Management Strategy for 2021-2031. The actions set out in our new Waste Strategy will build on our ongoing work to tackle fly-tipping in the borough. This includes setting up a dedicated Environmental Crime Enforcement team who engage with residents to ensure that they know how to responsibly get rid of unwanted items and take action against the small minority of people who fly-tip in our borough.

Enforcement officers are undertaking a number of initiatives to tackle localised fly-tipping and environmental crime. This involves highly visible uniformed patrols, engaging with community groups, partnership working with the Police, private housing sector and a multitude of other agencies.

The team also deploy CCTV to monitor hotspots and use the latest technology to gather evidence on known fly-tipping hotspots which is being used to prosecute offenders.

Since its establishment in August 2021, the team has issued almost 800 fines for environmental offences, including littering and illegally dumped rubbish.

Leaflets raising awareness of the council's #CleanerLewisham campaign are also handed out to the public and posted door to door in regards to correct refuse disposal and recycling. These leaflets along with stickers placed on discarded waste items contain our direct fly tipping hotline/ email address should anyone be willing to step forward as a witness or if they prefer to report fly tipping anonymously.

As a means to deter unauthorised waste deposits from commercial or domestic premises we are also erecting signage in affected high streets, residential areas and council housing estates. These signs inform the public that a team of enforcement officers are monitoring the area who will issue on the spot fines to anyone caught littering or fly tipping.

**MEMBER QUESTION NO. 5**

**Priority 1**

Question asked by: Tauseef Anwar

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

**Question**

More than 30 school streets have been implemented across the borough which appear to have been very successful and are popular with schools, parents and children. Can the Cabinet Member provide an update on plans to deliver more school streets in Lewisham?"

**Reply**

The Council has made great progress in the rollout of the School Streets programme across the borough. Since the start of the pandemic the Council has delivered 45 school streets at 37 schools, implementing measures that reduce traffic down roads around schools at drop off and pick up times to make it safer and easier for children to walk, scoot or cycle to school.

School Streets are an important part of our work to continue delivering on our Climate Emergency Action Plan, as the reduced traffic around schools also helps to improve air quality and protect young lungs from harmful emissions.

We've been working closely with primary schools across the borough to ensure that even more children can enjoy the benefits that come with having a School Street outside their school.

## **MEMBER QUESTION NO. 6**

### **Priority 1**

Question asked by: Eva Stamirowski

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

### **Question**

Could the Cabinet member for Housing and Planning please update us on the Council's proposals for the introduction of selecting licensing for landlords in parts of Lewisham.

### **Reply**

As councillors will be aware, selective licensing requires a successful application to the Secretary of State for permission to introduce the scheme. This means that there are a number of precursor steps we have to take before this application can be made.

A survey of private rented sector housing in the Borough was prepared in October 2021. This makes up the core evidence base of the application for selective licensing.

The data identified three potential schemes. Schemes have to identify specific designation criteria that they will help to address. These include antisocial behaviour, poor housing conditions and deprivations. A single scheme can address more than one criteria. The three we propose are:

Designation One would cover Brockley, Lewisham Central, New Cross, Rushey Green, Catford South and Perry Vale wards (focused on reducing anti-social behaviour and improving housing conditions).

Designation Two would cover Evelyn, Ladywell, Lee Green, Sydenham and Crofton Park wards (focused on improving housing conditions).

Designation Three would cover Bellingham, Downham, Forest Hill, Grove Park and Whitefoot wards (focused on raising the living conditions of the most deprived).

We have launched the public consultation about this scheme which can be accessed [here](#). This consultation closes on 20<sup>th</sup> May 2022.

Once the consultation is complete we will report to Housing Select Committee.

If the outcome of the consultation supports proceeding, we will make the application to the Secretary of State.

## **MEMBER QUESTION NO. 7**

### **Priority 1**

Question asked by: Louise Krupski

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

### **Question**

Please could you give a brief explanation as to how the work to convert Dalmain Primary School to an air source heat pump system was achieved, both in terms of funding and the practicalities of doing the work while the school was in operation. What plans do you have to roll this excellent work out to other schools or institutions in the borough?

### **Reply**

Decarbonising Lewisham's schools is a key priority within the Council's response to the climate emergency and delivery of the ambition to be net zero carbon by 2030.

The work at Dalmain Primary School was made possible through accessing funding in 2021 under the Government's Public Sector Decarbonisation Scheme. £3.5m grant funding has enabled a range of heating, insulation and ventilation works in seven corporate buildings (Brockley Rise CEL, Granville Park CEL, Grove Park CEL, Leemore Resource Centre, Lewisham Crematorium and Chapel, Lewisham Town Hall Chambers, Sydenham Centre) and three schools (Dalmain, Donderry and Myatt Garden).

The application for funding under the Public Sector Decarbonisation Scheme was based on an earlier successful grant-funded project supported by £175k from the Government's Low Carbon Skills Fund in 2020. This funding enabled the detailed specifications of the work needed. Five schools were involved in this on the basis of representing a geographical spread and a range of building typologies as a way of developing wider learning on the costs and opportunities.

The award of funding for the Public Sector Decarbonisation Scheme in February 2021 required the procurement and delivery of works to complete by the end of March 2022. To deliver on this tight timetable at Dalmain Primary School the Council worked with local architects Retrofit Action For Tomorrow and through the Council's School Minor Works Contracts to specify and deliver the work. The school played an important role in enabling the project to progress on time with the majority of the works completed during school holidays.

The installation of an air source heat pump has meant heating in the school could switch from a natural gas boiler that was coming to the end of its functioning life and replace it with a net zero carbon ready technology powered by electricity. Installation

of the heat pump needed to be supported by a range of improvements to the fabric of the building to reduce overall energy demand to ensure that the school runs more efficiently, reducing exposure to rising energy costs. Improvements to air tightness and ventilation also create the chance to improve the standards of indoor air quality and improve the learning environment.

Lewisham has 89 schools (including Abbey Manor College and 2 nursery schools), the oldest of which date from the late 19<sup>th</sup> century with the latest built in the 21<sup>st</sup>. Each of these has its own unique challenge in getting to net zero carbon, including differences in relation to ownership and responsibilities for school buildings. The cost of retrofitting all Lewisham's schools to be net zero carbon ready would require detailed site by site assessment. Based on the work undertaken with grant funding from the Low Carbon Skills Fund and the Public Sector Decarbonisation Scheme delivery of similar works across all 89 schools would cost approximately £40m.

Further rounds of funding from the Low Carbon Skills Fund and the Public Sector Decarbonisation Scheme are expected and officers will be working to try and ensure that Lewisham's schools continue to benefit from this opportunity. These sources of funding will not in themselves be sufficient and works will need to be prioritised and other sources of funding found. Further details of plans to decarbonise Lewisham's Council's buildings including schools will be set out in the Council's new corporate strategy expected to be published in 2022.

**MEMBER QUESTION NO. 8****Priority 1**

Question asked by: Octavia Holland

Relevant Directorate: Children & Young People

Member to reply: Councillor Chris Barnham

**Question**

Please provide details of preferences for our secondary schools this year and if we continue to see an increase in families choosing Lewisham schools?

**Reply**

Please find the table below detailing the on-time applications for Lewisham Secondary Schools. These figures represent an increase of 169 first preferences and 226 total preferences compared to last year. This increase, at a time when the Year 6 cohort was actually a little smaller, clearly shows a very welcome increase in parental confidence in Lewisham secondary schools.

| <b>School</b>                        | <b>Preference</b> |             |             |             |            |            |              |
|--------------------------------------|-------------------|-------------|-------------|-------------|------------|------------|--------------|
|                                      | <b>1st</b>        | <b>2nd</b>  | <b>3rd</b>  | <b>4th</b>  | <b>5th</b> | <b>6th</b> | <b>Total</b> |
| Addey & Stanhope School              | 117               | 90          | 97          | 52          | 37         | 42         | 435          |
| Bonus Pastor Catholic College        | 282               | 159         | 116         | 74          | 56         | 43         | 730          |
| Conisborough College                 | 82                | 80          | 83          | 53          | 41         | 43         | 382          |
| Deptford Green School                | 102               | 117         | 73          | 60          | 64         | 60         | 476          |
| Forest Hill School                   | 107               | 90          | 67          | 55          | 52         | 52         | 423          |
| Haberdashers' Aske's Hatcham College | 259               | 220         | 177         | 135         | 108        | 72         | 971          |
| Haberdashers' Aske's Knights Academy | 145               | 104         | 88          | 62          | 36         | 37         | 472          |
| Prendergast Ladywell School          | 185               | 177         | 154         | 139         | 88         | 69         | 812          |
| Prendergast School                   | 172               | 163         | 103         | 76          | 67         | 33         | 614          |
| Prendergast Vale School              | 54                | 68          | 78          | 69          | 68         | 51         | 388          |
| Sedgehill Academy                    | 91                | 90          | 88          | 64          | 43         | 42         | 418          |
| St Matthew Academy                   | 95                | 120         | 104         | 79          | 55         | 48         | 501          |
| Sydenham School                      | 222               | 157         | 104         | 107         | 68         | 54         | 712          |
| Trinity Lewisham CE School           | 75                | 75          | 70          | 57          | 55         | 35         | 367          |
| <b>Grand Total</b>                   | <b>1988</b>       | <b>1710</b> | <b>1402</b> | <b>1082</b> | <b>838</b> | <b>681</b> | <b>7701</b>  |

## **MEMBER QUESTION NO. 9**

### **Priority 1**

Question asked by: James Rathbone

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Kevin Bonavia

### **Question**

Since Lewisham became the UK's first Borough of Sanctuary in 2021 what has been done to put the principles of sanctuary into practice and tackle the Home Office's hostile environment policies

### **Reply**

Lewisham is strongly committed to further embedding its work on the Borough of Sanctuary. Since receiving the recognition, we have been working on the following:

- General Practice (GP) surgeries to the Safe Surgeries initiative for undocumented migrants as promoted by [Doctors Of The World](#). Currently 27 of 33 GP Practices in Lewisham are signed up, with efforts being made to sign up those that remain.
- We have developed a [promotional campaign](#) to encourage landlords to rent to refugees. As local landlords sign up, we will compile a list of Sanctuary Lettings Agents to be shared with service user groups and online.
- We remain very mindful of the consequences of Brexit on our residents who are European Union nationals. In terms of EU Settled Status (EUSS), as of 30 September 2021 nearly 60,000 Lewisham residents (up from 58,000 in the previous quarter) made EUSS applications. The Home Office data indicates that 56,500 Lewisham residents (up from 53,000 in the previous quarter) had been granted Settled or pre-Settled Status. The Council continues to encourage EU residents living in the borough, who have not already done so, to apply for Settled Status. The Council has also played an active role lobbying on behalf of EU nationals living in the borough, urging the Government to extend its arbitrary EUSS applications deadline and for additional resource to be available for EU nationals.
- Following the crisis in Afghanistan last year, the Council wrote to the Home Secretary urging the Government to do all it can to support those fleeing violence and persecution in Afghanistan and to offer Lewisham's commitment to provide sanctuary to those fleeing conflict and persecution. The Council specifically committed to resettle at least 10 families under the Afghan Relocations and Assistance Policy (ARAP) – this commitment was met last month.
- The Council is embarking on a drive to encourage all of Lewisham's schools to become accredited Schools of Sanctuary, following the example of St Mary's Primary School in Lewisham, where pupils, staff and parents have worked on campaigns to support migrants and have provided training from lived experience to Council staff.

In addition to the above, the Council continues work on sanctuary action plans for all services, so that staff are better able to assist residents with migrant backgrounds. In the meantime, the Council is regularly updating its webpages to provide detailed information for refugees, asylum seekers and migrants about support and services available to them from the Council and partner agencies.



**MEMBER QUESTION NO. 10**

**Priority 1**

Question asked by: Stephen Penfold

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Kevin Bonavia

**Question**

Lewisham Council has been leading the way in resettling refugees and challenging the Government's hostile environment approach to immigration. How many refugee households has the council resettled to date and what are its plans for future resettlement?"

**Reply**

Lewisham Council has resettled 55 refugee households to date, being the largest number of all London boroughs. The Council remains committed to resettling a total of 110 households as part of our Sanctuary Borough commitments. This represents an increase on our original commitment of 100 and includes an additional 10 Afghan households that the Council agreed to resettle in response to the humanitarian crisis in Afghanistan.

Currently we are making good progress in meeting our targets with five families due to arrive in the next three weeks. As more families are settled in the borough it remains our priority to ensure families receive all the support that is required to integrate into our borough. The programme has benefitted from the support package provided to families from our partners at The Refugee Council and Lewisham Refugee and Migrant Network and also considerable community support, providing help such as language classes and employment opportunities. We remain confident in realising our ambition to provide a welcoming home to those fleeing persecution.

**MEMBER QUESTION NO. 11**

**Priority 1**

Question asked by: James Royston

Relevant Directorate: Community Services

Member to reply: Councillor Chris Best

**Question**

Please can the Cabinet Member give details of work undertaken to support residents' mental health throughout the pandemic, anything significant learned from that work, and any future plans or opportunities to harness that learning and ensure we prioritise our residents' mental health in future?

**Reply**

The Lewisham Mental Health Alliance has met during the COVID-19 response period to develop a collaborative response to the pandemic, preventing and addressing emerging mental health concerns.

During the pandemic, our services moved predominantly online to support continued access. Due to the success of this, moving forward, we will now combine online support and face-to-face sessions across our mental health services including children's.

Work also focused on supporting people with Dementia during the closure of existing services in the borough and a new befriending service will go live this year to promote ongoing independence.

COVID-19 disproportionately impacted Black, Asian and Minority Ethnic communities, embedding existing inequalities and promoting the conditions to generate new ones. In response to this, an insight study was undertaken to identify barriers to access and a series of emotional wellbeing workshops and resilience workshops were delivered to staff and residents in the borough to support them in coping with changes resulting from COVID-19. This work will be taken forward via a new health inequalities group to be launched in Spring 2022; this work will seek to promote an all age view.

As COVID-19 restrictions ease we will continue to develop stronger community engagement mechanisms and coproduction opportunities in the planning and development of new services and improvements to existing ones.

## **MEMBER QUESTION NO. 12**

### **Priority 1**

Question asked by: Alan Hall

Relevant Directorate: Corporate Resources

Member to reply: Councillor Amanda De Ryk

### **Question**

What is the definition of a 'balanced' budget?

### **Reply**

A briefing published by the Chartered Institute of Public Finance & Accountancy (CIPFA) in March 2016, titled 'Balancing local authority budgets and section 114 notices' notes that whilst local authorities are required by law to have a balanced budget, what is meant by 'balanced' is not defined by law.

CIPFA go on to state that:

“a prudent definition of a sustainable balanced budget for local government would be a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term.

Plans would take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. Normal preference is that day-to-day income covers day-to-day costs and at year-end there is no variance.

For local government, at its very simplest, a balanced budget means that the council is content that the combination of income, the sensible use of reserves and having robust savings plans in place means that underlying income will cover on-going costs and future commitments in a sustainable and manageable way (emphasis added).

The context of 'medium-term' is crucial. It is entirely possible that abrupt financial shocks, such as sudden losses in funding or unplanned increases in cost, may mean year-end overspend is inevitable even with an emergency savings plan. If that overspend can be covered by the use of reserves in the current year and the Chief Finance Officer (CFO) is confident other measures being taken will bring the position into balance in the following year, the CFO still has a balanced budget.”

The Council ensures that it plans for the medium-term through the annual Medium Term Financial Strategy (MTFS) which is presented to Mayor and Cabinet in the summer of each year. The purpose of this report is to set out the medium-term financial position for the Council over the next four years and the assumptions on which it is based, as well as the likely levels of budget reductions which will be required to present a balanced budget. This was presented to Mayor and Cabinet on the 9 July 2021 for the period 2022/23 to 2025/26.

This is then built upon in preparing the annual budget each year as the funding envelope is announced through the provisional and final Local Government Settlement, and specific and deliverable budget reduction proposals are identified to meet the shortfall between the level of funding available and the proposed

expenditure required to deliver Council services against its agreed Corporate Strategy.

The budget report presented to Mayor and Cabinet on the 9 February 2022 and full Council on the 2 March 2022 clearly sets out the combination of income, the availability for use of reserves if required, and the robust savings plans in place such that the underlying income will cover on-going costs and future commitments for 2022/23 in a balanced manner.

## **MEMBER QUESTION NO. 13**

### **Priority 1**

Question asked by: Liam Curran

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

### **Question**

Will the Cabinet member commit the Council to enabling a full hydrological survey of the area of the borough's part of Sydenham Hill to include all water flows, springs, underwater streams and drainage of the hill down to Lower Sydenham, potentially impacted by increased development and hard-standing on Sydenham Hill and given the possible impact of flooding on Lower Sydenham, Catford and Lewisham?

### **Reply**

As a Lead Local Flood Authority (LLFA) the Council has made assessments of a number of hydrological features within the borough. In the last year this has included surveying, mapping and designating features that convey surface water within the Upper Sydenham area as Ordinary Watercourses – and providing updated maps to Planning to ensure these features are highlighted during the planning validation process.

In 2019 officers completed an in-depth surface water modelling study across locations in the borough at risk of flooding, which included the area around Sydenham Hill. This study improves on the existing Environment Agency surface water mapping and enhances the understanding of water flows within the borough. Officers have provided this modelling data to the Environment Agency to improve the accuracy of the information they publish.

Pressures on budgets means the Council needs to secure funding in order to undertake additional work and hydrological studies and modelling of surface water can run into several tens of thousands of pounds. The modelling work conducted in 2019 was funded by a grant from central government for £64,562. Officers are seeking funding to carry out further investigations into flood risk in the Sydenham Hill area, and, in particular, to survey an underground watercourse that runs from Sydenham Hill towards the River Pool in Bellingham.

The Council will be publishing its new Flood Risk Management Strategy for 2022-2027 this year which will update current policies to reflect new national strategies and programmes as well as local priorities and opportunities.

## **MEMBER QUESTION NO. 14**

### **Priority 2**

Question asked by: Juliet Campbell

Relevant Directorate: Children & Young People

Member to reply: Councillor Chris Barnham

### **Question**

I read the Cabinet Member for Children's Services and School Performance update about the expansion of young people's mental health provision. Would the Cabinet Member expand on the work the Council is doing around mental health support in schools?

### **Reply**

Since 2018, this Lewisham administration has had a strong focus on the importance of children's mental health and wellbeing, in its broadest sense. This is in response to the growing importance of children's mental health on the national agenda, and concern within Lewisham about the mental health needs of our young people. I'm pleased to note that during this period, our partnership with the local NHS, informed by feedback from families and young people and a number of local reviews, has delivered significant steps forward. These include:

- substantial progress in funding and performance. As a result of increased NHS funding, the budget for NHS CAMHS has risen 50% 2018-20
- waiting times from referral to assessment at the South London and Maudsley have fallen significantly, and A&E attendances have also reduced (although there remains more to do on waiting times for treatment after assessment).
- A dedicated CAMHS team for looked after children, accessed through the Lewisham Virtual School, meaning children aged 5-18 in our care can seek help without GP referral.

In addition, I believe strongly that a wide range of services is important, and we should strive so far as possible to help young people before problems become so severe that they need a specialist referral to an NHS service. Accordingly, Lewisham is rolling out a further wave of the Mental Health Support Team (MHST) Programme to an additional 20 schools across the borough, following the establishment of an initial 19 schools during Jan 2020.

The programme aims to ensure that education settings are supported in delivering whole school approaches in tackling these issues, as well as liaising with external services so that young people get the right support when it is needed.

Feedback from schools and wider stakeholders including children and their families has been extremely positive.

NHS England has made a further funding commitment in 2023/24 to further expand the programme in Lewisham from January 2024. In the meantime Lewisham Council and the South East London Clinical Commissioning Group are looking at options for developing the mental health offer in all Lewisham secondary schools in 2022.

## **MEMBER QUESTION NO. 15**

### **Priority 2**

Question asked by: Louise Krupski

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

### **Question**

How has the council worked to improve recycling rates and what plans do we have to continue improving into the future?

### **Reply**

The Council introduced fortnightly refuse collections and weekly food waste collections in 2017, and this led to a considerable increase in recycling rates. Since 2018, we have reduced household waste by 18%, increased recycling rates by 11% and increased organic waste recycling by 90%.

Recognising that more needs to be done to increase recycling further and reduce the amount of waste generated, the Council has recently approved a new 10-year plan for waste. The Waste Strategy creates a framework for how Lewisham can manage its waste and recycling for the foreseeable future.

Mindful of the London Reduction and Recycling Plan, published by the Greater London Authority, the Council has set a target of a 45% household recycling target by 2025. To meet this challenge, the Council has committed to a variety of initiatives, including:

- Introducing a separate food waste collection service to flats, estates and a trial at schools;
- Developing and implementing a revised suite of waste management policies that encourage and promote recycling, and which tackle waste bin contamination;
- Creating a specific and targeted waste communications campaign, including workshops in schools around the borough;
- Hosting a number of events around the borough – which includes litter picking sessions as part of the Cleaner Lewisham Campaign;
- Reviewing waste collection and recycling arrangements to residents living in flats above shops;
- Working with businesses to introduce a commercial food waste collection service;

The Waste Strategy sets a vision for management in waste in Lewisham and the Council is looking forward to working with its partners, and with the many communities in Lewisham to increase recycling and improve waste management practices.

**MEMBER QUESTION NO. 16**

**Priority 2**

Question asked by: James-J Walsh

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

**Question**

The Old Job Centre site at Rushey Green is being turned into new homes. Would you be able to tell us more about the progress of the scheme?"

**Reply**

The 'Velo House' development is a Phoenix Housing Scheme. Built on the old Job Centre site on Rushey Green, the building's name is a nod to the history of the local area and the old 'Cafford Velodrome' which stood close to Mountsfield Park from 1895 to 1900. Demolition works began in early 2020 and construction began in August 2020. The contractor for the project is Elemento. The planned completion date for the scheme is currently 30<sup>th</sup> March 2022.

The scheme included the demolition the former job centre building at 9-19 Rushey Green, to develop a mixed-use building of 6 storeys in height, comprising of 45 one, two and three-bedroom affordable rent flats. The development will include a commercial space on the ground floor, along with associated ancillary space including bike store, refuse and recycling storage and landscaping.



**MEMBER QUESTION NO. 17**

**Priority 2**

Question asked by: James Royston

Relevant Directorate: Community Services

Member to reply: Councillor Patrick Codd

**Question**

Please can the Cabinet Member provide an update on the number of trees (including street trees and mini orchards) planted across the borough since 2018, and plans to continue to plant more trees as part of its ongoing work to tackle the Climate Emergency?

**Reply**

As part of the regeneration of Beckenham Place Park, 24,000 young trees were planted in recent years. In addition to that, a total of 1,456 trees have been planted across the borough since 2018. The Council continues to work with residents, Street Trees for Living, and ward assemblies to identify internal and external sources of funding to support the planting of more trees.

A further 600 trees were planted in Durham Hill on Monday 28 February as part of the Tiny Forest tree planting, to further enhance biodiversity in Lewisham's award winning parks.

The plan is to continue to plant around 350 standard street trees per year and to plant more trees in parks where appropriate, with planting of new trees balanced against supporting the various park uses and functions.

**MEMBER QUESTION NO. 18**

**Priority 2**

Question asked by: Alan Hall

Relevant Directorate: Chief Exec's

Member to reply: Councillor Kevin Bonavia

**Question**

What response has the Council made to the parliamentary boundary review?

**Reply**

The Returning Officer submitted a response to the first stage of the Boundary Commission for England's consultation on new parliamentary constituencies. The full response is below:

Dear Commissioners

Thank you for the proposals published on Tuesday 8 June 2021. I am responding as Acting Returning Officer for Lewisham. Because my role requires impartiality, my comments will be limited but I hope that you will find them helpful. I wish to make the following observations:

1. I support the methodology outlined in the legislation for this review
2. The 3 constituencies that contain Lewisham electors meet the requirements in so far as:
  - a. All 3 constituencies have an electorate within the quota of 69,714 and 77,062
  - b. The disruption to existing constituencies is minimal
  - c. Local ties and communities have been considered
  - d. Most importantly, you have used our future wards as the building blocks. I strongly approve the use of these wards and am particularly pleased that no wards have been split
3. With regards to the splitting of wards, I strongly support the use of whole wards mainly because it is extremely beneficial for the effective administration of elections I expect there will be representations regarding the makeup of the 3 constituencies, and that the initial proposals will likely be amended as a result of the consultation. I feel it's important that you continue with your methodology for any revision of the scheme, in particular the use of whole wards as the building blocks.

Yours faithfully

Kim Wright

Acting Returning Officer and Chief Executive, London Borough of Lewisham

**MEMBER QUESTION NO. 19**

**Priority 2**

Question asked by: Samantha Latouche

Relevant Directorate: Community Services

Member to reply: Councillor Brenda Dacres

**Question**

The launch of Lewisham's Borough of Culture Day One programme saw events that celebrated the best of Lewisham's creativity and diversity across the borough, including a number of events in my own ward of New Cross. Can you provide an update on how the Council is keeping the excitement going on the Borough of Culture programme over this year, what are some of the key events taking place and how can the community get involved?

**Reply**

The Council has a series of events planned throughout the year designed to engage the whole community which can be found in the What's On section of the [Borough of Culture website](#). Some of the highlights include:

- Love is Attention, a series of contemporary music events in March
- In Living Memory, seven community-led projects bringing Lewisham's oral history to life and celebrating its diversity and heritage.
- The return of People's Day at Mountsfield Park in July after a four year break.

There are a number of ways that residents can get involved – through participating in our year-long series of creative challenges, volunteering to assist in delivering events or registering their own events to be listed as part of the programme. They can also respond to call outs for artists and opportunities for funding. All of these options are listed on the [Get Involved section](#) of the website. Residents can also join our mailing list to receive regular updates on events and projects throughout the year and find regular posts on the Council's social media channels.

**MEMBER QUESTION NO. 20**

**Priority 3**

Question asked by: Louise Krupski

Relevant Directorate: Community Services

Member to reply: Councillor Patrick Codd

**Question**

How many trees has the council planted since 2018?

**Reply**

As part of the regeneration of Beckenham Place Park, 24,000 young trees were planted in recent years. In addition to that, a total of 1,456 trees have been planted across the borough since 2018. The Council continues to work with residents, Street Trees for Living, and ward assemblies to identify internal and external sources of funding to support the planting of more trees.

A further 600 trees were planted in Durham Hill on Monday 28 February as part of the Tiny Forest tree planting, to further enhance biodiversity in Lewisham's award winning parks.

The plan is to continue to plant around 350 standard street trees per year and to plant more trees in parks where appropriate, with planting of new trees balanced against supporting the various park uses and functions.

## **MEMBER QUESTION NO. 21**

### **Priority 3**

Question asked by: James-J Walsh

Relevant Directorate: Corporate Resources

Member to reply: Chair of Pensions Committee

### **Question**

Lewisham Council are stewards for a pension pot worth around £1.4bn, what has LBL done to ensure a good return for its members and an ethical investment strategy?

### **Reply**

The overriding responsibility of the Pension Investment Committee is its fiduciary duty to the Fund's members, Lewisham Council staff and pensioners, to protect the Fund's assets and ensure that the Fund remains able to meet both its current liabilities and those anticipated in the future.

In order to be able to do this the Committee continues to plan for a fully-funded position in the medium term, now 17 years, with the Fund outlook having risen from 78% to 90% funded in the three years 2016 to 2019. The most recent triennial valuation was at March 2019 with the next to be undertaken from the 31 March 2022. The Fund continues to perform broadly in line with its strategic benchmark over the longer term and despite the economic downturn during the pandemic it has still returned 11.6% over the last three years and it is just behind its benchmark performance since inception of 7.9% per annum.

In 2018 the Pension Investment Committee resolved to baseline the carbon footprint of the Fund in order to inform the future investment strategy with a view to reducing the Fund's carbon footprint where possible. This ran in tandem with the most recent triennial valuation of the Fund. Both were completed in late 2019 alongside the Committee's updated Statement of Investment Beliefs, following an iterative process to refine and incorporate specific objectives around responsible investing and climate change.

The Committee agreed a set of Climate Objectives in November 2019, which cover commitments on: coal; extractive industries, carbon emissions, green revenues, and fund manager engagement.

Using these climate objectives and the investment beliefs in the context of the financial returns required from the Fund to meet its liabilities, the Committee has been able to consider increased diversification within its equities holdings and moves to other more illiquid assets (e.g. infrastructure).

The Committee agreed to diversify the investments of the Fund across a wider range of mandates to strengthen ethical investing through stronger Environment, Social, and Governance (ESG) practices. The changes agreed and commitments made to date by Lewisham include:

- all managers of Lewisham pension investments to be challenged on their ESG voting records and approach to engagement;
- shift in property investments into a Private Rented Scheme fund with community spaces and long leases to deliver improved social value - £45m;
- shift out of commodities held in the form of equities and diversified growth mandates to new infrastructure investment mandates with a portfolio of one mandate with at least a third renewable projects £75m and one mandate wholly focused on renewable projects £95m; and
- reshaping of passive equity holdings into two low cost : low carbon mandates with investments of over £700m which reduce the fund's exposure to fossil fuels via coal, oil, natural gas and other high-carbon investments and include a range of other exclusions such as controversial weapons and tobacco, and which actively seek out sustainable investments which address the climate emergency. To date £485m of this transfer has been completed with the balance in train.

Overall these changes are expected to significantly reduce the carbon footprint of the Fund and improve the quality of future decisions by those entrusted with Lewisham pension fund monies, while continuing to deliver the financial returns needed to pay members' pensions. Progress and next steps will continue to be reviewed, using the March 2022 valuation as the next milestone.

## **MEMBER QUESTION NO. 22**

### **Priority 3**

Question asked by: Alan Hall

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Paul Bell

### **Question**

How much has been allocated in the budget for Lewisham Homes to carry out repairs? How does this compare to the amounts allocated in the last four years?

### **Reply**

Repairs and Maintenance (R&M) Allocation & Actuals for the last 4 full financial years and current forecast for 2021/22;

|              | R&M Budget  | Actuals      | Variance    |
|--------------|-------------|--------------|-------------|
| 2020/21      | £16,095,000 | £17,034,672  | -£939,672   |
| 2019/20      | £15,866,000 | £14,003,667  | £1,862,333  |
| 2018/19      | £15,693,000 | £18,791,973  | -£3,098,973 |
| 2017/18      | £15,545,000 | £15,425,392  | £119,608    |
| 4 year total | £63,199,000 | £65,255,704  | -£2,056,704 |
| 2021/22      | £15,242,000 | *£20,242,000 | -£5,000,000 |

\*Current forecast. Officers are currently reviewing whether some of this expenditure can be capitalised, which would reduce the forecast R&M overspend noted above. There is a possibility that some work which has a HRA capital budget allocation, have been miscoded and charged to the HRA R&M revenue account instead, which is contributing to the forecast overspend in this area. An example of this could be decent homes void works which should be accounted for within the Capital allocations. An analysis of the charges placed into the HRA R&M revenue account will be undertaken by Lewisham Homes to identify these 'miscoding's' and correcting action taken to move the cost into the capital account. This will then contribute to reducing the current forecast overspend'

R&M allowances are reduced annually in line with stock loss through Right to Buy and other regeneration schemes e.g. Heathside & Lethbridge, Excalibur, Milford Towers etc.

## **MEMBER QUESTION NO. 23**

### **Priority 4**

Question asked by: Alan Hall

Relevant Directorate: Chief Exec's

Member to reply: Councillor Amanda De Ryk

### **Question**

What progress has been made on the pay negotiations for all grades of Council employees? Please list the agreed percentage increases and actual budget by category.

### **Reply**

Lewisham are part of the national negotiations for pay awards for local government employees and chief officers.

The negotiations fall into three categories:

- Chief Executive
- Chief Officer
- Local Government Workers

#### **Chief Executive and Chief Officers**

Agreement on the pay award for Chief Executives and Chief Officers were reached in January and February 2022 respectively. The award for both is 1.5% with effect from 1 April 2021, and covers the period 1 April 2021 to 31 March 2022.

Officers covered by the above agreement are the Chief Executive; and Chief Officers on JNC grades 1-4.

The Council's Executive Management Team (EMT) have agreed that it will not implement any pay awards for the Chief Executive and Chief Officers, even though they have been agreed, until agreement has been reached for all staff. All awards when implemented will be backdated to 1 April 2021.

#### **All other Local Government Workers Pay Award**

The 2021 pay award is still pending for all other local government workers.

A full and final offer was made by the employers' side in July 2021 of 1.75% or 2.75% for those on the lowest pay points (NB: Lewisham do not have any staff on the lowest JNC salary pay points)

This offer was rejected by all three trade unions (UNISON, UNITE and GMB). The trade unions had taken the step of balloting their members seeking their support for industrial action over the pay offer.

UNISON's ballot closed on Friday 14 January 2022. Although there was strong support in favour of strike action (70%), the turnout was low (14.5% and therefore they will not be undertaking any formal action. An inactive ballot undertaken by GMB resulted in a similar position.



Unite's ballot closed on Thursday 17 February 2022 and we are currently awaiting the outcome of this. UNISON and GMB have indicated that they will await the outcome of the Unite ballot before they consider their next step.

In respect of the question 'and actual budget by category' the total Council wage bill, comprising salary, employers national insurance, and employers pension contributions but excluding schools (as subject to separate negotiations and funded separately), is approximately £117.6m per year. Of this total the Chief Executive and those on the JNC grades (Chief Officers) make up £3m or 2.6% of the total.

The cost of the 2021/22 pay award will therefore be:

- £50k for the 1.5% award to the Chief Executive and JNC grades (Chief Officers); and,
- £2.05m, if agreed at 1.75%, for all other Lewisham staff (those below the JNC grades - i.e. for grades Scale 1, via SO and PO grades, to Senior Manager Grade 3).

## **MEMBER QUESTION NO. 24**

### **Priority 4**

Question asked by: James-J Walsh

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Kim Powell

### **Question**

Please update us on the work that has gone in from Lewisham Council to protect Lewisham jobs, livelihoods and businesses in the face of the pandemic?

### **Reply**

We know that the pandemic has had a significant economic impact on local residents and businesses. Unemployment has doubled, rising the highest amongst young people, exacerbating existing inequalities in the labour market.

The Council moved quickly to put in place new grants and support programmes including:

- Distributed £76 million to local businesses through over 14,000 grants. More grants have been made available at the start of 2022 and are currently being administered to get more financial support to local businesses.
- Our most recent grants and business advice services aim to help local enterprises make the most of the opportunities arising from our role as London Borough of Culture 2022, as well as supporting business resilience and growth.
- Made over 21,000 visits to local businesses to help understanding of the latest guidance and to promote the support and grants available.
- Commissioned a headcount and survey of Independent and Black, Asian and Minority Ethnic-owned businesses on our 10 key high streets – the first UK local authority to do so.
- “Shop Safe & Shop Local” campaign supporting businesses to trade safely while also building residents’ confidence so they feel reassured to venture back out onto the high street. Alongside this we took a supportive and permissive approach to enabling our local businesses to re-open and begin trading.
- In the last two years 142 apprenticeship starts have been achieved, taking the cumulative total to 247 out of the 250 target. The target is on track to be achieved by the end of March 2022.
- Set up a new Youth Employment Hub to support unemployed 18-24 year olds, initially operating virtually but now embedded alongside the Bank of Things in Lewisham Shopping Centre.
- Alongside this we are creating over 30 Kickstart placements within the Council alongside dozens of placements with local employers. This offers a six month paid work placement for unemployed residents aged 16-24.
- We are bringing forward plans to start a new all-age employment support and job brokerage service, Lewisham Works, to provide tailored and holistic support to any Lewisham resident who is out of work.

- Creating vibrant and attractive town centres by funding innovative and creative projects which will attract visitors and animate our high streets. This includes projects funded through our Town Centre Small Grants fund and the Creative Happenings programme.
- Seeking continued accreditation from the GLA of our Creative Enterprise Zone in Deptford and New Cross to support the ongoing expansion and development of the creative and digital industries.

**MEMBER QUESTION NO. 25**

**Priority 5**

Question asked by: Alan Hall

Relevant Directorate: Community Services

Member to reply: Councillor Brenda Dacres

**Question**

How much has the Mayor allocated in his budget for a drug pilot?

**Reply**

In December 2020, Lewisham commissioned an organisation to undertake research into drug diversion projects in operation across Police forces in England in order to understand if such a model could assist with improving outcomes for young people in Lewisham.

It had been made clear that any pilot would need to be agreed and funded by MOPAC in agreement with the central MPS before local engagement could be undertaken.

Nothing has been agreed by MOPAC or MPS to date.

## **MEMBER QUESTION NO. 26**

### **Priority 5**

Question asked by: James-J Walsh

Relevant Directorate: Housing, Regeneration & Public Realm

Member to reply: Councillor Patrick Codd

### **Question**

How does Lewisham Council compare to other London and England authorities in its work and commitment to tackling the Climate Emergency

### **Reply**

As a sector local government has responded proactively to the climate emergency. Based on data from Climate Emergency UK, 79% of all local authorities in England, Wales, Scotland and Northern Ireland have published an action plan setting out the work they intend to cut carbon emissions and respond to the climate emergency.

In January 2022 Climate Emergency UK published a scored assessment<sup>1</sup> of each of these action plans. Lewisham was recognised as a top performing council with an overall score of 77%, making it the fourth highest score in London and 15th highest out of the 333 local authorities in England<sup>2</sup>.

The scoring methodology included an assessment across nine themes. The individual scores awarded to Lewisham Council making up the overall 77% are shown in the table below.

| Theme                                   | Max. points | Weighting | Lewisham's Score |
|---|-------------|-----------|------------------|
| Governance, Development and Funding     | 21          | 15%       | 15/21            |
| Mitigation and Adaptation               | 18          | 15%       | 11/18            |
| Commitment and Integration              | 7           | 15%       | 7/7              |
| Community Engagement and Communications | 9           | 15%       | 7/9              |
| Measuring and Setting Emissions Targets | 5           | 10%       | 3/5              |
| Co-Benefits                             | 4           | 5%        | 4/4              |
| Diversity and Social Inclusion          | 5           | 10%       | 4/5              |
| Education, Skills and Training          | 5           | 10%       | 4/5              |
| Ecological Emergency                    | 4           | 5%        | 3/4              |

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<sup>1</sup> <https://councilclimatescorecards.uk>

<sup>2</sup> The 333 local authorities in England are split by county councils (24), district councils (181), unitary authorities (58), metropolitan districts (36), London boroughs (32) plus the City of London and the Isles of Scilly.



## Council

### **Report title: 2022/23 Budget Report**

**Date:** 02 March 2022

**Key decision:** No

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Executive Director for Corporate Resources

### **Outline and recommendations**

The purpose of this report is to set out the overall financial position of the Council in relation to 2021/22 and to set the Budget for 2022/23. It also sets the Capital Programme for the next three years and the Council's Treasury Strategy for 2022/23.

The report provides summary information on the revenue budget reduction proposals that were presented at Mayor & Cabinet on the 2 February 2022. The approval and successful delivery of these measures is required in order to help balance the budget for 2022/23 and prepare to address the budget requirement for 2023/24.

Council is asked to consider the recommendations listed in this report at section 2.

## Timeline of engagement and decision-making

Budget reduction proposals totalling £10.4m were approved by Mayor and Cabinet on the 9 December 2020 and the 3 February 2021.

The Council Tax Base was approved by Council on the 19 January 2022.

Budget reduction proposals totalling £1.4m were approved by Mayor and Cabinet on the 2 February 2022.

2022/23 Housing Revenue Account Budget Report approved by Mayor and Cabinet 12 January 2022.

Treasury Management Strategy 2022/23 approved by Mayor and Cabinet on the 2 February 2022.

Capital Programme Budget Report approved by Mayor and Cabinet on the 2 February 2022.

The 2022/23 Budget Report approved by Mayor and Cabinet on the 9 February 2022.

## 1. Summary

1.1 This report sets out the context and range of budget assumptions that Council is required to agree to enable it to set a balanced budget for 2022/23. These include the following:

### 1.2 General Fund

- In respect of the General Fund, the assumed net revenue expenditure budget is £248.610m. This is made up of provisional Settlement Funding from government (revenue support grant and business rates), forecast Council Tax receipts including an increase in Council Tax of 2.99%, an estimated deficit in the Collection Fund from a reduction in the eligible Council Tax base and lower collection rates (both due to the impacts of Covid-19), and similar deficits in business rates collection offset by including specific S31 grants provided such as the Tax Income Guarantee grant and Business Rates relief grants with the detail set out in section 6.
- The changes to the prior year General Fund position to meet the 2022/23 net revenue budget of £248.610m are proposed on the basis of the following assumptions:
  - £11.835m of revenue budget reductions have been agreed for 2022/23, of which £10.410m were agreed in 2020/21 and £1.425m agreed 2 February 2022;
  - £1.950m of uplift in the Social Care Grant and £0.923m Market Sustainability and Fair Cost of Care Fund;
  - An assumed 2.99% increase in Band D Council Tax for Lewisham's services for 2022/23; including the 1.99% increase in the core Council Tax as announced in the provisional Local Government Finance Settlement and 1% increase for the Social Care precept;
  - £6.500m of corporate budget for risks and pressures in 2022/23;
  - £2.710m of pay inflation, £2.735m on non-pay inflation and £1.300m of increased National Insurance contributions costs;

### 1.3 Grants

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- In addition to the Public Health grant, the Council will continue to receive the other main grants - New Homes Bonus (£1.011m), share of the Better Care Fund (est. £9m), improved Better Care Fund including winter pressures (£14.941m), and Social Care Grant (£14.622m) as part of the one year settlement for 2022/23. In respect of the £3.852m of additional Social Care Grant for 2022/23, it is proposed this is put towards the recognised risks and pressures for 2022/23 in Adult and Children Social Care, with £1.950m built into base budget and £1.899m funding held for once off pressures. The Lower Tier Service Grant of £0.818m has also been continued, unexpectedly, for 2022/23.
- The new Services Grant of £6.560m will be used to fund once off pressures and will not form part of the base budget as government has stated that this will be once off funding and not be considered when setting any future funding arrangements.
- The new Market Sustainability and Fair Cost of Fund Grant of £0.923m is proposed to be put towards the recognised risks and pressures in Adult Social Care arising from recent reforms announced in 2021.

#### 1.4 External Audit

- The Public Sector Audit Appointments (PSAA) subsidiary of the Local Government Association (LGA) is now undertaking a procurement for the next appointing period, covering financial statement and value for money audits for 2023/24 to 2027/28. It is proposed Lewisham join this procurement with a decision to 'opt-in' by 11 March 2022 and local audit regulations require this to be a decision of Full Council.

#### 1.5 Dedicated Schools Grant, Pupil Premium and grant to support Social Care Levy uplift

- Schools Funding - The provisional 2022/23 Dedicated Schools Grant (DSG) allocation is £316.49m. This is a net increase of £3.222m on the 2021/22 budget, but includes a variety of changes in the separate sub-blocks of funding.
- Special Needs Funding - Net increase in High Needs Block of £5.54m for 2022/23 following additional funding from government, but that this remains under extreme pressure and a circa £0.7m transfer from the DSG was approved by Schools Forum on the 20 January 2022.
- Early Years Funding – positive settlement for Early Years (EY) including increases of 17p per hour for 3 and 4 year olds (3%), 21p per hours for 2 year olds (3%), and EY pupil premium of 7p per hour (13%).
- Central Schools Services Block – this funding is for services that support schools including admission. The overall reduction is £0.56m, which is £60k greater than anticipated reflecting movement in pupil numbers.
- Pupil Premium - funding rates will remain the same as at present and the final allocation will be advised in summer 2022. For reference, the allocation for 2021/22 was £13.066m.
- Social Care Levy Support Grant - in addition to the funding noted above, for 2022/23 the Department for Education (DfE) has agreed a new grant to support schools towards the 1.25% National Insurance uplift. Overall funding is expected to be approximately £8.8m

#### 1.6 Housing

- A proposed rent increase of 4.1% (an average of £4.07 per week) in respect of dwelling rents, 4.1% (average £3.27 per week) in respect of hostels, and a range of other proposed changes to service charges. The proposed annual expenditure for the Housing Revenue Account is £304.0m, including the capital and new build programme, for 2022/23;



## 1.7 Treasury

- The report updates the Council's Treasury Management Strategy for both borrowing and investments. The proposed approach and levels of risk the Council takes in its Treasury functions remain prudent in line with last year, and officers continue to explore alternative investment options and further opportunities to undertake debt restructuring in order to reduce balance sheet risk and best fund the capital plans set out.

## 1.8 Capital

- The proposed Capital Programme (General Fund and Housing Revenue Account) budget for 2022/23 to 2024/25 is £600.4m; split £59.1m (10%) for the General Fund and £541.3m (90%) for the Housing Revenue Account. Of this programme, £244.8m is for 2022/23 with £35.2m on the General Fund and £209.6m on the Housing Revenue Account.

## 2. Recommendations

- 2.1 It is recommended that Council approves the recommendations shown below in respect of the 2022/23 Budget;
- 2.2 That, having considered the views of those consulted on the budget, and subject to proper process, as required, Council:  
**General Fund Revenue Budget**
- 2.3 note the projected overall variance of £2.9m (or 1.2%) against the agreed 2021/22 revenue budget of £243.100m as set out in section 6 of this report and that any year-end overspend will be met from corporate provisions and reserves;
- 2.4 endorse the budget reduction measures of £11.835m as per the Mayor and Cabinet meeting of the 2 February 2022, as set out in section 6 of the report and summarised in Appendix Y1 and Y2;
- 2.5 agree the allocation of £6.500m in 2022/23 be set aside for corporate risks and pressures;
- 2.6 agree the allocation of £21.329m of resources from the corporate risks and pressures, social care precept, new homes bonus, social care grant, lower tier grant, market sustainability and Fair cost of care grant, services grant and legacy s31 monies in 2022/23 to be invested in funding quantified budget pressures and opportunities, both recurring and once-off and that within this £1.877m is held in corporate provisions for the Executive Director for Corporate Resources to apply as necessary to the identified but as yet unquantified risks as set out in section 6;
- 2.7 agree a General Fund Budget Requirement of £248.610m for 2022/23 be approved;
- 2.8 agree to a 2.99% increase in Lewisham's Council Tax element. This will result in a Band D equivalent Council Tax level of £1,421.22 for Lewisham's services and £1,816.81 overall. This represents an overall increase in Council Tax for 2022/23 of 4.2% and is subject to the GLA precept for 2022/23 being increased by £31.93 (i.e. 8.78%) from £363.66 to £395.59, in line with the GLA's budget proposals;
- 2.9 note the Council Tax Ready Reckoner, which for illustrative purposes sets out the Band D equivalent Council Tax at various levels of increase. This is explained in section 6 of the report and is set out in more detail in Appendix Y4;
- 2.10 consider the Section 25 Statement from the Chief Finance Officer. This is attached at Appendix Y5;

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- 2.11 agree the draft statutory calculations for 2022/23 as set out at Appendix Y6;
- 2.12 note the prospects for the revenue budget for 2022/23 and future years as set out in section 6;

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

- 2.13 note the adjustments to and impact of various specific grants for 2022/23 on the General Fund as set out in section 7 of this report;

#### **External Audit**

- 2.14 accept the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors for five financial years from 1 April 2023.

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

##### Schools Block

- 2.15 note that the provisional Dedicated Schools Grant allocation of £221.069m be the Schools' Budget (Schools Block) for 2022/23 covering both maintained schools and academies;
- 2.16 agree (as recommended by Schools Forum) the once-off transfer of circa £0.7m of Dedicated Schools Grant to the High Needs Block;
- 2.17 agree (as recommended by Schools Forum) the once-off transfer of £0.15m to fund the shortfall in the School Improvement and Brokerage Grant;

##### Central Schools Services Block (CSSB)

- 2.18 note the construct and allocation of £3.693m for the CSSB block allocation for 2022/23, significantly reduced from the £4.261m 2021/22 allocation;

##### High Needs Block (HNB)

- 2.19 note the provisional HNB £67.608m to support the Council's statutory duty with regards Special Education Needs (SEN). This is a net increase of £5.54m relative to 2021/22, The HNB will be finalised in March for deductions arising for institutions funded by the Education and Skills Funding Agency (ESFA);

##### Early Years Block (EYB)

- 2.20 note the provisional Dedicated Schools Grant allocation of £24.12m to the block; and that the Department for Education has increased funding for "3 and 4 year old" from £5.76 to £5.93 (i.e. 17p per hour), and hourly rate for 2 year olds increase from £6.66 to £6.87, an 3% increase (i.e. 21p per hour) for 2022/23.

##### Pupil Premium

- 2.21 note that the pupil premium will continue in the 2022/23 financial year. The funding rates in the year will be same as 2021/22 and the funding is based on data over a six year census period. It is expected that the DfE will provide updated final allocations in summer 2022;

##### Social Care Levy Grant

- 2.22 note the new grant to support the increased costs of the 1.25% increase in schools National Insurance contributions of £8.8m.

#### **Housing Revenue Account**

- 2.23 note the consultation report on service charges to tenants' and leaseholders in the Brockley area, presented to area panel members on 10<sup>th</sup> November 2021, as attached at Appendix X3;

- 2.24 note the consultation report on service charges to tenants' and leaseholders and the Lewisham Homes budget strategy presented to area panel members on 24<sup>th</sup> November 2021 as attached at Appendix X4;
- 2.25 agree to set an increase in dwelling rents of 4.1% (an average of £4.07 per week) – as per the formula rent calculations outlined in section 9 of this report;
- 2.26 agree to set an increase in the hostels accommodation charge by 4.1% (or £3.27 per week), in accordance with formula rent calculations;
- 2.27 approve the following average weekly increases/decreases for dwellings for:
- 2.27.1 service charges to non-Lewisham Homes managed dwellings (Brockley) to ensure full cost recovery and 5.90% inflationary uplift for 2022/23;
- |                         |       |         |
|-------------------------|-------|---------|
| • caretaking            | 5.90% | (£0.29) |
| • grounds               | 5.90% | (£0.13) |
| • communal lighting     | 5.90% | (£0.08) |
| • bulk waste collection | 5.90% | (£0.09) |
| • window cleaning       | 5.90% | (£0.01) |
| • tenants' levy         | 0.00% | (£0.00) |
- 2.27.2 service charges to Lewisham Homes managed dwellings:
- |                       |        |         |
|-----------------------|--------|---------|
| • caretaking          | 4.00%  | (£0.27) |
| • grounds             | 4.00%  | (£0.09) |
| • window cleaning     | 8.00%  | (£0.01) |
| • communal lighting   | 20.00% | (£0.21) |
| • block pest control  | 15.00% | (£0.27) |
| • waste collection    | 0.00%  | (£0.00) |
| • heating & hot water | 10.00% | (£1.05) |
| • tenants' levy       | 0.00%  | (£0.00) |
| • bulk waste disposal | 4.00%  | (£0.03) |
| • sheltered housing   | 0.00%  | (£0.00) |
- 2.27.3 approve the following average weekly percentage changes for hostels and shared temporary units for;
- service charges (hostels) – caretaking etc.; no change
  - energy cost increases for heat, light & power; no change
  - water charges increase; no change
- 2.27.4 approve an increase in garage rents by 4.9% (£0.77 per week) for Brockley and Lewisham Homes residents as outlined in Appendix X6;
- 2.27.5 note that the budgeted expenditure for the Housing Revenue Account (HRA) for 2022/23 is £304.0m, split £94.4m revenue and £209.6m capital, which includes the decent homes and new build programmes;
- 2.27.6 agree the HRA budget strategy savings proposals in order to achieve a balanced budget in 2022/23, as attached at Appendix X1;

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## Treasury Management Strategy

- 2.28 approve the prudential indicators and treasury indicators, as set out in section 10 of this report;
- 2.29 approve the Annual Investment Strategy and Creditworthiness Policy, set out in further detail at Appendix Z2;
- 2.30 approve the Investment Strategy as set out in section 10 of this report;
- 2.31 approve the Minimum Revenue Provision (MRP) policy as set out in section 10 of this report;
- 2.32 agree to delegate to the Executive Director of Corporate Resources authority during 2022/23 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;
- 2.33 approve the overall credit and counterparty risk management criteria, as set out at Appendix Z2, the proposed countries for investment at Appendix Z3, and that it formally delegates responsibility for managing transactions with those institutions which meet the criteria to the Executive Director for Corporate Resources;
- 2.34 approve a minimum sovereign rating of AA- for non-UK investments;

## Capital Programme

- 2.35 note the capital programme position and approve the 2022/23 to 2024/25 Capital Programme of £600.4m as set out in section 11 of this report and Appendix W1.

## 3. Policy Context

- 3.1 The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy. The Council launched its new Corporate Strategy in 2019, with seven corporate priorities as stated below:

### Corporate Priorities

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

### Values

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- 3.2 Values are critical to the Council's role as an employer, regulator, and securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers, and members, between the council and partners and between the council and citizens. In taking forward the Council's Budget Strategy, we are guided by the Council's four core values:
- We put service to the public first.
  - We respect all people and all communities.
  - We invest in employees.
  - We are open, honest, and fair in all we do.

### Future Lewisham

- 3.3 As the Council seeks to support the borough and its businesses and residents through the COVID-19 pandemic and beyond, this recovery is based on the four key themes of Future Lewisham, these are:
- A Greener Lewisham;
  - A healthy and well future;
  - An economically sound future; and
  - A future we all have a part in.
- 3.4 The setting of a balanced budget for 2022/23 directly supports the theme of an economically sound future for the borough and its residents.
- 3.5 As noted in the 2021/22 budget, the Council's strong and resilient framework for prioritising action has served the organisation well in the face of austerity and on-going cuts to local government spending. This continues to mean, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone.
- 3.6 This joint endeavour helps work through complex challenges, such as the pressures faced by health and social care services, and to secure investment in the borough, for new homes, school improvements, regenerating town centres, renewed leisure opportunities and improvement in the wider environment. This work has and continues to contribute much to improve life chances and life opportunities across the borough through improved education opportunities, skills development and employment. Of course, there is still much more that can be done to realise our ambitions for the future of the borough; ranging from our work to support housing supply and business growth, through to our programmes of care and support to some of our most vulnerable and troubled families.
- 3.7 It remains clear that the Council cannot do all that it once did, nor meet all those expectations that might once have been met, for we are in a very different financial position than just a decade ago. Severe financial constraints have been imposed on Council services with budget reductions to be made year on year on year, and this on-going pressure is addressed in this report, incorporating further budget reduction proposals for 2022/23 and noting the continued outlook for austerity to at least 2024/25. This is pending the outcome of the Fair Funding Review (FFR) and Business Rates Retention (BRR) consultations now expected to be announced in 2022/23 at the earliest.
- 3.8 The impact of COVID-19 has been significant in terms of additional costs and lost income. At the end of November 2021 the impact for this year was estimated at £23.6m. To date, the committed government support covers the full impact, however

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this may be insufficient as new variants of concern emerge and if further restriction measures are brought in before the end of year with the position continuing to change. The collection fund continues to be impacted as well with a gap of £12m built into assumptions for future years.

- 3.9 At the same time, as set out at section 6 of the report, the use of resources to address risks and pressures through positive investments is an opportunity. These investments are also supported via the capital programme at section 11. This spending deals with existing pressures and supports the Council in refocusing and changing services where new opportunities and expectations for how the Council can better deliver them to support the community are identified. Being forward looking will support Lewisham's recovery from the Covid-19 pandemic and help the Borough thrive again.
- 3.10 Infection rates continue to remain high (in our borough, across London and the UK as a whole) and we are again ensuring that those critical services can continue to be delivered with minimal interruption, whilst accepting that non-critical service delivery may be impacted. We continue to face the challenge of needing to simultaneously respond to the pandemic, continue to implement the Future Lewisham plan for the long-term recovery of the borough, set a balanced budget for next year, and set the financial basis for the internal recovery of the Council in the coming years.

## 4. Structure Of The Report, Policy Context, And Background

4.1 The 2022/23 Budget Report is structured as follows:

|            |   |
|------------|---|
| Section 1  | Summary   |
| Section 2  | Recommendations   |
| Section 3  | Policy Context  |
| Section 4  | Structure of the Report, Policy Context, and Background |
| Section 5  | Background  |
| Section 6  | General Fund Revenue Budget and Council Tax             |
| Section 7  | Other Grants and Future Years' Budget Strategy          |
| Section 8  | Dedicated Schools Grant and Pupil Premium               |
| Section 9  | Housing Revenue Account                                 |
| Section 10 | Treasury Management Strategy                            |
| Section 11 | Capital Programme                                       |
| Section 12 | Consultation on the Budget                              |
| Section 13 | Financial Implications                                  |
| Section 14 | Legal Implications                                      |
| Section 15 | Equalities Implications                                 |
| Section 16 | Climate Change and Environmental Implications           |
| Section 17 | Crime and Disorder Implications                         |
| Section 18 | Health and Wellbeing Implications                       |
| Section 19 | Background Papers                                       |
| Section 20 | Glossary  |
| Section 21 | Report Author and Contact                               |

## 5. Background

- 5.1 This section sets out the main national macro-economic and public spending position, the current position in respect of local government finance, the impact of Covid-19 on the Council and its recovery plans, and some of the key Council services as context for the Budget spending details.

### National Context

- 5.2 The economic recession triggered by the pandemic in 2020 continued into 2021 and the Omicron variant caused a further economic slump. In December 2021 the Bank of England figures confirmed a rate rise to 0.25% from 0.10%, quantitative easing totalling £895bn, and inflation at 4.6%\*.
- 5.3 There was unprecedented pressures on global supply chains, created by the pandemic and subsequent series of lockdowns and restrictions which varied in their timing and severity from country to country. This has resulted in geographical shifts in supply and demand which has made known trends of driver and other skills shortages even more apparent than before the pandemic. For the UK, the economic and business environment has become more challenging with regards to supply chain pressures due to Brexit, and the increase of cross-border checks and red tape for companies and their employees.
- 5.4 Similarly to the previous financial year, the government has continued to borrow to meet the costs of supporting businesses and individuals through the pandemic. As at November 2021, the office of budget responsibility forecasts were for £136bn for borrowing in this financial year, but this was before new restrictions were imposed for December and January.
- 5.5 The government has used these funds to continue to support the economy. The furlough scheme was extended until 30 September 2021, along with various grant schemes for businesses to help combat losses that may be felt due to loss of income and potential closures as a result of lockdown or restrictions.
- 5.6 Despite this, compared to 2020 the economy has improved in 2021. In December 2021, it was reported that there are now over 315,000 more people in employment than at the start of the year. The UK economy surpassed its pre-pandemic level of gross domestic product (GDP) in November 2021, for the first time since February 2020, due mainly to a jump in hospitality bookings and a turnaround in construction output. That being said, the impact of variants of coronavirus, for example Omicron, could restrict this growth and exacerbate worker shortages across critical sectors that the UK economy is reliant upon to support its economic recovery.
- 5.7 The national recovery plan for how the public finances will be stabilised and debt repaid was set out in the Chancellor's 2021 three year Comprehensive Spending Review. However, the detail of how this will change how local government is financed in the future remains unclear as the planned funding changes have been deferred until at least 2022/23. This uncertainty makes it very difficult for the Council to plan effectively for the medium term.

\*December figures announced on 19th January, 4.6% was November figures published in December.

### Local Government

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- 5.8 The provisional Local Government Finance Settlement was announced on 16 December 2021, with the final settlement provided on 7 February 2022. This is another one year only settlement pending the fair funding review, business rates reset and other local government finance changes pushed back again until at least 2022/23.
- 5.9 The settlement has provided a potential increase of 6.9% in council core spending power in cash terms nationally and 6.7% across London boroughs. This increase is estimated (subject to inflation) to be under 4.0% in real terms, after including the new government grants, to support vital local services. All existing funding streams will continue with two new funding streams announced being the Market Sustainability and Fair Cost of Care Fund and the Services Grant. The government expects these will support councils to meet the extra cost and demand-led pressures to keep providing services at pre-pandemic levels. This despite continuing widespread concern from the Local Government Association and others that there remains a significant funding gap for the sector to meet all its statutory service requirement, for social care in particular.
- 5.10 In 2021, the Government launched the “Levelling Up Fund” along with rebranding the Ministry of Housing, Communities and Local Government (MHCLG) to the Department for Levelling Up, Housing and Communities (DLUHC). The view behind “levelling up” is to invest in towns, cities, rural and coastal areas along with giving those areas more control of how investment is made. A single levelling up plan should also draw together the government’s existing programmes for infrastructure spending, skills, devolution, a net zero strategy and industrial strategy. It is expected that this will see money flow out of London and into the counties.
- 5.11 Along with the settlement announcement, the Government confirmed the continuation and an increase of 1% to the Social Care (SC) precept on Council Tax in 2022/23, created to give local authorities who are responsible for social care the ability to raise new funding to spend exclusively on Adult Social Care. In 2021/22, the Council applied a SC precept of 3%. In 2022/23, the Council is permitted to apply a maximum precept of 1% which will generate an extra £1.227m of revenue for Adult Social Care.
- 5.12 The Government also announced that the limit by which Councils can increase their core Council Tax (inclusive of levies) without a referendum, remains at the maximum level of 2%. This is will generate approximately £2.4m of revenue for the Council.
- 5.13 The Government decided not to continue with the 75% Business Rates Pilot Pools, including the London pool for 2020/21. London Government through decisions made collectively by the London Councils Leaders Committee and the London Mayor agreed to extend its business rates retention pool in 2020/21 covering the GLA and the 33 London billing authorities. However, with the current uncertainties in the business rates base across London and without any ‘no detriment’ guarantees from government, London confirmed that it would stop the pooling arrangement for 2021/22. Given the national Covid impact on both income levels and collection rates it would be impractical to re-instate pooling under the previous guise and the Leaders Committee agreed in September 2021 not to reconstitute the pan-London business rates pool for 2022/23.
- 5.14 With 2022/23 effectively being another roll forward year with some additional grants, the Government has deferred the fundamental review of the way local government is financed until at least 2022/23 financial year, but potentially later. The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence and not indices from 2013/14. Sitting alongside this is a review of the Business Rates retention arrangements, which aims to reform the elements of the business rates retention system in England.
- 5.15 While this position is confirmed for one year only, officer’s medium term assumptions are that this recognises this higher funding baseline, including the housing, health, social care and market sustainability grants, as the starting point for the fair funding



review, but excluding the new services grant. Nonetheless, due to the uncertainty surrounding the public finances overall, levelling up and the local government fair funding review in particular, combined with the expectation that there still remains significant pressure in future years on the Council's limited resources to meet the growing demands of the people it serves; the Council fully expects to have to continue to seek further savings for future year's budgets. The use of reserves will need to be considered in 2022/23 to meet any additional cost of recovery from Covid-19 not funded by government and for 2023/24 if sufficient measures are not found to set a balanced budget each year.

- 5.16 Last year the Council was able to set its budget without needing to use reserves. This year again, the Council has identified the £11.835m of savings necessary to set a balanced budget, being £10.410m identified in setting the budget for 2021/22 and the further £1.435m identified and brought before Mayor and Cabinet on the 2 February 2022. These budget reduction measures were identified using a thematic approach sponsored by Members and led by the Executive Management Team. Assuming the measures proposed and the 2022/23 budget as set out in this report are agreed, the Council can set a balanced budget for the next financial year without using its reserves.

### **Covid-19 and the Council**

- 5.17 Over the past twenty-one months, the day to day lives of Lewisham's residents and the Council's business, have been turned on its head. In March 2020, Council activity simultaneously ground to a halt and ramped up in equal measure. With "non-critical" services wound down almost overnight and a new, urgent focus on "critical services", the Council's leadership team, members, and vast range of services faced new demands, challenges, pressures and opportunities.
- 5.18 The pace, scope and scale of change has been immense: the pandemic has demanded agility, creativity, pace, leadership, organisational and personal resilience, strong communications and an unerring focus on the right priorities. Within the Council, the impact of the COVID-19 pandemic is felt acutely across all of our service areas and we are grappling with real challenges in how we keep services running for our residents and how we protect the most vulnerable. Across the borough, residents are looking afresh at our borough, their neighbourhoods, and seeing where they live through new eyes.
- 5.19 While we do not yet fully understand what all of the long-term implications of COVID-19 will mean for the borough, there have been many clear and visible impacts of the pandemic on our residents, Lewisham the place, and also the Council. We know that coronavirus has disproportionately affected certain population groups in Lewisham, matching patterns that have been identified nationally and internationally: older residents, residents born in the Americas & the Caribbean, Africa or the Middle East & Asia, and residents in the most deprived areas of the borough have considerably higher death rates. We know that more Lewisham residents are claiming unemployment benefits than in previous years and that food insecurity has increased in the borough.
- 5.20 The Council's finances have also been severely affected by the ongoing pandemic. The direct cost of coronavirus for Lewisham was £38m in 2020/21, is currently estimated to be £23.6m this year, which will most likely exhaust the current government funds provided. Furthermore, there is forecast to be long-term demand increases, also termed 'Covid scarring' for which government has not provided funding for 2022/23. The impact of diverting resources into the continued efforts against the impact of the pandemic has meant that there have been delays in the delivery of the previously agreed budget reduction measures for 2021/22 and hence an in year overspend of £2.9m is forecast. Officers have taken management action to make in-

year savings to reduce the business as usual overspend or else this may need to be funded from reserves at year end, reducing our ability to manage further budget shocks in 2022/23.

- 5.21 Alongside managing the impact of the pandemic on services, and re-focusing resources to best deliver government support schemes for health, residents and businesses, the Council had started implementing its recovery plan of Future Lewisham (see further detail below). However, with the rise of new variants such as Delta and now Omicron, coupled with winter pressures, the Council is once again facing significantly increased demand and reassessing non critical service delivery to ensure that those most critical services continue to be delivered to our most vulnerable residents. This will likely cause delay to the Council's post Covid recovery plans.
- 5.22 Lewisham's recovery from coronavirus will be underpinned by the following anchoring principles which will continue to be at the heart of all decision-making, planning and action over the coming months:
- Tackling widening social, economic and health inequalities;
  - Protecting and empowering our most vulnerable residents;
  - Ensuring the Council's continued resilience, stability and sustainability;
  - Enabling residents to make the most of Lewisham the place; and
  - Collaborating and working together with our communities and partnership across the borough.
- 5.23 Recovery will mirror the Council's successful response structure, with two perspectives: internal (the Council's recovery) and external (the Borough's recovery).
- 5.24 The Council's internal recovery is to be driven by the lessons learned from responding to COVID-19, the known and emerging impacts on our communities and the need to deliver transformation at the scale needed to meet the current financial challenge. The 2021/22 budget-setting process was the first step in an internal transformation programme to deliver cuts as set out on the Medium Term Financial Strategy (MTFS).
- 5.25 Officers will be applying a programme management approach to deliver the strategic budget proposals as set out in this report and the preceding budget reduction report considered by Mayor and Cabinet on 2 February. Officers will be supported to ensure that the proposals identified are realistic and taken through the new Programme Management Office (PMO) assurance and governance processes, giving rigour to the structure and delivery of the individual projects including the important financial, legal, equalities and other implications.
- 5.26 This internal recovery approach is inherently linked to the 'external' recovery of the borough, the recovery of Lewisham the place. For Lewisham, a post-pandemic future should bring opportunities and it is vital our communities are able to make the most of what's on their doorstep. We look ahead to a huge opportunity to recover positively in partnership with our communities and partners and neighbours, to support community development and resilience, to nurture and develop Lewisham's vibrant cultural scene using the platform of Borough of Culture, to promote a sustainable and thriving local economy, to tackle health inequalities, to achieve a fairer zero-carbon future, and to support our borough's children and young people maximise their potential. The borough's long-term recovery, 'Future Lewisham' has been set out by the Mayor and is based on four key themes:
- A Greener Lewisham;
  - A healthy and well future;
  - An economically sound future; and
  - A future we all have a part in.

## **Borough of Culture**

- 5.27 Lewisham was named the Mayor of London's Borough of Culture for 2022. London boroughs submit bids to receive more than £1m funding to deliver a programme of ambitious cultural activities celebrating the unique character of local people and places, and to develop a plan to make culture an integral part of the borough's future.
- 5.28 Called We Are Lewisham, the programme is a call to action for a more equal future that celebrates the borough's history of activism, its modern-day trailblazers and diverse communities. Jointly led by Lewisham Council and the Albany, We Are Lewisham will bring together all of the borough's neighbourhoods, communities and stories.
- 5.29 Developed in collaboration with local residents, artists, community groups, the programme will celebrate Lewisham's rich history of cultural activism through music, dance, public art and more, putting culture on every corner, highlighting that art is everywhere, from venues to parks and street corners, with hundreds of thousands of people participating across the year.
- 5.30 The We Are Lewisham programme draws on the borough's rich history of activism, to bring communities together and inspire positive change. With a call to action on the climate emergency and a celebration of our diverse communities, We Are Lewisham will put critical issues at its heart, amplifying trailblazing voices past and present and inspiring positive change by bringing together our neighbourhoods, communities and stories.
- 5.31 The three key themes of protection, diversity and inclusivity are interwoven in every event and activity that will take place across the year.
- We will protect this place we love: A call to action on the climate emergency
  - We are strengthened by our diversity: A celebration of our Borough of Sanctuary
  - We will be happy here: Working together to build an inclusive society
- 5.32 Throughout the year we'll be making sure that we create a lasting legacy and that our residents, creatives, businesses and local organisations benefit as much from our time as London Borough of Culture as possible. From training and employment opportunities, to funding for local projects and the chance to learn and experience something new.
- 5.33 The year will put Lewisham on the map as a creative destination, re-energising our local economy and assisting with Covid recovery, with increased foot traffic to local businesses. This year will create jobs from project management and event staff to Kickstarter roles for young people. We plan to have over 5000 hours of paid employment for young people at London Living Wage in Lewisham as part of our year as London Borough of Culture.
- 5.34 The Council was awarded £1.35m funding from the Mayor of London to deliver the programme and has committed a further £0.500m of funding to support this alongside and ambitious fundraising target to ensure that the borough can deliver on the ambition of We Are Lewisham.

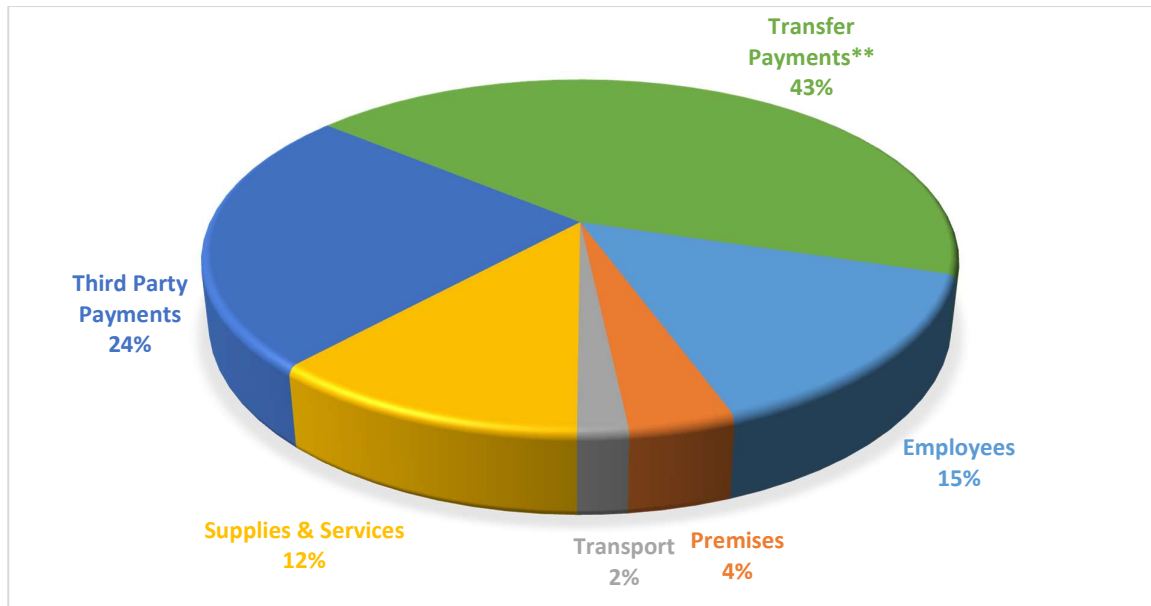
## **Budget context**

- 5.35 The Council spends over £1.2bn annually on services for residents. Using the Chartered Institute of Public Finance (CIPFA) categories, this splits is as follows:
- 2021/22 Gross Expenditure of £1.2bn

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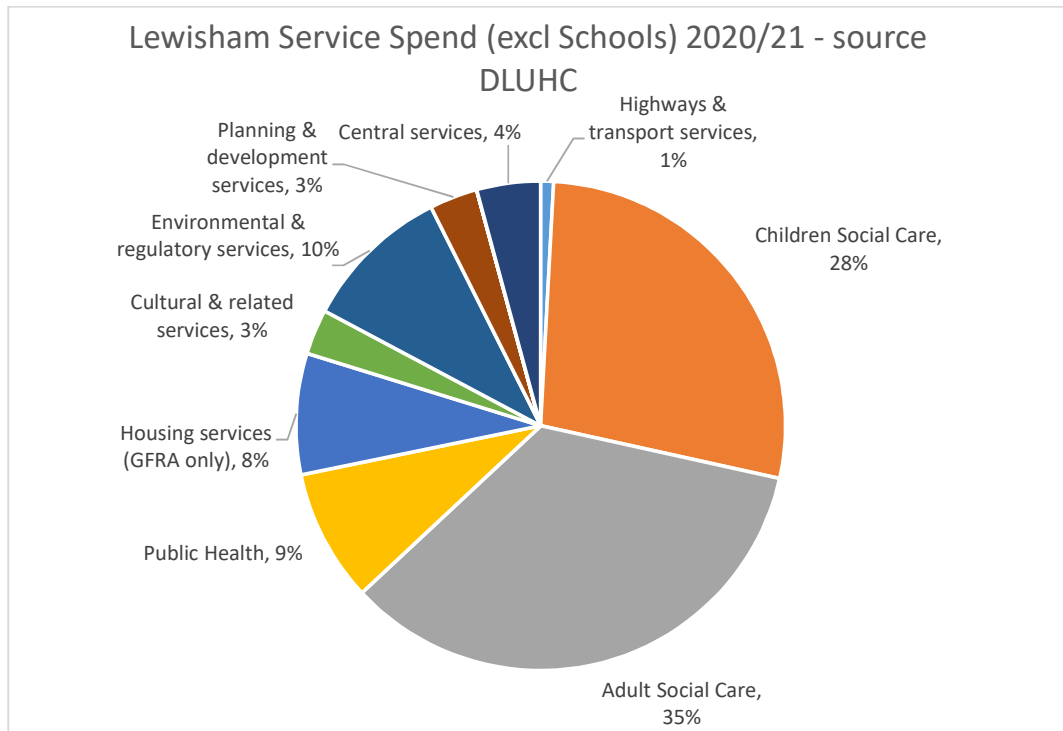
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\*\*83% of the transfer payments represent grants, e.g. Housing benefits being transferred to claimants and DSG being transferred to schools.

5.36 In respect of the £294m services element of this annual spend, this is the gross spend built from the £243m general fund budget and income from grants, fees and charges, the money is directed as follows:



5.37 The Council serves an estimated population of 306,000 people who live in 130,400 households. Residents of Lewisham are diverse, with people of more than 70 nationalities speaking over 170 languages. The number of residents is also growing; over 12% since the last census in 2011 and growth is forecast to continue with the

population rising by 61,000 to 372,000 (or 20%) by 2050. These numbers will be reassessed once the results of the 2021 census are available.

- 5.38 The Council works hard to be available for residents when they need it. Through the Customer Services access point, the Council responds to over 500,000 items of correspondence and receives over 18,000 visits a year. In addition, through the registry office, the Council processes over 7,500 births, deaths and marriages. While these activities moved on-line for 2020/21 due to the Covid-19 pandemic, and many remain on-line where feasible, the Council has continued to support residents with these core services while also handling a significant rise in other customer services needs for businesses and residents in these challenging times.
- 5.39 In addition to supporting a diverse and growing population, the budget contributes to the Council's commitment to extend local democracy. With the Covid-19 pandemic the Council is jointly sponsoring research with the University of Birmingham into the impact on BAME communities alongside wider socio-economic factors. While the resettlement of refugees was paused due to the pandemic in 2020/21, in line with the corporate strategy Lewisham has resumed this work and continues to welcome more of those seeking asylum in the UK, including the introduction from 2022/23 of a new 25% 'sanctuary' discount for Council Tax to ensure residents eligible for a single person discount are not financially worse off as a result of housing a refugee.
- 5.40 The budget supports a wide range of age groups across more than 600 individual services.
- 5.41 For young people, the schools' budget provides for 75 maintained schools from nursery level through to secondary. With 76% of children achieving a good level of development at early years.
- 5.42 Our Strategic Housing service benefits a large number of residents. The work done with partners to deliver Social Housing and Temporary Accommodation helps provide for the accommodation needs of a quarter of our households with 72,100 households in various forms of social housing and temporary accommodation. The numbers in temporary accommodation has been supplemented in 2021/22 through the pandemic to ensure everyone on the street was offered a place to stay.
- 5.43 The Borough has over 10,000 businesses registered and, in line with our corporate priority to assist with access to high-quality job opportunities, the budget funds adult education and apprenticeships. During 2020/21 and 2021/22 over £76m of grants have been administered by the Council and passed to businesses along with a further £58m of business rates relief. At the same time the Council established a Business Taskforce with Member, partner, and senior officer representation to lead on improving and planning for economic recovery and employment as the Borough recovers from the Covid-19 pandemic. This includes support for kick start programmes and extending the opportunities for local apprenticeships.
- 5.44 The Adult Social Care service provides a range of support to vulnerable users that helps them remain active and independent: 2,350 (or 8%) of those over 65 and 1,265 (or 1%) of the 18-64 population received a service from Lewisham in 2019/20. As well as physical care needs, these services provide support to those with mental health or disability needs. The work of these services has been under particular scrutiny with the Covid-19 pandemic and the Council has worked closely with the NHS to help manage pressures in the system (in particular hospital discharges), as well as working with care providers in the Borough to support the safety of patients and workers, provision of protective equipment, guidance on infection control, and financially where needed to ensure the stability of the market. The new Social Care reforms will impact how we deliver services to residents and the provisional Local Government Settlement includes some funding towards the implementation of this in 2022/23, although more

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will be required in future years as the full impact of the change in legislation is understood and quantified.

- 5.45 The budget also maintains key universal services such as libraries; arts and entertainment centres and sports and recreation facilities. For much of 2020/21 these services were closed or reduced due to the pandemic with staff redeployed to support the critical services response. However, these services are by and large operating as normal in 2021/22 (albeit with changes for social distancing and increased infection control measures), and January 2022 saw the start of the Lewisham Borough of Culture.
- 5.46 Maintaining a clean and green environment is beneficial for all. The amount of waste recycled, composted or re-used is growing year on year. Each week Lewisham waste services collect 2,500 tonnes of waste from households. And thanks to the efforts of residents, the Council are currently able to keep 25% of that waste from being incinerated. These efforts have also resulted in over 18,000 tonnes of waste being recycled this year. The level of waste collected in the Borough rose in 2020/21 with lockdown and more working from home. The service responded and continued collecting without a break through the pandemic. This rise has continued in 2021/22 with levels unlikely to return to pre-pandemic levels as more people are expected to continue to work from home permanently.
- 5.47 The Council is also responsible for maintaining 397km of roads and 12km of footpaths. The Council also manages the parking service, including permits and enforcement. These are service areas which will play a significant part in supporting the delivery of a zero-carbon borough. Through the Covid-19 pandemic the Council has continued to support key workers by offering parking permits in response to health needs.
- 5.48 Residents enjoy the Borough's green spaces and the budget supports the work that the Green Scene service does to maintain the high standard of Lewisham's parks. There are 47 parks in the borough and 15 of these have the coveted 'Green Flag' rating. Our achievements in this service area have been recognised by our residents with 74% of residents who responded to the 2018 'Parks and Open Spaces survey' felt the standard of the parks in Lewisham has been maintained at a good or fair level. The Council also ranked first in the recent "Good Parks for London" group. These outdoor spaces continue to be a valued lifeline for exercise and wellbeing activities for residents through the Covid-19 pandemic.
- 5.49 The rest of the report sets out the position of the financial settlements as they impact on the Council's overall resources:
- General Fund Revenue Budget for 2022/23;
  - Council Tax level for 2022/23;
  - Other Grants for 2022/23;
  - Dedicated Schools Grant (DSG) for 2022/23;
  - Housing Revenue Account (HRA) and level of rents for 2022/23;
  - Treasury Management Strategy for 2022/23; and
  - Capital Programme for 2021/22 to 2024/25.

## 6. General Fund Revenue Budget And Council Tax

- 6.1. This section considers the General Fund revenue budget and Council Tax. The General Fund budget for 2022/23, assuming a Council Tax increase of 2.99%, is

£248.610m. Details of the budget reduction measures approved for 2022/23 are provided at Appendices Y1 and Y2.

- 6.2. It is structured as follows:
- Update on 2021/22 Revenue Budget;
  - The Budget Model;
  - Budget Reduction Proposals;
  - Council Tax for 2022/23; and
  - Overall Budget Position for 2022/23.

#### **Update on 2021/22 Revenue Budget**

- 6.3. The Council's revenue budget for 2021/22 was agreed at Council on 3 March 2021. The general fund budget requirement was set at £243.100m.
- 6.4. The financial position of the council is monitored on a monthly basis by officers with support from the Finance team, these monitoring reports have been presented quarterly to Mayor and Cabinet and scrutinised by the Public Accounts Select Committee.
- 6.5. Budget holders are challenged to maintain a tight control on spending throughout the year. The Council operates a devolved system of financial accountability with clear delegations and responsibility set out in the financial and procurement regulations and schemes of delegation in the Constitution.
- 6.6. The first Quarter's financial performance was reported to Mayor and Cabinet in September 2021, this report presented a pressure of £9.3m on General Fund budgets after the application of grant funding to support the Council's response to Covid. The key driver of the reported pressure was challenges delivering the savings programme due to the Council's response to demands arising from the Covid pandemic. The Executive Management team alongside Directors and Council Officers committed to mitigating this pressure by finding alternative permanent savings where possible and where this was not possible one off mitigations have been sought.

#### Directorates

- 6.7. Table A1 sets out the latest forecast budget variances on the General Fund by Directorate, separately identifying the Covid pressures from the non Covid directorate pressures. The Council has a business as usual pressure of £2.9m after utilising £23.6m of grant funding to fund the Council's response to Covid.

**Table A1: Forecast outturn for 2021/22 as at end of December 2021**

| General Fund            | Net budget 2021/22 | Forecast Outturn 2021/22 | Forecast Variance 2021/22 | Forecast Outturn Covid-19 related Variance 2021/22 | Forecast Outturn Non Covid-19 related Variance December 2021/22 |
|-------------------------|--------------------|--------------------------|---------------------------|--|---|
|                         | £m                 | £m                       | £m                        | £m   | £m  |
| Children & Young People | 58.4               | 66.2                     | 7.8                       | 4.4  | 3.4   |

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| General Fund                           | Net budget 2021/22 | Forecast Outturn 2021/22 | Forecast Variance 2021/22 | Forecast Outturn Covid-19 related Variance 2021/22 | Forecast Outturn Non Covid-19 related Variance December 2021/22 |
|--|--------------------|--------------------------|---------------------------|--|---|
| Corporate Funding Adjustment           | 0                  | -3                       | -3                        | 0  | -3  |
| Community Services                     | 81.1               | 95.5                     | 14.4                      | 11.5   | 2.9   |
| Housing, Regeneration and Public Realm | 21.9               | 26.2                     | 4.3                       | 4.7  | -0.4  |
| Corporate Resources                    | 32.5               | 35.5                     | 3                         | 2.9  | 0.1   |
| Chief Executives                       | 11.2               | 11.2                     | 0                         | 0.1  | -0.1  |
| <b>Directorate Totals</b>              | <b>205.1</b>       | <b>231.6</b>             | <b>26.5</b>               | <b>23.6</b>  | <b>2.9</b>  |
| Covid-19 Grant Income - Applied        | N/A                | -23.6                    | -23.6                     | -23.6  | 0   |
| Corporate Items                        | 38.1               | 38.1                     | 0                         | 0  | 0   |
| <b>Net Revenue Budget</b>              | <b>243.2</b>       | <b>246.1</b>             | <b>2.9</b>                | <b>0.0</b>   | <b>2.9</b>  |

- 6.8. Officers are working hard to reduce the financial pressure further between now and the end of the financial year. The final position will be declared in the outturn report to Members.

#### Corporate Financial Provisions

- 6.9. Corporate Financial Provisions are budgets that are held centrally for corporate purposes and which do not form part of the controllable expenditure of the service directorates. They include Capital Expenditure charged to the Revenue Account (CERA), Treasury Management budgets such as Interest on Revenue Balances (IRB) and Debt Charges, Corporate Working Balances and various provisions for items such as early retirement and voluntary severance. Spend of the Corporate Financial Provisions is expected to be contained within budget by the year-end, with £3m of monies held corporately for service risks released against the CYP overspend in line with the previously agreed budget reduction measures to reduce the persistent overspend.
- 6.10. Consideration is now being given to employing the use of corporate measures to balance the budget at year end. This will be to address any shortfall in support for Covid-19 costs if this arises as well as underlying service overspending. It is proposed to meet the 2021/22 budget overspend from provisions if available and then reserves if required, with the final position declared in the outturn report to Members.

#### **The Budget Model**

- 6.11. This section of the report sets out the construction of the 2022/23 base budget. This section is structured as follows:
- Budget assumptions, including: Budget Reductions, Council Tax, and Inflation;
  - Budget pressures to be funded; and
  - Risks and other potential budget pressures to be managed.

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### Budget assumptions, including: Cuts, Council Tax, and Inflation

- 6.12. The Council has made substantial reductions to its expenditure over the last ten years. Subject to the outcome of the multi-year Comprehensive Spending Review (CSR) and the outcome of the government's fair funding review, now not expected earlier than 2022/23, the Council expects to continue to need to make further reductions for at least the next three to four years. This section of the report summarises a series of proposals that would enable the Council to set a balanced budget for 2022/23 as part of a sustainable financial strategy to 2025/26.

### Council Tax

- 6.13. Since 2016/17, the government has allowed councils with social care responsibilities to apply a percentage increase on council tax (the Social Care precept), the funds of which are ring-fenced to Adult Social Care (ASC) services. To date, Lewisham has applied a 13% increase over the six year period. The government is once again allowing councils to apply a precept for 2022/23 of 1%. For 2022/23 this will generate £1.227m of additional income for ASC services. This report proposes that the Mayor recommends that Council approve the 1% ASC precept for 2022/23 to obtain the maximum benefit permitted.
- 6.14. The assumption used in the model for preparing the 2022/23 budget, subject to confirmation by Council, is for a total Council Tax increase (Lewisham element) of 2.99%. A 1% increase for the social care precept and a 1.99% increase in the core element under the revised referendum principle announced along with the provisional Finance Settlement on 16 December 2021.
- 6.15. Should Council choose to set a different Council Tax increase, Members will need to be mindful that any increase below this recommendation will result in additional budget pressures, resulting in greater use of resources in the short term and a higher budget reduction requirement going forward. Any increase in the core element above this recommendation would require support in a local referendum due to the limit set by the Secretary of State.
- 6.16. Further information on the options for Council when setting the Council Tax is set out in more detail towards the end of this section.

### Inflation

- 6.17. The Government's inflation target for the United Kingdom is defined in terms of the Consumer Price Index (CPI) measure of inflation which excludes mortgage interest payments. Since April 2011, the CPI has also been used for the indexation of benefits, tax credits, and public service pensions.
- 6.18. For financial planning purposes, the Council has previously assumed an average pay inflation of 2% per annum, which equates to approximately £2.7m for 2022/23. 2020/21 is the last year of the current pay settlement via the National Joint Council (NJC) for Local Government which saw an increase of 2.75%. There has been no agreement on what the pay award for 2021/22 will be as yet. Lewisham's lowest pay band exceeds the national and London living wage amounts.
- 6.19. In September 2021 the Government announced a 1.25% increase in the national insurance contributions payable by employers from April 2022. This equates to approximately £1.3m for 2022/23.
- 6.20. The Council has budgeted for a non-pay inflation rate budget of 3% per annum to reflect the Council's commitment for contracted goods, works and services. This is lower than the forecast CPI inflation rates for 2022 of 4.6% and equates to approximately £2.7m (net) in 2022/23.

- 6.21. Unless pre-defined by statute or otherwise agreed, all services are expected to uplift their fees and charges annually in line with inflation, or for full cost recovery if this is higher, to allow for stability in real terms.

Budget Pressures to be funded

2021/22

- 6.22. In 2021/22, the funds set aside in the budget model to meet specific identified budget pressures and potential budget risks was £6.500m. This was allocated in full to identified risks and pressures.

2022/23

- 6.23. The MTFs for 2022/23 sets aside a further £6.500m for budget pressures and risks. To this it is recommended that £1.950m of the £3.852m of additional social care grant (on top of the £10.77m received in 2021/22 and continuing for 2022/23) be used to address current pressures. It is also recommended that the new Market Sustainability and Fair Cost of Care Fund grant of £0.923m be included, albeit held to meet new pressures emerging. These actions will provide £9.373m to be allocated to selected budget pressure and growth areas that will present as challenges in future budgets if not corrected. See section 7 below for more detail on these grants for 2022/23.
- 6.24. To the funding of these pressures can be added the NHB of £1.011m, lower tier baseline grant of £0.818m, the remainder of the uplift in Social Care grant of £1.899m, a modest increase of £0.44m in the Improved Better Care Fund, and the new Services Grant of £6.56m for 2022/23.
- 6.25. In terms of accounting for these, it is proposed that these investments and pressures are allocated in line with the decisions of this budget from the corporate risk and pressures monies and £1.227m from the Social Care precept to the relevant Directorates when determining their cash limits for 2022/23.
- 6.26. Using cash budgets (in particular grants such as the Social Care Grant and Sustainability and Fair Cost of Care Fund) presents a risk for future years, although the medium planning assumptions are that this level of funding for 2022/23 from government is in recognition of the pressures faced by local authorities and will effectively form the baseline pending fair funding review.
- 6.27. The budget pressures anticipated in 2022/23 have been reviewed and it is recommended that the following identified pressures are funded now, set against the Corporate Strategy priorities. These exclude pressures associated with services experiencing persistent overspends as these have been addressed via the budget reductions process.
- 6.28. Table A2 provides a summary of the corporate risk and pressures budget and those pressures and risks that are being recommended to be funded. The detail of these and the allocation between once off and ongoing funding is in Appendix Y7.

**Table A2: Summary of 2022/23 budget pressures to be funded**

| Description                                  | £'000 | £'000 |
|--|-------|-------|
| Social Care precept                          | 1,227 | 1,227 |
| <u>Ongoing</u>                               |       |       |
| Risk & Pressures budget available in 2022/23 | 6,500 |       |
| Market Sustainability and Fair Cost of Care  | 923   |       |

| Description   | £'000  | £'000         |
|---|--------|---------------|
| Social care grant (additional)                                      | 1,950  | 9,373         |
| <u>Once-off</u>   |        |               |
| New Homes Bonus   | 1,011  |               |
| Lower tier grant  | 818    |               |
| Social care grant (additional)                                      | 1,899  |               |
| Improved Better Care Grant (additional)                             | 441    |               |
| Services Grant  | 6,560  | 10,729        |
| <b>Total Resources Available for Risks and Pressures in 2022/23</b> |        | <b>21,329</b> |
| <b>Recommended Allocations</b>                                      |        |               |
| <b>Corporate Strategy priorities</b>                                |        |               |
| <i>Open Lewisham</i>  | -630   |               |
| Street Lighting   |        |               |
| Parking   |        |               |
| Council Events  |        |               |
| <i>Tackling the Housing Crisis</i>                                  | -1,000 |               |
| Strategic housing   |        |               |
| <i>Giving Children the best start</i>                               | -2,100 |               |
| Children Social Care  |        |               |
| Schools and School Transport  |        |               |
| Adoption Services   |        |               |
| <i>Building an inclusive economy</i>                                | -550   |               |
| Economy and partnerships  |        |               |
| Street markets  |        |               |
| <i>Defending health &amp; social care</i>                           | -2,623 |               |
| Changes in care needs and demand                                    |        |               |
| Market Sustainability and Fair Cost of Care                         |        |               |
| <i>Making Lewisham greener</i>                                      | -1,414 |               |
| Environment Services - waste  |        |               |
| Street Management   |        |               |
| Energy  |        |               |
| <i>Building a safer community</i>                                   | -150   |               |
| Traffic management  |        |               |
| <b>Total Corporate Strategy priorities</b>                          |        | <b>-8,467</b> |
| <b>Organisational value for money</b>                               |        | <b>-2,150</b> |
| Corporate Estate  |        |               |
| Corporate Services  |        |               |
| Technology and Audit  |        |               |
| Exempt Housing  |        |               |
| <b>Transformation investment</b>                                    |        | <b>-500</b>   |
| <b>IT and Digital Roadmap</b>                                       |        | <b>-2,500</b> |

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| Description  | £'000 | £'000          |
|--|-------|----------------|
| <b>Implementation of the findings from the Adults Social Care Review</b>                               |       | <b>-5,835</b>  |
| <b>Additional service investment, transformation and contingency for budget reduction non delivery</b> |       | <b>-1,877</b>  |
| <b>Grand Total Funded Pressures</b>  |       | <b>-21,329</b> |

Open Lewisham – £0.630m

- 6.29. The commitments to this priority include additional resource to support the provision of street lighting in the borough as the inflationary increases in the PFI contract cannot be contained within existing budgets. The impact of Covid on the borough has meant that the way in which people utilise parking has changed to the extent that additional support is required to supplement this service. As 2022 is the year of Borough of Culture we will also provide increased support for Council run events.

Tackling the housing crisis – £1.000m

- 6.30. This is directed to an emerging pressure on the housing service budget, due to increased demand in housing services, including rough sleeping and nightly paid accommodation, not met by existing grant allocations.

Giving Children the best start - £2.100m

- 6.31. There is a statutory requirement to provide home to school transport for children with Educational Health & Care Plan where the plan specifies a transport service. From 2015 to 2019 the number of EHCPs in Lewisham increased by 65.5% from 1,408 to 2,344. The number of ECHPs in Lewisham now stands at 2,873, representing a further 22.5% increase since the January 2020 SEN2 census date. The service has committed to reduce the persistent overspend in this service, but it is proposed that this is part funded to enable a base budget that better reflects the increased level of need. In addition, changes to schools funding means that more provision is required under the current policy of support for maintained schools. The Government placed a requirement on all local authorities to be part of regional agreements with relation to adoption, the basis was that this widened the adoption agency area and allowed in theory for efficiencies in the process. There are increased costs within the regional agreement which cannot be met within existing budget due to increased demand. The volume of referrals to children's social care services have increased by a forecast 43% between 2020/21 and 2021/22 with a resultant expected increase in caseload and service cost which exceeds current budget and cannot be contained without increased funding.

Building an inclusive economy - £0.550m

- 6.32. The long term impact of Covid on the economy and its residents and businesses has meant that it's vital that we increase the investment in the economy and partnerships team to promote employment and support our local business base. This budget is required to enable the continuation of the service at current levels as government grants currently supporting this team are withdrawn or spent. This impact has been particularly severe on Lewisham's street market traders, an integral part of our town

centres, street scene and micro economy, a market strategy will be brought forward in 2022/23 to seek to re-instate activity to its previous levels if possible.

*Defending Health & Social Care - £2.623m*

- 6.33. This proposed budget increase applies the Social Care precept and the Market Sustainability and Fair Cost of Care fund to support the work of Adult Social Care services. This will enable the service to continue to work constructively with the health sector and private care market given the continued demand and cost pressures faced with a growing elderly population, work on earlier discharges from hospital into care, the rising costs in a fragile market for care services, and the new changes in legislation.

*Making Lewisham Greener - £1.414m*

- 6.34. The risk and pressures to be invested against this priority aim to support the Council's commitment to be carbon neutral by 2030 in line with the declared climate emergency. This includes investing in the Council's waste collection services, an outcome of Covid and the various restrictions has been a structural reduction in the levels of commercial waste generated which has reduced the income that can be generated. A further Covid impact is that the classification of waste taken to civic amenities has now been changed to 'hazardous', leading to an increase in disposal costs. Finally, there is a global increase in the cost of energy (gas, electricity and water) and whilst the Council continues to reduce its energy consumption towards carbon neutrality by 2030, the above inflationary tariff increases outstrip any consumption savings and require funding.

*Building a Safer Community - £0.150m*

- 6.35. This funding for 2022/23 will be invested in road safety measures to ensure that our road network remains safe for all users and residents, and that the Council is able to enforce against those contravening highways regulations.

*Organisational value for money - £2.150m*

- 6.36. In addition to the corporate strategy the Council is a large and complex organisation. Through the decade of austerity to 2021 the Council's support services have borne a significant proportion of the budget cuts. This was recognised in the 2019/20 and 2020/21 budget round and this investment is to reverse some previously agreed cuts and enhance the resourcing for some of these services. In particular; resident services and technology – which has underpinned the Council's ability to continue to work effectively during the pandemic. In addition work as part of the capital strategy is underway to assess the level of capital investment required to sustain the Council's technology infrastructure in a secure, resilient, and optimal state. There is also the need to provide once off funding for the cost of the 2022 election. Whilst the Council has moved to home working for those staff able to do so, the consolidation of office space and the increased cleaning and maintenance regime now required exceeds the budget provision. There is also funding required to meet the pressure arising as a result of our not being subsidised for housing benefit awards made to tenants living in supported accommodation. For benefit awards, the Council only receive the amount of the independent rent service valuation plus 60% of the amount paid above the valuation so are liable for 40% of any housing benefit paid above the valuation. Work continues to try and mitigate the pressure through encouraging providers to change

their status (to registered providers), seeking rent service re-valuations and monitoring the probity and integrity of new housing providers entering the scheme.

*Implementation of the findings of the Adult Social Care Review - £5.835m*

- 6.37. In 2021 a service-wide diagnostic was undertaken by Newton Europe with a view to establishing a programme to transform and modernise Adult Social Care. Phase 1 included the initial diagnostic which concluded in the summer of 2021 with Phase 2 comprising a series of work streams to transform services, empower residents and develop the capabilities of our staff. This phase will run from November 2021 until the summer 2022. As part of this service transformation between £8.6m and £11.5m of recurrent savings is anticipated to be delivered. These savings will meet the budget reductions made in 2021/22 and proposed for 2022/23, however, the delay in the timing of the budget reductions being made, and the actual savings emerging has meant that the Council will need to provide once off funding in 2022/23 to effectively smooth the budget impact in 2022/23.

*Transformation investment - £0.500m*

- 6.38. The Council's internal recovery is to be driven by the lessons learned from responding to COVID-19, the known and emerging impacts on our communities and the need to deliver transformation at the scale needed to meet the current financial challenge. This transformation will require investment and the continued (albeit reduced) availability of the New Homes Bonus to be invested to support improvement and change work.
- 6.39. This transformation investment is needed to improve the Council's effectiveness and efficiency going forward. This transformation will enable; a better critical mass of key services to be marshalled together, inject some capacity where it can have the most impact; and enable different approaches to be adopted to tackle key issues.

*IT and Digital Roadmap - £2.500m*

- 6.40. As discussed and presented to Audit Panel in 2021, security sits at the heart of our IT design, and in order that performance is not compromised, it is important that our IT infrastructure is kept up to date.
- 6.41. At the request of all three partners, the Shared Technology Service have developed a comprehensive investment plan for the next 5 years to cover all aspects of infrastructure. This plan covers of two main areas that are both business critical:
- Refresh of our existing hardware and software assets. This includes end user devices such as laptops, but also back end upgrades to the network and infrastructure.
  - Continuous improvement and "hardening " of our infrastructure, to improve performance and to strengthen our security
- 6.42. The plan requires significant investment and due to the gradual move towards cloud based services will also require additional revenue funding.

*Additional service investment, transformation and contingency for budget reduction non delivery- £1.877m*

- 6.43. There have been a number of pressures which have been identified as likely to arise within 2022/23 but as which yet cannot be quantified and therefore should not be funded in advance of need and the impact of service mitigations is assessed.

Nonetheless, it is prudent to ensure that funding is available to meet these should they arise and once costed.

- 6.44. Following the review of budget pressures within Directorates, there are a number of other risks and issues which, although difficult to quantify with absolute certainty, could prove significant should they materialise.
- 6.45. Officers continue to undertake work to fully assess and monitor these risks. These risks and other potential budget pressures are discussed in more detail below:
- Service Investment
  - Adult Social Care and Transition;
  - National / London Living Wage;
  - Redundancy;
  - Unwinding Covid-19 critical response and recovery;
  - Unachieved budget reduction; and
  - Inflation linked to National Insurance contribution increase for suppliers.

#### Service Investment

- 6.46. It may be that in addition to the broader, macro-economic pressures set out below, that specific service pressures will arise in year that cannot be contained within existing budget and will require specific and additional funding.

#### Adult Social Care, including Transition demands

- 6.47. As noted above this is an area of continuing pressure for the Council. This is expected to continue into future years. However, the impact of service configuration changes underway through the review of ASC, national policy priorities and changing legislation are not yet fully known or assessed so it is not possible to fully evaluate the risk at this time. Additional funding has been provided in 2022/23 through the Adult Social Care precept and Market Sustainability and Fair Cost of Care fund, and the continued assessment of the service costs underpins the current implementation of the outcomes of the service review undertaken in 2021 and 2022.

#### National / London Living Wage

- 6.48. The Council has for some years now ensured it pays the London Living Wage to staff and contractors where this has been possible to contract for. However, there have remained some areas where this has not always been possible – for example; sub-contractors on some works contracts and contracting for some care services. The recent increases in living wage and focus on modern slavery and ethical charter considerations in procurement rules go some way to closing this remaining gap to ensure all employees are paid a fair wage.
- 6.49. The budget impact of these changes is a risk of additional contract costs to the Council. These will vary according to the contract and areas of spend depending on past practice and how suppliers elect to pass on some or all of these costs. The risk cannot therefore be easily quantified at this time.

#### Redundancy

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- 6.50. The Council will seek to minimise the impact of cuts on services and jobs. However, a significant proportion of the Council's budget goes on staff salaries and wages, so it will not always be possible to make significant investments in service transformation and redesign to achieve budget cuts over the next four years without an impact on jobs. The cost of redundancy depends on age, seniority, and length of service of the individuals affected, and it is not possible to calculate the overall financial impact at this stage. For these reasons the risk cannot be easily quantified at this time.

#### Unwinding Covid-19 critical response and recovery

- 6.51. The Covid-19 pandemic has significantly impacted the Council's finances and continues to change service priorities to enable resources to focus on critical services. The estimates for 2021/22 are for cost implications of £23.6m. Whilst the government funding for 2021/22 is sufficient, the costs and lost income will continue in 2022/23 with no indication of funding being made available. These financial implications along with the operational challenges and opportunities to focus the recovery work in the Borough on community needs and improvements to the place are complete, will involve the whole Council, and take time. As such the risks and associated costs and investments cannot be easily quantified at this time, officers have estimated that the ongoing financial impact could be in excess of £9m per annum, without further restrictions, variants or new burdens. In setting the budget it is proposed that approximately 50% of these pressures are funded, which means that in the event that these pressures materialise in full that the Council will be forced to use provisions and reserves to meet these costs in Government funding is not forthcoming..

#### Unachieved Budget Reductions

- 6.52. The strategic governance process for monitoring the delivery of agreed budget reduction measures, overseen by EMT, will provide visibility of progress, risks, challenges and robust governance of the programme as a whole. Alongside, the PMO will be monitoring and reporting on programme-wide delivery of cuts, risks and equalities impact. Clear roles and responsibilities (between the PMO and service Directors) have been drawn up in order to ensure there are clear lines of accountability.
- 6.53. In the event that this approach cannot ensure the full delivery of the budget cuts and pressures arise in the year and are not able to be contained with Directorate budgets, they may become an additional call on corporate provisions and reserves until alternative cuts are agreed and implemented.

#### Inflation linked to National Insurance Contribution Increases

- 6.54. It is not yet clear to what extent third party providers will attempt and be successful in passing on the costs of the 1.25% increase in employers national insurance contributions to the Council via contracted services. Whilst funding has been provided in part for these pressures in social care and considered in the allocation of the new Services Grant, the Council's budget allocation for contract inflation attempts to mitigate CPI pressures only (and on a net basis), therefore these pressures may not be able to be contained within the proposed inflation allocations and pressures funding.

#### Summary of Budget Pressures and Investment

- 6.55. In conclusion, it is a matter of good budgeting to make a general allowance for risk and uncertainty, particularly at such a time of rapid change in the local government sector.



- 6.56. There are some pressures to be funded, which can be quantified within a reasonable range. These fully commit the available £6.5m allocation and additional resources received for 2022/23. Including the use of some funding to invest in change and support the transformation work necessary to redesign services and improve the Council's culture to further collaborative working.
- 6.57. There are also a number of other risks and potential budget pressures to consider which are less easy to quantify with any certainty which may become an additional call on reserves through the year if they arise. These will be regularly monitored and reported.

### **2022/23 Budget Reduction Proposals**

- 6.58. On the 2 February 2022, the Mayor and Cabinet agreed £11.835m of budget reduction proposals for 2022/23, of this £10.410m are proposals which were considered as part of the 2021/22 budget setting exercise and a further £1.425m of proposals which were identified in 2021. A summary of these cuts is attached as Appendix Y1 and Y2 to this report.
- 6.59. These budget reduction measures have been included in the 2022/23 budget calculation. They must be achieved in order to maintain a balanced budget and manage the persistent overspend. The delivery of these cuts will be monitored, any shortfall will have to be covered, in the short term pending services offering alternative proposals, through the use of reserves.
- 6.60. No estimates for Settlement Funding Assessment (SFA) in 2023/24 have been provided by the Government. 2022/23 is effectively a roll forward year for the SFA, and the outcome of the fair funding review is expected later on in 2022. The prospects for future funding remain uncertain.

### **2022/23 Council Tax**

- 6.61. In setting the Council's annual budget, Members need to make decisions in respect of the Council Tax.

#### Collection Fund

- 6.62. Collection Fund surpluses or deficits reflect whether the Council over or under achieves its Council Tax collection targets. Therefore, this requires a calculation to be made of how much the Council has already received for the Council Tax in the current and past years and how much of the outstanding debt it expects to collect.
- 6.63. The statutory calculation was carried out for the 15 January (date prescribed by the relevant statutory instrument). This calculation showed there is an estimated deficit on the Collection Fund in respect of Council Tax, for the years to 2021/22 of £3,011,226. This reflects the ongoing work of the Public Services team to carefully collect all monies owing to the Council but also the impact of Covid-19 to collection and rise in those eligible for the Council Tax Reduction scheme.
- 6.64. This deficit is shared with the precepting authority, the Greater London Authority (GLA), in proportion to relative shares of budgeted Council Tax income in the current financial year. This means that £2,407,320 of the total deficit has to be included in the calculation of Lewisham's budget as the additional Council Tax owed and collected in year. The remaining balance of £603,906 is allocated to the GLA.

#### Council Tax Reduction Scheme

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- 6.65. Members should note that the Council agreed on the 19 January 2022 that no changes are to be made to the Council Tax Reduction Scheme (CTRS) for 2022/23 and that the Council should continue to pass on the government cuts in funding to working age claimants. Members agreed that the fixed percentage reduction in liability for the working age claimants of the scheme should remain at 25% for 2022/23. This means that everyone of working-age has to continue to pay a minimum of 25% of their council tax liability.

#### Council Tax Levels

- 6.66. In the 2022/23 provisional Local Government Finance Settlement, the Government announced a 2% limit to the amount by which Councils can increase their Council Tax (inclusive of levies) without a referendum. In addition, there is also the opportunity to increase Council Tax by up to a further 1%, for the Social Care Precept in 2022/23. The government's assumptions in the local government finance settlement 2022/23 include the raising of both Council Tax and the Social Care precept in each and every year to meet the recognised funding pressures faced by the sector.
- 6.67. In 2022/23, the recommendation is that the Council approve a 1% Social Care precept which will provide additional funding of £1.227m, ring fenced for Adult Social Care spend. If implemented this charge has to be identified on the face of the Council Tax bill and made clear in the accompanying guidance for rate payers.
- 6.68. At the same time an increase in core Council Tax of 1.99% (i.e. within the limit of the 2% referendum threshold) would provide additional funding of approximately £2.4m.
- 6.69. In considering budget reduction proposals and the level of Council Tax, Members make political judgements, balancing these with their specific legal responsibilities to set a balanced budget for 2022/23 and their general responsibilities to steward the Council's finances over the medium term.
- 6.70. In 2021/22, the Band D Council Tax in Lewisham is £1,743.62 on a base of 88,614.3 Band D equivalent properties. Of this, £363.66 relates to the activities of the GLA which the Council pays over to them on collection, Lewisham's element is £1,379.96.
- 6.71. The GLA is consulting on a precept of £395.59 (Band D equivalent) for 2022/23, an increase of £31.93 or 8.781%, and a final decision is expected from them on or after the 24 February 2022.
- 6.72. For 2022/23, the Band D Council Tax in Lewisham is recommended to be £1,816.81 on a base of 88,904.9 Band D equivalent properties (the base was approved by Council on the 19 January). Of this, £395.59 relates to the activities of the GLA which the Council will pay over to them on collection. Lewisham's element will therefore be £1,421.22, which includes a 2022/23 increase of £41.26 (2.99%).
- 6.73. Table A3 below shows, for illustrative purposes, the Council Tax payable by a Lewisham resident in a Band D property in 2022/23 under a range of possible Council Tax increases, and the financial implications of this for the Council. A full Council Tax Ready Reckoner is attached at Appendix Y4.
- 6.74. The starting point is for an assumed 2.99% increase in Lewisham's Council Tax for 2022/23, which includes the maximum core increase permissible without a referendum. Any reduction from this level of increase will reduce the level of income the Council collects and will increase the draw on reserves for 2022/23 and the budget gap in future years.

**Table A3 – Band D Council Tax Levels for 2022/23**

| <b>Amounts payable by residents - Band D</b> |                  |             |                   |                                 |                                |
|--|------------------|-------------|-------------------|---------------------------------|--------------------------------|
| Change in Lewisham Council Tax               | Lewisham element | GLA element | Total Council Tax | Increase in overall Council Tax | Lewisham Annual income forgone |
|  | £                | £           | £                 | %                               | £m                             |
| 2.99% increase                               | 1,421.22         | 395.59      | 1,816.81          | 4.20                            | -                              |
| 2.50% increase                               | 1,414.46         | 395.59      | 1,810.05          | 3.81                            | -0.60                          |
| 2.00% increase                               | 1,407.56         | 395.59      | 1,803.15          | 3.41                            | -1.21                          |
| 1.50% increase                               | 1,400.66         | 395.59      | 1,796.25          | 3.02                            | -1.83                          |
| 1.00% increase                               | 1,393.76         | 395.59      | 1,789.35          | 2.62                            | -2.44                          |
| 0.50% increase                               | 1,386.86         | 395.59      | 1,782.45          | 2.23                            | -3.05                          |
| Council Tax Freeze                           | 1,379.96         | 395.59      | 1,775.55          | 1.83                            | -3.67                          |

- 6.75. In January 2022 at the Council meeting, Council set the Council Tax base for 2022/23 and agreed the maximum incentives available to bring properties back into use (increasing the premium to 300% for properties that remain empty for 10 years or more), charge for second homes, and complete works in the shortest possible time. Council also agreed to continue the Council Tax exemption for Care Leavers up to the age of 25 in the Borough and the introduction of a 25% sanctuary discount to residents currently in receipt of a single person discount who accommodate a refugee in their home.

#### *Levies*

- 6.76. There are three bodies which charge a levy against Lewisham's Council Tax: the London Pensions Fund Authority (LPFA); the Environment Agency; and the Lee Valley Park Authority. Formal notification from these bodies has been received, and the details of these levies are provided in Appendix Y6.

#### **Overall Budget Position for 2022/23**

- 6.77. For 2022/23, the overall budget position for the Council is an assumed General Fund Budget Requirement of £248.610m, as set out in Table D6 below:

**Table A4 - Overall Budget Position for 2022/23**

| Detail  | Expenditure / (Income)<br>£m | Expenditure / (Income)<br>£m |
|---|------------------------------|------------------------------|
| Settlement Funding Assessment (SFA) for 2022/23 | (124.171)                    |                              |
| Council Tax 2022/23 at 2.99% increase           | (126.353)                    |                              |
| Deficit on Collection Fund                      | 2.407                        |                              |

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| Detail  | Expenditure / (Income)<br>£m | Expenditure / (Income)<br>£m |
|---|------------------------------|------------------------------|
| NNDR pressure   | 7.719                        |                              |
| Business Rates S31 Grant Applied*                             | (8.212)                      |                              |
| <b>Assumed Budget Requirement for 2022/23</b>                 |                              | <b>(248.610)</b>             |
|   |                              |                              |
| Base Budget for 2021/22                                       | 243.100                      |                              |
| <b>Plus:</b> Additional Pay inflation                         | 2.710                        |                              |
| <b>Plus:</b> Non-pay Inflation                                | 2.735                        |                              |
| <b>Plus:</b> National Insurance Uplift                        | 1.300                        |                              |
| <b>Plus:</b> Budget pressures to be funded                    | 6.500                        |                              |
| <b>Plus:</b> Adult Social Care Precept                        | 1.227                        |                              |
| <b>Plus:</b> Uplift in Social Care Grant                      | 1.950                        |                              |
| <b>Plus:</b> Market Sustainability and Fair Cost of Care Fund | 0.923                        |                              |
| <b>Less:</b> Budget reductions proposed for 2022/23           | (11.835)                     |                              |
| <b>Total</b>  |                              | <b>248.610</b>               |

\***Note:** the S31 grants applied include the Council's Tax Income Guarantee grant provided to recognise the impact of Covid on the council tax and business rates collection funds for 2020/21, as well as specific S31 grants for additional business rates reliefs.

- 6.78. The statutory calculation for the 2022/23 budget requirement is attached to this report at Appendix Y6.
- 6.79. At this time, on the budget assumptions for the General Fund set out above, no use of reserves is required for 2022/23 to enable the Council to set a balanced budget.

#### Use of Provisions and Reserves

- 6.80. If the need should arise to balance the budget for any in-year pressures using reserves, the Executive Director for Corporate Resources advises that ongoing measures should be identified to rectify this position as quickly as possible and in any event, by the following year. The use of once off resources is therefore just delaying the need to make an equivalent level of saving in the following year.
- 6.81. In addition to the above, as part of the accounts closing process, the ability for the Council to replenish reserves for ongoing work planned for over more than one year and the impact of any risks will be reviewed and assessed and reported on. These risks include:

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- Government funding support for the impact of Covid-19 may be insufficient;
  - Agreed budget reduction proposals experience delays or are not delivered;
  - Service pressures cause overspends;
  - Transformation and change projects overrun;
  - Capital programme overruns hit revenue; and
  - Further savings are not identified, putting strain on future budgets.
- 6.82. Further discussion of the use of reserves and planning for future budgets will be reviewed and brought back for Member consideration as part of the next Medium Term Financial Strategy update in July 2022.

#### External Audit Arrangements

- 6.83. The current auditor appointment arrangements cover the period up to and including the audit of 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.
- 6.84. PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. There are options for Councils to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.
- 6.85. Sector-wide procurement conducted by PSAA provides some benefits compared to that undertaken locally. Collective procurement potentially reduces costs and there is no need to establish our own auditor panel with an independent chair.
- 6.86. Authorities must 'opt-in' by 11 March 2022 and local audit regulations require a Full Council decision.

## **7. Other grants and future years' budget strategy**

- 7.1. This section of the report considers the other funding streams which the Council currently receives and implications for future years. The critical point for the budget is that spend of these grants is managed by the Council to ensure commitments are maintained within the resources available. This is to avoid putting pressure on the General Fund.
- 7.2. These other funding streams are Public Health, Better Care Fund, and various other grants. This section of the report is structured as follows:
- New Homes Bonus;
  - Better Care Fund and improved Better Care Fund 2022/23;
  - Public Health Grant 2022/23;
  - Social Care Grant;
  - Adult Social Care Precept;
  - Lower Tier Services Grant;
  - Market Sustainability and Fair Cost of Care Fund; and

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- Services Grant

### **New Homes Bonus**

- 7.3. The New Homes Bonus (NHB) sits alongside the Council's planning system and is designed to create a fiscal incentive to encourage housing growth. The Ministry of Housing, Communities and Local Government (MHCLG) has been paying the NHB as un-ringfenced grant to enable local authorities to decide how to spend the funding. The scheme design sets some guidance about the priorities that spend should be focused on, in that it is being provided to 'help deliver the vision and objectives of the community and the spatial strategy for the area and in line with local community wishes'.
- 7.4. In the provisional Local Government Finance Settlement statement, the Secretary of State announced that for 2022/23 the NHB would 'roll forward' for one more year but without legacy payments.
- 7.5. The final allocation for 2022/23 in Lewisham is £1.011m, this is a reduction on the 2.652m received in 2021/22 as a result of the loss of legacy payments. Given the reducing and uncertain nature of this funding the NHB is being treated as one off monies to be used to support 'task and finish' activities, not recurring spend. For 2022/23 this will be for supporting Covid recovery work to make the most of the opportunities to deliver the place and community support needed in the Borough.

### **Better Care Fund and improved Better Care Fund**

- 7.6. The national Better Care Fund (BCF) was announced by the Government in the June 2013 Spending Round, to support transformation and integration of health and social care services to ensure local people receive better care. The BCF is a pooled budget paid to the National Health Service (NHS) that shifts resources into social care and community services for the benefit of the NHS and local government. The BCF does not represent an increase in funding but rather a realignment of existing funding streams with new conditions attached.
- 7.7. For Lewisham the value in 2021/22 is £24.581m, increased from £23.287m in 2020/21. The allocation for 2022/23 is expected to be at least the same although local allocations have yet to be confirmed. The local plan must be agreed with the Clinical Commissioning Group (CCG), currently the Lewisham CCG but which will in future be the South East London (SEL) CCG, and will require the approval of NHS England.
- 7.8. The Fund must be used in accordance with the final approved plan and through a section 75 pooled fund agreement. The full value of the element of the Fund linked to non-elective admissions reduction target is to be paid over to Lewisham CCG at the start of the financial year. However, the CCG may only release the full value of this funding into the pool if the proposed admissions reduction target is met. If the target is not met, the CCG may only release into the pool a part of that funding proportionate to the partial achievement of the target. Any part of this funding that is not released into the pool due to the target not being met must be dealt with in accordance with NHS England requirements. The partners have agreed contingency arrangements to address this risk and they will continue into 2022/23.
- 7.9. In 2017/18, the government also introduced the improved Better Care Fund (iBCF) to work alongside the BCF. The iBCF in 2021/22 is £14.502m with the formerly separate winter pressures funding included. This grant has increased to £14.941 for 2022/23, this is intended to fund adult social care activity. Plans for its use in 2022/23 will also require the agreement of local CCG. The grant is likely to be spent in substantially the same way as in 2021/22.

### **Public Health Grant**

- 7.10. In 2021/22, the Council's allocation for Public Health Grant is £25.4m, increased from the £24.8m allocation in 2020/21. The 2021 Spending Review indicated that this is expected to rise by inflation in 2022/23 and the final settlement awarded a 2.8% (less than inflation) increase for 2022/23, being £26.06m.
- 7.11. The grant remains ring-fenced and the agreed commitment of these funds will therefore need to be reviewed annually by the Director of Public Health in consultation with the section 151 officer.

### **Social Care Grant**

- 7.12. The provisional Local Government finance settlement in December 2022 committed £636m more for Social Care grant nationally for 2022/23. This has increased Lewisham's final grant from £10.773m in 2021/22 to £14.622m (a 35.7% increase) with the discretion to spend this on both adults and children social care. The budget proposes that of the increase of £3.852 for 2022/23, £1.95m be taken into base budget considerations to support new pressures in Children's and Adult's Social Care and that the remaining £1.9m be utilised to support once off pressures within these services. The detail is set out in the allocation of resources to pressures in section 6 above.

### **Social Care Precept**

- 7.13. The 1% precept on Council Tax for social care (expected to be £1.2m in 2022/23) will be used to address the increased levels of packages of care required in Adult Social Care as well as the changing and increased complexity of the care needs.

### **Lower Tier Services Grant**

- 7.14. The Lower Tier Services Grant for 2022/23 is £0.818m, increased slightly from the £0.7m allocation in 2021/22, consistent with 2021/22 this grant will be used to fund once off pressures across the General Fund.

### **Market Sustainability and Fair Cost of Care Fund**

- 7.15. In 2021 Government announced wide-ranging and ambitious reform of the adult social care system, intended to protect people from unpredictable costs, offer more choice and control over care received, offers outstanding quality and is accessible to those that need it. This reform must be underpinned by a sustainable care market. To support this ambition and fund the implementation of the reforms government announced an additional £1.4bn of funding over the next three years. For Lewisham in 2022/23 this is a grant allocation of £0.923m. This funding will be ring-fenced for Adult Social Care pressures arising from the implementation of the reforms to support the care market.

### **Services Grant**

- 7.16. The new one off Services Grant of £6.56m will be used to offset demand led pressures, increased hospital discharges and other COVID costs that are highly likely to continue into 2022/23. The Department of Levelling Up Communities and Housing (DLUCH) have explicitly stated that the Services Grant is a once-off funding source and will not be taken into consideration for transitional protection or as part of our core funding

when the Fair Funding Review takes place, with likelihood of funding to be directed out of London. As such, this funding cannot be used to support our baseline funding requirement but can provide us with once-off capacity to manage the financial risks we are carrying as set out in section 6 above.

## 8. Dedicated schools grant and pupil premium

### Update on 2021/22 Dedicated Schools Grant

- 8.1. The gross level of the Dedicated Schools' Grant (DSG) for 2021/22 is £313.268m, following the adjustment undertaken by the DfE to recoup funding for Academy Schools and the adjustment necessary for the inter-borough use of high needs places, the net budget is £273.4m.
- 8.2. Overall, the 2021/22 DSG outturn is currently expected to be overspent by between £5m to £6m as a consequence of the pressure on the High Needs Block, this increases to £11m as £5m has been brought forward from 2020/21. Officers within the CYP directorate are progressing a detailed mitigation plan, the basis of which will be used to develop a Management Action Plan for submission to the DfE, this is a requirement where an overspend is forecast. The mitigation plan is being progressed in partnership with the Schools Forum, and this includes a working group of Head teacher representatives and Officers.
- 8.3. Schools have faced enormous challenges this year to deliver the School's Curriculum whilst complying with the necessary Covid regulations. It was noted with extreme disappointment that very limited funding support has been provided to schools, and there are now 12 schools with deficits.
- 8.4. The Schools Finance Team (SFT) will continue to work with schools in developing sustainable budget plans. These plans now incorporate management metrics which have been developed to enable schools to be more strategic in their approach to setting and managing budgets. For example, these metrics allow schools to compare and benchmark their resource deployment on leadership, teaching, support administration, and contact time to name a few. In 2020/21, the SFT launched a process known as Deficit Prevention Plans which enable schools to work effectively towards a 3 year balanced budget position, and the feedback from schools has been very positive, this approach continues.

### Dedicated Schools' Grant and Pupil Premium for 2022/23

- 8.5. This section of the report considers the Dedicated Schools' Grant (DSG) and the Pupil Premium Grant for 2022/23.
- 8.6. The Dedicated Schools Grant is the main source of funding for Schools and Early Year Providers. The grant is constituted of four parts, the Schools Block, Central Services Schools Block (CSSB), High Needs Block (HNB), and the Early Years Block (EYB). There is a national funding formula which determines each of the blocks and collectively determines the overall DSG. The provisional allocation of DSG for 2022/23 is £316.49m, an increase of £3.222m on the 2021/22 budget.
- 8.7. It should be noted that this is the gross DSG allocation before the adjustment undertaken by the DfE to recoup funding for Academy Schools and the adjustment necessary for the inter-borough use of high needs places.



- 8.8. The Schools Block is the main basis to support the Schools Delegated budget share, and overall this is lower relative to 2021/22. The funding per pupil increased by 2% for primary and 2.5% for secondary school pupils, however a 4.2% fall in the number of primary school pupils has meant that the overall allocation is lower than the current year.
- 8.9. The High Needs Block which supports SEND remains under continued financial strain, despite the net increase in funding of circa £5.5m. This increase is made up of £3.8m uplift in the base (an 8% increase) as well as increases in price, pupil numbers and the hospital element of funding. A point to note is that the pupil led funding is based on pupils in special schools and units. As the Council's mitigation strategy progresses towards more in house provision, funding should also improve which is a double benefit as costs would also reduce from in house provision.
- 8.10. The Central School Services Block has again been reduced in 2022/23, with a reduction of £0.567m from 2021/22. This reduces the funding available to support Local Authority Statutory functions. The service is currently working with Schools to consider how the delivery of Statutory and Regulatory services can be met within the reduced funding levels.
- 8.11. Early Years Funding – the funding for this area remains provisional subject to a pupil data cleansing exercise in January 2022 and January 2023, as such the final budget will not be known until the summer of 2023, which is in line with previous years. The DfE utilised the estimated 2021/22 position data for the indicative settlement. This included an increase in hourly rates of 17p (per hour) for 3 and 4 year olds and an increase of 21p (per hour) for 2 year olds. Schools forum at its meeting of the 16<sup>th</sup> December 2021 approved the distribution of the funding between hourly rate paid to providers, inclusion fund, deprivation fund and central holdback, in compliance with the current local determination. The increased funding is mainly targeted to support providers whilst continuing to build on support for an inclusion fund, which plays an important part in the Early Help and prevention strategy.
- 8.12. The pupil premium will continue in the 2022/23 financial year. Funding rates for the Pupil Premium in financial year 2022/23 are assumed to stay the same as for 2021/22, which is £13.066m. However, for 2022/23, the DfE has also confirmed that the methodology for distribution will change from the January schools census to the October school census, with no transitional support provided. Further information is expected in summer 2022.
- 8.13. The autumn 2021 spending review confirmed £1.6 billion funding for schools and high needs, for the period 2022 to 2023. In 2022/23, schools will be allocated £1.2 billion of this additional funding, to provide support for the costs of the Health and Social Care Levy and wider costs. This funding will be allocated through the schools supplementary grant 2022 to 2023. The Council has yet to receive detailed information on the school by school allocation, however we have been advised as follows:
- £6,211,008 for schools (unclear whether this is just for 5 to 16 year olds)
  - 2,632,908 for High Needs Block
- 8.14. The schools supplementary grant will fund the following providers:
- maintained nursery schools
  - primary and secondary maintained schools
  - primary and secondary academies and free schools
  - all through maintained schools
  - all through academies
  - 16 to 19 maintained schools
  - 16 to 19 academies
  - city technology colleges

- 8.15. The schools supplementary grant will only be payable to public sector employers. This means that further education colleges, sixth form colleges, independent learning providers, as well as private and voluntary sector early years providers will not be eligible to receive this funding, creating a risk that certain providers remain unfunded. Schools Forum will continue to assess and consider this as part of decision making with regards to the high needs block.
- 8.16. Whilst there is extra funding in the settlement, many costs are rising by more than funding, exasperated further where pupil numbers are falling, and the ongoing impact of Covid continues to remain unfunded by government. Schools continue to face pressures in their budgets, for example, salary increments, non-teaching pay increase, contract price increases including utilities, and the Apprenticeship Levy.
- 8.17. Table B1 below sets out the gross DSG provisional allocation.

**Table B1: DSG Allocation**

|                 | Schools block (£m) | Central school services block (£m) | High needs block (£m) | Early years block (£m) | Total DSG allocation (£m) |
|-----------------|--------------------|------------------------------------|-----------------------|------------------------|---------------------------|
|                 | A                  | B                                  | C                     | D                      | E=A+B+C+D                 |
| <b>2022/23</b>  | 221.069            | 3.693                              | 67.608                | 24.119                 | 316.489                   |
| <b>2021/22</b>  | 222.769            | 4.261                              | 62.072                | 24.166                 | 313.268                   |
| <b>Movement</b> | -1.700             | -0.568                             | 5.536                 | -0.047                 | 3.221                     |

### Pupil Numbers

- 8.18. The total changes in pupil numbers are as shown in table B2 below. Overall there is a reduction in numbers of 949 which, whilst relatively small at present, is the fourth consecutive year of falls and an increase from the prior year, and a risk for the schools concerned as funding for schools is driven by pupil numbers and associated characteristics (e.g. Free School Meals). This reduction in numbers could potentially have implications for those schools directly affected.

**Table B2: Pupil Numbers**

|                  | Oct-21        | Oct-20        | Change No   | Change %      |
|------------------|---------------|---------------|-------------|---------------|
| <b>Primary</b>   | 23,003        | 24,000        | -997        | -4.15%        |
| <b>Secondary</b> | 11,404        | 11,356        | 48          | 0.42%         |
| <b>Net</b>       | <b>34,407</b> | <b>35,356</b> | <b>-949</b> | <b>-2.68%</b> |

### High Needs Block

- 8.19. In recognition of the pressures facing high needs, the Government has increased funding to Local Authorities to support high needs. The 2022/23 allocation for Lewisham is an overall net increase of £5.536m, which against the 2021/22 allocation

of £62.072m is an 8.2% increase. This is partially due to an increase of 120 funded pupils.

- 8.20. It is expected that the High Needs Block will overspend for 2021/22 by up to £6m which will be the first call on this budget, this is after an increase in funding in the High Needs Block of £6.8m, plus £1.1m from schools block. In addition to this there remains a £5m overspend brought forward from 2020/21, providing a revised cumulative overspend position of £11m. There is a mitigation plan in place that is being progressed with Schools Forum.

### **Potential Risks**

- 8.21. As set out in this section, there remain a number of risks in respect of funding for schools. These include:
- Impact of any overspends and the resultant requirement to establish a deficit recovery plan if the overspend is greater than 1%. In the event that the deficit cannot be contained, this pressure could potentially fall on the Schools Block, or potentially the General Fund triggering a review of services within CYP;
  - In 2019, the DfE introduced changes which now mean that where schools have deficits, these must be held against the overall schools reserves not exceeding 40%. However, if, on conversion to an academy, a school has a deficit this must be supported by the local authority;
  - Schools continue to face pressures arising from changes in policy. Examples include teachers' pay awards, support staff pay award, and pension's changes. This could have varying degree of impact for Schools;
  - Budget plans from Schools suggest that some are operating with a structural deficit dependent on reserves. Schools Finance are working with these schools to mitigate this risk;
  - Risk of Covid-19 on schools balances; recognising that very limited funding has been made available to schools in terms of dealing with the associated costs of delivering the Schools' Curriculum during the pandemic;
  - The rising costs of utilities has not been recognised in the funding allocations, and schools may struggle to meet these costs over the coming year; and
  - The forecast level of inflation may mean that contract uplifts and potential pay awards will outstrip the increases in the funding allocations.

## **9. Housing Revenue Account (HRA)**

- 9.1. The budgeted expenditure for the HRA in 2022/23 is £304.0m, including the capital and new build programme.
- 9.2. It is structured as follows:
- Update on the HRA financial position for 2022/23;
  - Update on the HRA Business Plan; and
  - Future Years' Forecast.

### **Update on the HRA financial position for 2021/22**

- 9.3. The HRA is budgeted to spend over £100m in 2021/22. The latest forecast on the HRA for 2021/22, is that net expenditure can be contained within budget by the year end. There are currently reported pressures in both income and expenditure which can, if

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necessary, be mitigated by the use of once-off contingencies, reserves and revenue working balances. Expenditure against repairs & maintenance budgets is expected to be contained within the sums allocated.

### **Update on the HRA Business Plan**

- 9.4. The Housing self-financing system was implemented on 1 April 2012 when the HRA subsidy scheme was abolished. The 30 year financial model has been developed based on current management arrangements and rental income estimates, updated for efficiencies and cost pressures. In addition, policy objectives such as sheltered housing and new build plans are incorporated into the modelling.
- 9.5. The plan underwent a major revision in 2015 for a 1% reduction in social rents applied each year for four years from 2016/17 to 2019/20. The impact of the change was a loss of actual rental income of £2.8m when measured against the actual rent roll for the 4 financial years. A loss of £25m against the budgeted resources for the same period and an overall loss of resources assessed at £374.0m over the life of the 30 year business plan.
- 9.6. The HRA financial model has been further updated for current guidance that from April 2020 government allows councils with social housing stock to return to the previous formula rent method of rent increase calculations until at least 2025. This method of rent increase is based on prior September's CPI + 1%. This has been implemented in Lewisham and become effective for rental increases applied from April 2020 onwards. For financial year 2022/23, as the September 2021 CPI was 3.1%, the overall increase will be 4.1% (3.1% + 1.0%).
- 9.7. The Government's inflation target for the United Kingdom is defined in terms of the Consumer Price Index (CPI) measure of inflation which excludes mortgage interest payments. Since April 2011, the CPI has also been used for the indexation of benefits, tax credits, and public service pensions.
- 9.8. For financial planning purposes, the HRA is assuming average pay inflation of 2% per annum, based on the Governments CPI Inflation target. Non-pay inflation is also based on the Governments CPI inflation target of 2.0% per annum.
- 9.9. In addition to the above inflationary uplifts, the HRA model has also allocated additional resources to cover the increase in employers National Insurance contributions of 1.5% from April 2022. Current estimates are this this will cost the HRA approximately £228k in 2022/23.
- 9.10. In order to protect the business plan and provide the same level of investment and services, any reduction in income will need to be off-set though increased efficiencies and reprioritisation of investment requirements across stock condition and/or development plans.
- 9.11. A review of current investment needs and priorities has been undertaken, based on updated surveys and inflation estimates. This includes assumptions on future liabilities, such as maintaining decent homes, fire programme, sustainability, planned works and improvements, cuts, and other requirements. These assumptions have been used to inform the resource need and identify potential gaps in funding and opportunities for additional income and grants. Work is continually ongoing to identify and update investment needs. As this work is completed and updated information becomes available, which includes the results of the damp and disrepair MOTs, the resource needs will be updated which may affect future requirements.

9.12. The plan also contains costs associated with the new build programme currently being implemented by the authority. Table C1 provides an illustration of the expected HRA budget for the next five years, which includes the current 4.1% rent increase estimates for 2022/23. The HRA debt cap which was imposed when the self-financing regime was implemented (£127.3m) has now been abolished. The HRA will now be subject to prudential borrowing rules (as per the General Fund).

**Table C1: Update on the HRA Business Plan**

| HRA Income & Expenditure Estimates - 5 year Forecast | 2022/23       | 2023/24        | 2024/25        | 2025/26        | 2026/27        |
|--|---------------|----------------|----------------|----------------|----------------|
|  | £m            | £m             | £m             | £m             | £m             |
| <b>Income</b>  |               |                |                |                |                |
| Rental income  | (74.1)        | (79.1)         | (82.1)         | (87.9)         | (91.4)         |
| Tenants service charge income                        | (6.6)         | (6.7)          | (6.8)          | (6.9)          | (7.0)          |
| Leasehold service charge income                      | (5.7)         | (5.9)          | (6.0)          | (6.1)          | (6.2)          |
| Hostel charges and grant income                      | (1.4)         | (1.4)          | (1.4)          | (1.5)          | (1.5)          |
| Major Works recoveries                               | (6.0)         | (6.2)          | (6.3)          | (6.4)          | (6.5)          |
| Other income   | (1.3)         | (1.7)          | (1.7)          | (1.7)          | (1.7)          |
| Interest earned on balances                          | (0.1)         | (0.1)          | (0.1)          | (0.1)          | (0.1)          |
| <b>Total Income</b>                                  | <b>(95.2)</b> | <b>(101.1)</b> | <b>(104.4)</b> | <b>(110.6)</b> | <b>(114.4)</b> |
|  |               |                |                |                |                |
| <b>Expenditure</b>                                   |               |                |                |                |                |
| Management costs                                     | 38.5          | 40.6           | 41.4           | 43.3           | 44.4           |
| Repairs & maintenance                                | 15.7          | 15.9           | 16.1           | 16.3           | 16.5           |
| PFI Costs  | 7.4           | 7.9            | 8.4            | 8.6            | 8.9            |
| Interest & other finance costs                       | 5.5           | 10.5           | 14.7           | 16.7           | 18.3           |
| Depreciation   | 24.4          | 24.9           | 25.4           | 25.8           | 26.3           |
| Revenue Contribution to Capital                      | 2.9           | 0.7            | 0.0            | 0.0            | 0.0            |
| <b>Total Expenditure</b>                             | <b>94.4</b>   | <b>100.5</b>   | <b>106.0</b>   | <b>110.7</b>   | <b>114.4</b>   |
|  |               |                |                |                |                |
| <b>Surplus/(deficit)</b>                             | <b>0.8</b>    | <b>0.6</b>     | <b>(1.6)</b>   | <b>(0.1)</b>   | <b>0.0</b>     |

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|  |                |                |                |               |               |
|--|----------------|----------------|----------------|---------------|---------------|
|  |                |                |                |               |               |
| Opening HRA reserves                                   | 7.2            | 8.0            | 8.6            | 7.0           | 6.9           |
| Contribution to/(Drawdown) from reserves               | 0.8            | 0.6            | (1.6)          | (0.1)         | 0.0           |
| <b>Closing HRA Reserves</b>                            | <b>8.0</b>     | <b>8.6</b>     | <b>7.0</b>     | <b>6.9</b>    | <b>6.9</b>    |
|  |                |                |                |               |               |
| <b>Forecast Capital Programme &amp; Funding</b>        |                |                |                |               |               |
| Capital programme (including decent Homes)             | 88.4           | 66.8           | 68.1           | 69.5          | 54.9          |
| New Build construction & on-going costs                | 121.2          | 129.3          | 67.5           | 20.7          | 35.5          |
| <b>Total Capital Expenditure</b>                       | <b>209.6</b>   | <b>196.1</b>   | <b>135.6</b>   | <b>90.2</b>   | <b>90.4</b>   |
|  |                |                |                |               |               |
| <b>Capital Programme Funded By:</b>                    |                |                |                |               |               |
| MRR Opening Balance                                    | (0.1)          | 0.0            | 0.0            | 0.0           | 0.0           |
| Revenue Contribution to Capital                        | (2.9)          | (0.7)          | 0.0            | 0.0           | 0.0           |
| Depreciation   | (24.4)         | (24.9)         | (25.4)         | (25.8)        | (26.3)        |
| GLA Grants   | (40.2)         | (15.8)         | (19.2)         | (13.5)        | (15.3)        |
| RTB Receipts   | (9.1)          | (13.5)         | (4.4)          | (0.1)         | 0.0           |
| Sale Receipts  | (3.5)          | (1.1)          | (16.9)         | (20.7)        | (0.4)         |
| Other Receipts   | (20.0)         | 0              | 0              | 0             | 0             |
| Borrowing  | (109.4)        | (140.0)        | (69.7)         | (30.0)        | (48.4)        |
| <b>Total Capital Funding</b>                           | <b>(209.6)</b> | <b>(196.1)</b> | <b>(135.6)</b> | <b>(90.2)</b> | <b>(90.4)</b> |
|  |                |                |                |               |               |
| <b>Capital shortfall</b>                               | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>    | <b>0.0</b>    |
|  |                |                |                |               |               |
| HRA Actual Debt Level (Forecast)                       | 192.0          | 332.0          | 401.8          | 431.8         | 480.0         |
| HRA Self-financing Settlement Debt Level (was £127.3m) | n/a            | n/a            | n/a            | n/a           | n/a           |

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- 9.13. As can be seen from the above table, the expected total expenditure, before financing, for the HRA in 2022/23 is £304.0m, comprising £94.4m operational costs and £209.6m capital and new build costs.

### **Future Years' Forecast**

- 9.14. The key purpose of the proposed HRA budget is to ensure that there are sufficient resources to support lifecycle works, such as; repairs and maintenance, the Decent Homes programme and, a key priority for the current administration, delivery of new social homes in the borough.
- 9.15. There is an ongoing process to identify opportunities for efficiencies to deliver services for improved value for money and this is described in Appendix X1. Although no direct savings have been identified so far for 2022/23, any savings and efficiencies delivered against the HRA business model and future budgets can be re-invested to off-set constrained rent rises or to help bridge any investment gap identified. Discussions are ongoing to identify appropriate savings. For example, there is already an assumed reduction in the Lewisham Homes fee in 2022/23 to reflect stock losses through Right to Buy Sales.
- 9.16. Separate reports which set out in detail the proposals relating to service charges for Brockley and Lewisham Homes residents are attached at Appendix X3 and Appendix X4, respectively.

### Rental Income and allowances

- 9.17. Following completion of the legislative requirements for 4 years of rental contraction, Government have confirmed rents will return to the previous method of rent increase calculations for 2020/21 onwards. This is based on the previous formula rent calculation of CPI + 1%. This will be for a minimum 5 year period to financial year 2025/26. For the purpose of business and financial planning, it is assumed that that rental charges will be increased in line with this guidance.
- 9.18. At the present time, the financial models used by the council currently forecast future CPI to be 2.0% annually for the period 2023 to 2025 and would equate to an annual average increase of 3.0% to be applied to rents. It should be noted that any variation to the forecast CPI rate of 2% would affect the annual average forecasts stated above. For example a 0.5% movement in CPI would result in a £0.53pw change to the average rent increase.
- 9.19. CPI at September 2021 was 3.1%, therefore rents are expected to increase by 4.1% for 2022/23 (3.1% + 1%), and rise by CPI + 1% for at least the next 3 years to 2025, as per Government's policy for rent increases.
- 9.20. A 3.1% increase in average rents for 2022/23 will equate to an average increase of £4.07pw over a 52 week period. This will increase the full year average dwelling rent for the London Borough of Lewisham from £99.19 to £103.26 per week (pw). The proposed increase will result in additional income of £2.952m to the HRA when compared to 2021/22 income levels.
- 9.21. A rent rise higher than the rent limit calculation, set by Government, will result in additional recharges to the HRA via the Housing Benefit (HB) subsidy limitation charges. Any rise above this level will be lost through additional limitation recharges and therefore result in no benefit to the HRA.

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- 9.22. Tenants were asked to provide comments and feedback on the proposed rent changes and illustration for inclusion in the Mayor and Cabinet budget report at meetings held with Brockley PFI and Lewisham Homes tenants. Full details of residents' feedback, additional comments received, minutes of meetings and the response to the additional comments received are contained in Appendix X2.
- 9.23. The main comments received from Lewisham Homes' residents concerning the proposals for rents and garages was that there are issues of affordability given the current pandemic and increase in unemployment. The main comments regarding service charges were questioning value for money as charges are increasing but service delivery is not improving.
- 9.24. Comments received from the RB3 Brockley residents were in a similar vein to the Lewisham Homes residents comments regarding affordability and value for money concerning the proposals for rents, garages and service charges.
- 9.25. Details of the options for the rent & service charge changes for 2022/23 were presented to the Housing Select Committee on 9th December 2021. The committee noted the contents of the report.
- 9.26. Having regard to the outcomes of the consultations held in November 2021 as set out above (and with more detail in Appendices X2, X3, and X4), the Mayor is asked to make a recommendation to full Council that a 4.1% rent increase be agreed as per the rent calculation formula. The new average rent for 2022/23 is likely to be in the region of £103.26pw, an increase of approximately £4.07pw from 2021/22 levels.

#### Other Associated Charges

- 9.27. There are a range of other associated charges. These include: garage rents, tenants levy, hostels, Linkline, private sector leasing, heating and hot water. These charges and any proposed changes to them for 2022/23 are set out in detail in Appendix X5.

#### **Summary**

- 9.28. The gross budgeted expenditure for the HRA in 2022/23 is £304.0m, £94.4m revenue and £209.6m capital. Council is asked to approve a rent increase of 4.1% having considered tenant's feedback following consultation held in November 2021. The current average weekly rent is £99.19 in 2021/22. This will increase to £103.26pw in 2022/23.

## **10. Treasury Management Strategy**

- 10.1. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate, with the Council's prudent risk appetite, ensuring adequate liquidity initially before considering investment return.
- 10.2. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses.



On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

- 10.3. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either for day-to-day revenue purposes or for larger capital projects. Treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund.
- 10.4. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, arising usually from capital expenditure, and are separate from the day to day treasury management activities.
- 10.5. Accordingly, treasury management is defined as “the management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 10.6. The Council complies with the requirements of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the 2017 Code are as follows:
  - a) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities;
  - b) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
  - c) Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year;
  - d) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions; and
  - e) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Public Accounts Select Committee

### **Annual Investment Strategy**

- 10.7. The DLUHC (previously MHCLG) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals predominantly with financial instruments (as managed by the Strategic Finance – Treasury Team); non-financial investments, essentially the purchase of income yielding assets, are summarised at the end of this report and covered in detail within the separate Capital Strategy.
- 10.8. The Council’s investment policy has regard to DLUHC’s Guidance on Local Government Investments (“the Guidance”), the CIPFA Treasury Management in Public

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Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”), and CIPFA’s Treasury Management Guidance Notes 2018.

- 10.9. The Council’s investment priorities will be security first, liquidity second, then return. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council’s risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.
- 10.10. The outbreak of coronavirus in March 2020 and the global response in implementing lockdowns and coordinating economic support packages has created an unprecedented and prolonged period of economic and fiscal uncertainty, the impact of which is likely to be felt for years to come. In the UK, there has been a sharp recovery from impact of coronavirus as a result of the vaccination programme rollout and easing of restrictions, although there will be risks which will likely persist in both the short and medium term, including:
- 10.11. The pace and scale of any future changes to the UK Bank Rate, which will impact interest rates for investments that Lewisham have and will provide an increasing returns for the Council.
- 10.12. Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows that would keep foreign investment rates low and therefore would not improve the returns for the Council’s investments.
- 10.13. UK/EU trade negotiations causing significant economic disruption. This has caused supply issues and raised prices of construction materials which has then increased the cost of many of the Council’s capital projects as well as delaying them.
- 10.14. The Council uses Link Group, Treasury Solutions as its external treasury management advisor. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information including, but not solely, our treasury advisors. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 10.15. The Guidance and CIPFA Treasury Management Code place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:
  1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.
  2. **Other information**; ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of

information that reflects the opinion of the markets. To this end, the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings, as well as information on outlooks and watches. This is fully integrated into the credit methodology provided by the advisors in producing its colour codings which show the varying degrees of suggested institution creditworthiness. This has been set out in more detail at Appendix Z2.

3. **Other information sources** used will include the financial press, share prices and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
  4. The Council has defined the list of **types of investment instruments** that the treasury team are authorised to use in the financial year, and these are listed in Appendix Z2 under the categories of “specified” and “non-specified” investments:
    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year; and
    - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
  5. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the credit criteria provided by advisors, and are set out in Appendix Z2.
  6. **Interest rate limits** are set out in paragraph 10.58 and Table D1 and place restrictions on the exposure to variable and fixed rate investments.
  7. The Council has placed a limit on the amount of its investments which are invested for **longer than 365 days** (see paragraph 10.60 and Table D2).
  8. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see Appendix Z3).
  9. All investments will be denominated in **sterling**.
  10. As a result of the change in accounting standards for 2018/19 under IFRS 9, the Council will, on an ongoing basis, consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant changes at the end of the year to the General Fund. The DLUHC enacted a statutory override in 2018/19 for a five year period over the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year, giving local authorities time to initiate an orderly withdrawal of funds if required. The Council does not at present have any pooled investments, though has scope to do so as per the creditworthiness policy in Appendix Z2.
- 10.16. Investments will be made with reference to the core balances and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). In order to maintain sufficient liquidity, the Council will seek to utilise its notice accounts, money market funds and short-dated deposits (overnight to three months). The remainder of its investments will be placed in fixed term deposits of up to 24 months to generate improved returns, depending on prevailing market conditions.

### **Creditworthiness Policy**

- 10.17. The Council’s Treasury Team applies the creditworthiness service provided by its advisors Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard

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and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads that may give early warning of changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

10.18. This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years\*
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour Not to be used\*\*

\*for UK Government debt, or its equivalent, Constant Net Asset Value (CNAV) money market funds and collateralised deposits where the collateral is UK Government debt.

\*\*except for those building societies rated BBB- or higher as set out in the policy.

### **Country limits**

10.19. The Council has determined that it will only use approved counterparties from the UK and from other countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix Z3. This list will be added to, or deducted from, by officers should country ratings change in accordance with this policy.

### **Prior Updates to Investment Strategy**

10.20. For the 2021/22 strategy, an additional unspecified investment was added to the creditworthiness policy at Appendix Z2, namely the ability to invest in UK building societies with a minimum credit rating of BBB- from Fitch (or equivalent), specifically those that are shown on Link Group's lending list only (but which may be rated 'No colour') for a maximum of three months and limited to £10m per institution.

10.21. Very few building societies have credit ratings assigned to them due to the lack of high value financial market transactions that would warrant a formal credit rating being issued by one of the three main ratings agencies, and only a select few within the top ten by asset size have been issued with one. A credit rating of BBB- remains within the 'investment grade' category, subject to moderate credit risk, which is reflected by the monetary and duration limits as set out above.

10.22. This addition to the strategy was made as a result of economic conditions and the reduced options available for investing at positive yields; in practice it opens up a limited number of two-three additional counterparties for consideration. Officers will

continue to monitor the rating movements against these counterparties to ensure that any investments fall within the set criteria.

### **Prospects for Investment Returns**

- 10.23. Investment returns are likely to remain low during 2022/23 with little increase expected in 2023/24. The coronavirus outbreak has caused huge economic damage to the UK and economies around the world. The Bank of England took emergency action in March 2020 to cut the Bank Rate to first 0.25%, and then to 0.10%. In December 2021, the Monetary Policy Committee (MPC) voted 8-1 to increase the Bank Rate back to 0.25%, with a view of a further increase in 2022.
- 10.24. Money market yields continued to drift lower and some managers resorted to trimming fee levels to ensure that net yields for investors remained in positive territory, or zero, where possible. Rates have seen a slight pick-up since the MPC agreed to raise the Bank Rate to 0.25%. Additionally, investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has resulted in a surplus of cash swilling around at the very short end of the market with only marginally positive returns.
- 10.25. The Council uses the services of its advisor, Link Group, to formulate a view on interest rates; their view is that there will be a steady increase in the Bank Rate up to at least March 2025 as economic recovery is expected to be gradual and therefore prolonged. Given this uncertainty, suggested investment returns are expected to remain low and money market related instruments will be sub 0.50% for the foreseeable future.
- 10.26. In light of these predictions for low returns the Council continues to assess, with support from its advisors, the potential risk and return offered by investing for longer (five or more years) in pooled asset funds. This policy is set with regard to the Council's liquidity requirements and to reduce the risk of a forced sub-optimal early sale of an investment; any investments entered into will be on the advice of the Council's advisors and will continue to meet the objectives of security, liquidity and return.
- 10.27. There is relatively little UK domestic risk of decreases in the Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates and increases in the Bank Rate have already been seen although the rise will be gradual considering the underlying economic position. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields (and so PWLB rates) in the UK.
- 10.28. A more extensive table of interest rate forecasts for December 2021 onwards, including Public Works Loan Board (PWLB) borrowing rate forecasts, is set out in Appendix Z1.

### **Non-Treasury Investments**

- 10.29. Treasury management investments represent the placement of cash in relation to the S12 Local Government Act 2003 investment powers, i.e. they represent investments using the residual cash available to the authority from its day to day activities, under security, liquidity and yield principles.
- 10.30. The Council recognises that non-treasury investments in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful management. Such investments tend to be either:
- Policy type investments; whereby capital or revenue cash is advanced for a specific Council objective and will be approved directly through Committee. This may be an advance to a third party for economic regeneration, investments in subsidiaries and

joint ventures, etc.

- Strategic type investments; whereby the objective is primarily to generate capital or revenue resources to help facilitate Council services.

10.31. The Council's risk appetite for these investments is reviewed on a case-by-case basis depending on the scale and nature, and strategic fit, of the proposed investment. Where such non-treasury investments exist, they will be identified and summarised at high level within this strategy. The detail and rationale for non-treasury investments are covered in the separate Capital Strategy.

### **Subsidiary Companies**

10.32. The Council has two wholly owned subsidiary companies, Lewisham Homes Limited and Catford Regeneration Partnership Limited (CRPL). It has invested in these subsidiaries as summarised below.

#### Lewisham Homes Limited

10.33. Lewisham Homes is an arms-length management organisation (ALMO) set up in 2007 as part of the Council's initiative to deliver better housing services and achieve the Decent Homes Standard. The company manages approximately 19,000 homes.

10.34. The Council has to date agreed two separate loan facilities with Lewisham Homes, the first on proxy commercial terms financed from internal borrowing and the second on cost-neutral terms financed through the PWLB. Both loans allow Lewisham Homes to purchase properties to address temporary accommodation needs in the borough, and will be repaid on set maturity dates.

10.35. Agreement of the property acquisition programme and relevant loan agreements was obtained from Mayor and Cabinet. State Aid issues and other risks and mitigations were considered in the approval of the loan facilities, including for the second loan the requirement for collateral against the loan in order to obtain MRP exemption.

10.36. As at 31 March 2022 the Council has advanced all £20m of the commercial loan facility, and all £20m of the agreed facility financed from PWLB debt.

#### Catford Regeneration Partnership Limited (CRPL)

10.37. The CRPL is a property investment company created in January 2010 which owns the Catford Shopping Centre and several neighbouring properties used to generate income whilst driving forward a regeneration programme for the town centre and surrounding area.

10.38. The Council has existing loan agreements in place with the CRPL, currently on an interest only basis, with interest being capitalised until 2024/25. As at 31 March 2022 the Council expects the outstanding loan principal to be approximately £15.0m, and £0.5m of capitalised interest.

### **Other Non-Treasury Investments**

#### Besson Street Joint Venture

10.39. The Council is an equal equity partner in a joint venture with Grainger Plc. to bring forward the development of the currently vacant Besson Street site to provide properties for the Private Rented Sector on long term tenancies. The Council has invested land at this stage and will be required to put forward an estimated £22-27m of

cash to make up its share (50%) of the 40% equity, with 60% external long-term borrowing, to be invested once the scheme is built. This is currently forecast to be in 2026/27.

- 10.40. The Council also holds minority stakes in the following:
- 10% in Lewisham Schools for the Future LEP Limited, a Local Education Partnership established under the Council's Building Schools for the Future (BSF) programme to rebuild and refurbish secondary schools within the borough;
  - Less than 1% in South-East London Combined Heat and Power Ltd (SELCHP), a joint venture with the London Borough of Greenwich for the provision of waste disposal and waste to energy processes; and
  - A minority share in Newable Ltd (formerly Greater London Enterprise Ltd) which provides property management and consultancy services.

### **Investment Opportunity**

- 10.41. In accordance with the Treasury Management Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information. As set out previously, it is no longer possible to earn the level of interest rates commonly seen in previous decades as investment rates are considerably lower than pre-pandemic, and the Bank Rate is now at 0.25%. Given this risk environment and economic uncertainty, investment returns are expected to remain low in 2022/23.
- 10.42. Money Market Fund (MMF) yields have continued to drift lower. Some managers have suggested they might resort to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity, has resulted in a glut of money moving around at the very short end of the market; inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home. However, MMFs are still offering a marginally positive return, as are a number of financial institutions. The increase to the Bank Rate in December 2021 has resulted in a slight increase to interest rates although these remain considerably lower than pre-pandemic levels.
- 10.43. The Council is a member of a treasury benchmarking group (organised by Link Asset Services) containing 15 authorities, including 12 other London authorities. A review of the latest available benchmarking report shows that the return on investments as at September 2021 is below the Council's model weighted average rate of return provided by the treasury advisors, which is adjusted for the risks inherent in the portfolio. Portfolio performance is in line with the overall benchmarking group, as well as a wider group of 20 London boroughs.
- 10.44. The current investment counterparty criteria as set out in the Credit Worthiness Policy and included at Appendix Z2 of this report are meeting the requirements of the treasury management function, although the current low rate environment and the reluctance of banks and building societies to accept new deposits reduces the available pool of counterparties that meet guideline investment rates.

## Borrowing

### Minimum Revenue Provision (MRP) Policy Statement

- 10.45. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision – VRP). The MRP must be determined by the Council as being a prudent provision having regard to the DLUHC (Department for Levelling Up, Housing and Communities) (previously MHCLG) Statutory Guidance on Minimum Revenue Provision.
- 10.46. The MRP is the amount the Council charges to the revenue account and does not correspond to the actual amount of debt repaid, which is determined by treasury related issues. Historically the Council has applied a consistent MRP policy which comprises prudential borrowing being repaid over the useful life of the asset concerned and previous borrowing being repaid at the rate of 4% (equivalent to 25 years) of the outstanding balance.
- 10.47. In 2016/17, this policy was changed to reflect the useful lives of the specific asset classes on the Council's balance sheet. It moved to:
- A straight line MRP of 14% equivalent to seven years for plant and equipment (such as IT and vehicles); and
  - A straight line MRP of 2.5% equivalent to forty years for property (such as land and buildings).
- 10.48. In 2017/18, a third element was added to the Council's MRP policy, whereby no MRP need be charged on capital expenditure where the Council has assessed that sufficient collateral is held at a current valuation to meet the outstanding CFR liability, and that should it be determined at any point that insufficient collateral is held to match the Council's CFR liability, a prudent MRP charge will commence.
- 10.49. In 2019/20 the Council commissioned an independent review of its current MRP policy to ensure it is fit for current and future spending plans, as well as a review of historic calculations and a reconciliation to the CFR to identify any potential efficiencies. The review was undertaken by the Council's treasury advisors, Link Group.
- 10.50. The Council implemented one of the recommendations from the report from 2019/20 onwards, specifically to adjust for an historic overcharging of MRP from 2003/04 as a result of a miscalculation in the 'Adjustment A' figure (an accounting adjustment designed to ensure minimal changes in liability when new capital financing regulations were introduced in 2003/04). The Prudential Code allows for MRP to be reduced appropriately, in line with an authority's own judgement, where Adjustment A reflects an error that increases the current MRP liability. As such, the Council reduced its ongoing liability by reducing its MRP charge to account for the higher Adjustment A figure, whilst additionally offsetting current and future years' MRP charges to recover the historic overcharging since 2003/04.
- 10.51. The value of the overcharge has been calculated as £10.1m, which will be recovered from 2019/20 over a 10 year period via an annual reduction to MRP. The outstanding value of the overcharge to be recovered as at 31 March 2022 is £7.1m.

### Borrowing, Treasury Indicators and Debt Rescheduling

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Page 163

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- 10.52. The Council's external debt as at 31 March 2022, gross borrowing plus long term liabilities, is expected to be £498.6m. The Council's borrowing strategy is consistent with last year's strategy. The Council is currently maintaining an under-borrowed position in that the CFR is not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as an alternative funding measure. In the current economic climate, this strategy is considered prudent while investment returns are low and counterparty risk remains an issue to be considered.
- 10.53. The Executive Director for Corporate Resources will continue to monitor interest rates in the financial markets and adopt a pragmatic and cautious approach to changing circumstances. For instance, if it was felt that there was a significant risk of a sharp fall in long and short term rates then long term borrowing will be postponed and potential rescheduling from fixed rate funding into short-term borrowing considered. Any such decisions would be reported to Mayor and Cabinet and subsequently Council, at the next available opportunity.
- 10.54. Alternatively, if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast (perhaps arising from an acceleration in rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks) then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in future years. Once again, any such decisions would be reported to Mayor and Cabinet and subsequently Council, at the next available opportunity.

#### **Policy on Borrowing in Advance of Need**

- 10.55. Members should note that the Council's policy is not to borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within the approved forward CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

#### **Treasury Indicators**

- 10.56. There are three debt-related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. These limits need to be balanced against the requirement for the treasury function to retain some flexibility to enable it to respond quickly to opportunities to reduce costs and improve performance.
- 10.57. The debt related indicators are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
  - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
  - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.
- 10.58. The treasury indicators and limits are set out in Table D1 below:

**Table D1: Treasury Indicators and Limits**

| Limits on Interest Rate Exposures   | 2022/23      | 2023/24      | 2024/25      |
|---|--------------|--------------|--------------|
|   | <b>Upper</b> | <b>Upper</b> | <b>Upper</b> |
| <b>Limits on fixed interest rates:</b>  |              |              |              |
| • Debt only   | 100%         | 100%         | 100%         |
| • Investments only:   |              |              |              |
| When total portfolio >£400m   | 90%          | 90%          | 90%          |
| When total portfolio <£400m   | 85%          | 85%          | 85%          |
| <b>Limits on variable interest rates</b>  |              |              |              |
| • Debt only   | 15%          | 15%          | 15%          |
| • Investments only  | 75%          | 75%          | 75%          |
| <b>Limits on Maturity Structure of Fixed Interest Rate Borrowing 2022/23</b>    |              |              |              |
|   | <b>Lower</b> | <b>Upper</b> |              |
| Under 12 months   | 0%           | 10%          |              |
| 12 months to 2 years  | 0%           | 10%          |              |
| 2 years to 5 years  | 0%           | 10%          |              |
| 5 years to 10 years   | 0%           | 25%          |              |
| 10 years to 20 years  | 0%           | 20%          |              |
| 20 years to 30 years  | 0%           | 25%          |              |
| 30 years to 40 years  | 0%           | 50%          |              |
| 40 years to 50 years  | 0%           | 60%          |              |
| <b>Limits on Maturity Structure of Variable Interest Rate Borrowing 2022/23</b> |              |              |              |
|   | <b>Lower</b> | <b>Upper</b> |              |
| 30 years to 40 years  | 0%           | 60%          |              |
| 40 years to 50 years  | 0%           | 40%          |              |

**Long Term Investments Indicator**

- 10.59. This indicator sets a limit on the total principal funds invested for greater than 365 days. This limit is set with regard to the Council's liquidity requirements and to manage the risks associated with the possibility of loss which may arise as a result of having to seek early repayment, or redemption of, principal sums invested.
- 10.60. The indicator is set out in Table D2 below. As at 31 March 2022, the Council is not expected to hold any investments for longer than 365 days.

**Table D2: Treasury Indicators and Limits**

| Maximum Principal Sums Invested for Longer than 365 days  |         |         |         |
|---|---------|---------|---------|
|   | 2022/23 | 2023/24 | 2024/25 |
|   | £m      | £m      | £m      |
| Limit on principal sums invested for longer than 365 days | 50.0    | 50.0    | 50.0    |

**Debt Rescheduling**

- 10.61. As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate efficiencies by switching from long-term debt to short-term debt. However, these efficiencies will need to be considered in light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 10.62. The reasons for any rescheduling to take place will include:
- The generation of cash savings and/or discounted cash flow savings;
  - Helping to fulfil the Treasury Strategy; and
  - Enhancing the balance of the portfolio (to amend the maturity profile and/or the balance of volatility).
- 10.63. The Council will continue to explore rescheduling opportunities as appropriate in respect of the financing of its PFIs and external loans.
- 10.64. The Council has £120m of LOBO loans at nominal value as at 31 March 2022 of which £35m will be in their call period in 2022/23 for fixed rate LOBO loans, along with £12.5m of capitalised interest in respect of the stepped LOBO loan. In the event that the lender exercises the option to change the rate or terms of the loans within their call period, the Council will consider the terms being provided and also the option of repayment of the loan without penalty.
- 10.65. The Council continuously reviews its debt position to optimise its cash flow. Any consideration of debt rescheduling will be reported to Mayor and Cabinet and subsequently to Council at the earliest meeting possible.
- 10.66. No new external borrowing has been undertaken to date in 2021/22 as of 10 January 2022. There was an increase in PWLB margins over gilt yields in October 2019, although the general margin of PWLB rates over gilt yields was then reduced by 100 bps in November 2020. The subsequent consultation on these margins by HM Treasury, together with the impact of coronavirus on the capital programme, has led the Council to make use of internal borrowing where required in 2021/22 financial year.
- 10.67. Debt rescheduling of current borrowing is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates.
- 10.68. Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

## Council's Capital Programme

### Capital Investment Plans

- 10.69. The Treasury Management Strategy for 2022/23 incorporates the capital plans of the Council, which are a key driver of treasury management activity. The output of capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.
- 10.70. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet service activity and the Council's Capital Strategy. This involves both the management and monitoring of cash flows and, where capital plans require, the arrangement of appropriate borrowing facilities.

### Capital Strategy

- 10.71. The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to produce a Capital Strategy, which will provide the following:
- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
  - An overview of how the associated risk is managed; and
  - The implications for future financial sustainability.
- 10.72. The aim of the strategy is to ensure that all elected Members on full Council fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.
- 10.73. The Capital Strategy is reported separately from the Treasury Management Strategy; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy shows:
- The corporate governance arrangements for these types of activities;
  - Any service objectives relating to the investments;
  - The expected income, costs and resulting contribution;
  - The debt related to the activity and the associated interest costs;
  - For non-loan type investments, the cost against the current market value; and
  - The risks associated with each activity.
- 10.74. The 2022/23 Capital Strategy was presented to Mayor and Cabinet on 2 February 2022.

### Capital Position (Prudential Indicators)

- 10.75. Forward projections for borrowing as at 31 March 2022 are summarised below in Table D3, which shows the actual external debt from treasury management operations and other long-term liabilities against the underlying capital borrowing need (the Capital Financing Requirement - CFR) which is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness, and its underlying borrowing

need; any increase to capital expenditure which has not immediately been paid for through a revenue or capital resource will increase the CFR.

- 10.76. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 10.77. The CFR includes any other long-term liabilities (e.g. PFI liabilities). Whilst these increase the CFR and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI or PPP provider and so the Council is not required to separately borrow for these schemes.
- 10.78. Changes in external debt incorporate upcoming loan maturities and projected prudential borrowing requirements in both the General Fund and the Housing Revenue Account (HRA).
- 10.79. Table D3 below illustrates over/(under) borrowing relative to the combined CFR for the General Fund and HRA.

**Table D3: External Debt Projections**

|   | 2020/21<br>Actual<br>£m | 2021/22<br>Forecast<br>£m | 2022/23<br>Forecast<br>£m | 2023/24<br>Forecast<br>£m | 2024/25<br>Forecast<br>£m |
|---|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| External Debt at 1 April                                    | 217.00                  | 223.50                    | 268.70                    | 387.20                    | 532.50                    |
| Change in External Debt                                     | 6.50                    | 45.20                     | 118.50                    | 145.30                    | 69.50                     |
| Other Long-Term Liabilities                                 | 240.20                  | 229.90                    | 219.80                    | 209.00                    | 197.50                    |
| <b>Gross Debt at 31 March</b>                               | <b>463.70</b>           | <b>498.60</b>             | <b>607.00</b>             | <b>741.50</b>             | <b>799.50</b>             |
| CFR - HRA   | 55.50                   | 81.60                     | 190.40                    | 327.00                    | 389.80                    |
| CFR – General Fund and<br>Other Long-Term Liabilities       | 451.70                  | 457.40                    | 469.20                    | 459.80                    | 442.30                    |
| <b>Total Capital Financing<br/>Requirement at 31 March*</b> | <b>507.20</b>           | <b>539.00</b>             | <b>659.60</b>             | <b>786.80</b>             | <b>832.10</b>             |
| <b>Borrowing – over / (under)</b>                           | <b>(43.50)</b>          | <b>(40.40)</b>            | <b>(52.60)</b>            | <b>(45.30)</b>            | <b>(32.60)</b>            |

\*The Capital Financing Requirement includes the prudential borrowing figures shown in Section 6.1 of the 2022/23 Capital Strategy. The previous year's forecast prudential borrowing for capital did not materialise as expected and there is a risk that this recurs. This will be monitored during the year and reported back. This is a more acute risk given the scale and ambition of the capital programme, particularly in the HRA. We will ensure that we only borrow as the need arises.

- 10.80. Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

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10.81. The Executive Director for Corporate Resources reports that the Council has complied with this prudential indicator in the current year to date and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

### **Limits to Borrowing Activity**

10.82. There are two measures of limiting external debt; the 'operational boundary' and 'authorised limit for external debt', which the Council reports on as part of its prudential indicators. Both are described in further detail in the following paragraphs.

#### The Operational Boundary for External Debt

10.83. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. The Council's operational boundary is set out in Table D4.

**Table D4: Operational Boundary**

|                                      | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Maximum External Debt at 31 March    | 268.70        | 387.20        | 532.50        | 602.00        |
| Other Long-Term Liabilities          | 229.90        | 219.80        | 209.00        | 197.50        |
| <b>Operational Boundary for Year</b> | <b>498.60</b> | <b>607.00</b> | <b>741.50</b> | <b>799.50</b> |

#### The Authorised Limit for External Debt

10.84. This key indicator represents a control on the maximum level of borrowing, and provides a limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term but is not sustainable in the longer term.

10.85. This is a statutory limit determined under Section 3(1) of the Local Government Act 2003, and needs to be set and revised by full Council. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

10.86. The authorised limits are as set out in Table D5.

**Table D5: Authorised Limits for External Debt**

|  | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m |
|--|---------------|---------------|---------------|---------------|
| <b>Operational Boundary for Year</b>         | <b>498.60</b> | <b>607.00</b> | <b>741.50</b> | <b>799.50</b> |
| Provision for Non-Receipt of Expected Income | 56.00         | 56.00         | 56.00         | 56.00         |
| Additional 10% Margin                        | 49.86         | 60.70         | 74.15         | 79.95         |
| <b>Authorised Limit for Year</b>             | <b>604.46</b> | <b>723.70</b> | <b>871.65</b> | <b>935.45</b> |

## 11. Capital Programme

### Introduction

- 11.1. This section presents progress with the capital plans for 2021/22 and the capital programme for the Council in the coming years 2022/23 to 2024/25. This report incorporates the capital report considered by M&C at their meeting of the 2 February (see appendix W1) into the Budget proposals for 2022/23 to be presented to full Council on the 2 March.
- 11.2. Both for the current year and in the coming three years, the General Fund schemes remain weighted to spend on school and corporate buildings and infrastructure such as highways and the Housing Revenue Account to stock condition and safety works and the new build programme – Building for Lewisham.

### 2021/22 update

- 11.3. The revised capital programme for the current year 2021/22 is £182.2m, of which £66.4m relating to General Fund schemes and £115.8m to Housing Revenue Account schemes. Delivery against the 2021/22 plan in full remains challenging and work continues to re-profile the programme to reflect more realistic timings to assist with monitoring going forward.

### 2022/23/24 programme

- 11.4. The proposed Capital Programme (General Fund and Housing Revenue Account) budget for 2022/23 to 2024/25 is £600.4m; split £59.1m (10%) for the General Fund and £541.3m (90%) for the Housing Revenue Account. Of this programme £244.8m is for 2022/23 with £35.2m on the General Fund and £209.6m on the Housing Revenue Account. The most significant proportion of the capital programme is focused on the Housing Revenue Account, broadly split 50:50 across the twin priorities of Decent Homes and new Affordable Homes.
- 11.5. The funding breakdown for the General Fund is 70% from current reserves, anticipated receipts, and grants or contributions (including s106 and CIL) with the remaining 30% to be funded from borrowing. For the Housing Revenue account 47% is anticipated to be funded from current reserves, anticipated receipts, and grants (including Right to Buy and GLA contributions) and 53% from borrowing.
- 11.6. The key risks to the programme include; slippage in the face of rising costs, future rents or running costs of the assets within their useful life, and ability within the current plans to create investment capacity to help deliver the Council's strategic priorities going forward.
- 11.7. The scale of the programme continues to mark a stepped increase on previous years and in respect of borrowing it represents a further significant rise in borrowing by the Council of £336.3m, building on the budgeted £45.4m for 2021/22. These funding plans link the capital plans to the Treasury Management Strategy, also considered as part of the 2022/23 Budget in this report at Section 10.

### Recommendation

- 11.8. It is recommended that Council approve the 2022/23 to 2024/25 Capital Programme of £600.4m as set out in Appendix W1.

## 12. Consultation on the budget

- 12.1. In setting the various budgets, it is important to have extensive engagement with citizens to consider the overarching challenge facing public services in Lewisham over the next few years. To this end, the Council has undertaken a range of engagement and specific consultation exercises. The specific consultation exercises were:

### Rent Setting and Housing Panel

- 12.2. As in previous years, tenants' consultation was undertaken via Housing Panel meetings. This provided tenant representatives of Lewisham Homes with an opportunity on 24<sup>th</sup> November 2021 at the joint Housing Panel meeting to consider the positions and to feedback any views to Mayor & Cabinet. Tenant representatives of Brockley convened their Brockley Residents' Board on 10<sup>th</sup> November 2021 to hear the proposals and fed back.
- 12.3. Details of comments from the residents' meetings have been set out in Appendix X2 and X3.

### Business Ratepayers

- 12.4. Representatives of business ratepayers were consulted online on Council's outline budget between 7 January and 27 January 2022. This consultation was open to all of the over 10,000 businesses registered in Lewisham.
- 12.5. There were 18 respondees, three of whom submitted blank surveys after going through the information, one response was from a resident and not a Lewisham business rate payer and therefore not an eligible response, and one was from a Lewisham business but provided no comment, resulting in 13 responses for consideration.
- 12.6. Of the 13 responses for consideration, one response indicated that the Council was supporting businesses positively and suggested no areas for improvement or comment on the general fund budget.
- 12.7. The remaining 12 responses can be grouped into two main themes: Covid impact and rate setting and levels; and local issues.

### **Covid and Business Rate Setting**

- 12.8. Four respondees expressed concern and/or frustration at the Government's measures to support businesses during the pandemic, this includes both the nature and levels of reliefs offered to business rate payers, and the scope and eligibility criteria for the various Government Covid business grants schemes available. Three respondees commented that business rates are set at levels which are unaffordable by businesses.
- 12.9. The Executive Director for Corporate Resources notes these comments, and that the issues raised by Business Rate payers in the consultation refer to concerns about the impact of Business Rates on the viability of their business, further exacerbated by the pandemic. These concerns are not unique to Lewisham and illustrate wider concerns about the fairness of the Business Rates system and its impact on high streets. The Government sets the level of Business Rates and issues regulations that the Council must follow in the administration of reliefs and grants, to whom support can be paid and what evidence must be provided to meet the qualifying criteria. The Council must adhere to those rules in all cases. The guidance and eligibility criteria can be found on the Government website.



<https://www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses>

<https://www.gov.uk/apply-for-business-rate-relief>

- 12.10. The Council is seeking to support local businesses, especially those in our town centres and high streets, with the resources that we do have available. The Council was the first local authority in the country to conduct a headcount and survey of independent and Black, Asian and Minority Ethnic owned businesses on our high streets. In the past two years the Council has administered over £76million in 14,000 grants to local businesses. A further round of grant funding to businesses has recently been launched focusing on those impacted by Omicron and businesses who want to be involved in the Borough of Culture 2022 activities. Alongside this there are a range of business support programmes available which are commissioned by the Council. This includes support with marketing, diversification of sales channels and business resilience. Businesses are also able to take advantage of subsidised membership of the South East London Chamber of Commerce and the Federation of Small Businesses.
- 12.11. In setting the General Fund budget for 2022/23 the Council has recognised the increased support required for local businesses and has proposed to fund £250k of growth within the Economy and Partnerships team to ensure that Lewisham businesses form an integral part of the Future Lewisham recovery from the pandemic.

#### **General Fund Services - Streetscene and Public Realm**

- 12.12. The remaining five responses provided comments pertaining General Fund services such as commercial waste collection, street cleansing, licensing and enforcement and street trees/greening.
- 12.13. The Executive Director for Housing, Regeneration and Public Realm notes these comments. Areas of high population density all face challenges with waste management and Lewisham is working hard to develop and invest in its commercial waste offer. Lewisham Council has a duty to facilitate the collection of commercial waste for businesses in Lewisham and for its part, is one of a few authorities in London to operate its own commercial waste service alongside other domestic waste and recycling services.
- 12.14. Commercial waste has a different classification to domestic waste and is a service for which a charge for collection can be made to recover its costs.
- 12.15. The Council's commercial waste service operates in a competitive marketplace and despite rising costs and supply chain pressures, it continues to offer an attractive and flexible package of services including daily, weekly, and monthly collections, as well as night-time collection service that supports Lewisham's night-time economy.
- 12.16. In contrast to Lewisham's residential areas that receive a weekly sweeping service, it's town centres receive an enhanced daily cleansing service to keep Lewisham's shopping and high footfall areas tidy. Resources are therefore directed to the areas of most need and the Council is willing to work with the business community, in partnership, to achieve greater levels of cleansing provision where it is desired.
- 12.17. In terms of comments regarding street greening, the Council has a wide scale tree planting programme which will include the consideration of all areas of the borough for increased planting and green cover.
- 12.18. With regards to comments on the licensing regimes in place, many licenses are set centrally by Government with no local discretion, for those licenses for which fees are determined locally, these are set at affordable rates, whilst ensuring that costs attributed to the provision of the services are recovered, and there are no plans to

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provide discounts for businesses with lower levels of turnover.

### **Summary**

- 12.19. The consultation was available to all of the 10,000 plus businesses registered in Lewisham and eighteen responses were received.
- 12.20. There were a number of comments and concerns raised regarding the level of business rates tax set by Government and the accessibility and level of Covid support measures available. In setting its General Fund budget the Council recognises the support needed to businesses and is therefore proposing to fund growth in the Economy and Partnerships service to continue to support businesses through and beyond the pandemic, whilst recognising that business rates and the relief and grants schemes are set centrally by Government.
- 12.21. There were also a number of comments provided on the General Fund services affecting businesses in the form of waste collection, street cleansing, licensing and enforcement and street trees/greening and the need for the Council to continue to ensure that its services provide value for money. These considerations underpin the ambition of Future Lewisham to ensure that our businesses can enjoy a Greener Lewisham, have a economically sound future and a future that we all have a part in.

## **12. Financial implications**

- 12.1. This entire report deals with the Council's Budget. Therefore, the financial implications are explained throughout.

## **13. Legal implications**

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

### Capital Programme

- 13.2. Generally, only expenditure relating to tangible assets (e.g. roads, buildings or other structures, plant, machinery, apparatus and vehicles) can be regarded as capital expenditure. (Section 16 Local Government Act 2003 and regulations made under it).
- 13.3. The Local Government Act 2003 introduced a prudential system of financial control, replacing a system of credit approvals with a system whereby local authorities are free to borrow or invest so long as their capital spending plans are affordable, prudent, and sustainable. Authorities are required to determine and keep under review how much they can afford to borrow having regard to CIPFA's Prudential Code of Capital Finance in Local Authorities. The Code requires that in making borrowing and investment decisions, the Council is to take account of affordability, prudence, and sustainability, value for money, stewardship of assets, service objectives, and practicality.
- 13.4. Section 11 Local Government Act 2003 allows for regulations to be made requiring an amount equal to the whole or any part of a capital receipt to be paid to the Secretary of State. Since April 2013, there has been no requirement to set aside capital receipts on housing land (SI2013/476). For right to buy receipts, the Council can retain 25% of the net receipt (after taking off transaction costs) and is then entitled to enter an agreement with the Secretary of State to fund replacement homes with the balance. Conditions on the use of the balance of the receipts are that spending has to happen within three

years and that 70% of the funding needs to come from Council revenue or borrowing. If the funding is not used within three years, it has to be paid to the Ministry of Housing, Communities and Local Government, with interest. In London, the monies are then transferred to the GLA. However, the Council has entered into an agreement with the GLA where the GLA has agreed in principle that all monies received from central government arising from right to buy disposals in Lewisham will be ring fenced and made available to the Council as social housing grant.

#### Housing Revenue Account

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

#### Balanced Budget

- 13.11. In accordance with the Local Government Act 1992 the Council must set its Council Tax for 2021/2022 before 11 March 2021. By law it may not set the Council Tax before receipt of confirmation of the precept from the precepting authority, the GLA which is anticipated on 26 February. A report will be prepared for the Council meeting on 3 March 2021 on the basis of indications from the GLA but the report will be despatched before their final decision. The Executive Director for Corporate Resources will update the Council accordingly before it makes its decision.
- 13.12. Following the introduction of the Local Authorities (Standing Orders)( Amendment) Regulations 2014 the Council's Constitution was amended to require that when the Council votes on key budget and Council Tax decisions, the vote must be recorded. This requirement will apply when the Council meets to set the Council Tax.
- 13.13. Members have a duty to ensure that the Council acts lawfully. It must set and maintain a balanced budget each year. The Council must take steps to deal with any projected overspends and identify cuts or other measures to bring the budget under control. If the Capital Programme is overspending, this may be brought back into line through cuts,

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slippage, or contributions from revenue. The proposals in this report are designed to produce a balanced budget in 2021/22.

- 13.14. In this context, Members are reminded of their fiduciary duty to the Council Tax payer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of Council funds.

#### An annual budget

- 13.15. By law, the setting of the Council's budget is an annual process. However, to enable meaningful planning, a number of cuts proposals for 2021/22 were anticipated in the course of the budget process. The first round of cuts were approved by Mayor and Cabinet on 9 December 2020. The second round is on the same agenda as this report and will be considered by Mayor and Cabinet before consideration of the recommendations in this report. They are listed in Appendix Y1 and Appendix Y2 respectively of this report. This report is predicated on taking all of the agreed and proposed budget cuts and those budget cuts being successfully implemented. If not, any shortfall will have to be met through adjustments to the annual budget in this report with the use of reserves.
- 13.16. The body of the report refers to the various consultation exercises (for example with tenants and businesses) which the Council has carried out/is carrying out in accordance with statutory requirements relating to this budget process. Mayor and Cabinet must consider the outcome of that consultation with an open mind before reaching a decision about the final proposals to Council. It is noted that the outcome of consultation with business rate payers will only be available from the 2 February 2021 and any decisions about the Mayor and Cabinet's proposals on the budget are subject to consideration of that consultation response which will be reported to Mayor and Cabinet in the budget update report scheduled for the 10 February. Until the outcome of the consultation and any relevant matters are considered by M&C, the decisions sought in this report cannot be final.

#### Referendum

- 13.17. Sections 72 of the Localism Act 2011 and Schedules 5 to 7 amended the provisions governing the calculation of Council Tax. They provide that if a Council seeks to impose a Council Tax increase in excess of limits fixed by the Secretary of State, then a Council Tax referendum must be held, the results of which are binding. The Council may not implement an increase which exceeds the Secretary of State's limits without holding the referendum. Were the Council to seek to exceed the threshold, substitute calculations which do not exceed the threshold would also have to be drawn up. These would apply in the event that the result of the referendum is not to approve the "excessive" rise in Council Tax. Attention is drawn to the statement of the Secretary of State that the Council may impose a precept of 3% on the Council Tax, ring-fenced for social care provision, and may impose an additional increase of less than 2% without the need for a referendum. The maximum proposed Council Tax increase is 4.99% and therefore below the combined limit.
- 13.18. In relation to each year the Council, as billing authority, must calculate the Council Tax requirement and basic amount of tax as set out in Section 31A and 31B of the Local Government Finance Act 1992. These statutory calculations appear in Appendix Y6.

#### Robustness of estimates and adequacy of reserves

- 13.19. Section 25 of the Local Government Act 2003 requires, when the authority is making its calculations under s31 of the Local Government Finance Act 1992, the Chief Finance

Officer to report to it on:-

- (a) the robustness of the estimates made for the purposes of the Calculations; and
  - (b) the adequacy of the proposed financial reserves.
- 13.20. The Chief Financial Officer's section 25 statement is appended to the Budget Report as Appendix Y5.

#### Treasury Strategy

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

#### Constitutional provisions

- 13.24. Legislation provides that it is the responsibility of the full Council to set the Council's budget. Once the budget has been set, save for those decisions which they are precluded from, it is for the Mayor and Cabinet to make decisions in accordance with the statutory policy framework and that are not wholly inconsistent with the budget. It is for the Mayor and Cabinet to have overall responsibility for preparing the draft budget for submission to the Council to consider. If the Council does not accept the Mayor and Cabinet's proposals, it may object to them and ask them to reconsider. The Mayor and Cabinet must then reconsider and submit proposals (amended or unamended) back to the Council which may only overturn them by a two-thirds majority.
- 13.25. For these purposes the term "budget" means the "budget requirement (as provided for in the Local Government Finance Act 1992) all the components of the budgetary allocations to different services and projects, proposed taxation levels, contingency funds (reserves and balances) and any plan or strategy for the control of the local authority's borrowing or capital expenditure." (Chapter 2 statutory guidance).
- 13.26. Authorities are advised by the statutory guidance to adopt an inclusive approach to preparing the draft budget, to ensure that councillors in general have the opportunity to be involved in the process. However, it is clear that it is for the Mayor and Cabinet to take the lead in that process and proposals to be considered should come from them. The preparation of the proposals in this report has involved the Mayor and Cabinet, the Council's select committees and the Public Accounts Select Committee in particular, thereby complying with the statutory guidance.

### Statutory duties and powers

- 13.27. The Council has a number of statutory duties which it must fulfil by law. It cannot lawfully decide not to carry out those duties. However, even where there is a statutory duty, the Council often has discretion about the level of service provision. Where a service is provided by virtue of a Council power rather than a duty, the Council is not bound to carry out those activities, though decisions about them must be taken in accordance with the decision making requirements of administrative law.

### Reasonableness and proper process

- 13.28. Decisions must be made reasonably taking into account all relevant considerations and ignoring irrelevancies. Members will see that in relation to the proposed budget cuts there is a summary at Appendix Y1 and Y2. If the Mayor and Cabinet decides that the budget for that service must be reduced, the Council's reorganisation procedure applies if staffing numbers would reduce. Staff consultation in accordance with that procedure will be conducted and in accordance with normal Council practice, the final decision would be made by the relevant Executive Director under delegated authority.
- 13.29. It is also imperative that decisions are taken following proper process. Depending on the particular service concerned, this may be set down in statute, though not all legal requirements are set down in legislation.
- 13.30. For example, depending on the service, there may need to be a need to consult with service users and/or others. The requirement to consult may arise by statute or there may be a legitimate expectation of consultation. A legitimate expectation will arise if a specific promise has been made to do something (for example as in the Lewisham Compact with the voluntary sector) or if it has become practice to consult on particular matters. Where there is a requirement to consult, any proposals in this report must remain proposals unless and until that consultation is complete and the responses have been brought back in a further report for consideration with an open mind before any decision is made.

### Staff consultation

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

### Best Value

- 13.32. Under section 3 of the Local Government Act 1999, the Council is under a best value duty to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. It must have regard to this duty in making decisions in relation to this report.

### Integration with health

- 13.33. Members are reminded that provisions under the Health and Social Care Act 2012 require local authorities in the exercise of their functions to have regard to the need to integrate their services with health. See "[Legal implications](#)" in the guidance for more

information.

## 14. Equalities implications

- 14.1. The Equality Act 2010 (the Act) introduced the public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 14.2. 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.
- 14.3. The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which the Council can demonstrate that they have had ‘due regard’.
- 14.4. The Equality and Human Rights Commission issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with services and public functions. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 14.5. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
  2. Meeting the equality duty in policy and decision-making
  3. Engagement and the equality duty
  4. Equality objectives and the equality duty
  5. Equality information and the equality duty
- 14.6. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties, and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

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- 14.7. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. It appears at Appendix Y9 and attention is drawn to its contents.
- 14.8. Assessing impact on equality is not an end to itself and it should be tailored to, and be proportionate to, the decision being made. Whether it is proportionate for the Council to conduct an Equalities Analysis Assessment of the impact on equality of a financial decision or not depends on its relevance to the Authority’s particular function and its likely impact on people from protected groups, including staff.
- 14.9. Where proposals are anticipated to have an impact on staffing levels, it will be subject to consultation as stipulated within the Council’s Employment/Change Management policies, and services will be required to undertake an Equalities Analysis Assessment (EAA) as part of their restructuring process.
- 14.10. It is also important to note that the Council is subject to the Human Rights Act, and should therefore, also consider the potential impact their particular decisions could have on human rights. Where particular cuts have such implications, they must be dealt with and considered in relation to those particular proposals before any final decision is made.

## **15. Climate change and environmental implications**

- 15.1. Section 40 of the Natural Environment and Rural Communities Act 2006 states that: ‘every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity’.
- 15.2. Overall there are limited changes to the budget structure and service funded either from agreed reductions or pressures funded. The environment considerations for any cuts were specifically considered as part of those proposals agreed by M&C. The environment considerations for the pressures to be funded in 2022/23, for example air quality, home energy, and healthier neighbourhood initiatives are positive.

## **16. Crime and disorder implications**

- 16.1. Section 17 of the Crime and Disorder Act 1998 requires the Council when it exercises its functions to have regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.
- 16.2. There are no specific crime and disorder implications arising from this report.

## **17. Health and wellbeing implications**

- 17.1. There are no specific health and well being implications arising from this report.

## **18. Background papers**

| Short Title of Report          | Date                  | Location                    | Contact      |
|--------------------------------|-----------------------|-----------------------------|--------------|
| Medium Term Financial Strategy | 14 July 2021<br>(M&C) | 1st Floor<br>Laurence House | David Austin |

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|                                  |                           |                          |              |
|----------------------------------|---------------------------|--------------------------|--------------|
| Budget Reductions Report 2022/23 | 2 February 2022 (M&C)     | 1st Floor Laurence House | David Austin |
| Council Tax Base                 | 19 January 2022 (Council) | 1st Floor Laurence House | David Austin |

## 19. Glossary

| Term                    | Definition   |
|-------------------------|--|
| Collection Fund         | A statement that shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. |
| General Fund            | This is the main revenue account which summarises the cost of all services (except those related to Council Housing and Locally Managed Schools) provided by the Council.  |
| Housing Revenue Account | Reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure and how this is met by rents, subsidy and other income.          |
| Reserves                | Amounts set aside for purposes falling outside the definition of provisions made above are considered as reserves.   |
| Revenue Support Grant   | A general grant paid by Central Government to local authorities to help them finance the cost of their services, distributed on the basis of government relative needs formulas.   |

## 20. Report author and contact

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Financial implications on behalf of the Executive Director for Corporate Resources were provided by the report authors.

Legal implications on behalf of the Monitoring Officer were provided by Katherine Kazantzis.

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## 21. Appendices

### Capital Programme

W1 Capital Report and Appendices

### Housing Revenue Account

- X1 Proposed Housing Revenue Account Savings 2022/23
- X2 Leasehold and Tenants charges consultation 2022/23 Responses
- X3 Leasehold and Tenants Charges 2022/23 Regenter (Brockley)
- X4 Leasehold and Tenants Charges 2022/23 Lewisham Homes
- X5 Garage Rent Increase Report 2022/23
- X6 Other Associated Housing Charges for 2022/23

### General Fund

- Y1 Summary of previously agreed budget reduction proposals for 2022/23 (Approved 2021)
- Y2 Summary of budget reduction proposals for 2022/23
- Y3 Budget reduction proposals - allocation to Base Budget and Overspend
- Y4 Ready Reckoner for Council Tax 2022/23
- Y5 Chief Financial Officer's Section 25 Statement
- Y6 Council Tax and Statutory Calculations
- Y7 Summary of risks and pressures to be funded
- Y8 Making Fair Financial Decisions

### Treasury Management

- Z1 Interest Rate Forecasts
- Z2 Credit Worthiness Policy (Linked to Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management)
- Z3 Approved countries for investments
- Z4 Requirement of the CIPFA Management Code of Practice



## Mayor and Cabinet

### Capital Strategy Report

**Date:** 2 February 2022

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** None Specific

**Contributors:** Executive Director for Corporate Resources

### Outline and recommendations

This report sets out details of the Council's current capital programme for the three years 2022/23 to 2024/25 which informs the Council's Budget for 2022/23. Mayor and Cabinet are asked to note the current programme projects, budgets and financing and approve the programme for 2022/23 and ask Council to approve the same as part of the setting the 2022/23 Budget.

### Timeline of engagement and decision-making

December 2021 – Capital Programme Review to Public Accounts Select Committee  
January 2022 – Housing Revenue Budget report to Mayor & Cabinet  
January 2022 – Capital Strategy Report to Public Accounts Select Committee

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### 1. Executive Summary

- 1.1 This report sets out details of the Council's current capital programme in the context of the wider Capital Strategy approach and detailed plans for 2022/23 which inform the Treasury Management Strategy and Budget plans.
- 1.2 The capital programme is a three year rolling programme and this report provides a summary and supporting detail for the programmes and projects to which capital resources have been committed and shows the budget for each and how they are financed.
- 1.3 The report includes an analysis showing the breakdown of the three year budget across Council wards.
- 1.4 In addition the report sets out the prior year outturn and also the current year spend and budget for the programmes and projects. A reconciliation showing in year changes to the programme for the current financial year is also provided.

### 2. Policy Context

- 2.1 The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy. The Council launched its current Corporate Strategy in 2019, with seven corporate priorities as stated below:
- 2.2 Corporate Priorities
  - **Open Lewisham** - Lewisham will be a place where diversity and cultural heritage is recognised as a strength and is celebrated.
  - **Tackling the housing crisis** - Everyone has a decent home that is secure and affordable.
  - **Giving children and young people the best start in life** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
  - **Building an inclusive local economy** - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
  - **Delivering and defending health, social care and support** - Ensuring everyone receives the health, mental health, social care and support services they need.
  - **Making Lewisham greener** - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.
  - **Building safer communities** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.
- 2.3 Values are critical to the Council's role as an employer, regulator, and securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers, and members, between the council and partners and between the council and citizens. In delivering our duties, we are guided by the Council's four core values:
  - We put service to the public first
  - We respect all people and all communities
  - We invest in employees

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

- We are open, honest, and fair in all we do.

### 3. Recommendations

- 3.1 Mayor and Cabinet:
- 3.2 notes the 2021/22 Capital Programme monitoring position in this report and any Public Accounts Select Committee comments from their meeting of the 27 January;
- 3.3 recommends that Council approves the 2022/23 to 2024/25 Capital Programme of £600.4m, as set out in this report and supporting Appendices.

### 4. Background

#### Capital Programme

- 4.1 Capital expenditure is distinct from revenue expenditure in that it covers expenditure on items such as land and buildings that results in a tangible asset that can be classified as such on the Council's balance sheet.
- 4.2 The capital programme encompasses the range of physical assets the Council holds. The investment assets the Council holds are addressed separately in the Treasury Management Strategy. The capital programme therefore reflects budgets and expenditure on the Council's many physical assets such as housing, schools, roads, major infrastructure projects as well as cultural buildings such as the Broadway Theatre, libraries and leisure centres. These assets are held within one of two funds – the General Fund for the majority of asset types and the Housing Revenue Account (HRA) for social housing stock.
- 4.3 The Council sets its detailed Capital Programme over a three year period based on secured (e.g. grant) and affordable (e.g. level of borrowing) funding. This is because the nature of the projects and programmes mean that the associated expenditure is incurred over a number of years rather than in a single financial year.
- 4.4 Financial monitoring of the programme is carried out in a similar way to the revenue budget monitoring and reported to Mayor & Cabinet (M&C) as part of the periodic Financial Forecasts Report and at year end through the Outturn Report. Financial monitoring together with programme / project delivery is managed through a number of boards as set out in section 8.

#### Capital Strategy

- 4.5 The CIPFA 2017 Prudential Borrowing and Treasury Management Code required all local authorities to produce a capital strategy to provide an overview of how capital spend will support services, the associated risks are being managed, and the impact for future financial sustainability.
- 4.6 The current capital strategy is underpinned with the prudent approach of only committing to schemes once the financial resources are confirmed and robust due diligence has been undertaken on the delivery plans through effective project management disciplines. This underpins the three year rolling plan presented here to support the 2022/23 budget.
- 4.7 The general fund projects in the programme mean it is fully committed at present with a focus on meeting statutory safety obligations and improving the place through investment in the provision of housing for temporary accommodation, public spaces, schools, and the Council's community buildings. This capacity constraint will remain until new grants are identified, non-strategic assets are sold to generate receipts, or additional revenue funds can be committed to support investment or fund borrowing.

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

Work is underway to develop these plans and create headroom to invest in new priorities through the Asset Optimisation budget theme.

- 4.8 The larger focus of the capital programme at present is on the HRA with significant medium and long term plans for safety and stock condition works on current housing stock and the (re)-development on land owned or acquired by the Council to provide new social housing and homes – the Building for Lewisham programme.
- 4.9 Lewisham Homes, the Council's wholly owned subsidiary, are responsible for ensuring council owned stock under their management is brought up to and maintained to a decent homes level, covering both internal and external works. This work includes the recent focus on needing to incorporate fire safety works and address damp issues highlighted in some buildings. The prioritisation of works is informed by the recent stock condition survey of the whole estate which is currently estimated to require investment of £967.5m (before inflation and fees) over the next 30 years, with a significant proportion (around a third of this total) in the next five years.
- 4.10 In January 2020, the Mayor and Cabinet approved plans to advance and expand the Council's housebuilding programme to deliver on the corporate objectives set for the 2018 to 2022 period. This is the Building for Lewisham programme. This includes developing a number of infill sites as well as major strategic projects for Ladywell, the Achilles Street Estate, and Catford. In addition, with the support of Greater London Authority (GLA) grant secured, the Council is also undertaking an acquisitions programme to deliver more social homes in the Borough. Within the HRA to date, 199 social homes have been completed since 2018 with a further 779 forecast to be complete or under construction by the end of the financial year. In addition, plans for a further 344 new homes across a mix of tenures as the programme continues and a number of acquisitions are in train.
- 4.11 The capital strategy will ensure existing assets are maintained in an effective manner to enable Council services to be provided from appropriate locations in a safe and economical manner. In respect of the HRA it will provide much needed security through affordable housing to a significant number of families resident in the Borough. In addition, these new homes will provide additional council tax revenues to support the cost of providing services to residents and the community.
- 4.12 The key risks to the capital strategy are: 1) slippage in the face of rising costs adds to the financial pressure on the available resources, 2) future rents or running costs of the assets within their useful life do not match the business case assumptions leading to a funding gap, and 3) the ability to create the investment capacity to help deliver the Council strategic priorities, such as the commitment to zero-carbon by 2030.
- 4.13 These risks are mitigated with a significant governance and project management approach to overseeing delivery of the capital programme reporting regularly to senior management and Members on progress. Extensive lobbying and bidding for additional resources to partners and government and engagement with the Borough's residents to support the ambition to live and work in a sustainable manner. Detailed financial modelling, consulted on and reviewed with third party experts, with regular updates of the assumptions and progress on the schemes through the monitoring arrangements to assess the continued financial sustainability of the programme. These financial considerations are supported by appropriate and prudent accounting policies in respect of financing, valuation, and depreciation of these assets which are externally audited annually as part of the Councils financial statements.

### **5. Capital Programme 2022/23 to 2024/25**

- 5.1 The three year programme for 2022/23 to 2024/25 builds on the existing programme and its delivery for 2021/22. The following table sets out a summarised version of the

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

current three year programme. A more detailed breakdown of projects and programmes is included as Appendix 1.

| Programme Area   | Budget       |              |              |              |              | 3 Year Total |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2021/22      | 2022/23      | 2023/24      | 2024/25      |              |              |
|  | £m           | £m           | £m           | £m           | £m           |              |
| Leisure, CCTV & Other Community Misc                             | 4.7          | 0.2          | 0.0          | 0.0          | 0.2          |              |
| Corporate - ICT  | 0.6          | 0.5          | 0.0          | 0.0          | 0.5          |              |
| Schools & Other CYP  | 11.8         | 11.5         | 0.9          | 0.0          | 12.4         |              |
| Asset Management & Major Schemes                                 | 17.8         | 17.0         | 13.1         | 0.0          | 30.1         |              |
| Housing - Land Assembly & Temporary Accommodation (General Fund) | 29.6         | 5.4          | 9.3          | 0.0          | 14.7         |              |
| Housing Grants - Disabled & Other Grants (General Fund)          | 1.9          | 0.6          | 0.6          | 0.0          | 1.2          |              |
| <b>Sub Total General Fund</b>                                    | <b>66.4</b>  | <b>35.2</b>  | <b>23.9</b>  | <b>0.0</b>   | <b>59.1</b>  |              |
| Building For Lewisham Programme (BfL)                            | 50.2         | 121.2        | 129.3        | 67.5         | 318.0        |              |
| Decent Homes Programme   | 57.8         | 83.4         | 62.9         | 64.1         | 210.4        |              |
| Housing Management System  | 1.3          | 1.2          | 0.0          | 0.0          | 1.2          |              |
| Other Schemes  | 6.5          | 3.8          | 3.9          | 4.0          | 11.7         |              |
| <b>Sub Total HRA Programme</b>                                   | <b>115.8</b> | <b>209.6</b> | <b>196.1</b> | <b>135.6</b> | <b>541.3</b> |              |
|  |              |              |              |              |              |              |
| <b>TOTAL PROGRAMME</b>   | <b>182.2</b> | <b>244.8</b> | <b>220.0</b> | <b>135.6</b> | <b>600.4</b> |              |

- 5.2 The capital programme is periodically updated throughout the year for changes to the budget and these are split over the three year period. These changes can include the addition of prior year underspends arising during the closing of accounts process, new projects being added to the programme, and the removal of residual redundant budgets on completed projects. In addition, project slippage and the receipt of updated information feeding into the budget forecast may mean that budgets are slipped from the current year to a future year or in some cases brought forward where a project is ahead of schedule.
- 5.3 An exercise to review the budget profile for a number of general fund projects was completed in December 2021 which led to a number of changes on the budget split over the three year programme period. A detailed list of the changes made is shown in Appendix 3. A similar exercise is underway for the HRA programme with the 2021/22 slippage rolled into the 2022/23 budget pending this work being completed.
- 5.4 With the growth in scale and complexity of the programme since 2019, principally through the HRA to reflect the extended stock condition and safety works and new housing supply in Building for Lewisham, it is clear from the recent review that more regular and dynamic reprofiling will need to be undertaken. This is to ensure effective delivery and financial monitoring to respond to the scale and complexity of the programme and deal with current and ongoing challenges it faces. A key challenge behind delays in 2020 and 2021 to projects has been the Covid-19 pandemic, which in some cases has led to increased costs placing significant pressure on already constrained resources. This is causing the need to continually re-appraise the allocation of limited capital resources to meet corporate priorities.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

- 5.5 The three year capital programme reflects projects and programmes across the borough. An analysis of the programme by ward has been carried out and is shown in the following table. Some budgets cannot readily be identified against a single ward as they may be being held at a high programme level and not yet specifically allocated to a particular project. For example amounts have been set aside for HRA condition works but not allocated to specific sites.

### LBL 3-Year Capital Programme 2021-2024 By Ward

|                     | HRA          | GF          | Schools     | Total        |
|---------------------|--------------|-------------|-------------|--------------|
|                     | £m           | £m          | £m          |              |
| Bellingham          | -            | 4.4         | 3.8         | 8.2          |
| Blackheath          | -            | 0.3         | 0.1         | 0.4          |
| Brockley            | -            | 1.2         | 2.3         | 3.5          |
| Catford South       | -            | 0.8         | 0.7         | 1.4          |
| Crofton Park        | -            | 0.7         | 0.2         | 0.9          |
| Downham             | -            | 1.9         | 0.4         | 2.3          |
| Evelyn              | -            | 12.8        | 1.4         | 14.2         |
| Forest Hill         | -            | 2.7         | 0.3         | 3.0          |
| Grove Park          | -            | -           | 0.2         | 0.2          |
| Ladywell            | -            | -           | -           | -            |
| Lee Green           | -            | -           | 0.0         | 0.0          |
| Lewisham Central    | 72.6         | 13.7        | 0.5         | 86.8         |
| New Cross           | 38.8         | 7.1         | -           | 45.9         |
| Perry Vale          | -            | 8.2         | 9.4         | 17.6         |
| Rushey Green        | -            | 19.5        | 0.5         | 20.0         |
| Sydenham            | -            | 0.1         | 0.0         | 0.1          |
| Telegraph Hill      | -            | -           | 0.4         | 0.4          |
| Whitefoot           | -            | 1.1         | 0.3         | 1.4          |
|                     |              |             |             |              |
| <i>Borough wide</i> | <i>349.0</i> | <i>23.6</i> | <i>3.5</i>  | <i>376.1</i> |
|                     |              |             |             |              |
| <b>Total</b>        | <b>460.4</b> | <b>97.9</b> | <b>24.0</b> | <b>582.3</b> |

## 6. Financing The Capital Programme

- 6.1 The following table sets out a summarised version of how the programme is financed broken down by year. A more detailed breakdown is contained in Appendix 2.



## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

| RESOURCES  | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m | 3 year Total<br>£m |
|--|---------------|---------------|---------------|---------------|--------------------|
| <b>GENERAL FUND</b>  |               |               |               |               |                    |
| RTB Receipts   | 3.3           | 1.7           | 1.2           | 0.0           | 2.9                |
| Capital Receipts & reserves, Corporate Provisions & Reserves | 18.0          | 9.6           | 6.5           | 0.0           | 16.1               |
| Grants / Contributions                                       | 7.4           | 3.9           | 2.6           | 0.0           | 6.5                |
| S106 (Grant)   | 8.6           | 4.6           | 3.1           | 0.0           | 7.7                |
| Schools PfS Grant  | 9.8           | 5.2           | 3.5           | 0.0           | 8.7                |
| Prudential Borrowing   | 19.3          | 10.2          | 7.0           | 0.0           | 17.2               |
| <b>Total GF Resources</b>                                    | <b>66.4</b>   | <b>35.2</b>   | <b>23.9</b>   | <b>0.0</b>    | <b>59.1</b>        |
| <b>HOUSING REVENUE ACCOUNT</b>                               |               |               |               |               |                    |
| Prudential Borrowing   | 26.1          | 109.4         | 140.0         | 69.7          | 319.1              |
| Grants   | 3.0           | 40.2          | 15.8          | 19.2          | 75.2               |
| RTB Receipts   | 0.7           | 9.1           | 13.5          | 4.4           | 27.0               |
| Sale Receipts  | 0.0           | 3.5           | 1.1           | 16.9          | 21.5               |
| Other Receipts   | 0.0           | 20.0          | 0.0           | 0.0           | 20.0               |
| Reserves / Revenue / MRR                                     | 86.0          | 27.4          | 25.7          | 25.4          | 462.8              |
| <b>Total HRA Resources</b>                                   | <b>115.8</b>  | <b>209.6</b>  | <b>196.1</b>  | <b>135.6</b>  | <b>541.3</b>       |
|  |               |               |               |               |                    |
| <b>TOTAL RESOURCES</b>                                       | <b>182.2</b>  | <b>244.8</b>  | <b>220.0</b>  | <b>135.6</b>  | <b>600.4</b>       |

6.2 As can be seen from the table above the Capital Programme is financed through the following funding sources.

- HRA Reserves
- Right to buy capital receipts
- Capital receipts, capital reserves and funding from corporate provisions and reserves
- Specific Grants
- Section 106 / Community Infrastructure Levy (CIL)
- Prudential Borrowing

6.3 HRA Reserves are the balances ring fenced to the HRA generated from it is operations since inception. They are held to fund 1) existing stock maintenance and improvement works and 2) redevelopment and investment in new homes.

6.4 Right to buy capital receipts are received from the sale of council housing. The calculation and application of the receipts are subject to relatively complex rules set by government. An element of the receipts are held unconditionally and can be used to fund HRA and general fund capital expenditure, an element of the receipt is paid to government and an element of the receipt can be held by the Council to replace housing stock on a one for one basis – these are known as “one for one receipts”. One for one receipts must be spent within five years and can only fund 40% of the cost of a new home. These rules have only recently changed and previously the percentage was 30%.

6.5 Capital receipts and capital reserves can be used to fund general fund projects and are distinct from HRA ring-fenced receipts and reserves. Such receipts come from the disposal of general fund assets. In addition there is funding from corporate provisions and reserves where corporate funding has been specifically earmarked for certain

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

projects such as highways and footways. The allocation of corporate funds to capital from revenue reduces the available annual revenue budget for services. The larger the capital programme the more savings needed and the smaller service budgets will be. Currently the total available from existing reserves, earmarked funding, and known future disposals is fully allocated to the programme.

- 6.6 Specific grants e.g. Department of Education schools condition funding and funding from the Greater London Authority.
- 6.7 S106 funding refers to funding received from developers towards the costs of providing community and social infrastructure and which makes the planning application acceptable. Currently £16.7m of the total S106 funding received has been allocated to capital projects.
- 6.8 Some projects and programmes require funding from prudential borrowing. Such projects are usually required to demonstrate a positive payback of the required borrowing and interest costs over a certain period. In the case of housing schemes this is usually from rents over a 40 year period.

### 7. Current and Prior Year Capital Programme Budget And Spend

- 7.1 Progress in delivering the Capital Programme is regularly reported to Mayor & Cabinet and the Public Accounts Select Committee throughout the financial year.

#### Financial Year 2020/21

- 7.2 For financial year 2020/21 there was overall expenditure of £120.1m representing 70% of the revised budget of £171.6m. These amounts can be split between general fund and HRA. For general fund there was expenditure of £58m representing 82% of the revised budget of £70.4m. For the HRA there was £62.1m expenditure representing 61% of the revised budget of £101.2m. These amounts are shown in the following table and a more detailed breakdown of the spend across the programme is detailed in Appendix 5.

| <b>2020/21 Capital Programme</b> | <b>Revised Budget (M&amp;C Feb 20)</b> | <b>Revised Budget Mar 2021</b> | <b>Spend to 31 Mar 2021</b> | <b>% Spent to Date (Revised Budget)</b> |
|----------------------------------|--|--------------------------------|-----------------------------|---|
| General Fund                     | 63.2                                   | 70.4                           | 58.0                        | 82%                                     |
| Housing Revenue Account          | 100.4                                  | 101.2                          | 62.1                        | 61%                                     |
| <b>Total Capital Programme</b>   | <b>163.6</b>                           | <b>171.6</b>                   | <b>120.1</b>                | <b>70%</b>                              |

#### Financial Year 2021/22

- 7.3 For the current financial year 2021/22 as at the end of October 2021 there had been overall expenditure of £56.7m representing 31% of the revised budget of £182.2m. These amounts can be split between general fund and HRA. For general fund there was expenditure of £18.6m representing 28% of the revised budget of £66.4m. For HRA there was £38.1m expenditure representing 33% of the current revised budget of £115.8m. These amounts are shown in the following table and a more detailed breakdown of the spend across the programme is detailed in Appendix 4.

| <b>2021/22 Capital Programme</b> | <b>Revised Budget (M&amp;C Feb 21)</b> | <b>Revised Budget Proposed Oct 2021</b> | <b>Spend to P7 31 Oct' 2021</b> | <b>Spent to Date (Revised Budget)</b> |
|----------------------------------|--|---|---------------------------------|---------------------------------------|
|                                  |  |   |                                 |                                       |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|                                |              |              |             |            |
|--------------------------------|--------------|--------------|-------------|------------|
| General Fund                   | 70.3         | 66.4         | 18.6        | 28%        |
| Housing Revenue Account        | 114.0        | 115.8        | 38.1        | 33%        |
| <b>Total Capital Programme</b> | <b>184.3</b> | <b>182.2</b> | <b>56.7</b> | <b>31%</b> |

- 7.4 As stated earlier in this report, unspent budgets for ongoing capital programmes and projects are rolled forward at year end and a re-profiling exercise has been undertaken to provide budgets that will more accurately reflect expenditure for the three year period. A number of general fund budgets have been re-profiled as a result of this work but the exercise is not yet completed for the HRA. Once completed this is likely to result in some budgets being re-profiled from 2022/23 to future years and this should in turn provide a more accurate percentage of spend to date in future monitoring reports.
- 7.5 The most significant impact on spend that impacted on the amount carried forward for 2020/21, together with the need to re-profile budgets for 2021/22, has been in relation to the Covid-19 pandemic which was in turn compounded the impacts of Brexit. Construction works were paused at stages through the lockdowns of 2020 and 2021. Construction activity re-started but at a reduced capacity due to social distancing requirements. There have also been widespread labour and material shortages which have continued to impact on the pace of delivery and driven up costs, as evidenced by rising inflation and more recently interest rates as well.
- 7.6 The capital programme will be rolled forward to future years to recover the delivery ambition and has been re-profiled to account for the challenges over the last 18 months as well as considering the current market challenges in relation to labour and materials.
- 7.7 Importantly substantial external funding has been secured to support the delivery of the Council's Capital Programme including Brownfield Land Release Fund, GLA (various funding streams) and NHS contributions. Schools capital funding for Special Education Needs places is also increasing for 2022/23 following the announcements in the provision local government settlement. Plans for committing these are being prepared.

### 8. Capital Programme Delivery

- 8.1 The Capital Programme is managed through a number of boards as follows:
- The Regeneration Board has overall oversight of the Capital Programme strategy
  - The Regeneration & Capital Programme Delivery Board (RCPDB) reviews and agrees project initiation documents (PIDs) and delivery of existing projects picking up on any project/programme slippage. This board primarily focusses on general fund projects which includes those housing schemes within the general fund such as those relating to temporary accommodation and land assembly.
  - The Officer New Homes Programme Board (ONHPB) focuses on housing projects and has overall oversight of the Building for Lewisham programme.
  - The Children and Young People Capital Strategy Board has oversight of schools and other CYP programmes and projects together with their related funding.
- 8.2 Programmes and projects follow a number of standard processes and documentation.
- 8.3 For General Fund projects a Project Initiation Document (PID) must be completed that

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

sets out the details of the project and this needs to be approved at the RCPDB before a budget or expenditure code is allocated.

- 8.4 Where necessary a report must be prepared for M&C to agree the project, the budgets and financing.
- 8.5 ONHPB provide oversight for housing projects that are delivered by Lewisham Homes as the Council's delivery agent. Where necessary reports are prepared for M&C to agree projects, budgets and financing.
- 8.6 Once the project is agreed a regular highlight report is required to update the RCPDB or ONHPB on progress. At the completion of a project a closure report is completed for consideration by RCPDB or ONHPB.
- 8.7 A review of the governance structure is currently underway with a view to strengthening the links between the boards so that the Regeneration Capital Board has a clearer oversight of the other boards feeding into it. Revisions to the governance structure will further ensure:
  - Comprehensive oversight over the capital programme
  - Alignment of capital resources with corporate priorities
  - A robust approach to programme management
  - Formal oversight of regular re-profiling change requests.

### **9. Financial Implications**

- 9.1 This report concerns the Council's three year capital programme for 2022/23 to 2024/25 financial years. Therefore, any financial implications are contained within the body of the report.

### **10. Legal Implications**

#### Balanced Budget

- 10.1 In accordance with the Local Government Act 1992 the Council must set its Council Tax for 2022/2023 before 11 March 2022. By law it may not set the Council Tax before receipt of confirmation of the precept from the precepting authority, the GLA which is anticipated on 24 February. A report will be prepared for the Council meeting on 2 March 2022 on the basis of indications from the GLA but the report will be despatched before their final decision. The Executive Director for Corporate Resources will update the Council accordingly before it makes its decision.
- 10.2 Following the introduction of the Local Authorities (Standing Orders)( Amendment) Regulations 2014 the Council's Constitution was amended to require that when the Council votes on key budget and Council Tax decisions, the vote must be recorded. This requirement will apply when the Council meets to set the Council Tax.
- 10.3 Members have a duty to ensure that the Council acts lawfully. It must set and maintain a balanced budget each year. The Council must take steps to deal with any projected overspends and identify cuts or other measures to bring the budget under control. If the Capital Programme is overspending, this may be brought back into line through cuts, slippage, or contributions from revenue. The proposals in this report are designed to produce a balanced budget in 2021/22.
- 10.4 In this context, Members are reminded of their fiduciary duty to the Council Tax payer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of Council funds.

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

### Capital Programme

- 10.5 Generally, only expenditure relating to tangible assets (e.g. roads, buildings or other structures, plant, machinery, apparatus and vehicles) can be regarded as capital expenditure. (Section 16 Local Government Act 2003 and regulations made under it).
- 10.6 The Local Government Act 2003 introduced a prudential system of financial control, replacing a system of credit approvals with a system whereby local authorities are free to borrow or invest so long as their capital spending plans are affordable, prudent, and sustainable. Authorities are required to determine and keep under review how much they can afford to borrow having regard to CIPFA's Prudential Code of Capital Finance in Local Authorities. The Code requires that in making borrowing and investment decisions, the Council is to take account of affordability, prudence, and sustainability, value for money, stewardship of assets, service objectives, and practicality.
- 10.7 Section 11 Local Government Act 2003 allows for regulations to be made requiring an amount equal to the whole or any part of a capital receipt to be paid to the Secretary of State. Since April 2013, there has been no requirement to set aside capital receipts on housing land (SI2013/476). For right to buy receipts, the Council can retain 25% of the net receipt (after taking off transaction costs) and is then entitled to enter an agreement with the Secretary of State to fund replacement homes with the balance. Conditions on the use of the balance of the receipts are that spending has to happen within three years and that 70% of the funding needs to come from Council revenue or borrowing. If the funding is not used within three years, it has to be paid to the Ministry of Housing, Communities and Local Government, with interest. In London, the monies are then transferred to the GLA. However, the Council has entered into an agreement with the GLA where the GLA has agreed in principle that all monies received from central government arising from right to buy disposals in Lewisham will be ring fenced and made available to the Council as social housing grant.

## **11. Crime and Disorder, Climate and Environment Implications**

- 11.1 There are no specific crime and disorder act or climate and environment implications directly arising from this report.

## **12. Equalities Implications**

- 12.1 The Equality Act 2010 (the Act) introduced the public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 12.2 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.
- 12.3 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

key ways in which the Council can demonstrate that they have had 'due regard'.

- 12.4 The Equality and Human Rights Commission issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with services and public functions. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 12.5 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
  2. Meeting the equality duty in policy and decision-making
  3. Engagement and the equality duty
  4. Equality objectives and the equality duty
  5. Equality information and the equality duty
- 12.6 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties, and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>
- 12.7 The EHRC has also issued Guidance entitled "Making Fair Financial Decisions". It appears at Appendix Y9 and attention is drawn to its contents.
- 12.8 Assessing impact on equality is not an end to itself and it should be tailored to, and be proportionate to, the decision being made. Whether it is proportionate for the Council to conduct an Equalities Analysis Assessment of the impact on equality of a financial decision or not depends on its relevance to the Authority's particular function and its likely impact on people from protected groups, including staff.
- 12.9 Where proposals are anticipated to have an impact on staffing levels, it will be subject to consultation as stipulated within the Council's Employment/Change Management policies, and services will be required to undertake an Equalities Analysis Assessment (EAA) as part of their restructuring process.
- 12.10 It is also important to note that the Council is subject to the Human Rights Act, and should therefore, also consider the potential impact their particular decisions could have on human rights. Where particular cuts have such implications, they must be dealt with and considered in relation to those particular proposals before any final decision is made.

### 13. Background Papers

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

| Short Title of Report | Date            | Location | Contact      |
|-----------------------|-----------------|----------|--------------|
| 2021/22 Budget        | 3 March 2021    | Council  | David Austin |
| Financial Monitoring  | 8 December 2021 | M&C      | David Austin |
| Capital Programme     | 1 December 2021 | PASC     | David Austin |
| HRA Budget            | 12 January 2021 | M&C      | David Austin |

### 14. Report Author and Contact

David Austin, Director of Finance at [david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk)

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX 1 – Capital Programme Major Projects Budget 2021/22 and three Year Programme Budget 2022/23 to 2024/25

| Major Programmes & Projects                | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m | 3 year Total<br>£m |
|--|---------------|---------------|---------------|---------------|--------------------|
| <b>GENERAL FUND</b>                        |               |               |               |               |                    |
| CCTV Modernisation                         | 1.1           | 0.0           | 0.0           | 0.0           | 0.0                |
| Leisure Schemes                            | 3.6           | 0.2           | 0.0           | 0.0           | 0.2                |
| Schools - School Places Programme          | 7.2           | 6.0           | 0.9           | 0.0           | 6.9                |
| Schools – Other (Inc. Minor) Capital Works | 4.6           | 4.0           | 0.0           | 0.0           | 4.0                |
| Schools - Unallocated                      | 0.0           | 1.5           | 0.0           | 0.0           | 1.5                |
| Highways & Bridges – TfL                   | 1.5           | 0.0           | 0.0           | 0.0           | 0.0                |
| Highways & Bridges – LBL                   | 4.1           | 3.1           | 0.0           | 0.0           | 3.1                |
| Asset Management Programme                 | 1.3           | 1.7           | 2.0           | 0.0           | 3.7                |
| Other AMP Schemes                          | 1.7           | 1.4           | 0.0           | 0.0           | 1.4                |
| Unallocated AMP                            | 0.0           | 0.8           | 0.6           | 0.0           | 1.4                |
| Broadway Theatre                           | 2.0           | 4.8           | 0.2           | 0.0           | 5.0                |
| Catford Phase 1 – Thomas Lane Yard/ CCC    | 0.6           | 1.3           | 1.3           | 0.0           | 2.6                |
| Catford Station Improvements               | 0.1           | 0.5           | 0.9           | 0.0           | 1.4                |
| Travellers Site Relocation                 | 0.1           | 1.0           | 2.7           | 0.0           | 3.7                |
| Lewisham Gateway (Phase 2)                 | 3.5           | 0.0           | 4.8           | 0.0           | 4.8                |
| Beckenham Place Park (Inc. Eastern Part)   | 0.4           | 0.9           | 0.6           | 0.0           | 1.5                |
| Catford Town Centre                        | 0.2           | 0.8           | 0.0           | 0.0           | 0.8                |
| Milford Towers Decant                      | 0.3           | 0.3           | 3.4           | 0.0           | 3.7                |
| Deptford Southern Sites Regeneration       | 0.3           | 0.0           | 2.2           | 0.0           | 2.2                |
| Edward St. Development                     | 12.0          | 0.0           | 0.0           | 0.0           | 0.0                |
| Lewisham Homes – Property Acquisition      | 3.0           | 0.0           | 0.0           | 0.0           | 0.0                |
| Achilles St Development                    | 1.0           | 0.0           | 3.6           | 0.0           | 3.6                |
| Place Ladywell                             | 0.8           | 0.8           | 0.0           | 0.0           | 0.8                |
| Temporary Accomodation - Mayow Rd          | 7.0           | 1.1           | 0.1           | 0.0           | 1.2                |
| Temporary Accomodation - Canonbie Rd       | 1.8           | 0.3           | 0.0           | 0.0           | 0.3                |
| Temporary Accomodation - Sydney Arms       | 1.0           | 0.0           | 0.0           | 0.0           | 0.0                |
| Temporary Accomodation - Morton House      | 0.6           | 1.0           | 0.0           | 0.0           | 1.0                |
| Temporary Accomodation - Manor Avenue      | 0.3           | 0.9           | 0.0           | 0.0           | 0.9                |
| Disabled Facilities Grant                  | 1.3           | 0.0           | 0.0           | 0.0           | 0.0                |
| Private Sector Grants and Loans            | 0.6           | 0.6           | 0.6           | 0.0           | 1.2                |
| Other General Fund Housing Schemes         | 1.5           | 1.0           | 0.0           | 0.0           | 1.0                |
| Other Miscellaneous Schemes                | 2.9           | 1.2           | 0.0           | 0.0           | 1.2                |
| <b>TOTAL GENERAL FUND</b>                  | <b>66.4</b>   | <b>35.2</b>   | <b>23.9</b>   | <b>0.0</b>    | <b>59.1</b>        |
| <b>HOUSING REVENUE ACCOUNT</b>             |               |               |               |               |                    |
| Building For Lewisham Programme (BfL)      | 50.2          | 121.2         | 129.3         | 67.5          | 318.0              |
| Decent Homes Programme                     | 57.8          | 83.4          | 62.9          | 64.1          | 210.4              |
| Housing Management System                  | 1.3           | 1.2           | 0.0           | 0.0           | 1.2                |
| Other Schemes                              | 6.5           | 3.8           | 3.9           | 4.0           | 11.7               |
| <b>TOTAL HRA PROGRAMME</b>                 | <b>115.8</b>  | <b>209.6</b>  | <b>196.1</b>  | <b>135.6</b>  | <b>541.3</b>       |
| <b>TOTAL PROGRAMME</b>                     | <b>182.2</b>  | <b>244.8</b>  | <b>220.0</b>  | <b>135.6</b>  | <b>600.4</b>       |



## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX 2 – Capital Programme Major Projects Financing 2021/22 and three Year Programme Financing 2022/23 to 2024/25

| Major Programmes & Projects                | HRA Revenue Contribution | Sale & Other Receipts | RTB Receipts | Capital Receipts & reserves, Corporate Provisions & Reserves | Grants / Contributions | S106 (Grant) | Schools PFS Grant | Prudential Borrowing | FINANCING TOTAL 21/22 TO 24/25 (4 YEARS) |
|--|--------------------------|-----------------------|--------------|--|------------------------|--------------|-------------------|----------------------|--|
|  | £m                       | £m                    | £m           | £m   | £m                     | £m           | £m                | £m                   | £m                                       |
| <b>GENERAL FUND</b>                        |                          |                       |              |  |                        |              |                   |                      |  |
| CCTV Modernisation                         | 0                        | 0                     | 0            | 0  | 1.1                    | 0            | 0                 | 0                    | 1.1                                      |
| Leisure Schemes                            | 0                        | 0                     | 0            | 0  | 3.1                    | 0.4          | 0                 | 0.3                  | 3.8                                      |
| Schools - School Places Programme          | 0                        | 0                     | 0            | 0  | 0                      | 0.7          | 13.5              | 0                    | 14.2                                     |
| Schools – Other (Inc. Minor) Capital Works | 0                        | 0                     | 0            | 0.7  | 1.9                    | 0.2          | 5.0               | 0.9                  | 8.7                                      |
| Schools - Unallocated                      | 0                        | 0                     | 0            | 1.5  | 0                      | 0            | 0                 | 0                    | 1.5                                      |
| Highways & Bridges – TfL                   | 0                        | 0                     | 0            | 0  | 1.5                    | 0            | 0                 | 0                    | 1.5                                      |
| Highways & Bridges – LBL                   | 0                        | 0                     | 0.1          | 6.2  | 0.1                    | 0.7          | 0                 | 0                    | 7.1                                      |
| Asset Management Programme                 | 0                        | 0                     | 0            | 4.5  | 0                      | 0            | 0                 | 0.5                  | 5.0                                      |
| Other AMP Schemes                          | 0                        | 0                     | 0            | 1.5  | 0.2                    | 0            | 0                 | 1.5                  | 3.2                                      |
| Unallocated AMP                            | 0                        | 0                     | 0            | 1.4  | 0                      | 0            | 0                 | 0                    | 1.4                                      |
| Broadway Theatre                           | 0                        | 0                     | 0            | 6.7  | 0                      | 0            | 0                 | 0.3                  | 7.0                                      |
| Catford Phase 1 – Thomas Lane Yard/ CCC    | 0                        | 0                     | 0            | 1.6  | 1.6                    | 0            | 0                 | 0                    | 3.2                                      |
| Catford Station Improvements               | 0                        | 0                     | 0            | 0  | 0                      | 1.5          | 0                 | 0                    | 1.5                                      |
| Travellers Site Relocation                 | 0                        | 0                     | 0            | 0.7  | 0.4                    | 2.7          | 0                 | 0                    | 3.8                                      |
| Lewisham Gateway (Phase 2)                 | 0                        | 0                     | 0            | 0  | 0.6                    | 7.6          | 0                 | 0                    | 8.2                                      |
| Beckenham Place Park (Inc. Eastern Part)   | 0                        | 0                     | 0            | 1.9  | 0                      | 0            | 0                 | 0                    | 1.9                                      |
| Catford Town Centre                        | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 1.0                  | 1.0                                      |
| Milford Towers Decant                      | 0                        | 0                     | 0            | 0.5  | 0                      | 0            | 0                 | 3.5                  | 4.0                                      |
| Deptford Southern Sites Regeneration       | 0                        | 0                     | 2.5          | 0  | 0                      | 0            | 0                 | 0                    | 2.5                                      |
| Edward St. Development                     | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 12.0                 | 12.0                                     |
| Lewisham Homes – Property Acquisition      | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 3.0                  | 3.0                                      |
| Achilles St Development                    | 0                        | 0                     | 0            | 0.5  | 0                      | 0.9          | 0                 | 3.1                  | 4.5                                      |
| Place Ladywell                             | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 1.6                  | 1.6                                      |
| Temporary Accommodation - Mayow Rd         | 0                        | 0                     | 1.5          | 0  | 0.6                    | 0.5          | 0                 | 5.5                  | 8.1                                      |
| Temporary Accommodation - Canonbie Rd      | 0                        | 0                     | 0            | 0.8  | 0                      | 0            | 0                 | 1.2                  | 2.0                                      |
| Temporary Accommodation - Sydney Arms      | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 1.0                  | 1.0                                      |
| Temporary Accommodation - Morton House     | 0                        | 0                     | 1.6          | 0  | 0                      | 0            | 0                 | 0                    | 1.6                                      |
| Temporary Accommodation - Manor Avenue     | 0                        | 0                     | 0.5          | 0  | 0                      | 0            | 0                 | 0.7                  | 1.2                                      |
| Disabled Facilities Grant                  | 0                        | 0                     | 0            | 0  | 1.3                    | 0            | 0                 | 0                    | 1.3                                      |
| Private Sector Grants and Loans            | 0                        | 0                     | 0            | 1.7  | 0.1                    | 0            | 0                 | 0                    | 1.8                                      |
| Other General Fund Housing Schemes         | 0                        | 0                     | 0            | 2.2  | 0                      | 0.2          | 0                 | 0                    | 2.4                                      |
| Other Miscellaneous Schemes                | 0                        | 0                     | 0            | 1.5  | 1.4                    | 0.9          | 0                 | 0.4                  | 4.2                                      |
| <b>TOTAL GENERAL FUND</b>                  | <b>0.0</b>               | <b>0.0</b>            | <b>6.2</b>   | <b>33.9</b>  | <b>13.9</b>            | <b>16.3</b>  | <b>18.5</b>       | <b>36.5</b>          | <b>125.3</b>                             |
| <b>HOUSING REVENUE ACCOUNT</b>             |                          |                       |              |  |                        |              |                   |                      | 0  |
| Building For Lewisham Programme (BfL)      | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 0                    | 0  |
| Decent Homes Programme                     | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 0                    | 0  |
| Housing Management System                  | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 0                    | 0  |
| Other Schemes                              | 0                        | 0                     | 0            | 0  | 0                      | 0            | 0                 | 0                    | 0  |
| <b>TOTAL HRA PROGRAMME</b>                 | <b>0.0</b>               | <b>41.5</b>           | <b>27.7</b>  | <b>164.5</b>   | <b>78.2</b>            | <b>0.0</b>   | <b>0.0</b>        | <b>345.2</b>         | <b>657.1</b>                             |
| <b>TOTAL PROGRAMME</b>                     | <b>0.0</b>               | <b>41.5</b>           | <b>33.9</b>  | <b>198.4</b>   | <b>92.1</b>            | <b>16.3</b>  | <b>18.5</b>       | <b>381.7</b>         | <b>782.4</b>                             |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### **APPENDIX 3 – Capital Programme Revised 2021/22 Budget**

Adjustments Made to the 2021/22 Capital Budget since Budget Report to M&C in Feb 21

|   | £`m           |
|---|---------------|
| <b>APPROVED CAPITAL PROGRAMME BUDGET- 21/22</b>                     |               |
| M&C – February, 2021 as per Budget Report                           | <b>184.30</b> |
| Underspends carried-forward from 20/21                              | <u>6.10</u>   |
|   | <b>190.40</b> |
| <b>New Schemes Post Budget Report</b>                               |               |
| Schools Minor Works Programme 2021                                  | 4.20          |
| TfL Programme 21-22   | 0.40          |
| Riverside Youth Club Development Project                            | 1.30          |
| Temporary Accommodation - Manor Conversion                          | 1.20          |
| Asset Review - development and site appraisals                      | 0.10          |
| Asset Review - miscellaneous assets                                 | 0.10          |
| Amersham and Northover Residential Conversion                       | 0.90          |
| Leisure strategy- The Wavelengths & Bellingham Leisure centres      | 0.60          |
| Commercial Estate Investment  | 0.10          |
| 120 Rushey Green- Meliot Centre Relocation                          | 0.10          |
| Wavelengths Leisure Pool  | 0.80          |
| Evelyn Green MUGA and Park Improvements                             | 0.40          |
| Folkestone Gardens Play Improvements                                | 0.20          |
| Public Sector Decarbonisation Scheme(PSDS)- Corporate Sites Project | 2.76          |
| Buy Back Lewisham`s ex- council homes                               | <u>4.72</u>   |
|   | <b>17.88</b>  |
| <b>Increase in HRA- Schemes Post Budget Report</b>                  |               |
| General Capital & Decent Homes Programme                            | 38.80         |
| Reduction in HRA Programme  | -47.50        |
| <b>Re-profiled Schemes</b>  |               |
| Re-profiled HRA Schemes   | 9.60          |
| Holbeach Road Improvement Works                                     | -0.60         |
| Achilles Street - Development ( Design Work)                        | 2.40          |
| Aids & Adaptations  | -0.10         |
| Old Town Hall - Repairs & Refurb.                                   | 0.83          |
| Edward Street Development (PLACE / Deptford )                       | 0.30          |
| Catford Town Centre - Phase 1                                       | 0.90          |
| Laurence House Customer Service Centre and Library Refurbishment    | 0.50          |
| Broadway Theatre - Works  | 0.20          |
| 2016 & 2017 PPP Ashmead School                                      | -0.28         |
| 2016 Programme Costs  | -0.11         |
| Watergate School  | -1.77         |
| Private Sector Grants - Discretionary Grants                        | -1.33         |
| MOVE - PLACE/Ladywell (1000 Homes Programme)                        | -1.34         |
| Excalibur Phases 3  | 0.28          |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|   |       |        |
|---|-------|--------|
| Greenvale school  | -2.45 |        |
| Fleet Vehicle Replacement 2019/20 & Future Programme                                  | -1.58 |        |
| Glass Mill Soft Play  | -0.27 |        |
| Riverside Youth Club Development Project  | -1.20 |        |
| Brockley Rise Adult Learning Centre frontage works                                    | -0.11 |        |
| Wearside Depot - Changing facility  | -0.10 |        |
| Civic Suite - Refurbishment and Improvement Project                                   | -0.60 |        |
| Lewisham Library - Repairs & Refurb.  | -0.54 |        |
| Refurbishment of 43-45 Bromley Road   | -0.03 |        |
| Amersham and Northover Residential Conversion   | -0.85 |        |
| Developing 2 Year Old Childcare Provision   | -0.17 |        |
| Education Catering Investment ( UFSM )  | 0.02  |        |
| CYP - Schools CERA  | -1.87 |        |
| 2021 Schools Minor Works  | -0.60 |        |
| 2020 Schools Minor Works  | -0.31 |        |
| 2018 Schools Minor Works  | -0.18 |        |
| Asset Management Programme  | -2.63 |        |
| Leisure strategy- The Wavelengths & Bellingham Leisure centres                        | -0.60 |        |
| Catford Town Centre   | -0.77 |        |
| Improvements to Calabash Centre   | -0.05 |        |
| Asset Review - development and site appraisals  | -0.05 |        |
| Asset Review - miscellaneous assets   | -0.10 |        |
| Commercial Estate Investment  | -0.15 |        |
| Travellers Site Relocation  | -3.70 |        |
| Beckenham Place Park - Eastern Part   | -1.50 |        |
| Cash Incentive Scheme   | -0.11 |        |
| Broadway Theatre - Works  | -3.30 |        |
| Thomas Lane Yard and the Catford Constitution Club'(CCC)                              | 0.02  |        |
| Temporary Accommodation Conversions-Morton House                                      | -0.90 |        |
| Catford Station Improvement   | -0.32 |        |
| TFL Programme   | 1.07  |        |
| SMWP 2020   | 0.30  |        |
| PLACE Refurbishment   | -0.55 |        |
| Temporary Accommodation - Manor Conversion  | -0.91 |        |
| Creekside   | -0.50 |        |
|   |       | -16.11 |
| <b>Completed Projects</b>   |       |        |
| Chiddingstone Improvement Works   | -0.13 |        |
| Heathside & Lethbridge - Partnership Works (Phase 6)                                  | -0.26 |        |
| 9 - 19 Rushey Green (1000 Homes Prog.)  | -0.25 |        |
| Acquisition of homes in inner LHA Area (Phoenix Acquisitions)                         | -0.27 |        |
| New Homes , Better Places - Greystead Estate and Fairlawn school                      | -0.01 |        |
| Acquisition - Hostels Programme - Ladywell Pop-Up Village                             | -0.01 |        |
| Acquisition & conversion of 118 Canonbie Road and Hamilton Lodge and 354 Stanstead Rd | -0.57 |        |
| Roundings   | 0.23  |        |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|   |                      |
|---|----------------------|
|   | -1.27                |
| <b>Revised Capital Programme Budget 21/22</b> | <b><u>182.20</u></b> |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX 4 – Capital Programme Spend 2021/22 as at October 2021

| 2021/22 Capital Programme Major Programmes & Projects | Revised Budget (M&C Feb 21) | Revised Budget Proposed Dec 2021 | Spend to 31 Oct 2021 | Spent to Date (Revised Budget) |
|---|-----------------------------|----------------------------------|----------------------|--------------------------------|
| <b>GENERAL FUND</b>                                   | £`m                         | £`m                              | £`m                  | %                              |
| CCTV Modernisation                                    | 0.5                         | 1.1                              | 0.5                  | 45%                            |
| Leisure Schemes                                       | 0                           | 3.6                              | 0                    | 0%                             |
| Schools - School Places Programme                     | 8.8                         | 7.2                              | 3.8                  | 53%                            |
| Schools – Other (Inc. Minor) Capital Works            | 1.7                         | 4.6                              | 1.0                  | 22%                            |
| Schools - Unallocated                                 | 1.6                         | 0                                | 0                    | 0%                             |
| Highways & Bridges – TfL                              | 0.8                         | 1.5                              | 0.3                  | 20%                            |
| Highways & Bridges – LBL                              | 2.5                         | 4.1                              | 0.1                  | 2%                             |
| Asset Management Programme                            | 1.3                         | 1.3                              | 0.2                  | 15%                            |
| Other AMP Schemes                                     | 0.9                         | 1.7                              | 0.5                  | 29%                            |
| Unallocated AMP                                       | 1.5                         | 0                                | 0                    | 0%                             |
| Broadway Theatre                                      | 4.8                         | 2.0                              | 0.4                  | 20%                            |
| Catford Phase 1 – Thomas Lane Yard/ CCC               | 0.6                         | 0.6                              | 0.3                  | 50%                            |
| Catford Station Improvements                          | 0.3                         | 0.1                              | 0                    | 0%                             |
| Travellers Site Relocation                            | 3.6                         | 0.1                              | 0                    | 0%                             |
| Lewisham Gateway (Phase 2)                            | 3.5                         | 3.5                              | 0.6                  | 17%                            |
| Beckenham Place Park (Inc. Eastern Part)              | 1.7                         | 0.4                              | 0.1                  | 25%                            |
| Catford Town Centre                                   | 0                           | 0.2                              | 0.2                  | 100%                           |
| Milford Towers Decant                                 | 0.3                         | 0.3                              | 0.2                  | 67%                            |
| Deptford Southern Sites Regeneration                  | 0.3                         | 0.3                              | 0                    | 0%                             |
| Edward St. Development                                | 8.4                         | 12.0                             | 3.6                  | 30%                            |
| Lewisham Homes – Property Acquisition                 | 3.0                         | 3.0                              | 3.0                  | 100%                           |
| Achilles St Development                               | 1.0                         | 1.0                              | 0                    | 0%                             |
| Place Ladywell  | 2.7                         | 0.8                              | 0                    | 0%                             |
| Temporary Accommodation - Mayow Rd                    | 6.6                         | 7.0                              | 1.9                  | 27%                            |
| Temporary Accommodation - Canonbie Rd                 | 1.4                         | 1.8                              | 0.6                  | 33%                            |
| Temporary Accommodation - Sydney Arms                 | 3.8                         | 1.0                              | 0                    | 0%                             |
| Temporary Accommodation - Morton House                | 0.1                         | 0.6                              | 0                    | 0%                             |
| Temporary Accommodation - Manor Avenue                | 0                           | 0.3                              | 0                    | 0%                             |
| Disabled Facilities Grant                             | 2.1                         | 1.3                              | 0.7                  | 54%                            |
| Private Sector Grants and Loans                       | 2.1                         | 0.6                              | 0.3                  | 50%                            |
| Other General Fund Housing Schemes                    | 1.5                         | 1.5                              | 0.2                  | 13%                            |
| Other Miscellaneous Schemes                           | 2.9                         | 2.9                              | 0.1                  | 3%                             |
| <b>TOTAL GENERAL FUND</b>                             | <b>70.3</b>                 | <b>66.4</b>                      | <b>18.6</b>          | <b>28%</b>                     |
| <b>HOUSING REVENUE ACCOUNT</b>                        |                             |                                  |                      |                                |
| Building For Lewisham Programme (BfL)                 | 50.2                        | 50.2                             | 17.3                 | 34%                            |
| Decent Homes Programme                                | 56.0                        | 57.8                             | 20.3                 | 35%                            |
| Housing Management System                             | 1.3                         | 1.3                              | 0                    | 0%                             |
| Other Schemes   | 6.5                         | 6.5                              | 0.5                  | 8%                             |
| <b>TOTAL HRA PROGRAMME</b>                            | <b>114.0</b>                | <b>115.8</b>                     | <b>38.1</b>          | <b>33%</b>                     |
| <b>TOTAL PROGRAMME</b>                                | <b>184.3</b>                | <b>182.2</b>                     | <b>56.7</b>          | <b>31%</b>                     |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX 5 – Prior Year Capital Programme Outturn 2020/21

| 2020/21 Capital Programme                                    | Revised Budget (M&C 11/11/20 ) | Revised Budget Jan' 2021 | Spend to 31 Mar' 2021 | Spent to Date (Revised Budget) |
|--|--------------------------------|--------------------------|-----------------------|--------------------------------|
|  |                                |                          | £m                    | %                              |
| <b>GENERAL FUND</b>  |                                |                          |                       |                                |
| Schools - School Places Programme                            | 4.7                            | 3.4                      | 1.9                   | 56%                            |
| Schools - Other (Inc. Minor) Capital Works                   | 5.7                            | 5.7                      | 4.2                   | 74%                            |
| Highways & Bridges - LBL                                     | 3.0                            | 3.0                      | 2.8                   | 93%                            |
| Highways & Bridges – TfL                                     | 1.2                            | 2.8                      | 2.7                   | 96%                            |
| Highways & Bridges - Others                                  | 1.5                            | 1.5                      | 0.3                   | 20%                            |
| Catford town centre  | 1.0                            | 1.0                      | 0.9                   | 90%                            |
| Asset Management Programme                                   | 1.3                            | 1.5                      | 0.9                   | 60%                            |
| Other AMP Schemes  | 0.7                            | 1.1                      | 0.3                   | 27%                            |
| Broadway Theatre – Works                                     | 0.4                            | 0.4                      | 0.2                   | 50%                            |
| Lewisham Gateway ( Phase 2)                                  | 14.8                           | 14.8                     | 14.8                  | 100%                           |
| Private Sector Grants and Loans (Inc. DFG)                   | 0.6                            | 0.6                      | 1.5                   | 100%                           |
| Achilles St. Development                                     | 0.8                            | 0.8                      | 0.8                   | 100%                           |
| Edward St. Development                                       | 9.0                            | 9.0                      | 5.7                   | 63%                            |
| Deptford Southern Sites Regeneration                         | 0.4                            | 2.6                      | 2.6                   | 100%                           |
| Residential Portfolio Acquisition – Hyde Housing Association | 2.9                            | 2.9                      | 2.1                   | 72%                            |
| Fleet Replacement Programme                                  | 7.8                            | 7.0                      | 6.3                   | 90%                            |
| Temporary Accommodation Conversions-Morton House             | 0.0                            | 5.2                      | 4.2                   | 81%                            |
| Other General Fund schemes                                   | 7.4                            | 7.1                      | 5.8                   | 82%                            |
| <b>TOTAL GENERAL FUND</b>                                    | <b>63.2</b>                    | <b>70.4</b>              | <b>58.0</b>           | <b>82%</b>                     |
|  |                                |                          |                       |                                |
| <b>HOUSING REVENUE ACCOUNT</b>                               |                                |                          |                       |                                |
| Building for Lewisham Programme                              | 36.5                           | 37.3                     | 15.8                  | 42%                            |
| HRA Capital Programme ( Decent Works)                        | 47.7                           | 47.7                     | 38.1                  | 80%                            |
| Creekside Acquisition  | 5.7                            | 5.7                      | 6.7                   | 100%                           |
| Ladywell Leisure Centre Development Site                     | 4.5                            | 4.5                      | 0.8                   | 18%                            |
| Achilles St. Development                                     | 4.3                            | 4.3                      | 0.3                   | 7%                             |
| Mayow Rd Development   | 1.1                            | 1.1                      | 0.0                   | 0%                             |
| Other HRA schemes  | 0.6                            | 0.6                      | 0.3                   | 50%                            |
| <b>TOTAL HOUSING REVENUE ACCOUNT</b>                         | <b>100.4</b>                   | <b>101.2</b>             | <b>62.1</b>           | <b>61%</b>                     |
|  |                                |                          |                       |                                |
| <b>TOTAL CAPITAL PROGRAMME</b>                               | <b>163.6</b>                   | <b>171.6</b>             | <b>120.1</b>          | <b>70%</b>                     |

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

### **APPENDIX X1: Proposed Housing Revenue Account Savings 2022/23**

- 1.1 The HRA strategy and self-financing assessments are continually updated and developed with the view to ensuring resources are available to meet costs and investment needs and are funded for 2022/23 and future years.
- 1.2 Savings and efficiencies delivered in the 2022/23 budget can be re-invested to off-set constrained rent rises or to help bridge any investment gap identified. As a prudent measure the original financial model was developed with no savings identified. Subsequently, discussions have taken place regarding appropriate savings and 'target' management and maintenance costs per unit. For example, there is already an assumed reduction in the Lewisham Homes fee in 2022/23 to reflect stock losses through Right to Buy Sales. Although no direct efficiencies/savings are currently being considered for 2022/23, work continues to identify opportunities for cost reductions and efficiencies relating to the HRA business model. Where identified, these savings would be available to off-set future rental losses due to a constrained uplift to protect investment in stock or services.
- 1.3 An update of the HRA Strategy, Savings Proposals, proposed rent & service charge increases and comments from consultation with tenant representatives will be reported to Mayor and Cabinet as part of the HRA Rents and budget strategy report. Mayor and Cabinet will make the final budget decisions in the New Year.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX X2: Tenants' rent consultation 2022/23

The Tenants' rent consultation meetings took place on 10<sup>th</sup> November 2021 with Regenter B3 (Brockley) managed tenants and 24<sup>th</sup> November 2021 with Lewisham Homes managed tenants.

Views of representatives on rent and service charge changes & savings proposals.

|                                    | Lewisham Homes             | Brockley PFI               |
|------------------------------------|----------------------------|----------------------------|
| No of representatives (excl Cllrs) | 13                         | 6                          |
|                                    |                            |                            |
| <b>Rent Increase @ 4.1%</b>        | See Below                  | See Below                  |
|                                    |                            |                            |
| <b>Savings Proposals:-</b>         |                            |                            |
|                                    |                            |                            |
| No Savings proposed                | n/a                        | n/a                        |
|                                    |                            |                            |
|                                    |                            |                            |
| <b>Service Charges inc:</b>        |                            |                            |
| Heating & Hot Water Charges        | See Below                  | See below                  |
|                                    |                            |                            |
| Garage Rents                       | See Below                  | See Below                  |
|                                    |                            |                            |
| Tenants Fund                       | n/a – no increase proposed | n/a – no increase proposed |
|                                    |                            |                            |

#### Summary of comments made by representatives;

##### Brockley PFI

A transcript of the meeting, meeting minutes and comments received are contained at the end of this section.

There was further feedback received from residents, sent directly to council representatives, this is also included at the end of this section together with the letter of response from the Council.

##### Lewisham Homes

A transcript of the meeting and comments received are contained below.



## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|                                 |   |
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| <p>Lewisham<br/>Homes Panel</p> | <p><b>Rent increase:</b></p> <p>Representatives at the meeting queried why there is an increase at this time as there are issues of affordability in the current economic climate, with many people having lost their jobs, pay freezes are being implemented and businesses are down.</p> <p>Concern was also expressed that a wider audience should have the opportunity to consider the overall proposals and provide any comments that they may have on the proposed increases in all charges.</p> <p>Officers responded that it is a legal requirement that a balanced budget has to be set and that costs are increasing. It was confirmed that Housing Benefit would also increase in line with the proposed rent increase.</p> <p>In terms of invitees, there are a number of communications sent-out to inform tenants and tenant representatives that a meeting is being held, inviting them to attend.</p> <p>A question was asked whether the 4.1% rent increase also applies to Temporary Accommodation (TA).</p> <p>Officers confirmed that TA stock within the HRA would see an increase based on the same formula as the dwellings rents and would increase by 4.1% In April 2022.</p> <p><b>Tenants Service Charges &amp; Heating &amp; Hot water Charge:</b></p> <p>A presentation was given on the proposals.</p> <p>A discussion was held on the issue of service standards and costs.</p> <p>There were questions of value for money as charges are increasing but service delivery is not improving. In addition, service provision were affected by Covid and how can you justify a full charge?</p> <p>Lewisham Homes officers responded by stating that services were only affected for the period April – May and all services were undertaken during this time, although some may have been at reduced hours to focus priorities to other areas.</p> <p>There was concern expressed that costs are increasing but that there was no justification or evidence for this, so why is there a proposal for any increase?</p> <p>Officers responded that the proposed charges are based on the 2020/21 actuals which have been audited and signed off. Inflation is then added for contracted service supply as well as salary inflation which was 2.75%.</p> |
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## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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|  | <p>The proposals are estimated charges and will be followed up by an audit of actual charges and any necessary adjustment made. This will include looking at Leases to ensure that the charges are in accordance with the lease agreement.</p> <p>A discussion followed regarding service standards and issues on particular estates.</p> <p>Lewisham Homes officers responded by requesting panel members to contact them with specific service queries, that they will note and respond to specific issues outside of the meeting.</p> <p><b>Garage Charges:</b></p> <p>There was a discussion on affordability issues, as per the rent increase proposals, with questions raised during the meeting. These questions were recorded and were forwarded to LBL's estates team to respond to. The questions and responses are below.</p> <p>Residents enquired what the market rate is for renting a garage and do LBL have any proposals to increase rents to this level.</p> <p><b>Response: LBL currently have no plans to raise garage rents to market rate. The current rent charged together with the inflationary rise planned for April, is considered to be an appropriate and fair rental value for LBL garages.</b></p> <p>In addition residents enquired if there is to be any additional investment in the garage stock to bring them up to standard considering the rent increase proposals?</p> <p><b>Response: No, only the rent and inflationary rise as planned. There are no further investment works planned. Day to day repairs will continue to be carried out to garages if required. Residents can continue to report repairs to their garages through the normal repair service offered by their housing provider.</b></p> <p><b>Tenants Fund:</b></p> <p>n/a – no increase proposed</p> <p><b>Savings Proposals:</b></p> <p>n/a</p> |
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## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### Lewisham Homes rent setting and service charge meeting feedback

#### GARAGES

| Lewisham Homes resident questions  | LBL responses  |
|--|--|
| <p>I have a garage I'm amazed at the cost of a garage I pay £15 and I can't fit my car in there, so use it as storage, you're using RPI, you're not offering any facilities, or repairing. Why did you use RPI? I appreciate you have to maximise income, you haven't looked at it from the services perspective. I think it's expensive, it's not value for money</p> | <p>LBL are required to use an inflationary indicator and in the case of garage rent increases LBL have chosen to use RPI as it is considered to be a standard inflationary measure.</p> <p>Garage rents charged by LBL are considered to offer good value for money when compared to garage rental prices in the private sector.</p> <p>Lewisham Homes offer a repairs service including repairs to garages. Residents who rent garages can report repairs using the normal repairs reporting methods offered by Lewisham Homes.</p> |
| <p>The intention seems to be to get garages to commercial rent in the future</p> <p>There will be a need for more garages as more CPZs come in</p> <p>Could regeneration team do something better with garages to generate more income?</p>  | <p>LBL provide garages for the benefit of their housing residents and therefore would not consider alternative options for their use in order to generate additional income.</p> <p>LBL have identified a number of garage sites that are currently under used which are being considered for potential future use including the provision of new-build housing.</p>   |

#### RENT and SERVICE CHARGES

| Lewisham Homes resident questions   | LBL responses  |
|---|--|
| <p>Inevitable there will be a social Rent or service charge increase. But could the welfare act be considered as well as people's affordability. People can't always get more work and services aren't always received that we pay for.</p> | <p>The Welfare Act which introduced Universal Credit was and is a Government policy as well as the rent formula for rent increase. Local Authorities must use the Government's formula when setting its annual rents.</p> <p>Lewisham Homes are dedicated to helping and supporting residents who find themselves in financial hardship. The Welfare Benefits Team provide a support</p> |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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|  | <p>service to residents in both secure and temporary accommodation properties. The main aim of the team is to provide assistance to those with financial difficulties and those needing advice and support to claim benefits. They can help residents check they are claiming all the benefits they are entitled to and assist with applying for grants and support funds. The team support residents with budgeting and income maximisation assistance and work in partnership with the Money Advice Service who provide residents with free debt advice. Residents are able to contact the team via phone, email or web chat and book appointments via phone. The team visit some vulnerable residents at home where required.</p> <p>From April 2020 to March 2021 the Welfare Benefits Team helped residents to obtain £875K in unclaimed benefits. The team received 1,771 direct referrals from staff, support workers and residents. Lewisham Homes' community relations team have supported the set up of three community stores that continue to support Lewisham Homes' residents with access to low cost food. They continue to support a charity in Sydenham who provide cooked meals to residents. Lewisham Homes' staff can make referrals to the community relations team for residents in need of furniture/ white goods, this project is funded by one of our contractors. The team continue to support and identify projects that can support residents in financial difficulty, they also continue to deliver their training and employment support (Lewisham Homes Academy) to young people and adults.</p> |
| <p>I would like them to consider a different model to fill in the gap, I appreciate there has been a long time period of reductions, but there is the opportunity for parliament to understand the freeze.</p>   | <p>All Social Housing landlords are required to use the Government formula of CPI+1% to determine rent increases.</p>   |
| <p>I'm urging them (M&amp;C) to consider the conditions that everyone is facing and look at the data to consider how this could be introduced in a more appropriate way, and also to consider how things are</p> | <p>For clarity and transparency, all service charges are broken down and shown as separate charges. The cost of delivering the different elements of the service would not alter by grouping them together.</p>   |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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| <p>categorised (e.g. sweeping could be considered as caretaking in the service charges).</p>  |  |
| <p>I don't understand where the justification is coming from when you talked about CPI, it's quite a jump.</p>  | <p>This is part of the rent formula Government has laid down as a maximum that Housing Providers can increase social rent by. This is CPI +1%. Local Authorities are obliged to use the Government formula to set social rents.</p>  |
| <p>Leaseholders are covering a lot of the costs for service charges, some are only carried by a few properties that are leaseholders.</p>   | <p>Leaseholders and tenants both pay service charges to cover the cost of the services they receive. Residents will be charged in accordance with the services their particular block or property benefits from. The individual's charge is calculated, depending on what services are received and apportioned according to the number of properties in a block.</p>  |
| <p>Why have costs increased if there are no services due to COVID-19</p>  | <p>Housing providers continued to provide robust services throughout Covid. Some service areas were reduced for periods to allow staff recovery time. If residents have particular concerns about the actual delivery of a service, they should raise these issues directly with their housing provider.</p>   |
| <p>Services aren't good, no reduction in costs for bin collections for example. I know during Covid. Grounds Maintenance went down and now it's nowhere near where we had it before Covid and I'm having difficulty getting things done. I can understand increases but can't understand why we're not getting the services, it is concerning</p> | <p>Services were provided during Covid and continue to be delivered. Lewisham Homes' grounds maintenance service stopped for a period of five weeks (April 2020) to enable resources to be redirected to the Caretaking service, whose workloads increased due to additional and more stringent cleaning regime of communal areas in order to keep residents safe.</p> |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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| <p>I'm concerned for the leaseholders. Will leaseholder be expected to pick up the slack for example major works?</p> | <p>Leaseholders and tenants are both equally liable for the costs of service provision and service charges apply to all residents. With regards to major works, leaseholders will only have to pay the proportion of costs for works as detailed in their lease. Leaseholders will only pay for major works if such works are required. All major works are subject to Section 20 consultation which enables leaseholders to comment on any proposed works. Major works charges are proportionate in relation to the works undertaken and the number of residents benefiting from the works undertaken.</p> |
|---|---|

### Other comments from Lewisham Homes' residents:

- Potentially £2K and £2.5K, seems expensive for a local authority (Service charges)
- My council tax went up by 19%. It's all too much too soon, everything is going up
- **Brockley PFI**

### Brockley PFI

A transcript of the meeting, meeting minutes and comments received is below.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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| Brockley<br>PFI Area | <p><b>Rent increase:</b></p> <p>There were no direct comments relating to the proposed rent increase, but there was concern expressed that a wider audience have not had the opportunity to consider the overall proposals, as not all members of the Brockley Resident Panel had been invited to the meeting.</p> <p>It was agreed the reports would be sent to all panel members and that any further comments received by RB3 by the week beginning 22<sup>nd</sup> November 2021 would be forwarded to LBL for incorporation into the report which will be considered by M&amp;C on 12<sup>th</sup> January 2022.</p> <p>There were no additional comments received by either RB3 or LBL regarding the proposals for increases in rents or service charges. The minutes of the meeting are attached below.</p> <p><b>Tenants and Leaseholders Service Charges:</b></p> <p>A presentation was given on the proposals.</p> <p>A discussion was held on the issue of service standards and costs.</p> <p>There was a query as to why Service Charges will increase by RPI.</p> <p>It was explained that this was a contractual obligation under the terms of the PFI contract and to ensure full cost recovery of the services provided.</p> <p><b>Garage Charges:</b></p> <p>No Comments</p> <p><b>Tenants Fund:</b></p> <p>n/a – no increase proposed</p> <p><b>Savings Proposals:</b></p> <p>n/a</p> |
|----------------------|--|

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### Minutes of Regenter Brockley Resident Panel Meeting

Wednesday 10<sup>th</sup> November 2021

Meeting: 6.00pm - 8.00pm

Present were

|   |  |
|---|--|
| 1 | KG Kenneth Gill - Area Housing Manager Pinnacle        |
| 2 | SS Sandra Simpson – Project Manager Leasehold Pinnacle |
| 3 | SM Sam Mason – Community Development Manager Pinnacle  |
| 4 | LJ Lorna Jones – Leasehold Officer Pinnacle            |
| 5 | Michael Moncrief - Data & Housing Policy Analyst       |
| 6 | Dawn Ecklersley - Head of Partnership                  |
| 7 | Tony Riordan   |
| 8 | Fenella Beckman - Director of Housing Services         |

|    |   |
|----|---|
| 9  | SO Stephen Owen – (Greatfield Close) Chair Regenter Brockley Residents panel  |
| 10 | SR Sarah Robinson (Nuding Close) Vice-chair Regenter Brockley Residents panel |
| 11 | Michelle  |
| 12 | Lisa Catlin (Shell Rd)  |
| 13 | MS Martin Soong (Yew House)   |
| 14 | Elisabetta Fumagalli (St Peters Court)  |



## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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| 1 | <p><b>Welcome &amp; Introductions</b></p> <p>Pinnacle staff and Lewisham staff introduced themselves and their roles</p> <p>Residents introduced themselves</p>   |
| 2 | <p><b>Purpose of this meeting</b></p> <p>To discuss the documents which were sent out for the proposals of rent and service charge for the tenants' rents, the tenant fund, the garage rents, the service charges for both tenants and leaseholders.</p>  |
| 3 | <p><b>Lewisham Council Rent Proposal</b></p> <p>The Council rent proposal impacts tenants in the Brockley area. The rent increase is based on CPI rather than RPI, and the document explains what the charges are.</p> <p>If anyone would like further explanation, after having read it, then SS is happy to provide this at this meeting.</p> <p>In summary, CPI is 3.1% and the contract allows for an additional 1% increase, effective 1 April 2022.</p> <p>SO has concerns about the meeting. He wondered whether it was a presentation or consultation process and whether the issues have already been decided on. He considers that the meeting was called at short notice and the documents arrived late. He would have liked to have a chance to have a look at them. He considers that the Chair and Vice-Chair should have been the people who selected the invitees. SO would like an opportunity to speak to other residents who are more up to date with these things, than he is. He wants to go away and discuss it with them.</p> <p>SR echoed what SO said. She would like to make it clear that the papers are addressed to the residents' panel, but it has not been advertised to the residents' panel. The invitees have been selected by Pinnacle. However it should have been open to the residents' panel. This meeting does not appear to be for the residents' panel – this appears to be a sub-group that Pinnacle have selected to attend this meeting. There is a lot of information to digest.</p> |
| 4 | <p><b>Lewisham Council Garage Rent Proposal</b></p> <p>The garages around the Brockley area are subject to a rent increase of 4.9%, effective from April 2022. The documents lays out how many garages there are and how they are looked after. SS asked if anyone had any comments or observations.</p> <p>Garages are subject to an increase based on RPI<br/>Rents are subject to an increase based on CP1.</p>  |

Question: Why are they both 4.9% if they are different indexes?

TR explained that they used to use RPI and then government changed the formulas just for rent. CPI tends to be slightly lower. All long-term contracts are based on RPI until they expire, that's why there are different rates.

Rent is 4.1%  
Garage is 4.9%

**5 Lewisham Council Tenants Fund Proposal**

This is set at 15p each week for tenants only. The Tenant's Fund is used to fund TRA's and for improvements across the estate. This year, the decision has been made not to increase it.

**6 Pinnacle Service Charge Proposal**

The amount proposed is the September 2021 RP1 4.9% plus 1%, which totals 5.9%. This will be calculated using the actuals which have been audited and were sent to leaseholders at the end of September 2021. The change will take effect from 1<sup>st</sup> April 2022 on the estimated service charges.

SO explained that this was a good example where he does not have the understanding to question this. He considers that it would have been great to have had people on this meeting who may well understand these figures better than him who could have responded.

TR gave an explanation in the chat function of the Zoom meeting:  
"The difference between CPI & RPI is that CPI uses a WEIGHTED average of the cost of a basket of goods, whereas RPI using just the movement in prices for a basket of goods. This method usually means that CPI as a measure of inflation is generally lower than RPI"

SR asked if was contractual to add 1% on each financial year. Is this a profit that is paid to Pinnacle? SS explained that all the money collected for service charge or rent is paid to Lewisham Council not Pinnacle or Rydon or Regenter. Yes, the additional inclusion of 1% is allowed within the contract between LB Lewisham and Regenter.

SR asked if the cost of providing the leasehold services will go up by 5.9%. SS explained that the costs will increase, and it's important to keep the estimates on an even keel so the actuals do not change too much.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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| 7 | <p>SR stated that there is no evidence in the paper that substantiates the increase. It appears to be a 'fait accompli'. It appears to be going up because it's in the contract.</p> <p>SR asked if the customer services charge is an individual extra charge?</p> <p>SS explained that it is part of the management fee, in this proposal it is separated out for clarity, but it has been included within the management fee for the past few years on the service charge breakdown sent to leaseholders.</p> <p>SR stated that she does not understand the rationale behind the increase and there is no evidence.</p> <p>MS stated that he always has to pay extra when he gets his 'actual' invoice but using RPI across the board, makes it a reasonable way to increase service charges.</p> <p>SS stated that if it is written in the contract, then it will not change the way the increase is calculated.</p> <p>SR asked for details of the next steps so that she can share it with others and collect feedback.</p> <p>MM stated that the papers will be put before the Councils Housing Select Committee on 9<sup>th</sup> December 2021. Before this his team will put together any comments. Any other comments from the Panel need to be with them before the end of the month including details of who is providing it. After the Housing Select Committee have reviewed the comments and proposals they will be put in front of the Mayor and Cabinet where to be signed off in January 2022.</p> <p>SR said she will forward other comments and will get that to Pinnacle w/c last week in November.</p> <p>KG has asked for comments to be received by 19<sup>th</sup> November 2021.</p> <p>They will then be sent over to Lewisham Council, and then onto the Housing Select Committee. SS or KG to do presentation of the proposed increase and comments at this meeting.</p> <p>SO is happy that he has 2 weeks to collate comments. KG will schedule a date to meet.</p> <p><b>Any Other Business</b></p> <p>Nothing tabled.</p> |
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## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

### **Brockley PFI rent setting and service charge meeting feedback**

The attached written correspondence was received by the Council on 24<sup>th</sup> November 2021. It was sent on behalf of the Brockley Regenter Resident's Panel in response to the recent rent and service charge consultation process which took place on 10<sup>th</sup> November 2021.

As well as providing feedback, the panel have asked a number of questions which the Council has now responded to. The letter of response from the Council is included in this appendix below.

#### **Feedback Summary**

This feedback is submitted on behalf of the Regenter Brockley Resident Panel whose purpose is to represent the interests and views of Regenter Brockley residents to Pinnacle and its partners.

We would like to thank the Council and its officers for providing us with the opportunity to feedback on these proposals. In summary, we are concerned that the proposed increases will place considerable pressure on residents. Furthermore, the permanent link between rent and service charge increases and inflation +1% is going to place sustained pressure on household finances going forward. We are seeking reassurance from the Council as to how residents will be protected from rising costs should they become unaffordable. We are also concerned about the consultation process and would like a commitment from the Council that this process will be better conducted in future by Pinnacle.

#### **The consultation process:**

- We would like to bring the following concerns about the consultation process to the Council's attention.
- The Chair and Vice Chair of the Panel asked Pinnacle that the meeting and presentation on annual rent, garage and service charge increases be advertised to all panel members, thereby allowing anyone interested to attend. Pinnacle disregarded our request, and instead shared the meeting details only with a very small, handpicked group of residents selected by Pinnacle. The details of the selected attendees were also withheld from the Panel Chair and Vice Chair preventing any communications between residents in advance of the meeting.
- This appears to be directly at odds with Pinnacle's supposed commitment to resident engagement and can only be seen as an attempt to limit resident engagement on a matter that affects all residents in the area.
- We ask that the Council requires Pinnacle to conduct a more transparent and extensive consultation exercise in the future, and one that is better advertised and promoted to **all** residents, given that the Panel is only a small sub-group. We would be grateful if you would write to us to set out how you will provide

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

some assurance that this will happen.

### Rent, service charge and garage increases

- On the content of the proposals, the Panel is concerned that the proposed increases in rent and service charges are significant and will place strain on household incomes. Feedback received on behalf of some TRA members following the meeting reflected that many people have not had a real pay increase for some time, and the proposed charges may hit some hard, potentially causing hardship in some cases.
- The Brockley area is within the top 22.5% of areas in England for income deprivation and sits within the second most deprived areas in the Borough.
- The Council will be aware that the proposed increases come at a time of rising energy bills, a predicted Bank of England interest rate rise, and when peoples' real wages are not keeping pace with inflation.
- Regenter's own annual service report for 2020-21 noted that due to Covid-19 it had already seen a significant increase in residents struggling to pay their rents. At the April Panel meeting Pinnacle noted that leaseholders had also been impacted financially during lockdown.
- Furthermore, many leaseholders in the area will be facing bills of as yet unknown quantities as part of the fire door replacement programme. These rises will increase that pressure.
- The variation effective date of 4 weeks does not match tenancy agreement termination dates. Does the Council and Regenter recognise that this is a contradiction so will ensure that residents are informed of variations at least 3 months before they come into effect? How much notice will tenants get before decisions are made in order to find any alternative accommodation and provide notice, if it is deemed too expensive?
- About service charge increases specifically, we heard no evidence in the paper or the presentation as to why service charges increase at the higher rate of RPI + 1%, whereas rents are linked to the lower rate of CPI +1%. There is also no evidence presented as to why the increase in service charges is at RPI "+1%", other than we were told "it's in the contract". Why is this additional 1% required under the contract? Whilst the paper states that the charges are required to ensure full cost recovery, we see no evidence presented within the paper that evidences this statement. Where is the evidence to indicate that the costs of providing services will increase by 5.9%?
- We are concerned that, if an annual increase of RPI + 1% is indeed "baked into" Pinnacle's contract, with rising inflation, an annual increase at this rate is going to place continued and sustained pressure on leaseholders' bills. We

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

would like the Council to write to us on this point to confirm if this is the case, and if so, what mechanisms there are for it to depart from this should rising inflation make this unaffordable for many residents.

- We note that in previous years increases have departed from the “+1%” formula and would therefore like to understand what leeway the Council has to depart from this formula now and in future.
- It should also be noted that leaseholders are also unprotected from further year on year increases that may come as part of the actual service charge costs, which can fluctuate year on year at a much higher rate than inflation +1% based on the nature and volume of works carried out in each block. Therefore 5.9% does not present the true picture of year on year rises.
- In addition, we note that there are no direct or efficiency savings mentioned in the report. Why is this?
- Residents also ask that if they are paying an extra 5.9% in charges, may we expect to see respective increases in the quantity and quality of services provided? Feedback shared with us on behalf of some residents was of the view that the quality of customer service and complaint management has certainly not improved or indeed has deteriorated.
- Another resident’s view is that the Council should challenge if the costs will directly contribute to one of the Council's strategic objectives and if the mitigations are sufficient in the short to long term. More could be done to protect the most vulnerable who may be disproportionately affected by these increases. Some residents may face a triple whammy of rental, service charge and garage price hikes and the cost drivers of each do not match CPI or RPI, salary increases or benefit increases to living in a Regenter managed block so it becomes unaffordable. The Council needs to test these proposed universal hikes against real costs that may actually be incurred by the contractor. The garage hikes and links to Council policies conflict.

### **Lewisham Tenants Fund Budget for the Financial Year 2022-23**

We have received the following feedback and queries:

- Have residents been surveyed on the Tenants Fund?
- How many residents have benefited from specific fund projects?  
When and where are details of the Tenants Fund advertised to residents?
- 4.3 – Is that the only value for money indicator this fund has? How does Council / Regenter measure the effectiveness of this fund? How does the Council / Regenter ensure that the 15% is used efficiently? If the Council/Regenter cannot demonstrate that the 15% is being used well then it may not be value for money so this is a poor indicator. What indicators and targets have been set? Have they been met? How are needs prioritised?
- 4.4 – Section 3.1 clearly states that the fund is to promote the harmonious functioning of a multi-racial community. How can section 4.4 on Equality and Diversity state there are no specific implications to this report?
- 4.5 – Why are there no consultation implications?

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

We look forwards to receiving your written response.

**On behalf of the Regenter Brockley Resident Panel**

### **LBL's letter of response to the questions raised by Regenter Brockley Residents Panel:**

Chair & Vice Chair  
Regenter Brockley Resident's Panel  
Via email

Fenella Beckman  
Director of Housing Services  
4th Floor, Laurence House  
Catford Road, SE6 4RU  
Direct line: 020 8314 8632  
Fenella.Beckman@lewisham.gov.uk

17<sup>th</sup> December 2021

Dear Regenter Brockley Resident's Panel Chair & Vice Chair,

#### **Re: Resident Panel feedback from Rent & Service Charge Consultation 2022/23**

Thank you for your email dated 24<sup>th</sup> November 2021 which contained feedback on behalf of the Regenter Brockley Residents Panel, in response to the rent and service charge consultation meeting held on 10<sup>th</sup> November 2021.

We appreciate you taking the time to provide us with this valuable and very comprehensive feedback. Your feedback in its entirety was included in the Rent and Service Charge Committee Report, considered by Housing Select Committee on 9<sup>th</sup> December 2021. Your feedback and a copy of the letter with responses to the points you raised will also be included in the Mayor and Cabinet report in January.

For ease of reference I have included your feedback below with my responses provide in the table below:

| Brockley Resident Board Questions  | LBL Responses  |
|--|--|
| <p><b>Q1</b> - We would like to bring the following concerns about the consultation process to the Council's attention.</p> <p>The Chair and Vice Chair of the Panel asked Pinnacle that the meeting and presentation on annual rent, garage and service charge increases be advertised to all panel members, thereby allowing anyone interested to attend. Pinnacle</p> | <p>We would like to assure you that the Council values resident participation. We have spoken to Pinnacle about the process and we accept that it should have been done better. We will ensure that next year a more robust and effective process is followed and LBL officers will assist Pinnacle to deliver on this commitment.</p> |

**APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

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| <p>disregarded our request, and instead shared the meeting details only with a very small, handpicked group of residents selected by Pinnacle. The details of the selected attendees were also withheld from the Panel Chair and Vice Chair preventing any communications between residents in advance of the meeting.</p> <p>This appears to be directly at odds with Pinnacle's supposed commitment to resident engagement and can only be seen as an attempt to limit resident engagement on a matter that affects all residents in the area.</p> <p>Response: As stated above there is no statutory obligation to consult with residents on the rent and service charge proposals.</p> <p>We ask that the Council requires Pinnacle to conduct a more transparent and extensive consultation exercise in the future, and one that is better advertised and promoted to <b>all</b> residents, given that the Panel is only a small sub-group. We would be grateful if you would write to us to set out how you will provide some assurance that this will happen.</p> | <p>We are reviewing our timetabling of the rent and service consultation process and resident meetings, together with the schedule for Housing Select Committee (HSC) so that we are better able to engage more effectively with resident next year.</p> <p>As Chair and Vice Chair of the resident's panel we will expect officers at Pinnacle to work closely with you in putting in place any new and improved residents' involvement measures.</p> <p>We appreciate the tight timelines this year meant we could not consult as widely as we would like to have done. We will endeavour to address this issue in time for next year's rent and service charge consultations and have a process in place that will allow all residents the opportunity to participate in the consultation process.</p> <p>I can assure you both the Council and Pinnacle are committed to resident engagement and LBL client officers will continue to work with Pinnacle to promote and deliver effective resident engagement.</p> <p>I would also welcome the opportunity to meet with you and Pinnacle early in the New Year so we can agree the process that Pinnacle will use to consult with all residents for next years' rent and service charge consultation.</p> |
| <p><b>Q2</b> -On the content of the proposals, the Panel is concerned that the proposed increases in rent and service charges are significant and will place strain on household incomes. Feedback</p>   | <p>We take on board your concerns and we do recognise that in the current economic environment, the proposed rent and service charge increase may present an increased financial strain for</p>   |



**APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

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| <p>received on behalf of some TRA members following the meeting reflected that many people have not had a real pay increase for some time, and the proposed charges may hit some hard, potentially causing hardship in some cases.</p> <p>The Brockley area is within the top 22.5% of areas in England for income deprivation and sits within the second most deprived areas in the Borough.</p> <p>The Council will be aware that the proposed increases come at a time of rising energy bills, a predicted Bank of England interest rate rise, and when peoples' real wages are not keeping pace with inflation.</p> <p>Regenter's own annual service report for 2020-21 noted that due to Covid-19 it had already seen a significant increase in residents struggling to pay their rents. At the April Panel meeting Pinnacle noted that leaseholders had also been impacted financially during lockdown.</p> | <p>some residents.</p> <p>The Council has asked Pinnacle to continue to work closely with all residents who may find themselves in financial difficulty. They have a dedicated income team who can provide help and assistance with paying rent. They also work closely with our Housing Benefit Section to ensure those eligible for this benefit are receiving it. Most of the service charges applicable to tenants are covered by Housing Benefit. For those residents already in receipt of full Housing Benefit, any increase in rent and most service charge increases will automatically be covered by an increase in their Housing Benefit entitlement.</p> <p>Pinnacle also employ dedicated welfare advice officers who are readily available to offer financial advice and assist residents in applying for benefits and other welfare payments.</p> |
| <p><b>Q3</b> - Furthermore, many leaseholders in the area will be facing bills of as yet unknown quantities as part of the fire door replacement programme. These rises will increase that pressure.</p>  | <p>The Fire door programme is a legal requirement to ensure that all properties are compliant with the current fire regulations. Higgins Partnership will survey all affected properties and all leaseholders will be offered an opportunity to have a new compliant door installed with flexible repayment options, if it is deemed following a survey that their current front entrance door (FED) does not meet the required standard. Due to the large number of doors being purchased by Higgins Partnership as part of the programme, it should mean that the costs to leaseholders should they wish to buy into the programme will be significantly</p>   |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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|  | <p>less than if they were to purchase and arrange their own installation on the open market. Having said that, it is entirely up to the individual leaseholder and there is absolutely no obligation on them to purchase through the Higgin's programme. There is however an obligation on all leaseholders' whose FED's are found to be non-compliant to arrange for new doors to be fitted and certified.</p>  |
| <p><b>Q4</b> - The variation effective date of 4 weeks does not match tenancy agreement termination dates. Does the Council and Regenter recognise that this is a contradiction so will ensure that residents are informed of variations at least 3 months before they come into effect? How much notice will tenants get before decisions are made in order to find any alternative accommodation and provide notice, if it is deemed too expensive?</p>  | <p>Under Section 103 of the Housing Act 1985 the Council is required to give four weeks' notice of variation of rent. Secure tenants wishing to terminate their tenancies must also give the Council four weeks' notice of their intention to vacate their property.</p>   |
| <p><b>Q5</b> - About service charge increases specifically, we heard no evidence in the paper or the presentation as to why service charges increase at the higher rate of RPI + 1%, whereas rents are linked to the lower rate of CPI +1%. There is also no evidence presented as to why the increase in service charges is at RPI "+1%", other than we were told "it's in the contract". Why is this additional 1% required under the contract? Whilst the paper states that the charges are required to ensure full cost recovery, we see no evidence presented within the paper that evidences this statement. Where is the evidence to indicate that the costs of providing services will increase by 5.9%?</p> | <p>Rent increases are based on Consumer Price Index (CPI) and Service Charges are based on Retail Price Index (RPI). CPI + 1% for rent increases is a set Government formula and is a maximum that Housing Providers can increase rent by each year. RPI + 1% increase applied to service charges is in line with the contractual obligations in the Private Finance Initiative (PFI) management agreement. The figures are based on the last year's audited charges. This means that residents in some blocks will receive credit whilst others may see a small increase in service charges. As a result of all elements of the service charge increasing by RPI, when the budgets are set for the coming year, it follows that the overall service charge must also be</p> |

**APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

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|   | <p>increased by this amount. It is important to note that at the end of each service charge year, all service elements are audited by an independent auditor to ensure they reflect the actual costs of the service provided. Where estimated service charges are found not to be in line with the findings of the audit they are then adjusted accordingly and leaseholders receive notification of the revised actual costs. The audit can either result in the estimated charges remaining unchanged or leaseholders receiving an increase or a credit adjustment on the amounts charged at their estimated bills.</p>  |
| <p><b>Q6</b> - We are concerned that, if an annual increase of RPI + 1% is indeed "baked into" Pinnacle's contract, with rising inflation, an annual increase at this rate is going to place continued and sustained pressure on leaseholders' bills. We would like the Council to write to us on this point to confirm if this is the case, and if so, what mechanisms there are for it to depart from this should rising inflation make this unaffordable for many residents.</p> | <p>The PFI contract allows for an increase in service charges each year of RPI+1%. This uplift is applied to the actual audited service charges amounts from the previous financial year. These audited accounts determine the charges applied to the estimated bills for leaseholders for the coming financial year. Leaseholders are required to pay their annual service charges on receipt of their estimated bills each year, however, they will then be issued with an 'actual bill' at the end of the year following the annual service charge audit. Leaseholder bills will be adjusted accordingly and will reflect the actual cost of the service provided for that year.</p> <p>Regardless of the RPI+1% increase, leaseholders are only ever charged for the true cost of the service they benefit from.</p> |
| <p><b>Q7</b> - We note that in previous years increases have departed from the "+1%"</p>  | <p>All previous increases have been subjected to RPI +1% and this is in</p>  |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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| <p>formula and would therefore like to understand what leeway the Council has to depart from this formula now and in future. It should also be noted that leaseholders are also unprotected from further year on year increases that may come as part of the actual service charge costs, which can fluctuate year on year at a much higher rate than inflation +1% based on the nature and volume of works carried out in each block. Therefore 5.9% does not present the true picture of year on year rises.</p> | <p>keeping with the terms of the PFI contract. Pinnacle will continue to apply this uplift each year. However, as a result of the audit of accounts undertaken each financial year, explained in the response to Q6 above, leaseholders will never be charged more than the true cost of the service delivered in any particular year. Bills are always adjusted to reflect the true service delivery cost following the audit each year.</p> <p>Any planned repairs and maintenance works valued at £250 or above to properties are classed as major works and leaseholders will always be issued Section20 notices in advance of such work and given an opportunity to comment on works proposed.</p> |
| <p><b>Q8</b> - In addition, we note that there are no direct or efficiency savings mentioned in the report. Why is this?</p>   | <p>The Council have not requested that the PFI contractor make any direct efficiency saving.</p>  |
| <p><b>Q9</b> - Residents also ask that if they are paying an extra 5.9% in charges, may we expect to see respective increases in the quantity and quality of services provided? Feedback shared with us on behalf of some residents was of the view that the quality of customer service and complaint management has certainly not improved or indeed has deteriorated.</p>   | <p>The services that are provided are charged and shown when the actual costs are produced at the end of the service charge year. The charging process is explained in more detail in response to Q6 above.</p> <p>Any additional work or enhancements to the current services by Pinnacle would result in further increases in service delivery costs which in turn would be passed on to residents through increased service charge costs.</p> <p>The PFI contract does provide a suite of key performance indicators by which RegenterB3 and their sub-contractors Pinnacle and Rydon are measured against. Lewisham client officers will</p>  |

**APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

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|  | <p>take on board your concerns raised in relation to quality of customer service and complaints handling and will put in place new measures to ensure more enhanced monitoring of these services takes place.</p> <p>We can have a further discussion regarding these concerns when we meet with you early in the New Year.</p>   |
| <p><b>Q10</b> - Another resident's view is that the Council should challenge if the costs will directly contribute to one of the Council's strategic objectives and if the mitigations are sufficient in the short to long term. More could be done to protect the most vulnerable who may be disproportionately affected by these increases. Some residents may face a triple whammy of rental, service charge and garage price hikes and the cost drivers of each do not match CPI or RPI, salary increases or benefit increases to living in a Regenter managed block so it becomes unaffordable. The Council needs to test these proposed universal hikes against real costs that may actually be incurred by the contractor. The garage hikes and links to Council policies conflict.</p> | <p>We do appreciate that the proposed increases may cause financial hardship for some residents.</p> <p>As stated in our response to Q2 above, we will ensure Pinnacle are providing the necessary help and advice that residents need to support them.</p> <p>The rent increase of CPI+1% is a Government formula for social rents that all Social landlords must adhere to. RPI is a standard inflationary index that is used by LBL in determining rent increases for garages and service charges.</p> <p>In relation to service charge costs, residents will only every pay the actual cost delivery of the service by their provider, irrespective of the inflationary index formula applied.</p> <p>Residents who are experiencing financial worries should contact Pinnacle for advice and support. They should also contact other service providers if necessary to find out if they can provide help and assistance.</p> |

**Lewisham Tenants Fund Budget (LTF) for the Financial Year 2022-23**

| <b>Brockley Resident Panel Questions</b>                             | <b>LBL Responses</b>  |
|--|---|
| <p><b>Q 1</b> -Have residents been surveyed on the Tenants Fund?</p> | <p>All Lewisham Council tenants have been balloted. Each year as part of the rent and</p> |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

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|  | <p>service charge consultation process, residents are permitted the opportunity to feedback on the proposed tenant fund charge.</p>   |
| <p><b>Q2</b> - How many residents have benefited from specific fund projects?</p>  | <p>LTF only fund accredited tenants groups, not individuals. In 2019/20 32 tenant groups were funded £74,231.00. In 2020/21 26 tenants groups were funded £39,061.00.</p>   |
| <p><b>Q3</b> - When and where are details of the Tenants Fund advertised to residents?</p>   | <p>LTF officers attend all tenant and resident set up and Annual General Meetings (AGM's) to provide information and details on grants available from the fund. New resident involvement officers are also made aware of the fund and LTF's website provides full details. LTF also run regular publicity campaigns to publicise the fund with LTF directors visiting TRA meetings to speak about the fund. Articles have also been published in the Lewisham Life magazine.</p> <p>LTF employ a support and training officer who works closely with the housing providers and tenants to support existing resident groups and provide guidance and help to encourage the formation of new resident groups.</p> |
| <p><b>Q4</b> - 4.3 – Is that the only value for money indicator this fund has? How does Council / Regenter measure the effectiveness of this fund? How does the Council / Regenter ensure that the 15% is used efficiently? If the Council/Regenter cannot demonstrate that the 15% is being used well then it may not be value for money so this is a poor indicator. What indicators and targets have been set? Have they been met? How are needs prioritised?</p> | <p>The tenant charge is 15p per week. Directors set an annual budget based on tenant consultation which is submitted to Mayor and Cabinet for approval together with the funds audited accounts. LTF Directors and LBL officers receive quarterly monitoring reports showing details of grant funding and overheads.</p> <p>LTF is governed by a Board of Directors consisting of Lewisham Homes and Brockley PFI tenants who are duly elected to their positions. It is the role of the Directors to oversee the management and administration of the fund to ensure it is used efficiently and effectively for the benefit</p>  |

**APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

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|  | <p>of tenants and that it offers value for money.</p> <p>There are stringent regulations and financial controls in place to ensure that funds and grants provided to accredited resident associations are correctly administered and accounted for.</p> <p>LTF funds are independently audited and recorded each financial year.</p> |
| <p><b>Q5</b> - 4.4 – Section 3.1 clearly states that the fund is to promote the harmonious functioning of a multi-racial community. How can section 4.4 on Equality and Diversity state there are no specific implications to this report?</p> | <p>LTF do not have access to data specifying the equality and diversity of individual members of Tenant and Resident’s Associations (TRAs) therefore the report is unable to report on this</p>  |
| <p><b>Q6</b> - 4.5 – Why are there no consultation implications?</p>   | <p>The entire report itself is a consultation document for the purpose of obtaining feedback.</p>  |

I hope the responses provided to the issues and queries raised in your feedback are to your satisfaction.

I would like to take this opportunity to thank you, in your role as Chair and Vice Chair, for the work and service you provide to the Brockley Resident’s Panel. The Council values your input and the efforts your group is making to work with Pinnacle to ensure that all residents in the Brockley PFI area continue to receive efficient and effective housing management services.

Yours sincerely



Fenella Beckman  
Director of Housing Services

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX X3: Leasehold and Tenants Charges 2022/23 Brockley

|              |  |         |                                      |
|--------------|--|---------|--------------------------------------|
| Committee    | <b>Brockley Residents Panel</b>                  | Item No |                                      |
| Report Title | <b>Leasehold and Tenant Charges Consultation</b> |         |                                      |
| Contributor  | Regenter Brockley Operations Manager             |         |                                      |
| Class        | <b>Proposal</b>                                  | Date    | <b>10<sup>th</sup> November 2021</b> |

#### 1 Summary

- 1.1 The report sets out proposals to increase service charges to ensure full cost recovery in line with Lewisham Council's budget strategy.
- 1.2 The report requests Brockley Residents Panel members to consider the proposals to increase the service charges for Leasehold and tenanted properties who are receiving the same service in the same block. The service charges will be increased in line with the September 2021 RPI (Retail Price Index) of 4.9% plus 1% (uplift under RegenterB3 contract) making a total increase of 5.9%. This percentage will be applied to the actual cost of each service element of the 2020/2021 figures. These costs have been audited and the actual cost of each service arrived at.

#### 2 Policy Context

- 2.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Corporate Strategy objectives;
  - 2.1.1 Tackling the housing crises – Everyone has a decent home that is secure and affordable.
- 2.2 The contents of this report support the achievement of the following Housing Strategy 2020-26 objectives;
  - 2.2.1 Preventing Homelessness and meeting housing need.
- 2.3 The Council's Housing Revenue Account is a ring-fenced revenue account. The account is required to contain only those charges directly related to the management of the Council's Housing stock. This requires that leaseholder charges reflect the true cost of maintaining their properties where the provision of their lease allows. This prevents the situation occurring where tenants are



## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

subsidising the cost of leaseholders who have purchased their properties or leaseholders subsidising tenants in the same block.

### **3. Recommendations**

3.1 The Brockley Residents Panel is requested to consider and comment on the proposals contained in this report and the feedback will be presented to Mayor and Cabinet as part of the wider rent setting report.

### **4. Purpose**

4.1 The purpose of the report is to:

- outline the proposals for increases in service charges in line with the contract arrangements for leaseholders and tenants to recover costs incurred for providing these services

### **5. Housing Revenue Account Charges**

5.1 There are several charges made to residents which are not covered through rents. These charges are principally:

- Leasehold Service Charges
- Tenant Service Charges

5.2 A service charge levy is applied to Tenants for caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning. Tenants also pay a Tenants Fund Levy which is passed onto the Tenants Fund as a grant.

5.3 The key principles that should be considered when setting service charges are that:

- The charge should be fair and be no more or less than the cost of providing the service
- The charge can be easily explained
- The charge represents value for money
- The charging basis allocates costs fairly amongst those receiving the service
- The charge to all residents living in a block will be the same

5.4 The principle of full cost recovery ensures that residents pay for services consumed and minimises any pressures in the Housing Revenue Account in providing these services. This is in line with the current budget strategy.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

In the current economic environment, it must however be recognised that for some residents this may represent a significant financial strain. Those in receipt of housing benefit will receive housing benefit on increased service charges. Within Brockley PFI managed stock, there are approximately 384 tenants in receipt of Housing Benefits and 354 tenants in receipt of Universal Credit. Those not eligible to claim benefits are offered private consultation with income collection team and welfare advice officers to discuss any financial difficulties they may have. These facilities are also offered to all residents.

### 6. Analysis of full cost recovery

6.1 The following section provides analysis on the impact on individuals of increasing charges to the level required to ensure full cost recovery. The tables indicate the overall level of increases.

#### 6.2 Leasehold service charges

The basis of the leasehold management charge has been reviewed and externally audited this summer to reflect the actual cost of the service. The management charge now incorporates Resident Engagement and Customer Service charges which makes this combination £86.22 for street properties and £183.05 for blocks.

6.2.1 The following table sets out the current average weekly charge and the proposed increase for the current services provided by Regenter B3:

#### 6.3 Leasehold service charges

| Service              | Leasehold No. | Current Weekly Charge | Weekly Increase | New Weekly Amount | Increase (5.9%) |
|----------------------|---------------|-----------------------|-----------------|-------------------|-----------------|
| Caretaking           | 419           | £4.84                 | £0.29           | £5.13             | 5.90%           |
| Grounds Maintenance  | 425           | £2.16                 | £0.13           | £2.29             | 5.90%           |
| Communal Lighting    | 397           | £1.32                 | £0.08           | £1.40             | 5.90%           |
| Bulk Waste           | 419           | £1.53                 | £0.09           | £1.62             | 5.90%           |
| Window Cleaning      | 222           | £0.12                 | £0.01           | £0.13             | 5.90%           |
| Resident Involvement | 568           | £0.24                 | £0.01           | £0.25             | 5.90%           |
| Customer Services    | 568           | £0.39                 | £0.02           | £0.41             | 5.90%           |
| General Repairs      | 568           | £3.56                 | £0.21           | £3.77             | 5.90%           |
| Technical Repairs    | 401           | £0.00                 | £0.00           | £0.00             | 5.90%           |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|                       |     |               |       |        |       |
|-----------------------|-----|---------------|-------|--------|-------|
| <b>Entry Phone</b>    | 140 | £0.05         | £0.00 | £0.05  | 5.90% |
| <b>Lift</b>           | 237 | £0.94         | £0.05 | £0.99  | 5.90% |
| <b>Management Fee</b> | 568 | £3.05         | £0.18 | £3.23  | 5.90% |
| <b>Total</b>          |     | <b>£18.20</b> | £1.07 | £19.27 | 5.90% |

\* One leasehold property is also required to pay a £10 ground rent charge per annum

6.3.1 Tenant service charges were separated out from rent (unpooled) in 2003/04 and have been increased by inflation since then. RB3 took over the provision of the caretaking and grounds maintenance services in 2007/08. Both tenants and leaseholders pay caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning service charges.

6.3.2 In addition, tenants pay a contribution of £0.15pw to the Lewisham Tenants Fund. At present there are no plans to increase the Tenants Fund charges.

6.3.3 As outlined in this report, the principle to be applied to service charges is that full cost recovery should be maintained wherever possible. The service charge increase applied for 2022/23 will be set in November 2021 to be applied from 1st April 2022. Pinnacle review service charges on a regular basis to ensure they are appropriately set and will continue to do so.

6.3.4 The data in the table for tenants have been calculated to reflect the charge applied for inflation as allowed for within the contract at a rate of 5.9% (September 2021 RPI of 4.9% + 1.0%) Overall, charges are suggested to be increased by an average of 59pence per week which would move the current average weekly charge from £10.12 to £10.71.

6.3.5 The increases have also been applied to the tenant service charges and are shown in the table below

| <b>Service</b>             | <b>Current Weekly Charge</b> | <b>Weekly Increase</b> | <b>New Weekly Amount</b> | <b>Increase (5.9%)</b> |
|----------------------------|------------------------------|------------------------|--------------------------|------------------------|
| <b>Caretaking</b>          | £4.84                        | £0.29                  | £5.13                    | 5.90%                  |
| <b>Grounds Maintenance</b> | £2.16                        | £0.13                  | £2.29                    | 5.90%                  |
| <b>Communal Lighting</b>   | £1.32                        | £0.08                  | £1.40                    | 5.90%                  |
| <b>Bulk Waste</b>          | £1.53                        | £0.09                  | £1.62                    | 5.90%                  |
| <b>Window Cleaning</b>     | £0.12                        | £0.01                  | £0.13                    | 5.90%                  |
| <b>Tenants fund</b>        | £0.15                        | no increase            | 0.15                     |                        |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|              |               |       |        |  |
|--------------|---------------|-------|--------|--|
|              |               |       |        |  |
| <b>Total</b> | <b>£10.12</b> | £0.59 | £10.71 |  |

6.3.6 The RB3 Resident Panel is asked for their views on these charges from April 2022 to March 2023. Results of the consultation will be presented to Mayor and Cabinet for approval in December 2021.

### 7. Financial implications

The main financial implications are set out in the body of the report.

### 8. Legal implications

- 8.1. Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Authority must review rents from time to time and make such changes as circumstances require. Within this discretion there is no one lawful option and any reasonable option may be looked at. The consequences of each option must be explained fully so that Members understand the implications of their decisions.
- 8.2 Section 76 of the Local Government and Housing Act 1989 provides that local housing authorities are under a duty to prevent a debit balance in the HRA. Rents must therefore be set to avoid such a debit.
- 8.3 Section 103 of the Housing Act 1985 sets out the terms under which secure tenancies may be varied. This requires: -
- the Council to serve a Notice of Variation at least 4 weeks before the effective date.
  - the provision of enough information to explain the variation.
  - an opportunity for the tenant to serve a Notice to Quit terminating their tenancy.
- 8.4 The timetable for the consideration of the 2022/23 rent levels provides an adequate period to ensure that legislative requirements are met.
- 8.5 Part III of Schedule 4 of the Local Government and Housing Act 1989 provides that where benefits or amenities arising out of the exercise of a Housing Authority's functions, are provided for persons housed by the authority, but are shared by the community as a whole, the authority shall make such contribution to their HRA from their other revenue accounts to properly reflect the community's share of the benefits or amenities.
- 8.6 Whereas an outcome of the rent setting process, there are to be significant changes in housing management practice or policy, further consultation may

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

be required with the tenants affected in accordance with section 105 of the Housing Act 1985.

### 9. Crime and disorder implications

There are no specific crime and disorder implications in respect of this report paragraph.

### 10. Equalities implications

The general principle of ensuring that residents pay the same charge for the same service is promoting the principle that services are provided to residents in a fair and equal manner.

### 11. Environmental implications

There are no specific environmental implications in respect of this report.

### 12. Conclusion

- 12.1 Revising the level of charges ensures that the charges are fair, and residents are paying for the services they use.
- 12.2 The additional resources generated will relieve some of the current pressures within Housing Revenue Account and will contribute to the funding of the PFI contract which is contained within the authorities Housing Revenue Account.

If you require any further information on this report, please contact

Kenneth Gill  
Area Manager

or

Sandra Simpson  
Project Manager

[Brockley.customerservice@pinnaclegroup.co.uk](mailto:Brockley.customerservice@pinnaclegroup.co.uk)

Or

on 0204 518 1447

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX X4: Leasehold and Tenants Charges 2022/23 Lewisham Homes

|              |   |          |                         |
|--------------|---|----------|-------------------------|
| Meeting      | <b>Resident Engagement Panel</b>                          | Item No. | <b>x</b>                |
| Report Title | <b>Service Charges 2022/23</b>                            |          |                         |
| Report Of    | <b>Director of Finance and Technology - Rowann Limond</b> |          |                         |
| Class        | <b>Information</b>  | Date     | <b>24 November 2021</b> |

#### 1. Purpose of the Report

- 1.1 This report sets out proposals for residents service charges in 2022/23. Residents are invited to comment on the proposals which will be fed back to the Mayor as part of the Council's budget setting process.

#### 2. Recommendations

- 2.1 To consult residents on the service charge proposals and provide feedback to the Mayor.

#### 3. Background of the Report

- 3.1 The Council's Housing Revenue Account is a ring-fenced account. The account can only contain those charges directly related to the management of the Council's housing stock. By implication leaseholders must be charged the true cost of maintaining their properties, where the provision of their lease allows. This prevents tenants subsidising the cost to leaseholders, who have purchased their properties.
- 3.2 Each year a review of the actual costs is undertaken as part of the budget setting process and recommendations made to the council in respect of proposed charges.
- 3.3 Where possible we aim to keep these charges within the inflation rates. It should be noted that the inflation rates as at September 2021 were CPI 3.1% and RPI 4.9%. The overall increase to the weekly service charge is 4.09%.

#### 4. Tenant and Leasehold service charges 2022/23

- 4.1 The proposed 2022/23 charges as compared with 2021/22 are shown in Appendix 1
- 4.2 The proposed charges for 2022/23 have been aligned, as much as possible, to the 2020/21 actual service charges. Adjustments have been made where the actual costs include exceptional items and have caused a spike in the rolling average for these costs. This is particularly the case for building repairs and maintenance costs.
- 4.3 If you were to receive all of the services in appendix 1 the total proposed service charge increase is from £35.72 per week to £37.18, an increase of 4.09%. This increase has been driven by inflationary increases to costs. In particular there has been a 2.75% cost of living increase to staff costs, which has directly affected the costs of caretaking, grounds maintenance and sweeping,

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

- 4.4 There have been increases in transport costs due to increases in fuel. This has also contributed to cost increases across a number of service charge headings.
- 4.5 There has been a decrease in service charges for lifts and entry phones due to actual costs for 2020/21 being lower than estimated.
- 4.6 A proposed increase in communal heating and communal lighting of £1.05 and £0.21 per week respectively is due to an increase in energy costs.

**If you require further information on this report please contact Rowann Limond on 020 3889 0650 or email [rowann.limond@lewishamhomes.org.uk](mailto:rowann.limond@lewishamhomes.org.uk)**

### Appendix 1

| Existing Service                          | Tenant (T)/Leaseholders (LH) | Estimate (per week charge) | Estimate (per week charge) | Amount               | Change in weekly charge |              |
|---|------------------------------|----------------------------|----------------------------|----------------------|-------------------------|--------------|
|   |                              | 2021/22                    | 2022/23                    |                      | £                       | %            |
|   |                              | £                          | £                          |                      | £                       | %            |
| Caretaking                                | T & LH                       | 6.49                       | 6.76                       | 4,560,283.05         | 0.27                    | 4%           |
| Ground Maintenance                        | T & LH                       | 2.11                       | 2.20                       | 1,870,031.07         | 0.09                    | 4%           |
| Repairs and Maintenance - Building        | LH                           | 2.98                       | 3.28                       | 854,174.95           | 0.30                    | 10%          |
| Repairs and Maintenance Technical         | LH                           | 1.05                       | 1.13                       | 273,415.53           | 0.08                    | 8%           |
| Lifts                                     | LH                           | 2.69                       | 1.66                       | 90,033.51            | -1.03                   | -38%         |
| Entry Phone                               | LH                           | 0.75                       | 0.51                       | 34,452.63            | -0.24                   | -32%         |
| Block Pest Control                        | T & LH                       | 1.83                       | 2.10                       | 197,112.86           | 0.27                    | 15%          |
| Ground Rent                               | LH                           | 0.19                       | 0.19                       | 50,550.00            | 0.00                    | 0%           |
| Sweeping                                  | LH                           | 1.04                       | 1.08                       | 220,016.84           | 0.04                    | 4%           |
| Management                                | LH                           | 2.52                       | 2.70                       | 706,522.92           | 0.18                    | 7%           |
| Window Cleaning                           | T & LH                       | 0.12                       | 0.13                       | 46,593.20            | 0.01                    | 8%           |
| Bulky House Hold Waste Collection Service | T & LH                       | 0.58                       | 0.58                       | 363,058.00           | 0.00                    | 0%           |
| Bulk Waste Disposal                       | T & LH                       | 0.85                       | 0.88                       | 566,915.10           | 0.03                    | 4%           |
| Insurance                                 | LH                           | 0.96                       | 1.14                       | 300,237.58           | 0.18                    | 19%          |
| <b>Total excluding energy charges</b>     |                              | <b>24.17</b>               | <b>24.36</b>               | <b>10,133,397.25</b> | <b>0.20</b>             | <b>1%</b>    |
| Communal Lighting                         | T & LH                       | 1.10                       | 1.31                       | 690,306.47           | 0.21                    | 20%          |
| Communal Heating and Hot Water            | T & LH                       | 10.46                      | 11.50                      | 880,462.96           | 1.05                    | 10%          |
| <b>Total energy charges</b>               |                              | <b>11.55</b>               | <b>12.81</b>               | <b>1,570,769.43</b>  | <b>1.26</b>             | <b>11%</b>   |
| <b>Grand Total</b>                        |                              | <b>35.72</b>               | <b>37.18</b>               | <b>11,704,166.68</b> | <b>1.46</b>             | <b>4.09%</b> |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX X5: Garage Rent Increase Report 2022/23

| INCLUSIVE REGENERATION<br>Estates Team Report |  |                     |
|---|--|---------------------|
| Report Title                                  | Rental Increases for Garages from April 2022 – Lewisham Homes and Regenter RB3 |                     |
| Key Decision                                  | Yes  | Item No.            |
| Contributors                                  | Directorate of Housing, Regeneration and Public Realm                          |                     |
| Class   |  | Date: November 2021 |

#### **1. Purpose and Summary of the report**

The purpose of this report is to advise the resident panel of the proposed increase in the rent paid by tenants for domestic garages owned by the Council for the next financial year. As is our usual practice, the rents for next year will be increased in line with the Retail Price Index.

#### **2. Recommendation**

It is recommended that the Council approves, in principle, an increase in rent for the garage portfolio of 4.9%, to be effective from April 2022. This increase is in line with the increase in the Retail Price Index for the current year.

Blue Badge holders will continue to receive a 50% deduction on the weekly rent.

#### **3. Policy Context**

The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objectives:

- Building an inclusive local economy – Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- Making Lewisham greener – Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.

#### **4. Background**

For the forthcoming financial year from April 2022 it is intended that the increase applied is an inflationary one only, in line with the Retail Prices Index, as is our usual practice.

There are approximately 134 Council garage sites in the borough, comprising 182 garage blocks. There are approximately 2,379 individual garages. Approximately 1,801 of the garages are let to Lewisham Homes and Brockley social tenants and 578 are let to non-Lewisham Homes or Brockley social tenants.



## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

The current waiting list for garages is over 2,500 applicants.

A housing tenant with LB Lewisham pays the basic price for a garage (subject to any specific discounts agreed) and a non-housing tenant pays the basic price with the addition of 20% VAT. Blue Badge holders receive a 50% deduction on the weekly rent.

The application of a discount is entirely a discretionary decision on behalf of the Council; garages are not a core social dwelling provision and all could be charged at a higher level, although there is some logic in offering some abatement to housing customers to help mitigate parking issues and neighbourhood management problems.

The highest rent charged is £23.74 per week and the lowest is £5.86 per week. However, some garages are charged at less than the lowest rate per week. These are discounted rates (50% of the full charge) for tenants with blue badges. A comprehensive review of garages and garage rents is proposed in 2022. This will consider issues such as condition, location and the current discount scheme. It will also consider any investment needed to improve conditions across the estate. The outcome will help inform future garage rent setting for 2023 onwards.

### **5. Financial Implications**

The current annual rent roll for the garage portfolio is £1.961M, based on a basic average standard charge of £15.85 per week per garage (i.e. before discounts are applied).

If the rents are increased by RPI as proposed in April 2022, the revised annual rent roll will increase to approximately £2.057M, or £16.62 per week per garage, an uplift of 4.9%, or £0.77 per week on average, and a total increase of approximately £96,000 on the annual rent roll, or £69,000 after blue badge holder discounts have been applied.

### **6. Legal Implications**

The Council's duties in relation to the consultation of tenants on matters of housing management, as set-out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to consult with secure tenants regarding the proposed increase in charges. The Council still needs to act reasonably and the decision maker should therefore be satisfied that the increase is reasonable and justified. The general principle is that the Council should be seeking best value.

The Equality Act 2012 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

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.

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-actcodes-of-practice-and-technical-guidance/>

The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- The essential guide to the public sector equality duty
- Meeting the equality duty in policy and decision-making
- Engagement and the equality duty
- Equality objectives and the equality duty
- Equality information and the equality duty

The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at <http://www.equalityhumanrights.com/advice-and-guidance/public-sectorequality-duty/guidance-on-the-equality-duty/>

### **7. Crime and Disorder Implications**

There are no specific crime and disorder implications in this report. However, levels of voids could increase in the future if there is a lack of investment. Poorly maintained garages with high vacancy rates can in turn lead to increased levels of crime and anti-social behaviour.

### **8. Equalities Implications**

The proposed 4.9% increase will be applied across the portfolio to residents and non-residents. Blue badge holders will continue to receive a 50% discount on the weekly rent as existing.

### **9. Environmental Implications**

There are no specific environmental implications in this report.

### **10. Conclusion**

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

The proposed rental increase is considered to reflect market rent and be sustainable, and will raise additional revenue from the portfolio of approximately £96k, or £69k net after blue badge discounts have been applied.

### **11. Further Information**

If there are any queries on this report, please contact David Lee on mobile 07392 862107, [david.lee@lewisham.gov.uk](mailto:david.lee@lewisham.gov.uk)

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

### **APPENDIX X6: Other Associated Housing Charges for 2022/23**

#### **Garage Rents**

1. The detail of these charges and the changes are as set out in appendix 5. The proposals is for a 4.9% increase in charges which equates to an average increase of £0.77 per week.

#### **Tenants Levy**

2. As part of the budget and rent setting proposals for 2005/6, a sum of £0.13 per week was 'unpooled' from rent as a tenant's service charge in respect of the Lewisham Tenants Fund. The current charge is £0.15pw.
3. No proposals have been put forward by Lewisham Tenants Fund (LTF) to vary this levy for 2022/23. Therefore the charge will remain at £0.15pw for 2022/23.

#### **Hostel charges**

4. Hostel accommodation charges are set based on current Government requirements and will increase by 4.1% (£3.27 per week).
5. Hostel service charges are set to achieve full cost recovery, following the implementation of self-financing. For 2022/23, the charge for Caretaking/management and Grounds Maintenance will remain at current levels. This will leave the average charge at £72.96 per unit per week.
6. In addition, the charge for Heat, Light & Power will also be held at current levels and will remain at £5.98pw. Water charges will not be increased and will remain at £0.20pw. The charge for Council Tax will be based on the total recharged received from Council Tax section. All charges will be based on the total number of hostel units and is forecast to remain unchanged for 2022/23.
7. Hostel residents were consulted on these proposals via individual letters. Officers also invited hostel residents to meet them to discuss the changes and how these may affect them. However, no comments or representations were received.

#### **Linkline Charges**

8. The delivery of the service to a 'full visiting service' to better reflect service need was implemented in 2018/19. The resulting annual charge to the HRA for 2020/21 was increased to £420k. Current indications are that an inflationary increase of 2.0% will be applied for 2022/23, increasing the HRA charge by £9k

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

(to £440k for 2021/22). The current Linkline charge to HRA residents is £6.10 per week, and does not fully recover the full charge applied to the HRA.

9. Consultation with HRA residents/current users of the service is due to be undertaken sometime in the New Year. The results of any consultation will be reported to Mayor and Cabinet. Consultation would need to be completed by mid-February 2022 to comply with the 28 day statutory notice of charge increases and allow increased charges to be applied from April 2022. However, if consultation is delayed, the charge increase can only be applied from April 2023. There are no proposals to increase the maintenance charge, which will remain at £0.94 per week.

### **Private Sector Leasing (PSL & PMA)**

10. Rent income for properties used in the Private Sector Leasing (PSL) and Privately Managed Accommodation (PMA) scheme are General Fund resources. From April 2021, rents for homes let under these schemes will be charged at the applicable Local Housing Allowance (LHA) for private rented sector (PRA) properties. This will support the schemes to remain viable in the longer-term and reduce the General Fund subsidy that is presently required to keep them in operation.

### **Heating & Hot Water Charges**

11. As part of last year's rent setting process the Mayor agreed to continue with the current formula methodology for calculating increases in Heating & Hot Water charges to tenants and leaseholders. This formula was originally approved by Mayor & Cabinet in December 2004.
12. The current charging methodology allows a limited inflationary price increase plus a maximum of £2 per week per property increase on the previous year's charge. Consumption levels are also updated and included in the formula calculation.
13. The existing corporate contract for the supply of electricity is let by the property services team with Crown Commercial Services; an Executive Agency of the Cabinet Office. The contract frameworks have been designed to comply with the findings of the Pan Government Energy Project, which recommends that all public sector organisations adopt aggregated, flexible and risk-managed energy procurement with public sector buying organisations.
14. The proposal for 2022/23 is for an increase of £1.04pw or 10.0%. This will move the current charge from £10.46pw to £11.50pw. This is based on the latest available unit rates and consumption data.

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

15. The proposal for communal lighting is for an increase of 21.0% or £0.21 per week. This will move the current average charge from £1.10pw to £1.31pw. The increase is due to updated unit rates and consumption rates.
  
16. Officers will review the costs, actual energy usage and new contact prices in both 2021/22 and 2022/23 as part of the monitoring regime. Once the new long-term energy supply contracts are in place, recommendations for changes to charges will be brought forward as part of the 2023/24 budget process.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Y1 2022/23 Budget Reductions – approved December 2020 and February 2021

| Ref  | Proposal  | 2022/23<br>£'000 | 2023/24<br>£'000 | 2024/25<br>£'000 | TOTAL        |
|--|---|------------------|------------------|------------------|--------------|
| <b>Theme A - Productivity</b>                      |   |                  |                  |                  |              |
| A-01   | Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment | 3,000            | 0                | 0                | 3,000        |
| A-02   | Hybrid roles - enforcement  | 50               | 50               | 0                | 100          |
| A-03   | Corporate Transport arrangements  | 150              | 50               | 0                | 200          |
| A-04   | Process automation in Revs and Bens   | 100              | 0                | 0                | 100          |
| A-06   | Revs and Bens - Generic roles   | 400              | 0                | 0                | 400          |
| <b>Total for Theme A - Productivity</b>            |   | <b>3,700</b>     | <b>100</b>       | <b>100</b>       | <b>3,800</b> |
| <b>Theme B – Joint working</b>                     |   |                  |                  |                  |              |
| B-02   | Strategic recharging  | 600              | 0                | 0                | 600          |
| B-06   | Cuts to the main grants programme   | 800              | 0                | 0                | 800          |
| B-07   | Review of Council run events  | 30               | 0                | 0                | 30           |
| B-10   | Reduction in local assemblies service   | 178              | 0                | 0                | 178          |
| <b>Total for Theme B – Joint working</b>           |   | <b>1,608</b>     | <b>0</b>         | <b>0</b>         | <b>1,608</b> |
| <b>Theme C – Service Reconfiguration</b>           |   |                  |                  |                  |              |
| C-02   | Adult Learning and Day Opportunities  | 100              | 0                | 0                | 100          |
| C-03   | Reduction in the use of agency social workers.  | 215              | 0                | 0                | 215          |
| C-07   | Review Short breaks provision.  | 50               | 50               | 0                | 100          |
| C-08   | IT - mobile telephony review  | 10               | 10               | 0                | 20           |
| C-10   | Housing Services Review   | 300              | 0                | 0                | 300          |
| C-17   | Re-configuration of MH Supported Housing pay – Social Interest Group  | 150              | 0                | 0                | 150          |
| C-28   | Supported Housing Services  | 84               | 0                | 0                | 84           |
| <b>Total for Theme C – Service Reconfiguration</b> |   | <b>909</b>       | <b>60</b>        | <b>0</b>         | <b>969</b>   |
| <b>Theme D – Asset Realisation</b>                 |   |                  |                  |                  |              |
| D-02   | Business Rates Revaluation for the estate   | 40               | 20               | 0                | 60           |
| D-05   | Savings on mothballed assets. A review is in progress - savings on the cost of running the operational estate   | 50               | 0                | 0                | 50           |
| D-06   | Catford Campus - Estate Consolidation   | 11               | 12               | 0                | 23           |
| D-07   | Meanwhile use - Temporary Accommodation   | 25               | 25               | 0                | 50           |
| D-08   | Miscellaneous - income generation   | 25               | 0                | 0                | 25           |
| <b>Total for Theme D – Asset Realisation</b>       |   | <b>151</b>       | <b>57</b>        | <b>0</b>         | <b>208</b>   |
| <b>Theme E – Commercial Approach</b>               |   |                  |                  |                  |              |
| E-01   | Improved Debt collection  | 250              | 0                | 0                | 250          |
| E-02   | Income from building control  | 15               | 20               | 0                | 35           |
| E-05   | Traded services with schools  | 50               | 0                | 0                | 50           |
| E-06   | Reduce care leaver costs  | 100              | 0                | 0                | 100          |
| E-07   | Housing – Increased rent for Private Sector Lease (PSL) and Private Managed Accommodation (PMA)   | 375              | 0                | 0                | 375          |

**APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

|  |   |               |              |          |               |
|--|---|---------------|--------------|----------|---------------|
| E-09   | Realising further benefits from the Oracle Cloud Solution and exploiting its functionality as a fully integrated enterprise resource planning solution. | 100           | 0            | 0        | 100           |
| <b>Total for Theme E – Commercial Approach</b> |   | <b>890</b>    | <b>20</b>    | <b>0</b> | <b>910</b>    |
| <b>Theme F – Demand Management</b>             |   |               |              |          |               |
| F-02   | Children Social Care Demand management  | 500           | 1,000        | 0        | 1,500         |
| F-03   | Children Service reconfiguration - fostering  | 250           | 250          | 0        | 500           |
| F-05   | VfM commissioning and contract management - CSC   | 250           | 0            | 0        | 250           |
| F-15   | Environment - environmental operations review   | 330           | 0            | 0        | 330           |
| F-15a  | Environment - environmental operations review   | 567           | 0            | 0        | 567           |
| F-17   | Road safety enforcement   | 250           | 0            | 0        | 250           |
| F-20   | Emission based charging for Short Stay Parking  | 120           | 0            | 0        | 120           |
| F-21   | Road Safety Enforcement   | 375           | 0            | 0        | 375           |
| F-22   | Motorcycle parking charges  | 80            | 0            | 0        | 80            |
| F-24   | Adult Social Care cost reduction and service improvement programme  | 430           | 0            | 0        | 430           |
| <b>Total for Theme F – Demand Management</b>   |   | <b>3,152</b>  | <b>1,250</b> | <b>0</b> | <b>4,402</b>  |
| <b>GRAND TOTAL</b>                             |   | <b>10,410</b> | <b>1,487</b> | <b>0</b> | <b>11,897</b> |



## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Y2 2022/23 Budget Reductions – 2 February 2022

| Ref  | Proposal   | 2022/23£<br>£'000 | 2023/24<br>£'000 | 2024/25<br>£'000 | Total<br>£'000 |
|--|--|-------------------|------------------|------------------|----------------|
| <b>Theme C – Service Design</b>                |  |                   |                  |                  |                |
| C-35   | Specialist social care support review                                      | 177               | 0                | 0                | 177            |
| C-36   | Reduction of commissioned care leaver housing costs                        | 600               | 0                | 0                | 600            |
| C-38   | Strategic development team cost capitalisation                             | 100               | 0                | 0                | 100            |
| C-39   | Aligning the Kickstart scheme with Government plans                        | 25                | 25               | 0                | 50             |
| C-40   | Substance misuse – contract review and staffing                            | 92                | 0                | 0                | 92             |
| C-44   | Removal of graffiti from private property                                  | 5                 | 0                | 0                | 5              |
| <b>Total for Theme C – Service Design</b>      |  | <b>999</b>        | <b>25</b>        | <b>0</b>         | <b>1,024</b>   |
| <b>Theme D – Asset Optimisation</b>            |  |                   |                  |                  |                |
| D-10   | Commercial Estate Review   | 0                 | 50               | 100              | 150            |
| D-11   | Business Rates revaluation of Council owned properties                     | 100               | 50               | 0                | 150            |
| D-12   | Asset Use Review and Regularisation  | 0                 | 15               | 85               | 100            |
| D-13   | Review of commercial opportunities for nurseries within children's centres | 11                | 9                | 0                | 20             |
| D-14   | Facilities Management  | 0                 | 100              | 10               | 110            |
| <b>Total for Theme D – Asset Optimisation</b>  |  | <b>111</b>        | <b>224</b>       | <b>195</b>       | <b>530</b>     |
| <b>Theme E – Commercial Approach</b>           |  |                   |                  |                  |                |
| E-12   | Building Control Service Efficiency  | 20                | 30               | 0                | 50             |
| E-14   | Changes to leisure concessions for older people                            | 95                | 95               | 0                | 190            |
| E-15   | Seek corporate sponsorship for Festive Lighting                            | 30                | 0                | 0                | 30             |
| <b>Total for Theme E – Commercial Approach</b> |  | <b>145</b>        | <b>125</b>       | <b>0</b>         | <b>270</b>     |
| <b>Theme F – Demand Management</b>             |  |                   |                  |                  |                |
| F-25   | Road Safety – new yellow boxes   | 150               | 0                | 0                | 150            |
| F-26   | Subscriptions  | 20                | 0                | 0                | 20             |
| <b>Total for Theme F – Demand Management</b>   |  | <b>170</b>        | <b>0</b>         | <b>0</b>         | <b>170</b>     |
| <b>GRAND TOTAL</b>                             |  | <b>1,425</b>      | <b>374</b>       | <b>195</b>       | <b>1,994</b>   |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Y3: Allocation of Budget Reductions to Base Budget and Overspend

| Ref  | Previously Agreed Proposals   | 2022/23<br>£'000 | O/spend    | Base<br>budget |
|--|---|------------------|------------|----------------|
| <b>Theme A - Productivity</b>                      |   |                  |            |                |
| A-01   | Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment | 3,000            | 0          | 3,000          |
| A-02   | Hybrid roles - enforcement  | 50               | 0          | 50             |
| A-03   | Corporate Transport arrangements  | 150              | 0          | 150            |
| A-04   | Process automation in Revs and Bens   | 100              | 0          | 100            |
| A-06   | Revs and Bens - Generic roles   | 400              | 0          | 400            |
| <b>Total for Theme A - Productivity</b>            |   | <b>3,700</b>     | <b>0</b>   | <b>3,700</b>   |
| <b>Theme B – Joint working</b>                     |   |                  |            |                |
| B-02   | Strategic recharging  | 600              | 600        | 0              |
| B-06   | Cuts to the main grants programme   | 800              | 0          | 800            |
| B-07   | Review of Council run events  | 30               | 0          | 30             |
| B-10   | Reduction in local assemblies service   | 178              | 0          | 178            |
| <b>Total for Theme B – Joint working</b>           |   | <b>1,608</b>     | <b>600</b> | <b>1,008</b>   |
| <b>Theme C – Service Reconfiguration</b>           |   |                  |            |                |
| C-02   | Adult Learning and Day Opportunities  | 100              | 0          | 100            |
| C-03   | Reduction in the use of agency social workers.  | 215              | 215        | 0              |
| C-07   | Review Short breaks provision.  | 50               | 50         | 0              |
| C-08   | IT - mobile telephony review  | 10               | 10         | 10             |
| C-10   | Housing Services Review   | 300              | 0          | 300            |
| C-17   | Re-configuration of MH Supported Housing pay – Social Interest Group  | 150              | 0          | 150            |
| C-28   | Supported Housing Services  | 84               | 0          | 84             |
| <b>Total for Theme C – Service Reconfiguration</b> |   | <b>909</b>       | <b>275</b> | <b>634</b>     |
| <b>Theme D – Asset Realisation</b>                 |   |                  |            |                |
| D-02   | Business Rates Revaluation for the estate   | 40               | 0          | 40             |
| D-05   | Savings on mothballed assets. A review is in progresses - savings on the cost of running the operational estate   | 50               | 0          | 50             |
| D-06   | Catford Campus - Estate Consolidation   | 11               | 0          | 11             |
| D-07   | Meanwhile use - Temporary Accommodation   | 25               | 0          | 25             |
| D-08   | Miscellaneous - income generation   | 25               | 0          | 25             |
| <b>Total for Theme D – Asset Realisation</b>       |   | <b>151</b>       | <b>0</b>   | <b>151</b>     |
| <b>Theme E – Commercial Approach</b>               |   |                  |            |                |
| E-01   | Improved Debt collection  | 250              | 0          | 250            |
| E-02   | Income from building control  | 15               | 0          | 15             |
| E-05   | Traded services with schools  | 50               | 0          | 50             |
| E-06   | Reduce care leaver costs  | 100              | 100        | 0              |
| E-07   | Housing – Increased rent for Private Sector Lease (PSL) and Private Managed Accommodation (PMA)   | 375              | 0          | 375            |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|  |   |               |              |              |
|--|---|---------------|--------------|--------------|
| E-09   | Realising further benefits from the Oracle Cloud Solution and exploiting its functionality as a fully integrated enterprise resource planning solution. | 100           | 100          | 0            |
| <b>Total for Theme E – Commercial Approach</b> |   | <b>890</b>    | <b>200</b>   | <b>690</b>   |
| <b>Theme F – Demand Management</b>             |   |               |              |              |
| F-02   | Children Social Care Demand management  | 500           | 500          | 0            |
| F-03   | Children Service reconfiguration - fostering  | 250           | 250          | 0            |
| F-05   | VfM commissioning and contract management - CSC   | 250           | 250          | 0            |
| F-15   | Environment - environmental operations review   | 330           | 0            | 330          |
| F-15a  | Environment - environmental operations review   | 567           | 0            | 567          |
| F-17   | Road safety enforcement   | 250           | 0            | 250          |
| F-20   | Emission based charging for Short Stay Parking  | 120           | 0            | 120          |
| F-21   | Road Safety Enforcement   | 375           | 0            | 375          |
| F-22   | Motorcycle parking charges  | 80            | 0            | 80           |
| F-24   | Adult Social Care cost reduction and service improvement programme  | 430           | 0            | 430          |
| <b>Total for Theme F – Demand Management</b>   |   | <b>3,152</b>  | <b>1,000</b> | <b>2,152</b> |
| <b>GRAND TOTAL</b>                             |   | <b>10,410</b> | <b>2,075</b> | <b>8,335</b> |

| Ref  | New 2022/23 Proposals  | 2022/23<br>£'000 | O/spend    | Base<br>budget |
|--|--|------------------|------------|----------------|
| <b>Theme C – Service Design</b>                |  |                  |            |                |
| C-35   | Specialist social care support review                                      | 177              | 0          | 177            |
| C-36   | Reduction of commissioned care leaver housing costs                        | 600              | 600        | 0              |
| C-38   | Strategic development team cost capitalisation                             | 100              | 0          | 100            |
| C-39   | Aligning the Kickstart scheme with Government plans                        | 25               | 0          | 25             |
| C-40   | Substance misuse – contract review and staffing                            | 92               | 0          | 92             |
| C-44   | Removal of graffiti from private property                                  | 5                | 0          | 5              |
| <b>Total for Theme C – Service Design</b>      |  | <b>999</b>       | <b>600</b> | <b>399</b>     |
| <b>Theme D – Assets Optimisation</b>           |  |                  |            |                |
| D-10   | Commercial Estate Review   | 0                | 0          | 0              |
| D-11   | Business Rates revaluation of Council owned properties                     | 100              | 0          | 100            |
| D-12   | Asset Use Review and Regularisation  | 0                | 0          | 0              |
| D-13   | Review of commercial opportunities for nurseries within children's centres | 11               | 0          | 11             |
| D-14   | Facilities Management  | 0                | 0          | 0              |
| <b>Total for Theme D – Assets Optimisation</b> |  | <b>111</b>       | <b>0</b>   | <b>111</b>     |
| <b>Theme E – Commercial Approach</b>           |  |                  |            |                |
| E-12   | Building Control Service Efficiency  | 20               | 0          | 20             |
| E-14   | Changes to leisure concessions for older people                            | 95               | 0          | 95             |
| E-15   | Seek corporate sponsorship for Festive Lighting                            | 30               | 0          | 30             |
| <b>Total for Theme E – Commercial Approach</b> |  | <b>145</b>       | <b>0</b>   | <b>145</b>     |
| <b>Theme F – Demand Management</b>             |  |                  |            |                |
| F-25   | Road Safety – new yellow boxes   | 150              | 0          | 150            |
| F-26   | Subscriptions  | 20               | 0          | 20             |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|  |              |            |            |
|--|--------------|------------|------------|
| <b>Total for Theme F – Demand Management</b> | <b>170</b>   | <b>0</b>   | <b>170</b> |
| <b>GRAND TOTAL</b>                           | <b>1,425</b> | <b>600</b> | <b>825</b> |

| <b>TOTALS</b>                            | <b>2022/23<br/>£'000</b> | <b>O/spend</b> | <b>Base<br/>budget</b> |
|--|--------------------------|----------------|------------------------|
| <b>Theme A - Productivity</b>            |                          |                |                        |
| Previously Agreed                        | 3,700                    | 0              | 3,700                  |
| <b>Theme B – Joint working</b>           |                          |                |                        |
| Previously Agreed                        | 1,821                    | 600            | 1,221                  |
| <b>Theme C – Service Reconfiguration</b> |                          |                |                        |
| Previously Agreed                        | 909                      | 275            | 634                    |
| New Proposals                            | 999                      | 600            | 399                    |
| <b>Theme D – Assets Realisation</b>      |                          |                |                        |
| Previously Agreed                        | 151                      | 0              | 151                    |
| New Proposals                            | 111                      | 0              | 111                    |
| <b>Theme E – Commercial Approach</b>     |                          |                |                        |
| Previously Agreed                        | 890                      | 200            | 690                    |
| New Proposals                            | 145                      | 0              | 145                    |
| <b>Theme F – Demand Management</b>       |                          |                |                        |
| Previously Agreed                        | 3,152                    | 1,000          | 2,152                  |
| New Proposals                            | 170                      | 0              | 170                    |
| <b>GRAND TOTAL</b>                       |                          |                |                        |
| Previously Agreed                        | 10,410                   | 2,075          | 8,335                  |
| New Proposals                            | 1,425                    | 600            | 825                    |
| <b>TOTAL</b>                             | <b>11,835</b>            | <b>2,675</b>   | <b>9,160</b>           |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Y4: Ready Reckoner for Council Tax 2022/23

|                | Budget         | Council         | Increase /   | GLA           | Total           | Total        |
|----------------|----------------|-----------------|--------------|---------------|-----------------|--------------|
|                | Requirement    | Tax             | (Decrease)   | Precept       | Council         | Increase /   |
|                | Lewisham       |                 | Lewisham     |               | Tax             | (Decrease)   |
|                |                | (Band D)        |              | (Band D)      | (Band D)        |              |
|                | £m             | £               | %            | £             | £               | %            |
| <b>2021/22</b> | <b>243.100</b> | <b>1,379.96</b> | <b>4.99%</b> | <b>363.66</b> | <b>1,743.62</b> | <b>5.90%</b> |
| <b>2022/23</b> | <b>248.610</b> | <b>1,421.22</b> | <b>2.99%</b> | <b>395.59</b> | <b>1,816.81</b> | <b>4.20%</b> |
|                | 248.006        | 1,414.46        | 2.50%        | 395.59        | 1,810.05        | 3.81%        |
|                | 247.393        | 1,407.56        | 2.00%        | 395.59        | 1,803.15        | 3.41%        |
|                | 246.779        | 1,400.66        | 1.50%        | 395.59        | 1,796.25        | 3.02%        |
|                | 246.166        | 1,393.76        | 1.00%        | 395.59        | 1,789.35        | 2.62%        |
|                | 245.553        | 1,386.86        | 0.50%        | 395.59        | 1,782.45        | 2.23%        |
|                | 244.939        | 1,379.96        | 0.00%        | 395.59        | 1,775.55        | 1.83%        |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Y5 – Chief Financial Officer’s Section 25 Statement

This statement makes reference to the 2022/23 Budget Report to Mayor & Cabinet circulated to all Members.

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its Council Tax. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates, included in the budget and the adequacy of the reserves, for which the budget provides. This Statement also reflects the requirements of CIPFA’s current Local Authority Accounting Panel (LAAP) Bulletin 99 on ‘Local Authority Reserves and Balances’.

Section 114 of the Local Government Act 1988, requires the CFO to issue a report to all the Local Authority members to be made by that officer, in consultation with the Monitoring officer and Head of Paid Service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

#### 1 Structure of the Statement

- 1.1 This Statement sets out the robustness of the Council’s budget in respect of external and internal risks for 2022/23, addressing the adequacy of the Council’s ability to respond to the challenges ahead, whilst simultaneously supporting the Borough’s renewal in an uncertain, post pandemic world.
- 1.2 The statement contains the following sections:
  - Economic factors posing risk to the budget
  - Future uncertainty of Local Government Finance and potential impact of legislative reforms
  - Future Lewisham: our ability to invest in our organisation and borough post pandemic
  - Ongoing cost of COVID and long term loss of income
  - Budget setting process and considerations
  - Financial Management, budget delivery risks and adequacy of our reserves
  - Capital programme affordability and HRA financing
  - Organisational resilience, culture and how we prioritise
  - Conclusion and opinion

#### 2 Economic factors posing risk to the Budget

- 2.1 *Inflation* – as I draft this S25 Statement, inflation as measured by the Consumer Price Index (CPI) is at its highest since September 2008, increasing from 0.6% in December 2020 to 5.4% in December 2021. The pace of change is rapid – with an increase of 2.3% over a 3 month period and there is considerable uncertainty over how quickly these increases will unwind before the rate of inflation returns to the Bank of England’s long term forecast of 2%. Inflationary increases will impact on some but not all of the contracts/goods we commission. In order to set a robust budget, an inflationary increase of 1.5% has been applied across net service budgets. Services will be expected negotiate contract efficiencies to drive through better value. Corporately a

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

further 1.5% will be held back to respond to exceptional contract inflation pressures which will be considered by the Investment and Resources board.

Figure 1: Annual CPIH inflation rate highest since September 2008

CPIH, OOH component and CPI 12-month inflation rates for the last 10 years, UK, December 2011 to December 2021



Source: Office for National Statistics – Consumer price inflation

2.2 *Lewisham economy* – our Borough is ranked 63<sup>rd</sup> nationally for relative deprivation for income out of 317 local authorities (with 1 being the most deprived). 14,600 of our working age residents claim Universal Credit and Job seekers allowance. The average annual salary of a Lewisham Resident is £35.4k compared to the London average of £37.5k. There are currently 22,093 residents claiming Council Tax Support and £20.6m has been set aside in the budget to ensure adequate funding is made available. £250k has been invested in the Economy, Jobs and Partnerships team on a permanent basis to provide advice to Lewisham’s businesses on financial resilience and how they can recover, grow and innovate to benefit as the economy recovers.

2.3 *Increase in cost of UK utility prices, rising costs of living* – the budget for 2022/23 includes a once off increase of £1m (a 20% increase) to be met from the once off Services Grant to address the temporary turbulence of energy supply issues faced by the UK. Through the Household Fund we provided financial support of £2.66m to over 30,000 families who receive housing benefit, council tax support or who have children in receipt of free school meals. We will ensure any funding provided from central government is allocated promptly to those who need it the most.

### 3 Future uncertainty of Local Government Finance, potential impact of legislative reforms

3.1 *Fair funding review, levelling up agenda, business rates reform* – the long anticipated Fair Funding Review of Local Government Finance review is expected to commence in spring 2022 with the consultation taking place in summer. Instead of receiving much needed permanent government funding, the Council was allocated a once-off Services Grant of £6.6m providing welcome but temporary resource. The government has made it clear that the Services Grant will be directed to deliver the “levelling up agenda” from 2023/24 and no transitional protection will be made available in respect of this grant. Levelling up is unknown and undefined, but with an expected rebalancing of funding away from councils with a strong council tax and business rates base. Work must commence early in 2022/23 to transform how and what we deliver within an anticipated reducing financial envelope over the medium term.

3.2 *Adult social care reforms* – the full extent of the reforms from recent policy have not been fully quantified to date. Lewisham has received £0.9m market sustainability fund

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

with burdensome grant conditions attached. This funding will be ring-fenced to Adult Social Care enabling the service to deliver the new legislative requirements. Further financial modelling will be carried out to assess the cost of the new burdens against the funding available as more operational details of the changes are known.

- 3.3 *Funding reforms for schools and rising cost of children with special educational needs* – the number of children with Education Health and Social Care plans in Lewisham has increased from 2,179 to 3,239 (48.6%) over the last 5 years. The overspend forecast for 2021/22 is £6m, rising to £11m due to a deficit of £5m brought forward, despite an additional £0.7m transfer in year from the Schools Block. A further £5.5m will be allocated to fund high cost placements in 2022/23, the Department for Education is allocating capital funding to create in-borough provision for high cost placements. It will however take time to create the provision and will require commitment from our family of schools to adopt this approach. Early engagement has started with the Schools' Forum about this.

### **4 Future Lewisham: our ability to invest in our organisation and across the Borough**

- 4.1 *Development of next corporate strategy* – the drafting of the 2022 to 2026 Corporate Strategy is currently underway, setting out outcomes and deliverables over the next four years. Underpinning the success and our ability to deliver will be how we align the funding against the priorities, within the current financial constraints of the Council. Once-off investment of £0.5m has been allocated to the Transformation Fund to kick-start new initiatives.
- 4.2 *Investment in Digital and ICT* – the onset of the pandemic in March 2020 changed how we work overnight. As an organisation, we are almost completely dependent on technology. We must continually invest in our servers, infrastructure, systems, technology and equipment to ensure we can function effectively. It is critical we horizon scan against continual emerging threats of cyber-attacks and ensure the organisation is able to mitigate and respond those threats. The ICT investment roadmaps sets out a high level requirement of £12m over a five year period – this excludes the investment required in Digital Solutions to improve how we support, communicate and engage with our residents, businesses and community which we must also identify over the medium term.

### **5 Ongoing cost of COVID and long term loss of income**

- 5.1 *Funding from central government* - The Council received a once of £10m COVID grant in 2021/22 and carried forward £15m of unspent COVID grant from 2020/21 into the current financial year. The latest monitoring report forecast suggest we will be spending at least £22m of the COVID monies. At the time of writing this report, the Council is also reporting an overspend of £2.9m on its service expenditure. Combined we are spending an extra £25m (10%) against our net budget requirement of £243m. This level of additional spend is unsustainable beyond the current financial year as it is highly unlikely that there will further government COVID funding made available beyond 2021/22.
- 5.2 *Increased demand for Council services, increased complexity of need* – this has been particularly acute in Adult Social Care with service users discharged from hospitals earlier and with increased needs. For 2021/22, this has resulted in a pressure of at least £5m and the service is working closely with the Clinical Commissioning Group to evidence the need which has resulted in once-off funding. There has also been a significant rise in Children Social Care referrals following the removal of COVID related restrictions. It is likely these pressures will continue well into 2022/23.



## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

- 5.3 *Expected COVID spend and loss of income into 2022/23* – as mentioned above, the council is forecast to spend an additional £22m in 2021/22, either through inability to deliver savings, additional costs of delivering services or due to loss of income. It is estimated that over £9m of COVID related costs/loss of income will continue into 2022/23 of which circa £4.5m has been incorporated into the budget for next year, with the balance of these pressures being managed by the services through cost reduction measures and efficiencies within their budgets.
- 5.4 *Risks to the Collection Fund* – Lewisham has one of the lowest collection rates in London for Council Tax but did have one of the highest pre-pandemic collection rates for Business Rates. Since the start of the pandemic, demands on the business rates team has been significant. To date, the team has made business grant payments of £76.5m across 12 schemes. Since late December, there are now three further schemes to devise, set up, administer and award just as we commence our annual billing cycle, whilst simultaneously chasing up arrears. This is causing significant capacity issues within the team and as such our collection rates for the second year in a row has are below our usual 99% target, currently £7.5m behind the cash profile to date. With the efforts of the team diverted towards administrating the new schemes, the Business Rates deficit is likely to worsen and will need to be addressed in the 2023/24 budget setting process, alongside the Council Tax deficit.

### **6 Budget setting process, pressures, risks and savings**

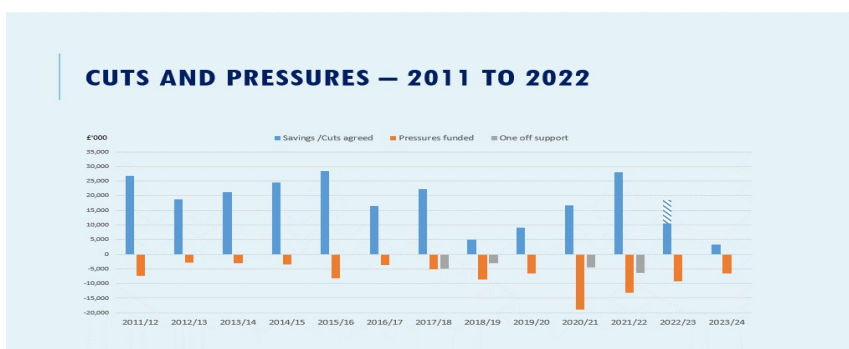
- 6.1 *Budget setting process* – throughout the year, the Finance team has worked closely with services to identify unavoidable pressures, additional demand and exceptional expenditure. Services were asked to provide mitigating actions through reducing costs, increasing income or managing down demand. Where services were unable to mitigate the pressures, these pressures were submitted to Council's Executive Management Team (EMT) for consideration and corporate funding. It was accepted and understood by EMT that increasing the pressures to be funded directly increased the resultant budget gap and the savings target for next year's budget. As such, EMT proposed a lower savings target and that a number of risks would be managed by services directly.
- 6.2 *Inflation and other allowances* – in addition to funding numerous pressures, contract inflation of 1.5% has been built in, alongside a 2% pay award and 1.25% for the national insurance increase. The remaining 1.5% of the inflation allowance will be held centrally to deal with significant pressures linked specifically to contractual clauses that are unavoidable.
- 6.3 *Savings* – The slippage of in-year and prior year savings of c£15m was discussed at EMT. The decision of EMT was that officers would commit to delivering the pre-agreed savings instead of putting forward additional savings to mitigate non-delivery, within the delegated authority arrangements of officers. It was made explicit that the Council had to deliver £26.4m of savings by April 2022, made up of:
- Undelivered savings of £14.6m from 2020/21 and 2021/22
  - £10.4m of proposals for 2022/23 agreed by Mayor & Cabinet in February 2021
  - The additional £1.4m of savings currently going through the Scrutiny process.
- 6.4 *Risks and pressures to be managed* – following extensive discussions, EMT agreed to propose that £9m of pressures be built into the budget and that services would manage the remaining £11m which include the risks and pressures noted in this statement.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

- 6.5 The robustness of the budget is in part dependent on the Council's ability to deliver the £26.4m of savings AND effectively manage the risks that have not been incorporated into the budget. I have regularly engaged with EMT and the Senior Leadership Team about the level of financial risk across the Council. I have stressed the importance of everyone being accountable to deliver effective services within the financial envelope available. Two All Member briefing sessions were held on the 15<sup>th</sup> November and 15<sup>th</sup> December 2021 to inform Members of the financial risks and challenges faced by the Council.
- 6.6 Through the newly established Investment and Resources board, there is the early assessment on the implementation of savings. Any slippage is known in advance of the financial year with a clear expectation that directors will mitigate the cash shortfall to an equivalent value. Ongoing attention is required to change the financial management culture throughout the Council, with extensive engagement required from heads of service, team leaders and managers.

### 7 Financial Management, budget delivery risks and adequacy of our reserves

- 7.1 *Financial management process, reporting cycle, monitoring of financial risks* – the Finance team continues to improve and simplify the financial management information presented to services. Monitoring of all budgets is carried out on a monthly basis, requiring significant input from the finance team to support budget holders deliver timely, accurate and complete forecasts. Going forward, we will seek to improve our financial systems so budget managers are able to access finance information more readily via dashboards, complete their own forecasts, thereby enabling the Finance team to focus on the budgets that present the biggest risks. It will take both time and investment to reach this position and we will aim to start this process during 2022/23.
- 7.2 *Cumulative impact of budget reductions to date* – since 2010, the Council has made cuts of c£217m, and reinvested £81m back into service delivery. With the longstanding commitment to protect front line services, Adult and Children's social care and public health now account for over 70% of our net expenditure. It is becoming increasingly difficult to identify new proposals from the remaining 30% of universal and non-statutory services. Corporate capacity has been stripped back significantly which also hampers the Council's ability to respond quickly, to innovate, to be agile and to deliver change at pace.



- 7.3 *Managing overspends and in-year pressures* – in year, where there has been significant overspends reported, a focussed recovery group was set up to closely monitor mitigating actions. Corporate spending controls were applied with directors signing off on expenditure up to £5,000 and Executive Directors signing off expenditure over £5,000 and all recruitment activity must be signed off by an Executive Director. These measures will continue well into 2022/23 until I am confident that the organisation is able to deliver the savings and manage their budgets within the financial envelope available. It is recognised that spend controls impact on staff morale

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

and maintaining such restrictive measures for prolonged periods may become ineffectual over time.

- 7.4 *Debt levels and provisions* – the Council has significant levels of debt on its balance sheet that has not been effectively managed for a number of years. Although there are provisions available to offset much of this debt, improvement must be made to increase ownership of collecting income, by making it everyone’s job to do so. During 2022, officers will improve the transparency of non-collection of income by charging bad debt provisions to those service budgets that generate the income, focus on writing off historical debt that we have no chance of recovering, improve in-year collection rates through understanding why and what prevents people from paying what they owe. The Council will also work on preventing debt from occurring in the first instance. Maximising the income due and owed to the Council will improve the robustness of the Council’s revenue budget.
- 7.5 *Adequacy of reserves* – the Council currently has £20m of un-earmarked general fund reserves and £70m of earmarked reserves, set aside to fund initiatives, projects and to manage risks to the organisation. It has been clearly communicated to Members, the Council’s Senior Leadership Team and all managers the importance of effective financial management and the level of financial risk we carry through any inaction to reduce overspends and non-delivery of savings. Work continues to instil a culture of ownership and accountability so the financial impact is at the heart of each decision we make.

### 8 Capital programme affordability, TMS and prudential indicators and HRA risks

- 8.1 *Capital programme* – the Council’s capital programme is £600.4m for the period 2022/23 to 2024/25 and is fully funded through use of reserves, right to buy receipts, grants, S106/CIL and prudential borrowing. There is little or no capacity to invest on other general fund schemes and the organisation must address the recurring overspends on its revenue budget to enable sufficient borrowing headroom to be created to fund other capital initiatives.
- 8.2 *Treasury management strategy* – no changes are proposed to the Council’s Treasury Management Strategy and the Council will be operating within its operational borrowing limit of £607m for next year. The borrowing requirements for the capital programme are fully affordable as indicated by the Prudential Indicators as set out in the report.
- 8.3 *HRA funding vs requirements* – based on the expenditure requirements submitted from Lewisham Homes for building safety, fire safety, stock condition and repairs and maintenance, the HRA 40 year business plan is fully funded. There may be additional funding requirements that are yet to be identified by Lewisham Homes.

### 9 Organisational resilience, culture and how we prioritise

- 9.1 *Organisational fatigue, staff and organisational resilience* – staff within the Council are juggling several competing demands. Since March 2020, officers have worked tirelessly to provide support to the most vulnerable of residents in our community. There has been an expectation that councils would deliver the numerous government initiatives within short timeframes, with little or no notice whilst being scrutinised on a weekly basis to provide data and compliance checks. With the focus on protecting front line services through the cuts process, this created significant pressure on teams that were already thinly spread pre-pandemic.
- 9.2 *Competing demands* – as the government eases the COVID restrictions, there are still administrative burdens on the Council to support various government initiatives such

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

as the Test and Trace system, administer COVID relief funding, support Hardship grants and more. This is likely to impact on our ability to concentrate our efforts on our business as usual activities. It's not just pressures imposed on us by COVID, it's the number of things we have to fix and deliver improvements on. We need to improve our responsiveness on complaints, we need to improve how we communicate and support our residents, we need to modernise our systems and processes. There will be an expectation for us to respond to the results of the residents' survey, support and enable the Corporate Strategy, deliver the various Corporate programmes (e.g. Change Network, Together Lewisham, Future work programme) and support the recovery and renewal of the Borough post pandemic. Most importantly, we must ensure we deliver the savings and manage the overspend so we are able to move forward on a stable financial footing.

- 9.3 *How we prioritise what we do, when we do it and how we do it* – at the risk of doing everything at once and none of it well, or at all, we must focus on how we prioritise what we do, how we deliver and when. This will enable us to do some things well based on what we've deemed to be the biggest of priorities.
- 9.4 *Financial management culture of ownership and accountability* – this cannot be emphasised enough and it's a culture that has to be instilled across and throughout the organisation. A sound financial base is critical and underpins the delivery of everything in the Council.

### 10 Conclusion and my opinion

- 10.1 We have taken a number of factors into consideration in order to set a robust and balanced budget for the Council. There are a number of key risks that I have outlined above and support of the organisation is required to manage down the level of risk. It is essential that we are able to deliver the £26.4m of savings and effectively manage down the risks of potential overspends next year.
- 10.2 Through improvements made to the financial reporting, and as the culture change is embedded across the Council, risks and pressures will be raised and dealt with promptly. We will continue with the specific boards to monitor progress on delivery of savings and review areas that are reporting overspends to focus on specific actions being taken to reduce expenditure or to increase income.
- 10.3 The Council benefits from consistent and prudent financial planning and this risk based approach has put our financial standing in good stead. As such, despite the funding uncertainties, delivery challenges and an extended capital programme, there are sufficient provisions and healthy reserves to manage potential risks and external shocks to our financial position.
- 10.4 In summary, I am satisfied that the Council's budget for 2022/23 as proposed is robust.

Kathy Freeman                      Chief Finance Officer

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Y6: Council Tax and Draft Statutory Calculations

#### Council Tax Calculation

As part of the Localism Act 2011, core Council Tax may not be increased by 2% or more (inclusive of levies) without triggering an automatic referendum of all registered electors in the borough. In addition, there is also the opportunity to increase Council Tax by up to a further 1% under the social care precept for 2022/23. This means, for 2022/23, an automatic referendum will be triggered if the Council Tax increase is 3% or above. The recommended social care precept for 2022/23 is 1%, therefore the recommended total increase is 2.99%. The statutory calculation for whether the Council is required to hold a referendum is based upon the 'relevant basic' amount of Council Tax, which under accounting regulations, includes levies. Any final recommendations on Council Tax levels will need to meet statutory requirements.

To date, Lewisham has so far received no formal notification from the three levy bodies for 2022/23. A zero percent increase has been assumed for these.

#### Council Tax and Levies

| <b>'Relevant Basic' Amount of Council Tax</b>      | <b>2021/22</b>     | <b>2022/23</b>     |
|--|--------------------|--------------------|
|  |                    |                    |
| Council Tax Base                                   | <b>88,614.3</b>    | <b>88,904.9</b>    |
| Council Tax Requirement with Levy (£)              | <b>122,284.176</b> | <b>126,353.422</b> |
| Basic Amount of Council Tax (£)                    | <b>1,379.96</b>    | <b>1,421.22</b>    |
| <b>Increase in basic amount of Council Tax (%)</b> | <b>4.99%</b>       | <b>2.99%</b>       |

| <b>Levy bodies for Lewisham</b> | <b>2022/22<br/>£</b> | <b>2022/23<br/>£</b> | <b>Change<br/>£</b> |
|---------------------------------|----------------------|----------------------|---------------------|
| LPFA                            | 1,280,059            | 1,262,746            | (17,313)            |
| Lee Valley Regional Park        | 213,307              | 210,335              | (2,972)             |
| Environment Agency              | 208,145              | 209,476              | 1,331               |
| <b>Total Levies</b>             | <b>1,701,511</b>     | <b>1,682,557</b>     | <b>(18,954)</b>     |

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

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### Statutory Calculations

- 1) It be noted that at its meeting on 19 January 2022, the Council calculated the number of **88,904.9** as its Council Tax base for 2022/23 in accordance with the Local Authorities (Calculation of Tax base) Regulations;
- 2) The following amounts be now calculated by the Council for the year 2022/23 in accordance with the Local Government Finance Act 1992:
  - a. **£1,507,086,726** being the aggregate of the amounts which the Council estimates for gross expenditure, calculated in accordance with Section 32(2)A of the Act;
  - b. **£1,258,476,406** being the aggregate of the amounts which the Council estimates for income, calculated in accordance with Section 32(3)A of the Act;
  - c. **£248,610,320** being the amount by which the aggregate of 2(a) above exceeds the aggregate of 2(b) above, calculated by the Council, in accordance with Section 32A(4) of the Act, as its General Fund budget requirement for the year;
  - d. **£124,170,641** being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the Settlement Funding Assessment.
  - e. **£490,735** being the aggregate of the sums which the Council estimates will be transferred into its general fund from reserves, in relation to part of the 2021/22 Business Rates Growth, S31 NNDR grant, and its share of NNDR deficit.
  - f. **£123,946,102** being the residual amount required to be collected from Council Tax payers. This includes a deficit on the Council's Collection Fund of £2,407,320.
  - g. **£1,421.22** being the residual sum at (f) above (adding the deficit on the Collection Fund), divided by the Council Tax base of **88,904.9** which is Lewisham's precept on the Collection Fund for 2022/23 at the level of Band D;

| Band     | Council Tax<br>(LBL) |
|----------|----------------------|
|          | £                    |
| A        | 947.48               |
| B        | 1,105.39             |
| C        | 1,263.30             |
| <b>D</b> | <b>1,421.22</b>      |
| E        | 1,737.04             |
| F        | 2,052.87             |
| G        | 2,368.70             |
| H        | 2,842.44             |

Being the amounts given by multiplying the amount at (g) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

3) It be noted that for the year 2022/23, the Greater London Authority is currently consulting on the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 (as amended), for each of the categories of dwellings shown below:-

| <b>Band</b> | <b>GLA<br/>Precept</b> |
|-------------|------------------------|
|             | <b>£</b>               |
| A           | 263.73                 |
| B           | 307.68                 |
| C           | 351.63                 |
| <b>D</b>    | <b>395.59</b>          |
| E           | 483.50                 |
| F           | 571.41                 |
| G           | 659.32                 |
| H           | 791.18                 |

4) Having calculated the estimated aggregate amount in each case of the amounts at 2) (g) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, assumed the following amounts as the amounts of Council Tax for the year 2022/23 for each of the categories of dwellings shown below:-

| <b>Band</b> | <b>Total<br/>Council Tax<br/>(LBL &amp; GLA)</b> |
|-------------|--|
|             | <b>£</b>   |
| A           | 1,211.21   |
| B           | 1,413.07   |
| C           | 1,614.93   |
| <b>D</b>    | <b>1,816.81</b>                                  |
| E           | 2,220.54   |
| F           | 2,624.28   |
| G           | 3,028.02   |
| H           | 3,633.62   |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Y7

#### Summary of proposed budget pressures to be funded in 2022/23

| Description                                 | £'000<br>Base Budget | £'000<br>Once off | £'000<br>Total |
|---|----------------------|-------------------|----------------|
| Corporate Strategy priorities               |                      |                   |                |
| Open Lewisham                               |                      |                   | 630            |
| Street Lighting contract                    | 200                  |                   |                |
| Parking                                     | 400                  |                   |                |
| Council Events                              |                      | 30                |                |
| Tackling the Housing Crisis                 |                      |                   | 1,000          |
| Strategic housing                           | 1,000                |                   |                |
| Giving Children the best start              |                      |                   | 2,100          |
| Children Social Care                        | 1,000                |                   |                |
| Adoption Services                           | 100                  |                   |                |
| SEN Transport                               | 500                  |                   |                |
| Corporate provision for Schools DSG         | 500                  |                   |                |
| Building an inclusive economy               |                      |                   | 550            |
| Economy and Partnerships                    | 250                  |                   |                |
| Street markets                              | 300                  |                   |                |
| Defencing health & social care              |                      |                   | 2,623          |
| Changes in care need and demand             | 1,700                |                   |                |
| Market Sustainability and Fair Cost of Care | 923                  |                   |                |
| Making Lewisham greener                     |                      |                   | 1,400          |
| Environment Services - waste                | 300                  |                   |                |
| Energy                                      |                      | 1,014             |                |
| Street Management                           | 100                  |                   |                |
| Building a safer community                  |                      |                   | 150            |
| Traffic management                          | 150                  |                   |                |
| Total Corporate Strategy priorities         |                      |                   | <b>8,467</b>   |
| <b>Organisational value for money</b>       |                      |                   | <b>2,150</b>   |
| Corporate Services                          | 450                  | 700               |                |
| Technology and Audit                        | 250                  |                   |                |
| Corporate Estate                            | 250                  |                   |                |



**APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

|  |               |               |               |
|--|---------------|---------------|---------------|
| Exempt Housing   | 500           |               |               |
| <b>Transformation investment</b>   |               | 500           |               |
| <b>IT and Digital Roadmap</b>  |               | 2,500         |               |
| <b>Implementation of the findings from the Adults Social Care Review</b>                               |               | 5,835         |               |
| <b>Additional service investment, transformation and contingency for budget reduction non-delivery</b> | 1,877         |               |               |
| <b>Grand Total Funded Pressures</b>  | <b>10,600</b> | <b>10,729</b> | <b>21,329</b> |

**APPENDIX Y8**

**Making Fair Financial Decisions**



**Making fair financial decisions  
Guidance for decision-makers**

3<sup>rd</sup> edition, January 2015

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

### **Introduction**

With major reductions in public spending, public authorities in Britain are being required to make difficult financial decisions. This guide sets out what is expected of you as a decision-maker or leader of a public authority responsible for delivering key services at a national, regional and/or local level, in order to make such decisions as fair as possible.

The public sector equality duty (the equality duty) does not prevent you from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it stop you from making decisions which may affect one group more than another group. The equality duty enables you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on people with different protected characteristics.

Assessing the impact on equality of proposed changes to policies, procedures and practices is not just something that the law requires, it is a positive opportunity for you as a public authority leader to ensure you make better decisions based on robust evidence.

### **What the law requires**

Under the equality duty (set out in the Equality Act 2010), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The law requires that public authorities demonstrate that they have had 'due regard' to the aims of the equality duty in their decision-making. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had 'due regard'.

It is also important to note that public authorities subject to the equality duty are also likely to be subject to the Human Rights Act 1998. We would therefore recommend that public authorities consider the potential impact their decisions could have on human rights.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### Aim of this guide

This guide aims to assist decision-makers in ensuring that:

- The process they follow to assess the impact on equality of financial proposals is robust, and
- The impact that financial proposals could have on people with protected characteristics is thoroughly considered before any decisions are arrived at.

We have also produced detailed guidance for those responsible for assessing the impact on equality of their policies, which is available on our website at [www.equalityhumanrights.com](http://www.equalityhumanrights.com)

### The benefits of assessing the impact on equality

By law, your assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Such assessments do not have to take the form of a document called an equality impact assessment. If you choose not to develop a document of this type, then some alternative approach which systematically assesses any adverse impacts of a change in policy, procedure or practice will be required.

Assessing impact on equality is not an end in itself and it should be tailored to, and be proportionate to, the decision that is being made.

Whether it is proportionate for an authority to conduct an assessment of the impact on equality of a financial decision or not depends on its relevance to the authority's particular function and its likely impact on people with protected characteristics.

We recommend that you document your assessment of the impact on equality when developing financial proposals. This will help you to:

- **Ensure you have a written record of the equality considerations** you have taken into account.
- **Ensure that your decision includes a consideration of the actions that would help to avoid or mitigate any impacts on particular protected characteristics.** Individual decisions should also be informed by the wider context of decisions in your own and other relevant public authorities, so that people with particular protected characteristics are not unduly affected by the cumulative effects of different decisions.
- **Make your decisions based on evidence:** a decision which is informed by relevant local and national information about equality is a better quality decision. Assessments of impact on equality provide a clear and systematic way to collect, assess and put forward relevant evidence.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

- **Make the decision-making process more transparent:** a process which involves those likely to be affected by the policy, and which is based on evidence, is much more open and transparent. This should also help you secure better public understanding of the difficult decisions you will be making in the coming months.
- **Comply with the law:** a written record can be used to demonstrate that due regard has been had. Failure to meet the equality duty may result in authorities being exposed to costly, time-consuming and reputation-damaging legal challenges.

### When should your assessments be carried out?

Assessments of the impact on equality must be carried out at a **formative stage** so that the assessment is an integral part of the development of a proposed policy, not a later justification of a policy that has already been adopted. Financial proposals which are relevant to equality, such as those likely to impact on equality in your workforce and/or for your community, should always be subject to a thorough assessment. This includes proposals to outsource or procure any of the functions of your organisation. The assessment should form part of the proposal, and you should consider it carefully **before** making your decision.

If you are presented with a proposal that has not been assessed for its impact on equality, you should question whether this enables you to consider fully the proposed changes and its likely impact. Decisions not to assess the impact on equality should be fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as authorities may need to rely on this documentation if the decision is challenged.

It is also important to remember that the potential impact is not just about numbers. Evidence of a serious impact on a small number of individuals is just as important as something that will impact on many people.

### What should I be looking for in my assessments?

Assessments of impact on equality need to be based on relevant information and enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

As with everything, proportionality is a key principle. Assessing the impact on equality of a major financial proposal is likely to need significantly more effort and resources dedicated to ensuring effective engagement, than a simple assessment of a proposal to save money by changing staff travel arrangements.

There is no prescribed format for assessing the impact on equality, but the following questions and answers provide guidance to assist you in determining whether you consider that an assessment is robust enough to rely on:

- **Is the purpose of the financial proposal clearly set out?**

A robust assessment will set out the reasons for the change; how this change can impact on protected groups, as well as whom it is intended to benefit; and the

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

intended outcome. You should also think about how individual financial proposals might relate to one another. This is because a series of changes to different policies or services could have a severe impact on particular protected characteristics.

Joint working with your public authority partners will also help you to consider thoroughly the impact of your joint decisions on the people you collectively serve.

**Example:** A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel. Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable. This combined impact would not be apparent if the decisions were considered in isolation.

### • **Has the assessment considered available evidence?**

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to have an impact on. A lack of information is not a sufficient reason to conclude that there is no impact.

### • **Have those likely to be affected by the proposal been engaged?**

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help you to improve the equality information that you use to understand the possible impact on your policy on different protected characteristics. No-one can give you a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

### • **Have potential positive and negative impacts been identified?**

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected characteristics are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

### • **What course of action does the assessment suggest that I take? Is it justifiable?**

The assessment should clearly identify the option(s) chosen, and their potential impacts, and document the reasons for this decision. There are four possible outcomes of an assessment of the impact on equality, and more than one may apply to a single proposal:

**Outcome 1: No major change required** when the assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

**Outcome 2: Adjustments to remove barriers identified by the assessment or to better advance equality.** Are you satisfied that the proposed adjustments will remove the barriers identified?

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

**Outcome 3: Continue despite having identified some potential for adverse impacts or missed opportunities to advance equality.** In this case, the justification should be included in the assessment and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact, as discussed below.

**Outcome 4: Stop and rethink** when an assessment shows actual or potential unlawful discrimination.

### • Are there plans to alleviate any negative impacts?

Where the assessment indicates a potential negative impact, consideration should be given to means of reducing or mitigating this impact. This will in practice be supported by the development of an action plan to reduce impacts. This should identify the responsibility for delivering each action and the associated timescales for implementation. Considering what action you could take to avoid any negative impact is crucial, to reduce the likelihood that the difficult decisions you will have to take in the near future do not create or perpetuate inequality.

**Example:** A University decides to close down its childcare facility to save money, particularly given that it is currently being under-used. It identifies that doing so will have a negative impact on women and individuals from different racial groups, both staff and students.

In order to mitigate such impacts, the University designs an action plan to ensure relevant information on childcare facilities in the area is disseminated to staff and students in a timely manner. This will help to improve partnership working with the local authority and to ensure that sufficient and affordable childcare remains accessible to its students and staff.

### • Are there plans to monitor the actual impact of the proposal?

Although assessments of impact on equality will help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known once it is introduced. It is therefore important to set out arrangements for reviewing the actual impact of the proposals once they have been implemented.

### What happens if you don't properly assess the impact on equality of relevant decisions?

If you have not carried out an assessment of impact on equality of the proposal, or have not done so thoroughly, you risk leaving yourself open to legal challenges, which are both costly and time-consuming. Legal cases have shown what can happen when authorities do not consider their equality duties when making decisions.

**Example:** A court overturned a decision by Haringey Council to consent to a large-scale building redevelopment in Wards Corner in Tottenham, on the basis that the council had not considered the impact of the proposal on different racial groups before granting planning permission.

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

However, the result can often be far more fundamental than a legal challenge. If people feel that an authority is acting high-handedly or without properly involving its service users or employees, or listening to their concerns, they are likely to be become disillusioned with you.

Above all, authorities which fail to carry out robust assessments of the impact on equality risk making poor and unfair decisions that could discriminate against people with particular protected characteristics and perpetuate or worsen inequality.

As part of its regulatory role to ensure compliance with the equality duty, the Commission monitors financial decisions with a view to ensuring that these are taken in compliance with the equality duty and have taken into account the need to mitigate negative impacts, where possible.



## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Z1: Interest Rate Forecasts 2021 - 2025

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table provides Link's latest central view.

| Period   | Bank Rate | PWLB Borrowing Rates %<br>(including certainty rate adjustment of 20 basis points) |         |         |         |
|----------|-----------|--|---------|---------|---------|
|          |           | 5 year   | 10 year | 25 year | 50 year |
|          | %         |  |         |         |         |
| Dec 2021 | 0.25      | 1.40   | 1.60    | 1.80    | 1.50    |
| Mar 2022 | 0.25      | 1.50   | 1.70    | 1.90    | 1.70    |
| Jun 2022 | 0.50      | 1.50   | 1.80    | 2.00    | 1.80    |
| Sep 2022 | 0.50      | 1.60   | 1.80    | 2.10    | 1.90    |
| Dec 2022 | 0.50      | 1.60   | 1.90    | 2.10    | 1.90    |
| Mar 2023 | 0.75      | 1.70   | 1.90    | 2.20    | 2.00    |
| Jun 2023 | 0.75      | 1.80   | 2.00    | 2.20    | 2.00    |
| Sep 2023 | 0.75      | 1.80   | 2.00    | 2.20    | 2.00    |
| Dec 2023 | 0.75      | 1.80   | 2.00    | 2.30    | 2.10    |
| Mar 2024 | 1.00      | 1.90   | 2.10    | 2.30    | 2.10    |
| Jun 2024 | 1.00      | 1.90   | 2.10    | 2.40    | 2.20    |
| Sep 2024 | 1.00      | 1.90   | 2.10    | 2.40    | 2.20    |
| Dec 2024 | 1.00      | 2.00   | 2.20    | 2.50    | 2.30    |
| Mar 2025 | 1.25      | 2.00   | 2.30    | 2.50    | 2.30    |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Z2: Credit Worthiness Policy - (Linked to Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management)

#### Annual Investment Strategy:

The key requirements of both the CIPFA Code of Practice on Treasury Management in the Public Services and Department for Levelling Up, Housing and Communities (DLUHC's) Investment Guidance are to set an annual investment strategy, as part of its annual Treasury Management Strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year; and
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments:** These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government, such as the Debt Management Account Deposit Facility (DMADF), UK Treasury bills or a gilt with less than one year to maturity;
2. Supranational bonds of less than one year's duration;
3. A local authority, housing association, parish council or community council;
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating (AAA) by a credit rating agency; and

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

5. A body that is considered of a high credit quality (such as a bank or building society).

Within these bodies, and in accordance with the Code, the Council has set additional criteria to define the time and amount of monies which will be invested in these bodies, as shown in the table further below.

**Non-Specified Investments:** These are any investments which do not meet the specified investment criteria, and include certificates of deposit issued by banks or building societies, fixed deposits with building societies that do not meet the basic security requirements of specified investments, corporate bonds, and property funds. Provision has been made in the Strategy to invest in a limited number of lower rated building societies within the restrictions set out, certificates of deposit with both banks and building societies, and pooled asset funds (should the relevant opportunity arise). The Council will seek guidance on the status of any pooled fund or collective investment scheme it may consider using, and appropriate due diligence will also be undertaken before investment of this type is undertaken.

The Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

These factors are weighted and combined with an overlay of CDS spreads. The end product is a series of ratings (colour coded) to indicate the relative creditworthiness of counterparties. These ratings are used by the Council to determine the suggested duration for investments.

The Link Group creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue precedence to just one agency's ratings.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

|                              | <b>Minimum credit criteria / colour band</b> | <b>Max % of total investments/ £ limit per institution</b> | <b>Max. maturity period</b> |
|------------------------------|--|--|-----------------------------|
| DMADF – UK Government        | N/A  | 100%   | 6 months                    |
| UK Government gilts          | UK sovereign rating                          | £20m   | 1 year                      |
| UK Government Treasury bills | UK sovereign rating                          | £60m   | 6 months                    |

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

|  |  |   |   |
|--|--|---|---|
| Money Market Funds - CNAV  | AAA  | £30m  | Liquid  |
| Money Market Funds - LVNAV   | AAA  | £30m  | Liquid  |
| Money Market Funds - VNAV  | AAA  | £30m  | Liquid  |
| Local authorities  | N/A  | £10m  | 1 year  |
| Term deposits with banks and building societies  | Yellow*<br>Purple<br>Blue<br>Orange<br>Red<br>Green<br>No Colour | £30m<br>£25m<br>£40m<br>£25m<br>£20m<br>£15m<br>Not for use** | Up to 5 years<br>Up to 2 years<br>Up to 1 year<br>Up to 1 year<br>Up to 6 Months<br>Up to 100 days<br>Not for use** |
| CDs or corporate bonds with banks and building societies                                   | Blue<br>Orange<br>Red<br>Green<br>No Colour                      | £40m<br>£25m<br>£20m<br>£15m<br>Not for use**                 | Up to 1 year<br>Up to 1 year<br>Up to 6 Months<br>Up to 100 days<br>Not for use**                                   |
| Term deposits or CDs with building societies on Link's counterparty list rated 'No colour' | BBB-   | £10m  | Up to 3 months  |
| Call accounts and notice accounts  | Yellow*<br>Purple<br>Blue<br>Orange<br>Red<br>Green<br>No Colour | £30m<br>£25m<br>£40m<br>£25m<br>£20m<br>£15m<br>Not for use   | Liquid  |
| Pooled asset funds   |  | £50m  | At least 5 years  |

\*for UK Government debt, or its equivalent, Constant Net Asset Value (CNAV) money market funds and collateralised deposits where the collateral is UK Government debt.  
\*\*except for those building societies rated BBB- or higher as set out elsewhere in the table.

**The monitoring of investment counterparties:** The credit rating of counterparties will be monitored regularly, on at least a weekly basis. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and the impact of those changes are assessed promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest upon maturity. Any counterparty failing to meet the criteria will be removed from the lending list immediately, and if required new

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

counterparties which meet the criteria will be added to the list. Any fixed term investment held at the time of the downgrade will be left to mature as such investments cannot be broken mid-term.

Sole reliance will not be placed on the use of this external service. In addition, the Council will make use of market data and information on any external support for banks to help support its decision-making process.

**Accounting treatment of investments:** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

## APPENDICES W1 to Z4 2022/23 BUDGET REPORT

### APPENDIX Z3: Approved Countries for Investment

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

#### AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### AA+

- Canada
- Finland
- USA

#### AA

- Abu Dhabi (UAE)
- France

#### AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

**APPENDIX Z4: Requirement of the CIPFA Treasury Management Code of Practice**

**Treasury Management Scheme of Delegation**

**(i) Full Council**

- budget consideration and approval;
- approval of annual Treasury Management Strategy;
- approval of/amendments to the organisation's adopted clauses and treasury management policy statement.

**(ii) Public Accounts Committee**

- receiving and reviewing reports on treasury management policies, practices and activities.

**The Treasury Management Role of the Section 151 Officer**

**The S151 (responsible) officer has responsibility for:**

- recommending treasury management policies for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- approval of the division of responsibilities;
- approving the organisation's treasury management practices;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;

## **APPENDICES W1 to Z4 2022/23 BUDGET REPORT**

- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that Members are adequately informed and understand the risk exposures taken on by an authority; and
- ensuring that the authority has adequate expertise, either in-house or externally, to carry out the above.



# Agenda Item 8



## Council

### Report title: Updates to the Council's Constitution

**Date:** 2 March 2022.

**Class:** Part 1.

**Wards affected:** All (none specific)

**Contributor:** Director of Law, Governance & Elections (Monitoring Officer)

### Outline and recommendations

This report asks the Council to accept the Constitution Working Party's recommendation that the Scrutiny-Executive Protocol is appended to the Constitution, in line with statutory scrutiny guidance. The report also asks the Council to note the actions taken by the Monitoring Officer removing reference to virtual meetings following the Regulations falling away in May 2021

It is recommended that the Council: -

1. Approves the Scrutiny-Executive Protocol to be appended to the Constitution;
2. Notes the actions taken by the Council's Monitoring Officer to give the Constitution legal effect.

## 1. Summary

- 1.1. Statutory scrutiny guidance published in May 2019, which local authorities must have regard to when exercising their functions, recommends developing a scrutiny-executive protocol. A draft protocol has been developed and, in accordance with the guidance, it is suggested that this is formally integrated into the Constitution.
- 1.2. In response to the coronavirus pandemic the Government introduced time limited Regulations which suspended the requirement for local authority meetings to be held in person in order to enable such meetings to be held remotely. The Council agreed amendments to its Constitution to include procedure rules governing remote meetings. The Regulations ceased to apply in May 2021 and the Council's Monitoring Officer has amended the Constitution to ensure it is lawful.

## 2. Recommendation

- 2.1. It is recommended that the Council agrees that the Scrutiny-Executive Protocol is appended to the Constitution, and (b) notes the actions taken by the Council's Monitoring Officer to give the Constitution legal effect.

### **3. Policy context**

- 3.1. The contents of this report are in accordance with the Council's corporate strategy, which makes an explicit commitment to strong corporate governance.

### **4. Background**

- 4.1. Statutory guidance on overview and scrutiny was published in May 2019, which local authorities must have regard to when exercising their functions, recommends developing a scrutiny-executive protocol. Whilst "having regard to" the guidance does not mean that the guidance has to be followed in every detail, it does mean that it should be followed unless there is a good reason not to in a particular case.
- 4.2. In response to the global coronavirus pandemic the Government introduced the Coronavirus Act 2020. It provided for regulations to be made which enabled local authority meetings to be held remotely. On 4<sup>th</sup> April 2020 the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 were introduced, which provided a temporary legal foundation for remote meetings to take place. Attendance by a member at meetings did not have to be in person but could be remote by electronic means provided certain conditions were met. This legislation is no longer in force.
- 4.3. It is a legal requirement under Section 9P Local Government Act 2000 that the Council have and keep up to date a constitution which contains standing orders/rules of procedure.

### **5. Scrutiny-Executive Protocol**

- 5.1 The Overview and Scrutiny Business Panel received an initial report on the development of a scrutiny-executive protocol in June 2021. The protocol was then developed and agreed and the draft document is attached. The protocol was considered at a meeting of the Overview and Scrutiny Business Panel on 8 February 2022. An update on the outcome of the discussions held was provided to the Constitution Working Group at its meeting on 16 February 2022.
- 5.2 The protocol helps ensure that: -
- there is a framework in place to ensure that debate happens in a constructive way
  - the outcomes of scrutiny positively benefit the residents of Lewisham
  - scrutiny is effective
  - there is an ethos of mutual respect between the executive and scrutiny
  - all work undertaken by members is aligned in supporting the corporate strategy and improving outcomes.
- 5.3 The protocol covers:
- How scrutiny operates at Lewisham
  - The aims of the protocol
  - Scrutiny's work programme
  - Channels of communication
  - Attendance at formal meetings
  - Ethos/Behaviour
  - Scrutiny referrals and recommendations (and Mayoral responses)
  - Upholding the protocol

- 5.4 The statutory scrutiny guidance suggests that councils should consider how to adopt a protocol. It is proposed that Lewisham's protocol is formally integrated into the constitution via Council on 2<sup>nd</sup> March 2022.

## 6. Financial implications

- 6.1. There are no new financial implications arising from the implementation of the recommendation in this report.

## 7. Legal implications

- 7.1. The legal implications pertaining to the two governance issues covered by this report are set out in the body of the report.
- 7.2. Members are reminded of the Council's duties under the Equality Act 2010
- 7.3. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality gender reassignment, marriage and civil partnership, pregnancy and maternity, race, duty or the duty). It covers the following protected characteristics: age, disability, religion or belief, sex and sexual orientation
- 7.4. 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.
- 7.5. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed in the paragraph above.
- 7.6. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances
- 7.7. The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

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

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

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7.8. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- [The essential guide to the public sector equality duty](#)
- [Meeting the equality duty in policy and decision-making](#)
- [Engagement and the equality duty: A guide for public authorities](#)
- [Objectives and the equality duty. A guide for public authorities](#)
- [Equality Information and the Equality Duty: A Guide for Public Authorities](#)

7.9. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>

## **8. Equalities implications**

8.1. There are no further equalities implications arising as a result of the implementation of the recommendations in this report.

## **9. Climate change and environmental implications**

9.1. There are no specific climate change and environmental implications arising as a result of the implementation of the recommendation in this report.

## **10. Health and wellbeing implications**

10.1. There are no specific implications arising from the implementation of the recommendations in this report.

## **11. Background papers**

11.1. [Link to the page hosting the Constitution on the Council website](#)

11.2. [Report to Council on 15 July 2020 amending the constitution](#)

11.3. [Report to OSBP on 8 February 2022 the Scrutiny-Executive Protocol](#)

11.4. [Statutory Scrutiny Guidance, May 2019](#)

## **12. Appendices**

Draft Scrutiny-Executive Protocol

## **13. Glossary**

| <b>Term</b>  | <b>Definition</b>                                    |
|--------------|--|
| Constitution | The rules which govern how council business is done. |

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| Term                                      | Definition  |
|---|---|
| Overview & Scrutiny                       | Overview and scrutiny is the way in which Mayor and Cabinet (the 'Executive'), officers and external organisations are held to account for the decisions that they make. It is led by councillors who are not members of the Executive. They also influence policy development and investigate issues of local concern, making recommendations for improvement.   |
| Overview & Scrutiny Business Panel (OSBP) | <p>Lewisham has two Business Panels (sub-committees of the Overview and Scrutiny Committee).</p> <p>OS Business Panel is made up of the chair and vice-chair of the Overview and Scrutiny Committee, the chair of each of the Select Committees, and two other non-Executive councillors.</p> <p>The main functions of Business Panel are reviewing key decisions once they have been taken (potentially "calling in" key decisions that have been made but not yet implemented); coordinating and approving the overall scrutiny work programme; and allocating scrutiny work in the event that it crosses the remit of more than one scrutiny body.</p> |
| Scrutiny-Executive Protocol               | A document that helps ensure that there is a framework in place to ensure that debate interaction between scrutiny and the executive happens in a constructive way and there is an ethos of mutual respect between the executive and scrutiny; that the outcomes of scrutiny positively benefit residents; that scrutiny is effective; and that all work undertaken by members is aligned in supporting the corporate strategy and improving outcomes.  |

## 14. Report author and contact

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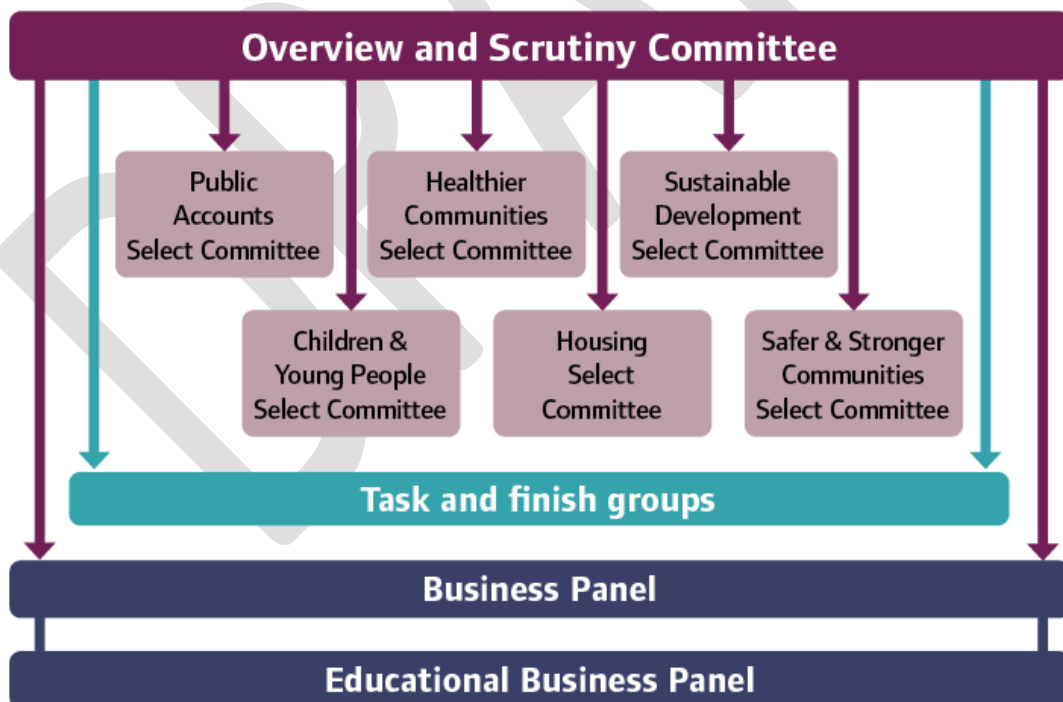
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## Lewisham Scrutiny Executive Protocol

### 1. Scrutiny at Lewisham

- 1.1 The council has a comprehensive governance structure within which scrutiny operates as a check and balance to the Executive (which, in Lewisham, is the directly elected Mayor and appointed Cabinet). Effective scrutiny provides constructive challenge to decision makers, amplifies the voices and concerns of the public, is led by independent people who take responsibility for their role and helps drive improvement in public services.
- 1.2 Its various bodies can make reports and recommendations to the Mayor and Cabinet and carry out:
- **Pre-decision scrutiny** (*helping to improve the quality of decisions that are subsequently taken*)
  - **Post-decision scrutiny** (*making suggestions for how a decision should be implemented or requiring that a decision is reconsidered*)
  - **Performance monitoring** (*ensuring that service delivery standards are high and poor performance is rectified*)
  - **Policy development** (*contributing to the development of new policies, strategies and services*).



- 1.3 All non-Executive councillors (those who are not members of the Mayor's Cabinet) sit on the Overview and Scrutiny Committee (OSC). The OSC focuses on key strategic and cross-cutting issues. Some

Members of the OSC also serve on six select committees covering specific areas. The OSC can also establish time limited task and finish groups (TFGs) to look at topical issues of concern to Lewisham residents.

#### 1.4 At Lewisham, Scrutiny:

**Prioritises** – Scrutiny focuses on issues of concern to the community and/or matters that are linked to corporate priorities. Scrutiny only adds items to the work programme if it is certain its consideration of the matter will make a real and tangible difference.

**Is independent** - Scrutiny is led by Scrutiny Members. Scrutiny Members are in charge of the work programme and, for every item, specify what evidence they require and what information they would like to see in any officer reports that are prepared. Scrutiny Members are not whipped by their political party or unduly influenced by the Cabinet or senior officers.

**Works collectively** - Scrutiny collectively agrees in advance what it wants to achieve in relation to each item under consideration, including what the key lines of enquiry should be. Scrutiny Members work as a team to question witnesses and ensure that all the required evidence is gathered. Scrutiny is impartial and the scrutiny process should be free from political point scoring and not used to further party political objectives.

**Engages** - Involving residents helps scrutiny access a wider range of ideas and knowledge, listen to a broader range of voices and better understand the opinions of residents and service users. Engagement helps ensure that recommendations result in residents' wants and needs being more effectively met.

**Makes evidence-based recommendations** - Scrutiny makes recommendations that are based on solid, triangulated evidence – where a variety of sources of evidence point to a change in practice that will positively alter outcomes.

## 2. Aims of the protocol

2.1 This protocol establishes a framework for how Scrutiny and the Mayor and Cabinet can work together so that:

- Debate happens in a constructive way (with questioning that seeks to add to the sum of knowledge in the area being scrutinised)
- Scrutiny is timely and effective
- Conflict is minimised
- There is an ethos of mutual respect between the Mayor and Cabinet and Scrutiny
- All work undertaken by Members is aligned in supporting the corporate and improving outcomes
- The outcomes of scrutiny positively benefit the residents of Lewisham.

### 3. Scrutiny's work programme

3.1 It is expected that scrutiny will focus on issues of concern to the community and/or matters that are linked to the Council's corporate priorities and other key strategies. Scrutiny will only add items to its work programme if it is certain that its consideration of the matter will make a real and tangible difference.

3.2 **OSC** focusses on looking at cross-cutting and strategic issues that do not fall into the remit of a single select committee; and on holding Cabinet Members to account on their portfolio and priorities. The size of OSC has an impact on the type of scrutiny it carries out. The format lends itself, for example, to:

- The exploration of key strategic issues - where speakers are invited and a matter is explored with a view to inspiring members to consider the issue further either at smaller scrutiny meetings (select committees or TFGs) or in their back bench roles.
- Q&A sessions - where invited people (often Cabinet Members or Senior Officers) are asked about their areas of responsibility/expertise and held to account.)

It is expected that if a matter falls wholly within the terms of reference of a specific select committee, scrutiny of that matter will ordinarily be carried out by that select committee, rather than Overview and Scrutiny Committee.

3.3 The six **Select Committees** cover specific service areas and in relation to these areas, they can:

- Carry out pre-decision scrutiny, looking at decisions due to be taken by Mayor and Cabinet before they are taken and making recommendations in relation to them.
- Monitor service performance.
- Comment on and make recommendations in relation to policy development.

3.4 The select committees devise an annual programme of work at the start of each year which is agreed by the Overview and Scrutiny Business Panel (OSBP). Where a particular issue falls within the remit of more than one select committee, OSBP can be asked to decide on the allocation of the issue. OSBP may allocate the issue to a single select committee; suggest more than one select committee jointly look at the matter; suggest OSC looks at the matter; or reserve the matter to itself for consideration. It could also suggest that OSC considers setting up a Task and Finish Group to look into the issue.

3.5 OSC can establish time limited Task and Finish Groups (**TFGs**) to carry out policy development in relation to specific matters of interest or concern. TFGs are run as projects with the aim of coming up with solutions that can be easily implemented by Mayor and Cabinet and that are effective and improve residents' lives.

3.6 The two business panels (**OSBP** and **Education OSBP**) are responsible for post decision scrutiny. They can choose to examine decisions taken by Mayor and Cabinet (and key decisions taken by Executive Directors under delegation) and they can require the decision maker to reconsider their decision. OSBP is



also responsible for looking at the overall scrutiny work programme, considering what each scrutiny body is doing and ensuring there is no duplication.

### 3.7 The constitution states that:

- **Cross Party working:** When each select committee draws up its work programme it must specifically take into account the views of members of that select committee who are not members of the largest political group. Scrutiny should not be whipped.
- **Executive suggestions:** The Council and the Mayor and Cabinet can request that a select committee researches and/or reports on a matter of concern. The select committee must consider whether the work can be carried out as requested. If it can be accommodated, the select committee will carry out the work. If the committee has reservations about performing the requested work, it will refer the matter to OSBP for decision.
- **Suggestions from individual members:** Any member of a select committee can place an item on the agenda of that select committee for discussion and under the Councillor Call for Action procedure, any member may refer a matter to a select committee or OSBP for consideration, even if they are not a member, provided it is not an excluded matter<sup>1</sup>. In both cases the matter will go on the agenda, but an officer report, whilst helpful, is not a requirement.

## 4. Channels of communication

4.1 It is expected that Scrutiny and Cabinet Members will keep each other informed of their work using both formal and informal channels.

4.2 Formal channels will include:

- Cabinet Members attending scrutiny meetings to present reports/ contribute to the debate
- Scrutiny Members attending Mayor and Cabinet to present scrutiny reports and referrals/contribute to the debate  
(see section below on attendance at meetings)
- Consideration of the Forward Plan of key decisions at every select committee meeting and OSBP meeting
- Formal written reports, referrals and recommendations (and call ins) made by Scrutiny to Mayor and Cabinet and written responses from the Mayor and Cabinet to Scrutiny  
(see section below on referrals and recommendations)
- Regular reports, such as mid-term and end of administration reports, to full council on Scrutiny's work.

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<sup>1</sup> Excluded matters include (a) planning appeals, licensing appeals and all other areas where a person has an alternative avenue to resolve an issue, through the Council's complaints process; and (b) any matter that is vexatious, that is likely to cause distress, disruption or irritation, without any proper or justified cause.

#### 4.3 Informal channels will include:

- Regular meetings and email or other written correspondence between Scrutiny Chairs and Cabinet Members, as agreed between members
- Liaison at the start of each year so Scrutiny Chairs understand the upcoming priorities and plans of Cabinet Members so this can be reflected in the work programme, if agreed by the committee
- Interaction throughout the year via scheduled All Member Briefings and other briefings.

### **5. Attendance at formal meetings**

5.1 Mayor and Cabinet meetings and scrutiny meetings are meetings held in public and Cabinet Members are free to attend any scrutiny meeting they wish to attend; and Scrutiny Members can attend any Mayor and Cabinet meeting they wish to attend. It is furthermore expected that if a Cabinet Member wishes to speak at a scrutiny meeting or a Scrutiny Member wishes to speak at a Mayor and Cabinet meeting, the presiding chair will afford them this opportunity. It is also expected that if the Chair of a meeting wishes a particular Cabinet Member or Scrutiny Member to attend and present a report or contribute to the debate they will ensure that a specific invitation is issued.

5.2 Under the constitution Cabinet Members can be 'required' to attend scrutiny meetings. The Mayor and Deputy Mayor (in respect of any executive function) and any other Cabinet member (in respect of any executive function within their portfolio) may be required to attend any meeting of the Overview and Scrutiny Committee, or any of its select committees or the Business Panel to give account for Executive action and/or performance. If a member of the Cabinet is being invited to a meeting on this basis, the invitation will specify the relevant constitutional provision to make it clear that attendance is a requirement. The right to require the attendance of members to answer questions includes a right to require a member to attend to answer questions on up and coming decisions as well as decisions taken.

### **6. Scrutiny referrals and recommendations (and Mayoral responses)**

6.1 Scrutiny can submit reports and recommendations to Mayor and Cabinet in relation to matters it has scrutinised or investigated; and make referrals to Mayor and Cabinet setting out its views on any matter it wishes to refer to them. The content of any reports, recommendations or referrals will be agreed at a formal committee meeting and not by the Chair acting alone afterwards.

6.2 The report or referral will be placed on the agenda for the next available meeting of Mayor and Cabinet if so requested. If the relevant Scrutiny Chair wishes to present the report or referral it is expected that they will be granted the opportunity to do so.

6.3 It is expected that a response (drafted by the relevant Executive Director) will be agreed at a subsequent Mayor and Cabinet meeting, within 2 months of Mayor and Cabinet receiving the report or referral from scrutiny. The agreed

response will be placed on the agenda for the next available meeting of the scrutiny body in question. If the relevant Cabinet Member wishes to present the response it is expected that they will be granted the opportunity to do so.

- 6.4 Executive decisions (taken by Mayor and Cabinet or taken by a Director under delegated authority) come into effect seven working days after the date the decision is made. OSBP meetings are scheduled to take place shortly after each meeting of Mayor and Cabinet; and the Chair, Vice Chair, any three members of OSBP, or any five members of OSC can request that an executive decision is considered by OSBP.
- 6.5 When a request is made to review a decision the relevant officers are required to attend the meeting to present their reports and answer questions from Scrutiny Members. The relevant Cabinet Member may also attend, and is encouraged to do so, in order that a full explanation for the decision taken can be provided. OSBP has the power to recommend that a decision be reconsidered by the decision maker or reviewed by full Council, which is known as a 'call in'. Once a decision has been selected for consideration by OSBP it cannot be actioned until OSBP has met and agreed not to call it in. If it is called in, it cannot be actioned until the decision has been reconsidered by the decision maker alongside the representations of OSBP, and then, only if the decision is re-affirmed.

## **7. Ethos/Behaviour**

- 7.1 All Elected Members should promote and support high standards of conduct and Executive and Scrutiny Members are expected to engage positively with each other at, and outside of, formal meetings, in line with the code of conduct and the behaviour expected of local councillors.
- 7.2 Scrutiny Members, when engaging with members of the Cabinet at scrutiny meetings will:
- Welcome Cabinet Members to attend their meeting. If attendance by a Cabinet Member is specifically desired, provide an invitation to attend with adequate notice
  - Maintain a positive style of questioning and treat Cabinet Members with respect and courtesy
  - Familiarise themselves with the subject under review prior to engaging with the Cabinet Members
  - Ensure that scrutiny is focussed on having a positive impact for local people
  - Conduct scrutiny investigations fairly and ensure all members of the committee are given the opportunity to ask questions of Cabinet Members and other attendees and to contribute and speak
  - Conduct the investigation so as to maximise the efficiency of the investigation or analysis.

- Be mindful that, where key decisions have been made on the basis of a report with part 1 and part 2 sections, scrutiny relating to the decision must also be conducted in part 1 and part 2, and be aware of commercial and contractual sensitivities.

7.3 Cabinet Members, when engaging with Scrutiny Members at meetings of Mayor and Cabinet will:

- Welcome Scrutiny Members to their meeting. If attendance by a Scrutiny Member is specifically desired, provide an invitation to attend with adequate notice
- Maintain a positive style of questioning and treat Scrutiny Members with respect and courtesy
- Familiarise themselves with the subject being discussed prior to engaging with the Scrutiny Members
- Ensure that the engagement remains focussed on having a positive impact for local people
- Provide detailed and timely responses to reports, recommendations and referrals and provide further clarification on points raised by Scrutiny Members if required.

**8. Upholding the protocol**

- 8.1 The Statutory Scrutiny Officer and Monitoring Officer are the responsible officers for overseeing compliance with this Protocol, and ensuring that it is used to support the wider aim of supporting and promoting a positive culture of scrutiny and executive engagement which demonstrates parity of esteem.

# Agenda Item 9



## Council

### **Report title: Adoption of Protocol for the Awards of Honorary Alderman Alderwoman and Alder titles**

**Date:** March 2 2022.

**Class:** Part 1.

**Ward(s) affected:** All

**Contributors:** Director of Law, Governance & Elections

### **Outline and recommendations**

This report describes the rights and process for a principal Council to award honorary titles to former members. The Council is asked to adopt the Protocol shown at Appendix 1 relating to Awards. The Council is further asked to adopt a Constitutional revision making explicit that awards of the titles of Honorary Alderman, Honorary Alderwoman and Honorary Alder are a decision reserved to the Council, as shown at Appendix 2.

The Council is recommended to

- (1) Adopt the Protocol shown at Appendix 1 of this report.
- (2) Amend the Constitution to include the proposed revision at Appendix 2 of this report.

## Timeline of engagement and decision-making

There have been many Council decisions amending the Constitution since its introduction in 2002. The suggested amendment was recommended by the Constitution Working Party at a meeting held on February 16 2022. The rights to confer Honorary titles of Alderman and Alderwoman are statutory. The addition of a gender neutral title of Honorary Alder would be in accordance with Lewisham's equality commitments. Hitherto the Council has not exercised these rights but the agreement of the attached protocol would establish the basis on which valid awards could be made.

### 1. Summary

1.1. This report suggests the adoption of a Protocol on which the award of Honorary Alderman, Honorary Alderwoman and Honorary Alder titles could be made and further proposes an amendment to the Council's Constitution to make explicit that decisions on proposals are reserved to the Council.

### 1.2. Recommendations

1.3. The Council is recommended to agree that:

(1) The Protocol shown at Appendix 1 be adopted;

(2) The Constitution be amended to include the revision shown at Appendix 2; and

(3) Existing statutory powers to confer the titles of Alderman and Alderwoman be noted and the addition of a title of Alder be made in accordance with existing equality commitments.

### 2. Policy Context

2.1. The Council's Corporate Strategy makes an explicit commitment to strong corporate governance. The ability to retain the involvement of experienced former members could lend assurance to the decision making process.

### 3. Background

3.1. Under the provisions of Section 249 (1) of the Local Government Act 1972 a principal council may, by resolution passed by not less than two-thirds of the members voting thereon at a meeting of the council specially convened for the purpose with notice of the object, confer the title of honorary alderman or alderwoman or alder on persons who have, in the opinion of the council, rendered eminent, exceptional and distinguished services to the council, above such duties as are expected of councillor, as past members of that council.

3.2. Title recipients may attend and take part in such civic ceremonies as the council

may from time to time decide but has no right to attend meetings of the council or a committee in the capacity of a councillor, or receive any of the allowances or other payments to which councillors are entitled.

- 3.3. Only the Council of a London borough or a district which has the status of a city, borough or royal borough may spend such reasonable sum as it thinks fit for the purpose of presenting an address to a person upon whom it has conferred the title. Should the award of an honorary alderman title be agreed by the Council, it is suggested that officers be requested to organise an appropriate presentational ceremony in consultation with the Speaker of the Council.
- 3.4. Lewisham has hitherto not utilised this power contained in the Local Government Act 1972 to create Honorary Aldermen or Alderwomen or Alder, but the 2008 White Paper, 'Communities in Control; Real People, Real Power' suggested that 'where councillors lose their seats or retire often their experience and knowledge is lost to local government. We want more councils to recognise the contribution of former councillors and encourage their continuing involvement through existing powers to create Aldermen.'
- 3.5. The Proper Officer will convene an extraordinary meeting of the Council to consider Aldermanic nominations if called upon to do so by either the Speaker, the Mayor or any five members of the Council by means of a signed requisition.
- 3.6. Minor revisions to the Constitution are suggested as set out in the appendix to this report to make explicit that awards of Aldermanic titles are a decision reserved to the Council.

#### **4. The need for amended rules of procedure**

- 4.1. It is a legal requirement under Section 9P Local Government Act 2000 that the Council have and keep up to date a Constitution which contains standing orders/rules of procedure. Amendments to the Constitution are for full Council to decide.

#### **5. Financial implications**

- 5.1. There are no new financial implications arising from the proposed amendment to the Constitution.

#### **6. Legal implications**

- 6.1. The legal implications pertaining to governance issues are set out in the body of the report. The Local Government Act 1972 enabled principal councils to confer the title of Alderman to men or women. The Local Democracy Economic Development and Construction Act 2009 made provision for the award of the title of Alderwoman.
- 6.2. Members are reminded of the Council's duties under the Equality Act 2010
- 6.3. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality gender reassignment, marriage and civil partnership, pregnancy and maternity, race, duty or the duty). It covers the following protected characteristics: age, disability, religion or belief, sex and sexual orientation
- 6.4. In summary, the Council must, in the exercise of its functions, have due regard to the need to:

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- 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.
- 6.5. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed in the paragraph above.
- 6.6. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances
- 6.7. The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:
- <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>
- <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>
- 6.8. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
- [The essential guide to the public sector equality duty](#)
  - [Meeting the equality duty in policy and decision-making](#)
  - [Engagement and the equality duty: A guide for public authorities](#)
  - [Objectives and the equality duty. A guide for public authorities](#)
  - [Equality Information and the Equality Duty: A Guide for Public Authorities](#)
- 6.9. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four



documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>

## 7. Equalities implications

- 7.1. There is statutory provision for the award of the titles Alderman and Alderwoman. The addition of an additional title of Alderperson would be in accordance with Equality Act 2010 provisions

## 8. Climate change and environmental implications

- 8.1. There are none associated with the proposed change to the Constitution.

## 9. Health and wellbeing implications

- 9.1. There are no specific implications

## 10. Background papers

- 10.1. None

## 11. Glossary

| Term                  | Definition  |
|-----------------------|---|
| Alderman & Alderwoman | Historically this was a co-opted member of an English county or borough council, next in status to the Mayor. Currently these are honorary awards that can be given to former Mayors and Councillors by Council resolution. |

## 12. Report author and contact

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Article 4(r) be extended with the text in bold to read:

(r) conferring the freedom of the borough **and creating Honorary Aldermen, Alderwomen and Alders**

## **APPENDIX 1 – Protocol on Conferring the Title of Honorary Alderman, Alderwoman and Alder to Ex-Members of the Authority**

The Local Government Act 1972 gives principal councils the power to confer the title of 'Honorary Alderman' (or 'Honorary Alderwoman') on persons who have, in the opinion of the council, rendered eminent services to the council as past members of that council, but who are no longer members of the council. The act does not specify how eminent services are defined, and this is left as a matter of local interpretation. Therefore it is suggested the criteria to be used to select Honorary Aldermen, Alderwomen or Alder for appointment are:

- (1) The titles of Honorary Alderman, Alderwomen or Alder can only be conferred to an ex-member of the authority for whom it has been deemed that they have provided eminent, exceptional and distinguished services to the council, above such expectations and duties that are expected of councillors.
- (2) Honorary Aldermen, Alderwomen or Alder must have served 8 years in total on the Council.
- (3) This service does not have to be consecutive.
- (4) That on a case by case basis where exceptional circumstances apply, the title may be conferred on former councillors who fall outside of criteria 2) and 3) above.
- (5) That the award not be conferred automatically on councillors upon retirement from the council.
- (6) Nominations may be made while the proposed Honorary Alderman, Alderwoman or Alder is still a member of the council once it has been confirmed they will not be standing for election again. However the Honorary Aldermanic titles can only be conferred once they are no longer a member of the council.
- (7) Should an Honorary Alderman, Alderwoman or Alder subsequently be re-elected to the Council, the award will be held in temporary suspension during the period of direct service as a member of the council.
- (8) Awards can be made posthumously to former members.
- (9) Nominations are made by the Mayor, Speaker or 5 Councillors, and then a resolution of two thirds of those present must be passed at a specially convened Council Meeting.
- (10) In the inaugural year of the introduction of Honorary Aldermanic there will be a maximum of 8 of conferrals. Thereafter, in successive municipal years there can be a maximum of 4 conferrals per year.
- (11) Nominations should initially be considered by the Council's Standards Committee.

## **Appointment of Honorary Alderman, Alderwoman or Alder**

Appointments of Honorary Aldermen, Alderwomen and Alder must take place at a Council meeting specially convened for the purpose. This meeting will take place before the first full council meeting of the municipal year following the Council's AGM. Two thirds of the members present at the meeting must vote in favour of a resolution for the nominee to be appointed as an Honorary Alderman, Alderwoman or Alder.

Recipients may speak once the vote has taken place in order to accept the honour.

All recipients will be given a certificate conferring the title, a badge of office, and their name will be placed on an honours board in the Civic Suite and on the Council website.

## **Rights of Honorary Aldermen, Alderwomen and Alder**

The titles of Honorary Alderman, Alderwoman or Alder does not confer any special privileges or rights upon the appointee to speak or vote at Council meetings, beyond the rights and privileges already afforded to the public.

The only rights that are conferred to an Honorary Alderman, Alderwoman or Alder by virtue of their appointment is to be invited to Civic functions and events by invitation of the Council. The Council will decide which Civic functions and events it is appropriate to invite Honorary Aldermen, Alderwoman or Alder to.

## **Removal of Title of Honorary Alderman, Alderwoman or Alder**

There may be occasions where, due to the past or future behaviour of individuals who have been appointed as Honorary Aldermen, Alderwoman or Alder the Council may wish to remove the title of from an individual.

Removal of the title of Honorary Alderman, Alderwoman or Alder will follow the same process as appointment (nomination by the Mayor, Speaker or 5 Councillors, and then a resolution of two thirds of those present must be passed), however it may take place at any meeting of Full Council rather than a specially convened meeting.

# Agenda Item 10

| COUNCIL             |  |                    |
|---------------------|--|--------------------|
| <b>Report Title</b> | Motions  |                    |
| <b>Key Decision</b> |  | Item No.           |
| <b>Ward</b>         |  |                    |
| <b>Contributors</b> | Chief Executive (Head of Business & Committee) |                    |
| <b>Class</b>        | Part 1   | Date: March 2 2022 |

## Motion 1 Food Poverty

Proposer: Cllr Muldoon; Seconder: Cllr Howard

Lewisham Council congratulates the 2021 Labour Party Conference for unanimously calling for right to food to be enshrined in UK law and that the Labour Party embeds a right to food policy in its next General Election manifesto. We also note the Mayor of London (in his London Food Plan 2018) requests boroughs to consider ‘the collective right to a fair and sustainable food system’.

Given that the recommendations for the National Food Strategy omits the right to food, and the White Paper is imminent, we request that officers prepare a report for a future meeting of the Mayor & Cabinet to consider that addresses the possibility of Lewisham Council to:

1. Become a ‘Right to Food borough’
2. Join [the Right to Food campaign](#)
3. Call on local MPs and Mayor Damien Egan, to write to the relevant Minister to call for the right to food to be incorporated into the National Food Strategy White Paper.
4. Develop the new Local Food Poverty Action Plan using a rights-based approach (right to food strategy).
5. Appoints a Cabinet Member to oversee the right to food strategy.

## Motion 2 Homelessness Motion

Proposer: Cllr Bernards; Seconder: Cllr Hall

Lewisham Council notes that thousands of families are facing evictions and repossessions as measures to protect families put in place during COVID have ended. Not only that as Universal Credit is reduced; the furlough scheme ends; and electricity and gas prices rise the poorer and vulnerable members of our community face a real reduction in their incomes.

The Council welcomes The Wellbeing of Future Generations Bill being brought through parliament by the Big Issue's founder Lord John Bird. The draft legislation currently lays out plans for a public consultation to set national wellbeing goals – measures of how the country is faring in terms of environmental, social, economic and cultural wellbeing. Public bodies, including government departments, will then be held accountable on how they hit those goals. If the Bill became legislation, it would require public bodies to consider how decisions made now affect future needs, and tackle persistent problems such as poverty, homelessness, health inequalities and climate change.

The Council resolves to:

1. Write to the relevant Secretaries of State asking them to keep people in their homes and in sustainable jobs by using the following measures:
  - (a) HM Government to pay off £360m in rent arrears
  - (b) Suspend no-fault evictions until a Renters' Reform Act is passed
  - (c) Permanently reinstate the £20 increase to Universal Credit and extend the increase to all appropriate "legacy" benefits
  - (d) Improve access to Discretionary Housing Payment
  - (e) Unfreeze Local Housing Allowance
  - (f) Improve support for financial literacy education
  - (g) Invest to create new green jobs.
2. Express its support for the Wellbeing of Future Generations Bill.

### Motion 3 Carbon Advertising

Proposer: Cllr Penfold Seconded: Cllr Gallagher

This council notes:

- That it is possible for local authorities to implement advertising policies against specific products if they consider them to be harmful to the amenity of an area. This Council notes that the Greater London Authority (GLA), which controls Transport for London (TFL) property, were able to enact a Healthier Food Advertising Policy in 2018 prohibiting High Fat, Sugar or Salt (HFSS) food advertising on TFL property. Council planning departments will be able to advise on how to restrict the use of 'deemed consent' under the Town and Country Planning (Control of Advertisements) (England) Regulations 2007 including writing to the relevant Secretary of State.
- That Lewisham Council currently holds an Advertising Concession Agreement with Clear Channel UK involving the upkeep and maintenance of bus stops across the borough, many of which include advertising panels.
- That advertising prohibitions and restrictions already exist regarding all tobacco products and e-cigarettes, guns and offensive weapons, breath testing and products designed to mask the effects of alcohol, 'pyramid schemes', 'obscene material' as well as other rules regarding marketing to children, high fat sugar and salt products, medical and health claims, religion, financial products, and pornography.
- That a double-sided digital bus stop advertising screen uses four times the electricity of the average British home.
- That a climate emergency was declared by this council on 27 February 2019, which included a commitment to do everything within their power to make Lewisham carbon neutral by 2030.

This council believes:

- That the purpose of advertising is to stimulate demand for goods and services.
- That some advertising content undermines the council's objectives regarding public health, air pollution and sustainable consumption. For example, High Fat Sugar and Salt products undermine health objectives, petrol and diesel car adverts, especially for Sports Utility Vehicles, undermine climate and air quality objectives and airline advertising undermines carbon emission reduction targets.

This council resolves:

- To review its Advertising Concession Agreement[s] as soon as possible, to investigate the possibility of amending the current set of prohibitions and restrictions during the term of the agreement to include products that contribute to climate change and air pollution.
- If the above is not possible, to begin work on a new policy, to take effect when the Advertising Concession Agreement is next renewed.

- For officers to produce a briefing with a view to investigating a Low Carbon Advertising Policy as part of the council's planning policies, to apply to bus stops, billboards and advertising spaces in the city within the jurisdiction of the local planning area.
- To investigate the legality and desirability of amending the local plan in the foreseeable future to investigate whether planning applications for all new digital advertising screens in Lewisham can be resisted due to the high electricity use of those technologies or, if that is not logistically possible, to investigate the legality and desirability of including such a presumption in the next local plan.