

Public Document Pack

Council Summons and Agenda

All Members of the Council are summoned to attend the meeting to be held on 22 November.



Jeremy Chamber, Monitoring Officer
14 November 2023

Wednesday, 22 November 2023

7.30 pm, or upon the rising of the Overview & Scrutiny Committee, whichever is later

Council Chamber - Civic Suite
London SE6 4RU

For more information contact: Head of Governance and Committee Services (Email: emma.campbellsmith@lewisham.gov.uk)

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Members of the public are welcome to attend committee meetings. However, occasionally, committees may have to consider some business in private.

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MINUTES OF THE COUNCIL

Wednesday, 27 September 2023 at 7.30 pm

PRESENT: Councillors Damien Egan (Mayor), Yemisi Anifowose, Tauseef Anwar (Chair), Chris Barnham, Paul Bell, Peter Bernards, Chris Best, Andre Bourne, Juliet Campbell, Suzannah Clarke, Will Cooper, Brenda Dacres, Sophie Davis, Amanda De Ryk, Sian Eiles, Ese Erheriene, Billy Harding, Edison Huynh, Mark Ingleby, Mark Jackson, Liz Johnston-Franklin, Louise Krupski, Ayesha Lahai-Taylor, Jack Lavery, Joan Millbank, Hilary Moore, John Muldoon, Oana Olaru, Rachel Onikosi, Rosie Parry, Jacq Paschoud, John Paschoud, Stephen Penfold, Kim Powell, James Rathbone, James Royston, Rudi Schmidt, Aliya Sheikh, Sakina Sheikh, Liam Shrivastava, Luke Sorba, Hau-Yu Tam, James-J Walsh, Luke Warner, Carol Webley-Brown and Susan Wise

JOINING ONLINE: Councillors Bill Brown and Coral Howard.

ALSO PRESENT: Emma Campbell Smith - Head of Governance and Committee Services, Jeremy Chambers - Monitoring Officer, Jennifer Daothong - Acting Chief Executive and Clare Weaser – Governance Officer.

Apologies for absence were received from Councillor Laura Cunningham, Councillor Liam Curran, Councillor Eva Kestner and Councillor Aisha Malik-Smith

1. Minutes

The Speaker MOVED, the Deputy Speaker SECONDED and it was RESOLVED that the minutes of the meeting held on 12 July be agreed as a correct record.

2. Declaration of Interests

None.

3. Announcements or Communications

The Speaker announced the death of Rosie Fooks, a highly regarded and much-loved community activist and social justice campaigner who had worked for many years in adult and community education, including as the Head of Community Education Lewisham, as well as a school governor and the treasurer of the Save Lewisham Hospital campaign.

Councillor Penfold spoke in remembrance of Rosie, and the Council observed 1 minute's silence.

The Council received four further announcements on

- 1) the anniversary of Saving Lewisham's A&E and Maternity departments
- 2) Organ donation week
- 3) Affordable workspaces grants; and
- 4) Lewisham's Dockless Bike Partnership

4. Petitions

Cllr Tam presented a petition on behalf of residents in Evelyn Ward, opposing the introduction of parking permits in the ward.

5. Public Questions

58 questions were received and written answers supplied. Some questioners that were present at the meeting asked supplementary questions, and these were answered by the relevant Cabinet Members, Chair of Overview and Scrutiny or the Mayor.

6. Member Questions

6 questions were received from Members and written answers supplied. Some Members asked supplementary questions, and these were answered at the meeting.

7. Decisions taken under Special Urgency Rule 19

Cllr De Ryk MOVED, Cllr Barnham SECONDED and the Council RESOLVED to note the decision taken under the urgency provisions in Rule 19 of the constitution.

8. Revised Terms of Reference for South-East London Joint Health Overview and Scrutiny Committee (SEL JHOSC)

Cllr Best MOVED, Cllr Webley-Brown SECONDED and the Council RESOLVED to

- 1) note the revised terms of reference for the South East London Joint Health Overview and Scrutiny Committee; and
- 2) instruct the Monitoring Officer to make the necessary changes to the Constitution.

9. Treasury Management Strategy Mid-Year Review

Cllr De Ryk MOVED, Cllr Rathbone SECONDED and the Council RESOLVED to agree the updated Treasury Management Strategy 2023/24.

10. Recruitment of the Head of Paid Service (Chief Executive)

The Acting Chief Executive left the Council Chamber before the commencement of this item.

The Mayor MOVED, the Deputy Mayor SECONDED and the Council RESOLVED that:

- 1) the process for recruiting a permanent Chief Executive is commenced as soon as is reasonably practicable;
- 2) The Appointments Committee assists the Council in the recruitment process with a report being brought to a future meeting of the Council to confirm the appointment of the permanent postholder;
- 3) That the composition of the Appointments Committee be confirmed as detailed in paragraph 4.2 of the report; and
- 4) The Mayor, in consultation with the Director of Law & Corporate Governance and the Director of People & Organisational Development, be authorised to finalise the matters referred to in paragraph 5.1 of the report.

11. Motions

Cllr Huynh MOVED, Cllr Tam SECONDED and the Council RESOLVED to carry the motion to support and recognise East and Southeast Asian (ESEA) communities and heritage in Lewisham and nationally.

Agenda Item 2



Council

Declarations of Interest

Date: 22 November 2023

Class: Part 1

Contributors: Head of Governance and Committee Services

Outline and recommendations

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

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 3



Full Council

Young Mayor's Budget and Overview

Date: 22nd November 2023

Key decision: No

Class: Part 1

Ward(s) affected: Borough wide

Contributors: Young Mayor, Young Advisors, Advisers to the Young Mayor

Outline and recommendations

This report is set out into two sections:

1. An update for Full Council on the work of the Lewisham Young Mayor and Young Advisors for 2023.
2. Budget priorities from the Lewisham Young Mayor, Jentai Gen-One on spending of the Young Mayor's budget in 2023

1. Summary

- 1.1 On 8th February 2023, Jentai Gen- One was elected the eighteenth Lewisham Young Mayor of Lewisham and Llywella-Paige Hoban was elected Deputy Young Mayor. There was the most ballots counted in the history of the Young Mayor Election with a turnout of 58.27% with 9988 ballots counted. The range of ideas that now form the Young Mayor's Budget for 2023 have been taken from the Young Mayor manifesto pledges and developed over the last 6 months with the Young Advisors with input from the wider youth population.
- 1.2 The Young Mayor Election was moved to February 2023 where previously in previous years it had been in October. The current Young Mayor has been in post for 9 months with a further 3 months to deliver these proposals and contribute to the other areas of work. The next Young Mayor Election will be in February 2024.
- 1.3 This report is set out into two sections:
 - 1.3.1 An update for Full Council on the first nine months work of the Young Mayor and Young Advisors for 2023.
 - 1.3.2 Details from the Young Mayor, Jentai Gen-One on the spending of the Young Mayor's budget.
- 1.4 The Young Mayors budget is intended to provide improvements in services for children and young people in the borough. The Young Mayor for 2023 has a budget of £25,000 to be allocated after consultation with young people.
- 1.5 The report summarises for information the proposals which the 2023 Young Mayor is recommending to spend the £25,000.

2. Policy context

- 3.1 The Young Mayor Programme is a key priority for the Council in delivering on its commitment to giving children and young people the best start in life and building an inclusive local economy.
- 3.2 The Young Mayor Programme makes an important contribution to the objectives and priorities identified in the 2022-2026 Corporate Strategy. These priorities are:
 - Cleaner and Greener
 - A strong local economy
 - Quality Housing
 - Children and Young People
 - Safer Communities
 - Open Lewisham
 - Health and Wellbeing
- 3.3 The work of the Young Mayor and Young Advisors make a particular contribution to many of the outcomes set out in the Children and Young People's Plan.

3. Background

- 3.1 The Young Mayor Programme has been in place since April 2004. Jentai Gen-One is the eighteenth Young Mayor. Jentai Gen-One won the election on a turnout of 58.27% per cent which represents 9,988 young people voting.

4. Budget Achievements of previous Young Mayors

- 4.1 Budget priorities from the former Young Mayor, Rosanna Campbell 2021/22 have continued to be delivered this year which have included creative youth led projects around aspects of young people's safety. Working with local voluntary youth groups including Sounds like Chaos, Lewisham Youth Theatre and BEin, with projects ranging from young people and domestic violence, young women's safety on the street and bullying. There is further work around wellbeing in September. Work to support the Halo code and the Tackling Race Inequality in Schools pledge continues Rosanna's interest and commitment to these discussions with young people, including peer training in schools. More opportunities to debate, understand and get involved in politics completes Rosanna's priorities.

The Bank of Things, the initiative developed from Young Mayor Femi Komolafe's 2020/21 budget continues to provide essential items for young people to succeed in education and life. In partnership with Lewisham Local, the Bank of Things supplies free toiletries and school supplies for young people in the borough at Unit 19 in Lewisham shopping centre. Bank of Things has recently started a community Fridge for young people, open Wednesdays and Fridays afterschool. At Unit 19 there is also support for young people to find support for college and work through Baseline and Lewisham Works.

5. Activities during 2023 by Young Mayor Jentai Gen- One, Deputy Young Mayor, Llywella-Paige Hoban and the Young Advisors Group

- 5.1 Since being elected in February 2023, the Young Mayor and Young Advisors have continued to represent their peers at the local, regional, national and international level. Working collaboratively with the Mayor and Cabinet, scrutiny committees, councillors, council officers, partner agencies and other key stakeholders, the Young Mayor and Young Advisors have made an important contribution to local policy development over the course of the last year. They have also continued to support projects that relate to and address issues which concern young people.
- 5.2 The Young Mayor and Young Advisors meet every Monday 5-7pm in the Civic Suite in Catford.

Colleagues, partners and community members join the meetings every week to find out from young people what their priorities are and ask them to contribute to policy development and projects across the borough. This is a key meeting every week for the group to also plan their own projects and discuss any issues of interest and concern.

The table below provides an update of some of the projects, work and activities that have been carried out by the Young Mayor and Young Advisors over the past nine months since the Young Mayor Election and inauguration in February 2023.

Project or work area	Activity
Young Advisor's meetings	Regular meeting time 5-7pm Mondays for young people to plan and organise their activities and for partners, colleagues and peers to consult and discuss issues with the group. All face to face meetings, with an agenda with different speakers and discussions every week.
Employment and enterprise	<ul style="list-style-type: none"> ▪ Supporting opportunities for young people, activities, jobs and training through sharing on social media and through informal networks. Bank of Things working at unit 19 with Baseline and Youth Futures to create an accessible hub for young people in the borough to receive support. ▪ Students on work experience with the team. ▪ Working with the Downham Ambassadors ▪ Working with Economy and Business team to develop a business start-up competition for Lewisham schools – new Gen Business competition
Intergenerational activities	<ul style="list-style-type: none"> ▪ Working together with older people to build understanding through intergenerational projects ▪ Attending Positive Ageing Council meetings. ▪ Joint event for the Cultural Strategy ▪ Participating in Silver Sunday
Social justice and diversity	<ul style="list-style-type: none"> ▪ Participating in debates and panels on social justice and diversity. Young people's voices and opinions being heard and shared with other community members and professionals such as the police and others, to help create change and influence policy making. ▪ Young Mayor Team working with young people in schools around anti-racism and equality and in Lewisham – workshops in schools. Feeding into the Race Inequality in Education pledge. ▪ Champions of Inclusion meetings working with Lewisham special schools. ▪ Drumbeat Autism Hub workshops and sharing space. ▪ Brent Knoll School workshops. ▪ Food poverty and justice discussions with councillors on how to support young people and schools, and link to national campaign.
Health	<ul style="list-style-type: none"> ▪ Young people learning and contributing to public health strategies and young people's services. ▪ Meeting with Public Health about revisiting Young Champions ▪ Discussion on the development and progress of the Young Peoples GP service in New Cross. ▪ Contributing to and finding out about services for young people with mental health issues; Kooth. ▪ Understanding Ithrive and the Family Hubs ▪ Discussion on the development of the Lewisham Health and Care People's partnership committee and young people's role.

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Project or work area	Activity
Environmental issues	<ul style="list-style-type: none"> ▪ How to work towards carbon neutrality and address the Climate Emergency. ▪ Meeting with colleagues in the climate emergency team, supporting the development of the schools climate network ▪ Contributing to Food network discussion
Community safety, policing and youth justice	<ul style="list-style-type: none"> ▪ Working with the Public Safety team around Violence Reduction and the Public Health approach to serious youth violence. ▪ Contributing to the Appreciative Inquiry about domestic violence and being safe ▪ Contributing to the Youth Offending Service management board. ▪ Representing Young Advisors on the youth advising police groups ▪ Discussions and feedback on the Stop and Search charter.
Housing and regeneration	<ul style="list-style-type: none"> ▪ Contributing to the consultation with Team Catford including a discussion on affordable housing. ▪ Working with Lewisham Homes engagement team about the needs and interests of young people and assessing young people's projects for the funding pot. ▪ Participating in the consultation around Lewisham shopping centre redevelopment ▪ Research on homes in London with Centre for London
Sports, arts and culture	<ul style="list-style-type: none"> ▪ Feeding into Borough of Culture legacy discussions and the Cultural strategy ▪ Developing relationships with community organisations to help provide summer events and "vibes" for young people in the borough ▪ Delivering basketball tournament and Skating event during the summer holidays
Working with schools and colleges	<ul style="list-style-type: none"> ▪ Visits to primary, secondary schools and colleges: campaigning, raising awareness, budget consultations and feedback through assemblies, citizenship days and school councils. Supporting other young people at exhibitions, achievement events and activities. ▪ Anti-racism and Equalities workshops with 10 schools developing the peer training aspect. ▪ Equalities events for schools at the Civic suite. ▪ Primary school visit to civic suite and school visits. ▪ Drumbeat Autism Hub and Brent knoll workshops. ▪ Resources and young mayor campaign and election in all secondary schools and colleges. ▪ Polling station training. ▪ International Women's Day event. ▪ LGBTQI+ History month event at the Civic Suite.

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Project or work area	Activity
Working with Children and Young People Directorate and Youth Projects	<ul style="list-style-type: none"> ▪ Meeting with CYP Select Committee to discuss priorities including amplifying young people’s voices paper. ▪ Recruiting Education Psychologist// Early Help Head of Service / Head of SEND/ Head of Lewisham Learning. ▪ Contributing young people’s voices to the Safeguarding Partnership Board and developing young scrutineer role. ▪ Developing partnership with Baseline, Advice and information in Unit 19. ▪ Consultation and discussion on the Play Strategy. ▪ Consultation on Education Strategy. ▪ Contributing to SEND Strategy and meeting with Head of SEND. ▪ Contributing to Participation Strategy. ▪ Training and evaluation of Holiday Activity Fund projects. ▪ Meeting with and developing relationships with the Children in Care Council and identifying priorities
Community events and organisations	<ul style="list-style-type: none"> • Attending community events representing young people, recognising achievement, encouraging participation, cohesion and volunteering. • Volunteering at “Bank of Things” • YM/YAs judging Jack Petchey Speak Out Challenge. • Comm Unity Space Celebration. • Supporting the My London Youth Action Group. • Meeting youth groups who are applying for funding pot and attending resulting performances and workshops. • Windrush 75 years and activism event. • Speaking at VRU event on youth spaces. • Planning and participating in the Black Leadership Conference at Goldsmiths
Working with politicians and engagement with politics and public life	<ul style="list-style-type: none"> • Young people developing knowledge and understanding of party politics and democratic engagement which can then be shared with their peers. • Attending CYP Select Committee meeting. • Meeting with MPs and working on particular issues • Working with Councillors on Food Poverty campaign • Meeting with cabinet member for CYP to discuss priorities • Attending Lewisham Strategic Partnership meetings to ensure Young People’s voices are part of planning for the future. • Meeting with Mayor

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Project or work area	Activity
UK Youth Parliament (UKYP), British Youth Council (BYC) and other regional and national work	<ul style="list-style-type: none"> ▪ Engagement with the national Youth Voice Strategies and meeting other young people who are representing their areas. ▪ Participating in London Youth Assembly meetings and online. ▪ Attending the UK Youth Parliament meetings and contributing to the national campaign. ▪ Attending BYC conventions and meeting other young people who are active in their communities across London and the South East. ▪ Attending UKYP sitting at House of Commons
European visits and welcoming visitors	<ul style="list-style-type: none"> ▪ Erasmus+: Youth Mobility Projects (European funded projects) with youth groups in Alingsas near Gothenburg, Sweden. Prague 7, Czech Republic, Santa Maria da Feira, Portugal and Portici in Italy. Young people creating relationships, working and sharing ideas and aspirations about being European, raising aspirations and being part of a wider world. ▪ Our final visit to Santa Maria da Feira in Portugal was in February Half term holidays, the final stage of a tripartite project with Portici in Italy ▪ These have ceased due to Brexit and the UK not being part of the Erasmus funding programme. ▪ The replacement programme does not offer the same funding opportunities, so we have been unable to organise any further visits ▪ We maintain our relationships with colleagues, so we have the potential in the future to revisit at least online.
Civic events	<ul style="list-style-type: none"> ▪ Young Advisers attend events to recognise the importance for the wider community of events with important historical roots. Recognising achievements and being involved in and learning about other civic institutions. As elected representatives this is part of the role and is important both for them to attend and for others to see they recognise and take these responsibilities seriously. ▪ Holocaust Memorial Day event ▪ Meeting and working with Lewisham's Mayoresses. ▪ Attending Full Council ▪ Windrush 75-year celebration events ▪ LBL Staff awards ▪ Remembrance Sunday service

6. Developing the participation strategy across the borough

6.1 The Young Mayor Team are developing how they work with the Children in Care council and young people leaving care to see how the groups can collaborate to feed into the corporate parenting strategy, service improvement and other decision-making processes.

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6.2 Working with the Youth Justice Service to developing opportunities to identify priorities and find opportunities for young people to contribute to decision making and influencing policy in the borough.

6.3 Bring together internal and external voluntary and community sector groups of young people to share experiences, expectations and opportunities to develop young people's participation across the borough.

7. The Young Mayor's Budget Proposals 2023 Young Mayor Jentai Gen- One

7.1 Consultation

7.1.1 The Young Mayor has worked closely with both the Young Advisors and with schools and youth organisations in identifying how to best spend the allocated budget. Initial ideas for spending proposals were gathered from a range of sources, including from candidate's manifestos and the election campaign. These were then discussed at Young Advisors meetings and with groups in the community and colleagues in the council, to see what would be possible and sustainable moving forward.

7.1.3 There are lots of issues that young people are interested in and concerned about these include:

- Informal education, youth services, places to go and things to do
- Arts, sports and performance opportunities
- Employment and enterprise opportunities
- Healthy Living and lifestyles, mental health and wellbeing
- How to support work with faith groups, and diverse projects
- Environment issues, plastic waste, air pollution and rubbish
- Being safe, working together to help everyone feel and be safe
- The cost-of-living crisis and food poverty
- School: what we learn and why, linking school to working life, support in school.
- Equalities and challenging prejudice and discrimination, understanding each other.

8. Budget Priorities for 2023

8.1 Having worked with the Young Advisors these proposals reflect many of the interests, concerns and experience of young people in the borough as well as manifesto commitments. Young Mayor, Jentai Gen- One and Deputy, Llywella- Paige Hoban have spent the first half of their term in office talking to other young people, participating in community events and projects and representing the young people of Lewisham. Combined with some of their original ideas in their manifestos, they drew up some areas for what the budget of £25,000 budget should be spent on.

Jentai and Llywella were keen to make sure their proposals are sustainable and carry on some of the work already started, in order to support young people in the borough and reach as many as possible. While addressing young people's real and current concerns and priorities.

The Young Mayor budget 2023 has three main areas:

8.1.2 **Our Futures – opportunities to learn what we need so we can have the best future**

- Business start-up competition in schools for young people who are interested in being an entrepreneur – with support to further our ideas and create our business futures
- Curriculum for Life and work experience – what else we need to learn to build our futures
- Develop a Young People’s Climate Campaign – the future of the world

Cost £12,000

8.1.3 **Our Voices – opportunities to share our views, and amplify the voices of young people in the borough**

- Working in partnership to create a radio station for young people in the borough to share opinions and ideas as well as music, so young people’s voices can be heard across the borough.

Cost £10,000

8.1.4 **Our Vibes – opportunities to socialise, enjoy, and be proud of our borough**

Community Events with “vibes” for young people, run in partnership with groups in the borough

For example; a Basketball tournament, Roller Skating, Dance Event, BMX and mountain biking so we can have fun and share what good things Lewisham has to offer, to change the narrative.

Cost £3,000

8.1.5 **Total Cost £25,000.00**

9. Progress and Evaluation

9.1 The new Young Mayor and Young Advisors will report progress in implementing these proposals to Youth forums, School Councils, Mayor and Cabinet and on social media.

9.2 An ongoing consultation and evaluation process will take place with local young people through School Councils, the Voluntary and Community Sector and People’s Day, as well as the B-involved website.

10. **Financial implications**

The cost of the proposed programme is £25,000 and will be met from the budget for the Young Mayor’s programme.

There are no financial implications arising from this report as there is a specific budget for this area.

The term of office of the young mayor is from February to February – the £25k spend will be incurred in the financial year 2023/24.

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11. Legal implications

11.1 Section 2 of the Local Government Act 2000 empowers the local authority to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well-being of all or any persons within the local authority's area. It enables the Council to incur expenditure under these wellbeing powers which could include a budget for the Young Mayor. The sum of £25,000 is a reasonable for the purposes outlined in the report.

12. Equality Implications

12.1 The Young Mayor and Young Advisors have considered the equalities implications in all of the proposals and will ensure an inclusive approach to all activities undertaken. For example working with the special schools and groups such as Looked after Children and Young Carers who might find it more difficult to participate.

12.2 The various activities described in this report (e.g.: intergenerational activities; healthy lifestyles; social justice and diversity; environmental issues; community safety, policing and youth justice and education & employment) make an important contribution to the five objectives of the Council's Comprehensive Equalities Scheme 2016-20 as follows:

- Tackle victimisation discrimination and harassment
- Improve access to services
- Close the gap in outcomes between citizens
- Increase mutual understanding and respect within and between communities
- Increase participation and engagement

The activities described in this report will benefit all protected characteristics, but in particular that of age. Lewisham's population is driven by the birth rate and one in four Lewisham residents is aged 0-19.

Although socio-economic status is not a characteristics protected under the Equality Act 2020, the activities described in this report will also make a contribution to tackling socio-economic inequality. Nearly one in four Lewisham children under 16 live in a low income household (over three in ten after housing costs have been considered). The Young Mayor's proposals for the coming year, includes specific proposals to tackle poverty affecting children and young people living in the borough.

13. Climate Change and Environmental Implications

13.1 There are no negative environmental implications arising from this report. The Young Mayor is investing in developing a young people's campaign with part of the his budget this year which will work directly with the Council to promote the implications of climate change and be part of the Council's response to the climate emergency.

14. Crime and Disorder Implications

14.1 There are no negative crime and disorder implications arising from this report. The Young Mayor's proposals relate to the development of activities, resources and information that will provide young people with diversionary activities, contribute to community initiatives and provide opportunities for young people to address issues concerned with their safety.

15. Health and wellbeing implications

15.1 There are no negative health implications arising from this report. The Young Mayor

and Young Advisors will continue to support public health projects and contribute to involving and representing young people in discussions around health and wellbeing. They have a long standing interest in young people's mental health and well-being in the borough and remain keen to contribute and support young people where possible.

16. Report Author and contact

Katy Brown, katy.brown@lewisham.gov.uk

Jacob Sakil, jacob.sakil@lewisham.gov.uk

Nick Gunner, Nicholas.gunner@lewisham.gov.uk



Council

Announcements or Communications

Date: 22 November 2023

Class: Part 1

Contributors: Head of Governance and Committee Services

Outline and recommendations

Members are asked to receive any announcements or communications from the Speaker, the Mayor, members of the Executive or the Chief Executive.

1) Byelection Result & Lewisham College Governor Appointment

2) New Year Honours

The Council congratulates our residents receiving King's Honours in Investiture Ceremonies this month. They are:

Receiving a CBE:

- Rosamund Adoo-Kissi Debrah - Co-Founder and Chair, the Ella Roberta Family Foundation. For services to Public Health.
- Eve Coulter Salomon - Chair of Horniman Museum and Gardens. For services to the Arts and Heritage.

Receiving an OBE:

- Benjamin Lindsay - Chief Executive Officer, Power the Fight. For services to the community in Southeast London.

3) Mayor of London Adult Learning Award Winner

4) High Street Survey

- 5) Lewisham All-Age Autism Strategy
- 6) Lewisham in Bloom
- 7) Community Energy Fund



Council

Petitions

Date: 22 November 2023

Class: Part 1

Contributors: Head of Governance and Committee Services

Outline and recommendation

Members are invited to receive any petitions from members of the Council or the public

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. Public petitions that meet the conditions described in the Council's published petitions scheme and about which the Head of Governance and Committee Services has been notified in advance, will be accepted and may be presented from the public gallery at the meeting.
3. Any person who lives, works or studies in Lewisham can organise a petition, including those under the age of 18.
4. We accept both paper and e-petitions. We do not accept hybrid petitions.
5. The requirements of the Council's petition scheme apply to both paper and e-petitions. E-Petitions should use the council's system which can be found on the council's website: <https://lewisham.gov.uk/mayorandcouncil/influence/submit-or-view-a-petition>.
6. Paper petitions can be sent to: Governance and Committee Services, 1st Floor, Laurence House, Catford Road, SE6 4RU.

Agenda Item 6



Council

Public Questions

Date: 22 November 2023

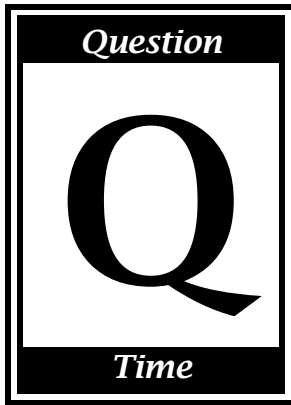
Class: Part 1

Contributors: Head of Governance and Committee Services

Outline and recommendation

Members are asked to consider questions received from members of the public.

Questions received from members of the public will be published together with written answers on 21 November. Questioners will be entitled to attend the 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 22 November 2023.

PUBLIC QUESTION NO.1
22 November 2023

Question asked by: Alex Raha

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

The Waterlink Way, National cycle route 21, which passes through Brookmill park has been closed for more than two years and currently shows no sign of reopening.

Lewisham currently sits next to bottom of the Mayor of London Healthy Streets scorecard for strategic cycle routes compared to other inner London boroughs.

Can council confirm it's in contact with Thames water and Friends of Brookmill park to establish a time line for when the path will reopen? Can council officers confirm have are following the TfL traffic management handbook in monitoring work site as per existing traffic orders?

Reply

The works in Brookmill Park are part of a major Thames Water project to improve the water quality within Lewisham and the wider Southeast London area, called the Millennium Mains Project and involves relining pipework around London. To carry out the works in the park, Thames Water have dug a deep shaft to provide access to the mains network and for public safety reasons the cycle path has been closed and temporarily diverted.

The Council remains in regular contact with Thames Water to ensure the works are carried out as quickly as is reasonably possible and the cycle route is not closed any longer than is necessary. Thames Water informed us that the project was initially delayed due to technical challenges, which resulted in a need to redesign some aspects of the scheme which is now due for completion in January 2025.

The site has been visited several times by council officers during the duration of the works to ensure they are being carried out safely and in compliance with relevant legislation and guidance, and officers have confirmed that all permits and permissions are in place. We will continue to reinforce the importance of this matter to Thames Water, including the best practice guidance from Transport for London referred to. Site visits by officers will continue until the works are completed and any areas of concern or non-compliance will be identified and brought to Thames Water's attention to be resolved.

More widely, the Council will continue to work with the funds we have available to increase active travel levels in Lewisham and help people travel safely across our borough.

PUBLIC QUESTION NO.2
22 November 2023

Question asked by: Annie Kirby

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

How many PCNs, in total, were issued across the Lee Green LTN on July 17th?

Reply

Following the incident in Lee High Road on 17th July 2023 the Council instructed the parking contractor to cease camera enforcement in the Lee Green LTN on that day to allow vehicle access and to prevent unnecessary build-up of traffic.

On investigation, the Council learnt that the parking contractor did not cancel all PCNs issued for Lee Green LTN on that day, as instructed, due to an administration error by the parking contractor. As a result, 127 PCNs were issued in error for which the Council would like to apologise.

All PCNs issued in error on the date have been cancelled, of which, all people who paid their PCN have been given a full refund.

PUBLIC QUESTION NO.3
22 November 2023

Question asked by: Annie Kirby

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

How many school street PCNs have been issued on Taunton Rd, Effingham Rd and Wantage Rd school streets for the week commencing 17th July?

Reply

For week commencing 17th July 2023 the following number of PCNs were issued:

- Taunton Road junction with Manor Lane - 0 PCNs issued.
- Effingham Road junction of Burnt Ash Road - 48 PCNs issued.
- Effingham Road junction with Manor Lane - 18 PCNs issued.
- Wantage Road junction of Handen Road - 0 PCNs issued.

PUBLIC QUESTION NO.4
22 November 2023

Question asked by: Jane Alaszewski

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Your LTN monitoring report states that the LTN has not negatively affected air quality yet your data shows asthma rates have increased across the borough since it has been implemented. Which is true?

Reply

Asthma rates cannot be linked to one single intervention or cause. Having said that, the latest data available published by the Office for Health Inequalities and Disparities (OHID) in December 2022, indicates that asthma rates across the borough have not in fact increased but remained the same at 5.4% of the measured population aged 6 and above. This compares to a slight increase across England as a whole from 6.4% in 2020/21 to 6.5% in 2021/22.

Only two data points are currently available (for 2020/21 and 2021/22) as previously the indicator looked at All Age Asthma prevalence. Therefore, the data published in 2019/20 and earlier is not comparable to the most recent publications. The next set of data for 2022/23 is due to be published by OHID in December and we await the findings with interest. Further details are contained on the OHID website through the following link: <https://fingertips.phe.org.uk/profile/health-profiles>

The latest air quality monitoring report for the Lewisham and Lee Green LTN indicates that the scheme has not negatively impacted on air quality in and around the LTN area. The data suggests that NO2 levels have continued to fall, with an average decrease of 9% compared to data from 2021. Significantly, air quality monitoring carried out on the South Circular has shown improvements in air quality and is now better than pre-Covid and pre-LTN levels. The recent expansion of the Ultra Low Emission Zone beyond the South Circular is also expected to contribute to further improvements in air quality in the area.

The Council's Air Quality Action Plan 2022-2027, outlining the steps we are taking to improve air quality across the borough, is available through the following link on our website: <https://lewisham.gov.uk/myservices/environment/air-pollution/read-our-air-quality-action-plan-and-other-reports>

PUBLIC QUESTION NO.5
22 November 2023

Question asked by: Jane Alaszewski

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Will you change your bike hanger policy to prioritize bike storage for flats.

Reply

The Council receives a high number of requests for cycle hangars and, with limited funding for this measure, installation is prioritised where there is greatest demand. There is no policy which states that any particular household should be prioritised. More information about cycle hangar delivery for 2023/24 can be found on the Council's website here: <https://lewisham.gov.uk/myservices/roads-and-transport/cycling/cycle-storage-for-hire>

These locations will serve many of the requests made from residents in flats and on estates.

There are also cycle storage facilities being delivered directly by Housing services for estates.

All new social homes delivered by the Council have an obligation to meet GLA requirements for cycle storage.

PUBLIC QUESTION NO.6
22 November 2023

Question asked by: Paul Howarth

Relevant Directorate: Community Services

Member to reply: Councillor James-J Walsh

Question

The Hither Green West Campaign is a resident-led campaign set up to help make Hither Green (west of the railway line) the best place it can be. Whilst not in our Council Ward, Mountsfield Park is one of our nearest parks. Unfortunately the tennis courts are decrepit and in a state of disrepair. Lewisham Council has been working with the Lawn Tennis Association to refurbish the Borough's tennis courts.

See: <https://lewisham.gov.uk/articles/news/four-more-tennis-courts-in-lewisham-set-for-renovation>

Please can you confirm where on the priority list for refurbishment Mountsfield Park tennis courts sit and

when the refurbishment of the tennis courts will take place?

Reply

Thank you for your enquiry regarding the Tennis Courts at Mountsfield Park. The Council has indeed been working alongside the Lawn Tennis Association (LTA) to upgrade a number of our parks tennis courts, utilising funding from the LTA, DCMS to improve the playing surfaces, fences and to install a keypad operated gate which enables use of a fair and equitable booking platform.

The tennis courts at Mountsfield Park were considered for inclusion in the most recent round of court upgrades (Spring 2023) however, had to be removed from this round of consideration after feasibility works were conducted. Contractors highlighted that both of the tennis courts at Mounstfield park were subject to tree roots impacting and damaging the playing surfaces and therefore wouldn't fit the scope of the current round of investment. This however does not prevent the courts being considered for improvement works at a later date where more funds may be available; contingent on finding a solution to the tree root ingress that does not put the health of the tree in jeopardy.

PUBLIC QUESTION NO.7
22 November 2023

Question asked by: Joe O'Donnell

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

When will the arrangement with Skansia result in heritage street lights for all conservation areas as I understand was agreed in 2011?

Reply

The street lighting across Lewisham is managed and maintained under a twenty-five-year PFI contract effective from 2011 with most of the street lighting replaced in the first few years of this contract.

As part of the replacement programme funds were made available to provide heritage style lighting within conservation areas. These funds were limited and did not cover the costs of heritage style lighting throughout all of Lewisham's conservation areas. To allocate the funding the Council commissioned an independent study of the Borough's conservation areas. The study considered criteria such as intrinsic townscape merit, degree of preservation, scale and other moderating factors. The report provided an objective, impartial and independent assessment to help identify those streets where special lighting was needed most. Using the study, heritage lighting was installed in conservation areas up to the allocated funding available. There is currently no additional funding available for further installations of heritage lighting during the lifetime of the PFI Contract.

PUBLIC QUESTION NO.8
22 November 2023

Question asked by: Joe O'Donnell

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

Will the Council work with the Victorian Society to ensure that Mr Pink's house does not fall further into dereliction and explore how it might be used to tell the story of Lewisham and the Windrush generation?

Reply

Whilst the building is not statutory or locally listed it is within the St John's Conservation Area, in a prominent position on the corner of Somerset Gardens, has strong historic connections to the Windrush generation and is considered a non-designated heritage asset.

The Council is aware of the poor condition of the privately owned building and the planning's conservation and enforcement team are actively working on finding a solution.

PUBLIC QUESTION NO.9
22 November 2023

Question asked by: Dan Kirby

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

How many PCNs have been issued at the school street filter on Newstead Road between September 1st 2023 and the current day, and how much has been paid by recipients as a direct result?

Reply

With regard to the school street on Newstead Road, 65 PCNs have been issued to date since 17th October 2023. No PCNs were issued in September.

During the above period, 8 PCNs have currently been paid, which equates to £520.

PUBLIC QUESTION NO.10
22 November 2023

Question asked by: Dan Kirby

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

How many Blue Badges are currently registered in the Borough of Lewisham and how many Blue Badge exemptions for the LEE GREEN LTN are there?

Reply

To make travel easier for Blue Badge holders, the Council allows Lewisham residents that have a Blue Badge issued by the Council to apply for a vehicle exemption to drive through the Lewisham and Lee Green LTN. The exemption permit only allows the holder to drive through the LTN road closures and modal filters and does not provide exemption for other restrictions, including school streets. The total number of active Blue Badges registered in Lewisham is 7292. Of these, 338 blue badge holders have applied for and been granted exemption to drive through the LTN.

Further details of the Blue Badge exemption scheme, including how to apply for an exemption permit are contained on the Council's website. A link to the relevant page is as follows: <https://lewisham.gov.uk/myservices/parking/blue-badge-ltn-exemption-permit>

PUBLIC QUESTION NO.11
22 November 2023

Question asked by: Zak Balcombe

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Does the major and cabinet agree that consultation cost of £553,00.00 for the sustainable streets programme is an acceptable amount of tax payer's money when they themselves are struggling to put food on the table for their children?

Reply

The proposed figure of £553,600 is for the Sustainable Streets programme across the whole borough, not just the latest consultation in Evelyn area. The figure covers the costs for the consultation and engagement exercises and also designing the kerbside management restrictions for the whole programme, which includes three phases and reviews of existing CPZ areas; therefore, the costs are considered proportionate for the level and complexity of work involved.

Further details are contained in the report to the Council's Mayor and Cabinet in December 2022. A link to the report is as follows:

<https://councilmeetings.lewisham.gov.uk/documents/s105243/Sustainable%20Transport%20and%20Parking%20Improvements%20report.pdf>

PUBLIC QUESTION NO.12
22 November 2023

Question asked by: Zak Snelgrove

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Can the cabinet explain the difference to the climate, if I was to pay to park outside my house as opposed to not paying to park outside my house?

Reply

The Sustainable Streets programme is designed to introduce a range of sustainable transport measures including parking controls, cycle hangars, EV charging points, more trees and greening, car clubs, and safer junctions and crossing points. By introducing parking controls into an area, we can prioritise parking for residents and deter vehicles from driving to the borough to park so encouraging more use of sustainable modes of travel leading to positive benefits for air quality and the ongoing climate emergency.

More information about the benefits of parking controls can be found on the Healthy Streets Scorecard website through the following link:

https://www.healthystreetsscorecard.london/indicators_explained/.

PUBLIC QUESTION NO.13
22 November 2023

Question asked by: Joan Arkley

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Can you please explain why you think paid parking is now planned in the area where it everything works well?

Reply

The Sustainable Streets programme is designed to introduce a range of sustainable transport measures including parking controls, cycle hangars, EV charging points, more trees and greening, car clubs, and safer junctions and crossing points. By introducing parking controls into an area, we can prioritise parking for residents and deter vehicles from driving to the borough to park so encouraging more use of sustainable modes of travel leading to positive benefits for air quality and the ongoing climate emergency.

More information about the benefits of parking controls can be found on the Healthy Streets Scorecard website through the following link:
https://www.healthystreetsscorecard.london/indicators_explained/.

PUBLIC QUESTION NO.14
22 November 2023

Question asked by: Ade Ogiesoba

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

I've been informed lewisham are now going to start making residents pay for a permit? In deptford, is this true? how about if i have a driveway at the front of my flat? am i going to need a permit to park there ?

Reply

A consultation was carried out with residents from January to March of this year across the Deptford area on a package of proposed measures under the Council's Sustainable Streets programme. The proposed measures included new cycle hangars, street trees, electric vehicle charging points, safer junctions, car club bays and permit parking. The consultation included a leaflet to all properties within the area as well as posters at various locations, drop-in sessions with residents, business site visits, door knocking in areas of lower response rates and publicity on the Council's website and various social media platforms.

The results of the consultation were reported to the Council's Mayor and Cabinet on the 19th of July 2023 in which the decision to proceed to publicise the traffic management orders was taken. These are the legal documents that enable the Council as the highway authority to regulate movement and parking on the highway. The traffic management orders have recently been publicised and the comments received during this process are currently being considered before a decision is made. If the decision is to proceed with the introduction of the measures, including permit parking, then this will cover the public highway only. Off-street parking areas, including private driveways, will not be affected and so would not require a permit to park in those particular locations.

A link to the Mayor and Cabinet report from July 2023 is contained here:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=8054&Ver=4>

For further details on the Sustainable Streets programme please also see the following link on the Council website:

<https://lewisham.gov.uk/myservices/roads-and-transport/sustainable-streets-programme>

PUBLIC QUESTION NO.15
22 November 2023

Question asked by: Marcus Mayers

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

Question

In response to Q35 of 27.09.23 the Council referred to costs that were “already part of the Lewisham Homes improvement”. The Council asserts that those costs were merely brought forward because of the Council’s plans to bring Lewisham Homes in house. Before the Council announced its plans to bring Lewisham Homes in house, over what timescale had Lewisham Homes planned to implement the changes referred to and at what cost?

Reply

Lewisham Homes had an overall 3-5 year rolling improvement programme in place which included getting closer to the Council’s systems and infrastructure. Some of this work had already been executed, including the move to Shared Technology Services; work had also started on their data centre plans when Covid delayed actions and changed project focus.

Other projects within the improvement plan included the Housing Management System platform and the telephony transition.

Each of these projects would have had their own budget which will have shifted as the overall programme continued its’ journey and priorities changed. That budget was not part of the housing services move at that time and therefore not possible to identify the original cost intended for the improvements.

PUBLIC QUESTION NO.16
22 November 2023

Question asked by: Marcus Mayers

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

Question

The Council has said that the increased costs of bringing Lewisham Homes in house (from £600,000 to £3.9m) will be met by an advance from reserves that will re-paid by leaseholders and tenants. Does the Council envisage recovering the money by increasing rents /service charges or reducing services?

Reply

No, the cost of transition will be met by efficiency savings made over a period of years to be made within the new Housing Directorate. Any increase to rents/ service charges incurred during this financial year will be inflationary and not due to the transition of Lewisham Homes being brought in house.

A full explanation was provided in the Mayor and Cabinet report June 2023 as follows:

The estimated costs related to the transition of services from Lewisham Homes to the Council are between £3.3m and £3.9m, with existing agreed revenue budgets utilised where available and reasonable to do so for non-transition / business as usual work.

This level of one-off costs for the transition represents c3% of the annual turnover of the Lewisham Homes company of £100m. Within this is a significant element of technology investment which was already part of the Lewisham Homes improvement journey which included getting closer to the Council's systems and infrastructure. However, these actions were delayed with the focus on Covid and new compliance priorities and the resources diverted. They are therefore now falling into the transition activities as these have to be done to enable the Lewisham Homes staff to transfer to the Council.

At this funding has been identified including utilisation of HRA and potentially General Fund reserves. Both will need to be replenished in forthcoming financial years. This will require savings and efficiency programmes within the HRA business as usual activities to ensure it is managed within the available resources going forward.

PUBLIC QUESTION NO.17
22 November 2023

Question asked by: Margaret Clarke

Relevant Directorate: Community Services

Member to reply: Councillor Louise Krupski

Question

In March the London Tree Officers Association launched an updated CAVAT (Capital Asset Value for Amenity Trees) Full Method. Have Lewisham officers attended the training and are they using the methodology?

Reply

Lewisham's Senior Planning Tree and Landscape Officer has attended this training and it has been used in planning for many years to enable sufficient tree replacement when trees are removed as part of development.

It has also been used to assess loss of benefits to local community when unauthorised tree felling occurs.

Lewisham Highways Tree Officers have not attended the training and do not use the CAVAT methodology.

PUBLIC QUESTION NO.18
22 November 2023

Question asked by: Margaret Clarke

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

An increasing number of London authorities require an Embodied Carbon Assessment for all major developments. When will Lewisham include Embodied Carbon Assessments in its planning application process for all large developments?

Reply

The Council's new local plan was submitted to the Secretary of State for examination on 3 November 2023. Policy SD3 'minimising greenhouse gas emissions' states that 'major development proposals are encouraged to assess embodied carbon emissions and maximise opportunities to reduce these emissions'. We are expecting the Local Plan to be adopted late 2024 early 2025 subject to the duration of the examination period.

The London Plan (2021) also has a requirement for a 'whole life-cycle approach' which requires applicants to assess embodied carbon emissions. This policy is active now and applies to applications referable to the Mayor of London, i.e. development that include the provision of more than 150 homes, tall buildings etc. Officers are currently using this data to assess the embodied carbon of all qualifying applications and has become an important consideration in the assessment of planning applications.

PUBLIC QUESTION NO.19
22 November 2023

Question asked by: Richard Elliott

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

The Council has stated that it will only spend money on items like street trees, bike shelters and EV charging points etc. in CPZ areas. Is it the Council's policy to use funding obtained from other sources specifically for such improvements (i.e. not money raised through parking fee etc.) only in streets that are in a CPZ to the exclusion of non-CPZ areas?

Reply

The Sustainable Streets programme is a key initiative designed to implement a range of sustainable transport measures including parking permits, cycle hangars, EV charging points, street trees and greening, car clubs, and safer junctions and crossing points.

In addition to Sustainable Streets, the Council continues to introduce sustainable transport measures in many areas across the borough and not just in CPZ areas, for example, the Cycle Hangar programme. More information on this can be found on the Council website through the following link:

<https://lewisham.gov.uk/myserVICES/roads-and-transport/cycling/cycle-storage-for-hire>.

All funds raised from traffic and parking restrictions are ring-fenced by law for local transport and highways improvements, including active travel initiatives and discounts on travel, such as Freedom Passes for older and disabled residents who travel via public transport.

PUBLIC QUESTION NO.20
22 November 2023

Question asked by: Janet Hurst

Relevant Directorate: Community Services

Member to reply: The Mayor, Damien Egan

Question

With regard to Q21 of July 2023 what answer did the Council receive to its Freedom of Information request to the Met about the number of police officers accused of domestic abuse that are still working in Lewisham?

Reply

Please see attached.



**METROPOLITAN
POLICE**

Information Rights Unit
PO Box 313
Sidcup
DA15 0HH

Email: foi@met.police.uk

www.met.police.uk

Your ref: FOI-11642-23-0100-000
Our ref: 01/FOI/23/031333

Dear J. Lee,

Freedom of Information Request Reference No: 01/FOI/23/031333

I write in connection with your request for information which was received by the Metropolitan Police Service (MPS) on 04/07/2023. I note you seek access to the following:

"<https://www.justiceinspectorates.gov.uk/hmicfrs/our-work/article/report-on-the-centre-for-womens-justices-super-complaint-on-police-perpetrated-domestic-abuse/> According to the super complaint against the police (see above link) less than 3% of police officers and staff reported for domestic abuse in the last four years have been dismissed. Only 9% of those reported were professionally disciplined.

Can you please confirm how many officers currently working in the London Borough of Lewisham have open DA complaints against them?"

SEARCHES TO LOCATE INFORMATION

To locate the information relevant to your request searches were conducted by Strategy and Governance and the Directorate of Professional Standards. The searches located some information relevant to your request.

DECISION

I have today decided to disclose some information to you.

However, in relation to information specific to officers and staff working in the borough of Lewisham, the Metropolitan Police Service can neither confirm nor deny

whether it holds the information that you requested as the duty in Section 1(1)(a) of the Freedom of Information Act 2000 (the Act) does not apply by virtue of the following exemptions:

Section 40(5B)(a)(i) – Personal Information
Section 31(3) – Law Enforcement

Please see the legal annex for further information on the exemptions applied in respect of your request.

REASONS FOR DECISION

Lewisham falls within the South East Area BCU. The data for this area can today be provided, as the risk of identifying those individuals involved is somewhat mitigated by providing the wider area. However, the MPS cannot provide current data about Lewisham specifically. This is because a Freedom of Information Act request is not a private transaction. Both the request itself, and any information disclosed, are considered suitable for open publication. This is because, under Freedom of Information, any information disclosed is released into the wider public domain, effectively to the world and not just to one individual. This is best demonstrated by the fact that all disclosures made under the Act are published on our Disclosure Log on the MPS website.

Your request relates to ongoing complaints about officers and staff based in a specific borough. The MPS do not routinely make comment on current complaints relating to staff working in specific areas or topics of complaint. Therefore, in relation to whether or not we hold information with regards to this, the MPS can neither confirm nor deny.

Unless otherwise made public by the MPS via an official route, we would always seek to neither confirm nor deny whether identifiable individuals were subject to complaints or misconduct proceedings. Not doing so would inadvertently reveal personal information about those individuals – essentially, whether misconduct proceedings had been undertaken against them, thereby breaching the data protection principle of lawful and fair processing. Although in this instance no one is named, providing current figures relating to specific complaint types and the location of where the individual is based means identifying (or misidentifying) the individuals involved is much more likely. In addition, disclosing ‘current’ complaints would enable a picture to be built up over time, which would increase the likelihood of identifying the subjects of the complaints, especially for those with some knowledge of who may or may not be working in that location during that period.

Furthermore, confirming or denying whether or not the MPS have conducted misconduct proceedings into any identifiable individual, if not otherwise made public, would have a negative impact upon the police’s ability to conduct our law enforcement functions. Confirming or denying whether or not we hold specific information relating to any misconduct proceedings would weaken and undermine the operational effectiveness of those enquiries, which by default, would affect our ability to conduct these types of investigations without prejudice. We would be less able to investigate allegations now and in the future, as issuing definitive responses

under the Act about what information we held would reveal our intelligence and whether or not investigations are ongoing. This may compromise such investigations, and hinder our ability to ascertain whether a person was or was not responsible for conduct that was improper.

Considering this, the MPS cannot confirm or deny whether the specific requested information is held as to do so would be grossly unfair to any identifiable individuals and would negatively impact upon our ability to conduct investigations into allegations. Any confirmation or denial statement would be likely to result in potential speculation, may encourage false reporting, pre-judgment and/or speculation, and give rise to media attention/coverage. This could in turn unfairly prejudice any proceedings, and undermine an individual's right to a fair hearing, should this ever occur.

This stance should not be taken as an indication as to whether or not the information exists. This stance is taken consistently in cases where formal confirmation has not taken place in order to protect both the rights of individuals and policing interests now and in the future.

Please see the Legal Annex at the end of this response for some more detailed arguments regarding the application and maintenance of these cited exemptions.

DISCLOSURE

There are 15 employees currently working in the South East BCU that have a live DA complaint against them.

Please note, these relate to allegations and not proven cases.

Maintaining Public Trust in the MPS

Securing and maintaining the trust of the community is integral to the principle of policing by consent and to continue to do so, the MPS recognises that its staff must act with professionalism and integrity. The MPS treats each occasion when an allegation is made about the conduct of its staff extremely seriously and will fully investigate each incident to determine whether the conduct of that member of staff has breached the standards of professional behaviour. Where the conduct of staff is proven to have fallen below the standards of behaviour expected, the MPS will take robust action to ensure that its staff are held to account and that lessons are learnt from each case. Any instance where the conduct of our staff is alleged to have fallen below the standards of behaviour expected is treated extremely seriously by the MPS.

Should you have any further enquiries concerning this matter, please contact me using the email address at the top of this document, quoting the reference number for this request.

Yours sincerely,

**Shannon Stroud
Information Rights**

LEGAL ANNEX

Section 17(1) of the Act provides:

(1) A public authority which, in relation to any request for information, is to any extent relying on a claim that any provision in part II relating to the duty to confirm or deny is relevant to the request or on a claim that information is exempt information must, within the time for complying with section 1(1), give the applicant a notice which-

- (a) states the fact,
- (b) specifies the exemption in question, and
- (c) states (if that would not otherwise be apparent) why the exemption applies.

Section 40(5B)(a)(i) of the Act provides:

(5B) The duty to confirm or deny does not arise in relation to other information if or to the extent that any of the following applies—

- (a) giving a member of the public the confirmation or denial that would have to be given to comply with section 1(1)(a)—
 - (i) would (apart from this Act) contravene any of the data protection principles

At the core of your request is the personal data of the individual officers and staff identifiable. Confirming or denying whether the information requested is held will in turn confirm or deny whether information is held relating to any potential proceedings.

In most cases, personal data is exempt from disclosure under the Freedom of Information Act as I will explain below.

Where an individual is requesting third party personal data, such as in this case, the MPS must ensure that any action taken adheres to the principles of the Data Protection Act (DPA) 2018 and the General Data Protection Regulation (GDPR). To clarify, the Freedom of Information Act only allows for the disclosure of personal data if that disclosure would be compliant with the principles for processing personal data. These principles are outlined under section 34 of the DPA 2018 and under Article 5 of the GDPR.

Essentially you have requested whether individuals currently working within a specific location have been subject to complaints in relation to domestic abuse. There are a number of ways in which the MPS could respond to this:

- 1) We could confirm we hold the information and disclose it.
- 2) We could confirm we hold the information but exempt it.

- 3) We could confirm this information is not held.
- 4) We could neither confirm nor deny whether this information is held.

Responding in any way other than that proposed at number 4 would publicly reveal information about the individuals identifiable, thereby breaching their right to privacy as afforded to persons under the DPA and the GDPR.

Just by confirming that we did, or did not, hold the information, even if we did not disclose any further information that may be held, we would be publicly confirming whether or not these individuals were subject to such allegations. The ICO themselves have previously advised that a public authority should not restrict the use of this exemption to cases where it holds the requested information - it is also appropriate for the public authority to use it where it does not hold the information, if to disclose that fact would contravene one or more of the data protection principles.

As explained above, there are six Data Protection principles specified within Article 5(1) of the General Data Protection Regulation (GDPR).

In this instance, the disclosure of the Personal Data (which would happen if we responded in any way other than by neither confirming nor denying) would be incompatible with the first Data Protection principle which requires that personal data shall be:

'processed lawfully, fairly and in a transparent manner in relation to the data subject ('lawfulness, fairness and transparency');

Under the Data Protection Act 2018, the processing (in this case, the confirmation or denial) of personal data is considered to be lawful if:

- a. There is a legitimate interest in the disclosure of that personal data.
- b. The disclosure of the personal data is necessary to meet that legitimate interest.
- c. The disclosure would not cause unwarranted harm to the data subject.

Here, we need to balance the rights and freedoms of the individuals involved with any legitimate public interest in confirming or denying whether the information is held.

The MPS accepts there is an interest in officer and staff misconduct, which we understand. This is why the MPS regularly releases statistics on this matter, and publicises gross misconduct on our website, even opening the hearings to members of the public prior to the pandemic:

<https://www.met.police.uk/foi-ai/metropolitan-police/d/march-2022/misconduct-gross-misconduct-proceedings-2019-2020-2021/>

<https://www.met.police.uk/advice/advice-and-information/mis/misconduct-hearings/>

However, confirming or denying whether staff or officers based in specific locations are currently subject to complaints or general misconduct proceedings would amount to an infringement into the privacy of those individuals that has the potential to cause

unwarranted damage and distress, especially to the extent that there would not have been a reasonable expectation of such disclosure.

Police employees, including police officers, have a reasonable expectation of confidentiality in relation to information pertaining to their employment with the MPS or other law enforcement organisations. The purposes for which the MPS uses personal data are stated within the MPS Privacy Notices, which indicate that personal data is collected and used for policing purposes and will not be further processed in a manner that is incompatible with those purposes.

<https://www.met.police.uk/privacy-notice/>

<https://www.met.police.uk/SysSiteAssets/foi-media/metropolitan-police/policies/special-category-and-criminal-convictions-personal-data-policy.pdf>

Therefore, it would be reasonable for an employee to expect that information that the MPS holds in relation to them would only be used to support a policing purpose and not be unlawfully disclosed to third parties.

The ICO has stated in the past that there is a distinction between employees' private and professional lives which needs to be taken into consideration when deciding whether or not information can be processed about them in relation to FOI requests. I am mindful of ICO decision notice FS50470517, which states the following and is of relevance here:

'As stated in the Commissioner's guidance on 'Requests for personal data about public authority employees, information about an employee's actions or decisions in carrying out their job is still personal data about that employee, but given the need for accountability and transparency about public authorities, there must be some expectation of disclosure. On the other hand, information that may be held in a personnel file about their health or disciplinary record or payroll information about their tax code all relate to them as individuals and to their personal circumstances and there is a greater expectation that a public authority would not disclose such information. In this case, the Commissioner considers that the employment history (posts held) of individuals is information held within a personnel file and therefore carries that greater expectation of privacy.'

Similarly, ICO decision notice FS50515182 states:

"17. The Commissioner recognises that people have an instinctive expectation that a public authority, in its role as a responsible employer and data controller, will not disclose certain information. He considers that information relating to an individuals' employment history will attract a strong general expectation of privacy.

18. The same strong expectation of privacy also applies to information that relates to disciplinary matters or grievances. Indeed, the expectation of confidence in relation to that sort of information is generally even stronger.

With this in mind, any individuals that would potentially be identified would have an expectation that this type of personal data, if held, would not be used for non-policing

purposes. To process personal data in this way would be disproportionate to meet any legitimate public interests, and so would be greatly distressing and likely have a lasting upon those data subjects.

Consequently, responding in any way other than neither confirming nor denying would be unlawful and would therefore contravene the first data protection principle.

Various ICO Decision Notices on this topic further indicate that it would not be appropriate to confirm or deny whether information is held in relation to requests regarding the discipline history of police officers. ICO decision notice FS50435641 states:

'37. When assessing whether it would be fair to process personal data, it is important to consider the data subject's expectation of disclosure. The Information Commissioner would consider it reasonable that an officer would have an expectation that information which reveals whether or not they have been the subject of any complaints should not be disclosed widely under the FOIA.

38. The Commissioner's conclusion is that confirming or denying whether the requested information is held would constitute an unfair disclosure of personal data. Therefore, the exclusion from the duty to confirm or deny provided by section 40(5)(b)(i) is engaged.'

ICO decision notice FS50233972 states:

'16. It is important to consider what expectation of disclosure the individual would hold. The Commissioner would consider it reasonable that employees of the public authority would have an expectation that information about complaints made against them individually, including whether or not any complaints have been made, would not be disclosed, even without any specific notification of this.

17. The potential for detriment to the named individual through disclosure of information relating to complaints made against them is a significant issue here. The Commissioner's previous Decision Notice FS50086498 includes this argument about the issue of detriment:

"To release the fact that a complaint has been made against an employee may lead to assumptions being made about that employee's competence. However, the complaint may be unsubstantiated or malicious, or certain employees may be involved more frequently with difficult decisions that are more likely to result in dissatisfaction. Therefore, releasing this information does not aid transparency or accountability but could be misleading and unfair to particular employees."

'20. However, the Commissioner has also previously concluded that disclosure of information about complaints made against individual employees would be unfair, as the employees would have a reasonable expectation that such information would not be disclosed, and because of the potential detriment that could result from disclosure of information of this kind. It is also of significance that the public authority has demonstrated transparency on its website through publishing details about complaints and discipline.'

Finally, ICO decision notice FS50170141 also states:

'35. The public authority argued that the disclosure of whether or not a particular officer had been subject to a disciplinary hearing would be unfair. It informed the Commissioner that this was its general policy and it would never routinely confirm or deny whether an officer was subject to a disciplinary hearing, as to do so would be contrary to that individual's expectations that such information would remain private.

36. The Commissioner finds this argument persuasive. He believes that generally an employee would expect that their disciplinary record would remain private between them and their employer. In addition he notes that the officer in question in this case does not hold a very senior grade. Therefore he believes that the individual would be less likely than a more senior officer to have any expectation that the public would be told whether or not they had been the subject of disciplinary action. ...the Commissioner has considered whether police officers should, irrespective of their seniority, reasonably expect that information about disciplinary records will be made available to others. However, any disclosure under the above Regulations is likely to be to parties who are already aware that disciplinary action is being considered. The Commissioner does not consider that the possibility of disclosures to certain limited parties in that context means that officers should reasonably expect that the public will be informed about whether or not they have been the subject of any action. The Commissioner considers that the expectations of the data subject would be that this sort of information would only be released through the correct process and to release it outside of this process would be unfair.

42. While the Commissioner accepts that there may be a legitimate interest in the general public knowing whether officers who are unfit to police are disciplined appropriately. He considers that the provisions of the Police Reform Act satisfy this interest and that disclosure under the Act is not appropriate in this case.

43. The complainant has argued to the Commissioner that as the named officer is performing a public role this information should be disclosed. However, after considering the circumstances of this case, and particularly in view of the ranking of the named officer, the Commissioner does not consider that this would make confirming or denying the existence of this information fair.

44. The Commissioner has also considered conversely whether to confirm that a particular officer was not the subject of a disciplinary hearing would also be unfair. In this case the Commissioner believes that the approach needs to be uniform for any other approach would indirectly expose those that had been subject to a disciplinary hearing. The Commissioner therefore feels that to confirm or deny whether there was not a disciplinary hearing would also be unfair.'

After considering all the points raised above, I have therefore applied the exemption provided under Section 40(5A)(5B)(a)(i) of the Freedom of Information Act to this request.

Again, please note this should not be taken to as an indication of whether or not the requested information is held.

Section 31(3) (Law Enforcement) of the Act provides;

(3) The duty to confirm or deny does not arise if, or to the extent that, compliance with section 1(1)(a) would, or would be likely to, prejudice any of the matters mentioned in subsection (1).

If this information were held, it would be held for the following purpose:

(1) Information which is not exempt information by virtue of section 30 is exempt information if its disclosure under this Act would, or would be likely to, prejudice—

(g) the exercise by any public authority of its functions for any of the purposes specified in subsection (2),

(2) The purposes referred to in subsection (1)(g) to (i) are—

(a) the purpose of ascertaining whether any person has failed to comply with the law,
(b) the purpose of ascertaining whether any person is responsible for any conduct which is improper.

Therefore, section 31 is engaged.

As section 31 is a prejudice based, qualified exemption, it requires both a harm and public interest test. These can be found below.

Prejudice Test

Confirming or denying whether information is held in relation to complaints or disciplinary proceedings against individuals currently working in a specified location, where not already made public via an official source, would be likely to hinder our ability to effectively conduct investigations into potentially improper conduct.

If the MPS were to routinely confirm whether or not we were investigating identifiable individuals, this would leave us unable to successfully apply the neither confirm stance when required, for example, when the investigation was unknown to either the suspect or others for example. Therefore, we could be forced to disclose whether or not specific individuals were the subject of investigations before we wanted to, for example, which would greatly impact upon our ability to conduct investigations freely and without interference.

In addition, if the MPS were to routinely confirm or deny who was the subject of complaints and investigations, this would be likely to have an impact upon who may assist us with such investigations in future, as disclosure of such information may erode their trust in us to protect such confidential information. This would negatively impact upon our ability to carry out these disciplinary investigations.

Furthermore, irrespective of what information may or may not be held, to confirm or deny whether information is held relating to any identifiable individual or any possible disciplinary action as suggested by the request, would undermine the first data

protection principle, as explained above, and also have a negative impact upon the individual in question, who may later be found to have no case to answer.

Public Interest Test

Considerations favouring confirming the information is held

Disclosure of this information, if it exists, would enlighten members of the public as to the action taken by the MPS if there is any suggestion of improper conduct or wrongdoing. This may go some way to promoting awareness and accountability and would reinforce the MPS's commitment to openness and transparency.

Confirming or denying whether the information is held would improve accountability by allowing police action which may or may not have occurred to be scrutinised.

Confirming or not whether information is held would also be likely to provide assurance to the public that any allegations of any possible improper behaviour by MPS officers are thoroughly investigated and robustly responded to.

Considerations favouring neither confirming nor denying whether information is held

The MPS does not generally disclose information from investigations except through our Directorate of Media and Communications to the media. This is so potential witnesses are not discouraged to come forward and provide statements in relation to investigations or any type, internal or otherwise.

With regard to all investigations, it is of paramount importance that the response to a FOIA request does not disrupt or have any negative impact upon it. Any such possible disruption to any investigation (whether related to the matter referred to in this request or not) due to an adverse FOIA disclosure would not be in the best interests of the public.

Irrespective of what information may or may not be held in this case, to confirm or deny whether information is held relating to identifiable employees would undermine our law enforcement capabilities and the ability for the police to conduct its role to the best of its ability.

Balance Test

When balancing the Public Interest Test we have to consider whether the information should be released into the public domain, or even whether or not we can confirm or deny the existence of such information. Arguments need to be weighed against each other.

To confirm whether or not the requested information is held in this case would lead to greater public awareness in relation to internal disciplinary proceedings and would show that the MPS is transparent and open with regards to the work that it conducts in this area.

However, the integrity of any investigation is of paramount importance to the policing purpose and as much as there is public interest in knowing that policing activity is appropriate and balanced, this will only be overridden in exceptional circumstances.

Confirming or denying whether individuals currently working in specific locations are subject to complaint or investigation not only has ramifications with regards to their personal data, but also has the ability to hinder our ability to effectively and efficiently carry out such investigations now and in the future. The MPS is committed to ensuring our officers carry out their work with the utmost integrity and carry themselves professionally. Any officer believed to fall short of these standards will be dealt with robustly. Any FOI disclosure which may impact upon our ability to do so cannot be seen to be in the public interest.

Therefore, after weighing up the competing interests I have determined that issuing a confirmation or denial relating to your request would not be in the public interest. To confirm or deny that information is held relevant to this request could be detrimental to internal misconduct investigations, and would be likely to have a negative impact upon any individuals who may be involved, thereby contravening the Data Protection Act.

Again, this response should not be taken as necessarily indicating that any information that would meet your request exists or does not exist.

COMPLAINT RIGHTS

Are you unhappy with how your request has been handled or do you think the decision is incorrect?

You have the right to require the Metropolitan Police Service (MPS) to review their decision.

Prior to lodging a formal complaint you are welcome to discuss the response with the case officer who dealt with your request.

Complaint

If you are dissatisfied with the handling procedures or the decision of the MPS made under the Freedom of Information Act 2000 (the Act) regarding access to information you can lodge a complaint with the MPS to have the decision reviewed.

Complaints should be made in writing, within forty (40) working days from the date of the refusal notice, and addressed to:

FOI Complaint
Information Rights Unit
PO Box 313
Sidcup
DA15 0HH
foi@met.police.uk

In all possible circumstances the MPS will aim to respond to your complaint within 20 working days.

The Information Commissioner

After lodging a complaint with the MPS if you are still dissatisfied with the decision you may make application to the Information Commissioner for a decision on whether the request for information has been dealt with in accordance with the requirements of the Act.

For information on how to make application to the Information Commissioner please visit their website at www.ico.org.uk. Alternatively, write to or phone:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
Phone: 0303 123 1113

PUBLIC QUESTION NO.21
22 November 2023

Question asked by: Janet Hurst

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

Now that Guildmore's plans for the Ladywell Playtower have been put on hold what will happen to the £266,000 the Council allocated to the scheme from the Community Infrastructure Fund?

Reply

Guildmore the developer with whom the Council has agreed the principle of a long lease for the restoration of the Playtower, remains committed to the scheme and wants to work with the Council to identify new funding or a different funding model, that enables the restoration of the building, without changing the fundamentals of the consented scheme.

At this stage, it is expected that the recently agreed Community Infrastructure Levy (CIL) funding contribution of £266k towards the scheme will remain a key part of any funding package agreed with the developer.

If the scheme were not to progress in line with the existing planning consented scheme, then the CIL contribution will return to the Council's strategic CIL fund.

PUBLIC QUESTION NO.22
22 November 2023

Question asked by: Mark Morris

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Despite Team Catford making the statement in July 2021 that a new a new pedestrianised approach to Catford Bridge Station could be in place by December 2022 I was informed in answer to public question 66 on the 23rd November 2022 that the project had been delayed with design work anticipated to be finalised in the New Year, but that procurement will be prioritised as early as is feasible in 2023-24 and construction to begin on site soon after. Please provide a new update on progress of this project, including details when construction will finally start and be completed.

Reply

The project has made good progress and design work to RIBA stage 3 is now complete. Delivery of the project is largely subject to further consultation with external stakeholders including Network Rail and partners, TfL, the Environment Agency, Thames Water and the neighbouring Catford Green Development. With complex land ownerships within the project area, agreement process with the external stakeholders on specific design decisions have taken much longer than anticipated. We are continuing to progress these conversations steadily before we can start contractor procurement. Indicative timescale for procurement and delivery of the project to be 2024-2025.

PUBLIC QUESTION NO.23
22 November 2023

Question asked by: Mark Morris

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

Question

Please state what would be the full cost for Lewisham Council of undertaking a Mayoral by-election with information covering (a), a stand alone election and (b) an election coinciding with the GLA elections and/or a General Election, with the full costs covering printing of ballot papers, the printing and delivery of the booklet for Mayoral candidates, processing of postal ballot papers, running of polling stations, booking fees for a count venue, running the count (including refreshments and transport costs) and staff tasks undertaking these and other related tasks.

Reply

It is difficult to provide accurate estimates for many election costs due to the reasons listed below.

- The number of electors and postal voters can change considerably in a Parliamentary election year
- Many costs for combined elections will increase due to the complexity. This includes most printed products
- The mayoral booklet cannot be enclosed with any other item, so is a fixed cost regardless of any combination
- Recent law changes to allow online postal vote applications will likely increase the number of postal voters, especially in the event of a combination with a Parliamentary election
- The Department of Levelling Up, Communities and Housing, are planning to introduce new election staff fees and expenses guidance. The exact details are yet to be confirmed
- Staff payments for combined elections are subject to a 20% uplift due to the complexity, but are shared equally between the elections
- Postage costs have increased since our last election and are set to increase further, but the precise figures are not yet known
- The count venue for a GLA election will be different to a standalone Mayoral election, or a Parliamentary election

The table of costs below shows an estimate cost for each element of the election, using the most recent information we have at this time, for the 3 different scenarios referenced in the question. Actual costs are subject to the conditions listed above, and many more variables, many of which are outside of our control.

Type of election	Item	Approximate cost
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Standalone mayoral by-election	Poll card printing and posting	£111,000.00
	Booklet printing and posting	£140,000.00
	Polling stations	£60,000.00
	Polling staff	£127,000.00
	Printing and posting postal votes	£75,000.00
	Processing postal votes	£21,000.00
	Count venue	£20,000.00
	Count costs	£56,500.00
	Other costs	£25,000.00
	Total cost for this election scenario	£635,500.00
Combined with GLA election	Poll card printing and posting	£55,500.00
	Booklet printing and posting	£140,000.00
	Polling stations	£30,000.00
	Polling staff	£92,400.00
	Printing and posting postal votes	£47,000.00
	Processing postal votes	£13,000.00
	Count venue	£40,000.00
	Count costs	£65,000.00
	Other costs	£23,000.00
	Total cost for this election scenario	£505,900.00
Combined with Parliamentary election	Poll card printing and posting	£55,500.00
	Booklet printing and posting	£140,000.00
	Polling stations	£30,000.00
	Polling staff	£77,200.00
	Printing and posting postal votes	£52,500.00
	Processing postal votes	£14,500.00
	Count venue	£25,000.00
	Count costs	£56,500.00
	Other costs	£24,250.00
	Total cost for this election scenario	£475,450.00

PUBLIC QUESTION NO.24
22 November 2023

Question asked by: Patricia Richardson

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

Parliamentary legislation required that the creation of Neighbourhood Forums, in the context of the Local Government Act should have the status of statutory bodies. Can the council confirm that it has adopted this status for its Neighbourhood Forums, including Lee Neighbourhood Forum

Reply

The Council can confirm that once formally designated, Neighbourhood Forums are considered statutory bodies in accordance with current government legislation. This includes the Lee Neighbourhood Forum.

The statutory status is for consultation purposes for development proposals within the Neighbourhood Development Plan area only.

PUBLIC QUESTION NO.25
22 November 2023

Question asked by: Patricia Richardson

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

Question

Should Mayor Egan be elected to Parliament in the expected General Election 2024 what are the council's and Mayor Egan's plans for the future of the elected office of Mayor in the London Borough of Lewisham?"

Reply

The current Mayor of Lewisham is elected for a term of office up until May 2026. If the Mayor resigns from his position for whatever reason in advance of that date, the Council will be required to hold a Mayoral by-election in accordance with a statutory timetable.

The Mayor and any councillor resigns by sending notification in writing to the Council's Director of Law & Corporate Governance.

PUBLIC QUESTION NO.26
22 November 2023

Question asked by: Zoe Balcombe

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Can the the Councillors give the exact figure to how many people responded to the online Sustainable Streets survey that closed on the 24th September and please provide the evidence from this survey?

Reply

A total of 554 survey responses were received. The results and evidence collected from the surveys is currently being analysed and will be reported to the Council's Mayor and Cabinet for a decision. The consultation findings will be made publicly available when the report is issued.

PUBLIC QUESTION NO.27
22 November 2023

Question asked by: Mark Bennett

Relevant Directorate: Chief Executive

Member to reply: The Mayor, Damien Egan

Question

Does the Mayor think that scrutiny improves decision making?

Reply

Yes.

PUBLIC QUESTION NO.28
22 November 2023

Question asked by: Mark Bennett

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

How many of the 1200 social homes the Council claimed in March 2022 had been delivered since 2018, have yet to be built or occupied by a tenant?

Reply

Over 1,200 social homes were completed or began construction in the period 2018-22.

626 social homes were completed in the borough between 2018/19 and 2020/21, as per the Council's authority monitoring reports for planning completions.

Construction had begun on an additional 621 homes through the Council's Building for Lewisham programme by March 2022.

Of these 621 homes, 166 of these have been completed. Of the 455 remaining, 66 make up schemes which are currently on hold as a result of financial pressures and current challenges in the construction industry, with a further 389 homes still under construction.

PUBLIC QUESTION NO.29
22 November 2023

Question asked by: Stephen Locke

Relevant Directorate: Chief Executive

Member to reply: Councillor Brenda Dacres

Question

I understand the borough is still twinned with Matagalpa in Nicaragua. How much does this link cost, and what benefits has the link provided?

Reply

There is no financial cost to this historical link.

PUBLIC QUESTION NO.30
22 November 2023

Question asked by: Stephen Locke

Relevant Directorate: Chief Executive

Member to reply: Councillor Brenda Dacres

Question

What efforts has the Council made to disassociate itself from the Ortega-Murillo regime, in the light of the gross oppression and violations of human rights highlighted by Amnesty International as recently as April 2023?

Reply

The council has no links with the Government of Nicaragua.

PUBLIC QUESTION NO.31
22 November 2023

Question asked by: Joan Sakkas

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

What are the councils plans for traffic management when Leegate demolition starts (including lorry routes to and from site). If no plans are in place, when will they be?

Reply

The report to Strategic Planning Committee in July 2023 set out the use of planning conditions to manage construction traffic during demolition and construction. These are Conditions 4 (Construction Environment Management Plan) and Condition 5 (Construction Logistics Plan) which are required to be submitted to the Council and approved before any works commence on site.

PUBLIC QUESTION NO.32
22 November 2023

Question asked by: Julia Webb

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

Question

Please may I have a list of names and term dates of each postorder, permanent or interim, in each executive and director post since May 2018?

Please may I also have anonymised data of the costs, per financial year, of the related

- a. recruitment process,
- b. exit packages, and
- c. numbers of NDA agreements signed

Reply

Below is a list of Directors and Executive Directors including interims.

There are no direct costs for the recruitment of interims as the agency fees are not payable for the recruitment process, but form part of the hourly/daily charge of our interims.

Any information in relation to exit packages and settlements are published on our website as part of the statement of accounts.

<https://lewisham.gov.uk/mayorandcouncil/aboutthecouncil/finances/statement-of-accounts>

Post Title	Date From	Date To	Assignment Category
Acting Executive Director Corporate Resources	01/07/2023	-	Permanent
Executive Director Corporate Resources	14/09/2020	31/07/2023	Permanent
Executive Director Community Services	10/06/2019	-	Permanent
Executive Director Children and Young People	01/06/2020	-	Permanent
Executive Director Place	13/03/2023	-	Interim
Executive Director Housing, Regeneration and Public Realm	18/10/2021	04/03/2023	Permanent
Executive Director Housing	11/09/2023	-	Permanent
Executive Director Housing, Regeneration and Public Realm	05/11/2019	15/08/2021	Permanent
Executive Director Customer Services	31/10/2011	04/11/2019	Permanent
Director of Housing Strategy	01/05/2013	14/06/2020	Permanent
Director of Inclusive Regeneration	26/09/1988	27/10/2019	Permanent
Director of Resident and Business Services	31/10/1983	31/07/2021	Permanent
Director of Inclusive Regeneration	26/11/2019	28/02/2023	Interim
Director of Financial Services	08/09/1997	08/10/2021	Permanent
Director of Planning	23/08/2004	08/08/2023	Permanent
Director of Planning	26/06/2023	-	Interim
Director of Culture Learning and Libraries	13/06/2005	08/07/2022	Permanent
Director of Adults Integrated Commissioning	01/04/2011	15/04/2022	Interim
Director of Culture & Community Development	09/12/2013	31/12/2015	Interim
Executive Director Children Young People	01/09/2015	31/12/2019	Permanent
Director of IT & Digital Services	20/03/2017	31/08/2018	Permanent
Director of Planning	29/05/2018	05/07/2020	Permanent
Director of Culture Learning and Libraries	04/01/2022	16/12/2022	Interim
Director of Public Health	01/04/2013	15/03/2019	Permanent
Executive Director Place	13/02/1995	30/10/2011	Permanent
Executive Director Community Services	10/03/1997	10/05/2019	Permanent
Director of Families, Quality & Commissioning	03/06/2019	31/07/2020	Interim
Director of Children's Social Care	02/11/2015	03/07/2018	Permanent
Director of Children's Social Care	01/07/2018	17/09/2018	Interim
Director of IT & Digital Services	20/05/2019	01/03/2022	Permanent
Director of Law	01/06/2011	16/07/2020	Permanent
Director of Inclusive Regeneration	05/10/2015	05/01/2020	Permanent
Director of People and Organisation Development	29/08/2017	17/02/2020	Permanent
Director of Systems Development, Health and Social Care	01/06/2006	30/09/2023	Permanent
Director of Law and Corporate Governance	13/07/2020	31/07/2021	Permanent
Director of Law and Corporate Governance	02/08/2021	16/11/2021	Interim
Director of Corporate Policy & Governance	05/03/2001	10/04/2020	Permanent
Director of Public Protection and Safety	24/09/2007	09/01/2020	Permanent
Director of Public Protection and Safety	19/09/2008	24/01/2021	Permanent

Director of Housing Strategy	29/09/2008	19/10/2018	Permanent
Director of Families, Quality & Commissioning	22/10/2007	20/05/2018	Permanent
Director of Education Services	17/09/2015	17/06/2018	Permanent
Director of Communications and Engagement	01/06/2017	15/06/2018	Interim
Director of Communications and Engagement	04/06/2018	29/03/2019	Interim
Director of Strategy & Communications	28/01/2019	14/08/2020	Permanent
Director of Communications and Engagement	04/06/2019	01/04/2020	Permanent
Director of Public Realm	01/04/2016	30/09/2020	Permanent
Director of Public Realm	19/10/2020	05/02/2023	Permanent
Director of IT & Digital Services	29/10/2018	31/07/2019	Interim
Director of Law and Corporate Governance	17/11/2021	-	Permanent
Director of Children's Social Care	17/09/2018	-	Permanent
Director of Adult Social Care	06/07/2015	-	Permanent
Director of Integrated Care and Commissioning	01/04/2020	-	Interim
Director of Finance	21/01/2015	-	Permanent
Director of Inclusive Regeneration	07/06/2021	-	Permanent
Director of Public Realm	11/08/2021	-	Permanent
Director of Communications and Engagement	09/12/2020	-	Permanent
Director of People and Organisation Development	06/09/2016	-	Permanent
Director of Education Services	01/11/2018	-	Permanent
Director of Families, Quality & Commissioning	01/09/2021	-	Permanent
Director of Communities, Partnership and Leisure	01/01/2016	-	Permanent
Director of Public Health	12/06/2017	-	Permanent
Director of IT & Digital Services	01/07/2022	-	Permanent
Director of Resident and Business Services	17/01/2022	-	Permanent
Director of Housing Quality and Investment	11/09/2023	-	Interim
Director of Housing Resident Engagement and Services	20/09/2023	-	Interim
Director of Housing Strategy	23/11/2000	-	Permanent

PUBLIC QUESTION NO.33
22 November 2023

Question asked by: Kate Richardson

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

Question

The latest Housing Ombudsman report on Inner London Councils states that between April 2022 and March 2023 Inner London councils were ordered to pay £180,676 in compensation payments, an increase of 147%. The council with the largest increase was Lewisham with compensation payments going from £1,250 to £31,658 an increase of over 2,400%. Maladministration Rates went up from 57% to 67%.

Lewisham Homes is now in house. What guarantee can the council give that Tenants will see a significant improvement of service and how will this be achieved?

Reply

The Housing Service was brought back in house on 1st October. A new Executive Director of Housing is in post and Directors of Quality and Investment, and Resident Engagement and Services have been appointed and will take up their new posts soon. In the meantime, two experienced Interim Directors are in post and are focussing on improving front line services to residents. We have already seen a new direction and improvement in the delivery of the Capital programme, dealing with complaints and communication with leaseholders. The overarching priority to improve front line services will continue throughout 2024.

We shall shortly be communicating timescales for the remainder of this year's Capital programme and by 31st December will have a draft capital programme for 2024/25 to discuss with residents.

We recognise the Repairs service needs urgent improvement and are about to start a full transformational review of every aspect of the service. In the meantime, we are recruiting additional resources to improve the service. This review will involve residents, colleagues, and contractors.

A new Housing governance structure has been agreed with a Housing Board, a Service and Improvement Panel, Resident Scrutiny Panel, a Building Safety Resident Panel and the Tenants and Residents Associations Chairs meetings which are continuing. The Service and Improvement Panel will look at overall performance measures to highlight improvements or deterioration in service at an early stage to ensure focus on improvement is the priority.

There is a great deal of change happening and to come for colleagues who have transferred back into LBL, but these changes will prioritise improved service for residents at every stage.

PUBLIC QUESTION NO.34
22 November 2023

Question asked by: Bijan Mohjer

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Lewisham council spent £553,000.00 on consultation fees for CPZs in Evelyn Ward, but I wasn't consulted, please provide where tax payers money was spent in this scenario with a breakdown.

Reply

As part of the recent Sustainable Streets consultation in the Evelyn area, over 8,000 leaflets were delivered to residents in the area containing key information about the proposals, customised maps of proposals on each street and information about how to participate in the consultation.

In addition, the consultation campaign was supported by stakeholder briefings, business site visits, door knocking in streets with lower response rates, a pop-up session, posters on lampposts, QR codes linking directly to the consultation webpage, social media promotion, an article in Lewisham Life and a dedicated phone line and email address for people to get in touch with their comments. The consultation has now closed and the responses are in the process of being analysed before being reported to the Council's Mayor and Cabinet in the near future for a decision on how to proceed.

In terms of the proposed figure of £553,600, this is for the Sustainable Streets programme across the whole borough, not just in the Evelyn area. The figure covers the costs for the consultation and engagement exercises and designing the kerbside management restrictions for the whole programme, which includes three phases and reviews of existing CPZ areas. The Evelyn area is included in phase 2.

A breakdown of the costs per phase is provided below:

PHASE	COST
Project management	£30,000
Phase 1	
Consultation	£50,000
Inventory survey and design	£91,300
Phase 2	
Consultation	£70,000
Inventory survey and design	£97,500

Phase 3
Consultation £68,000
Inventory survey and design £95,800

Reviews
Consultations of existing areas £51,000
Total £553,600

Further details are contained in the report to the Council's Mayor and Cabinet in December 2022. A link to the report is as follows:
<https://councilmeetings.lewisham.gov.uk/documents/s105243/Sustainable%20Transport%20and%20Parking%20Improvements%20report.pdf>

PUBLIC QUESTION NO.35
22 November 2023

Question asked by: Bijan Mohjer

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

If Lewisham council wants to change the Evelyn Area due to carbon emissions, please tell me how much carbon dioxide is in the atmosphere and provide the statistics and data surrounding this. If it's the case that the co2 emissions are so high why has it only come up now and why is there such a push to introduce it so soon without further reporting?

Reply

The Sustainable Streets programme is consistent with the Council's policy framework including the Climate Emergency Action Plan (2020), Air Quality Action Plan (2022 – 2027) and Transport Strategy and Local Implementation Plan (2019 – 2041). As more than 25% of carbon emissions in the borough come from transport, Sustainable Streets will help the Council achieve its ambition of becoming a carbon neutral borough.

To help improve air quality, including measures to address health inequalities in relation to poor air, the Council has an extensive network of air quality monitoring stations with over 120 sites covering the whole borough, the data from which helps inform decisions about where further preventative measures are required. The Sustainable Streets programme is one such measure that will support these ambitions.

Details on levels of carbon emissions in Lewisham are available on the Council's website, including information on where and how air quality monitoring is carried out. A link to the Council's air quality webpage is as follows:

www.lewisham.gov.uk/airquality

PUBLIC QUESTION NO.36
22 November 2023

Question asked by: Helen Delaney

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

How many children are currently on the waiting list for initial speech and language assessments in Lewisham?

Reply

Currently as of September 2023 there are 668 young people waiting for initial speech and language assessments in Lewisham.

Lewisham and Greenwich NHS Trust, who provide Speech and Language therapy for Lewisham children and young people are working on improving the allocation of staff within the SLT team to help improve the number of young people they can see and reduce the waiting times. The service is reviewing the current pathway to implement early screening and triage of cases to the correct clinics at an earlier stage of the referral process to help reduce delays. This will include quick response screening for children and young people who have been waiting the longest for an assessment and those who have been identified as high priority cases through triage.

PUBLIC QUESTION NO.37
22 November 2023

Question asked by: Helen Delaney

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What are Lewisham Council's KPIs under the Delivering Better Value Programme?

Reply

The Council and our education settings are committed to supporting all our children and young people to reach their potential. We are committed to promoting inclusion to meet special educational needs of our children and young people in mainstream education where possible, backed up with more specialist places for children with more complex and profound needs within the borough. To that end, we are increasing provision locally for our children and young people who have complex needs, through a programme of place expansion in our special schools and resource provision in mainstream schools.

Like most local authorities in England, Lewisham faces challenges in delivering the best possible support in the face of rising need and demand. The Government's Delivering Better Value programme is intended to offer technical support and funding to help meet those challenges, and it is in that spirit that the Council is taking part. The Council has not been set any KPI's under the DBV programme.

PUBLIC QUESTION NO.38
22 November 2023

Question asked by: Coralie Stephney

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

Given that the aim of the "Delivering Better Value Scheme" is to meet the needs of more children and young people in mainstream settings; see (RM6187) FRAMEWORK SCHEDULE PARAGRAPH 1.3), What efforts are being made by Lewisham Council to ensure that mainstream schools will be ready to support their needs

Reply

The Council and our schools are committed to supporting all our children and young people to reach their potential. We are committed to promoting inclusion to meet special educational needs in mainstream education where possible, backed up with more specialist places to meet children's needs within the borough. To that end, we are increasing provision locally for our children and young people who have complex needs, through a programme of place expansion in our special schools and resource provision in mainstream schools.

Like most local authorities in England, Lewisham faces challenges in delivering the best possible support in the face of rising need and demand. The Government's Delivering Better Value programme is intended to offer technical support and funding to help meet those challenges, and it is in that spirit that the Council is taking part. Lewisham is currently working with the DBV delivery partner. No final decisions on workstreams and priorities have been made at this point.

PUBLIC QUESTION NO.39
22 November 2023

Question asked by: Coralie Stephney

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

Given that the original EHCP (Education, Health and Care Plan) was to support all SEN children and young people from nought to twenty five, why are many colleges ceasing the EHCPS EARLY, like AT 21 or 23 stating that if the young person is not able to be travel trained, or not able to access the available limited courses. They are then dropped before reaching full potential.

SEN comes in varying shades, shapes and sizes and the original person centred aims of the EHCP are not being met. How will you rectify this?

Reply

We are committed to supporting all our children and young people to reach their potential.

Legislation introduced in Sept 2014 highlighted that EHCPs may be maintained for learners up to the age of 25 if the learner still has education or training outcomes to achieve.

The local authority looks at this when considering whether a young person still requires the support of an EHCP. This is done on an individual basis and all key factors relevant to this statutory decision making are taken into consideration

PUBLIC QUESTION NO.40
22 November 2023

Question asked by: Andy Smith

Relevant Directorate: Chief Executive

Member to reply: Councillor Amanda De Ryk

Question

On the Council's website there is a statement that "In December 2017, the Poverty Commission will present a report with recommendations". Has the Council carried out an assessment of the effect of the recommendations in the report that the Council has implemented?

Reply

The final report of the Poverty Commission was presented to Mayor & Cabinet in March 2018 with an update provided on the impact of the implemented recommendations in October 2018. The Mayor noted "the strong progress made in delivering the Commission's recommendations".

Since 2018 the Council has continued to focus on alleviating poverty, most recently with its cost of living programme. Activity undertaken as part of this programme has included:

- Investing in community energy partners so that they can provide practical support to thousands of Lewisham residents facing fuel poverty. Support includes installation of energy-saving devices, help with funding applications, energy vouchers, financial support towards fuel debt, warm packs, and energy-saving advice.
- A targeted campaign to increase the uptake of Pension Credit, leading to over 400 new households claiming thousands of pounds annually, and receiving associated entitlements such as cost-of-living payments.
- Utilising the Household Support Fund for cash payments to households most affected by the cost-of-living crisis, but who are not eligible for central government cost-of-living payments.
- Supporting residents facing in-work poverty through our Better Work Lewisham programme.
- Funding our advice partners at Citizens Advice Lewisham to increase capacity to support residents facing crisis. We've also worked with them to launch drop-ins in locations across the borough so that more residents can receive advice and support.
- Investing in community grants programmes, to enable our voluntary community sector partners to increase support to their service users. This includes the Essential Goods grants programme to help residents purchase essential items or services that can make a real difference in their lives, but where they don't have the means to purchase themselves. There's also the Warm Welcomes grants programme, which we funded last winter and have just re-launched for this winter, to allow warm, welcoming spaces to open up to residents over the winter months.

- Funding local food projects to help them manage increasing demand, decreasing donations and increasing food prices.
- Using the Household Support Fund to help Lewisham schools address term-time hunger. There's also the Department for Education-funded holiday food and fun programme to support families in receipt of Free School Meals during the school holidays.
- Launching our Food Justice Action Plan earlier this year, aimed at combatting food insecurity in Lewisham.
- Utilising data to better target support at households most in need.
- Collating key resources for residents on our cost-of-living webpage (lewisham.gov.uk/support).

PUBLIC QUESTION NO.41
22 November 2023

Question asked by: Andy Smith

Relevant Directorate: Housing

Member to reply: Councillor Will Cooper

Question

In response to Question 55 of Sept 2023, the Council referred to partnership working meetings with housing associations. What is on the agenda for the next such meeting and when is it scheduled?

Reply

The next partnership meeting with Registered Providers is scheduled for Tuesday 19th December. The agenda will cover the new Consumer Standards and the Tenant Satisfaction Measures, preparations for Regulator of Social Housing inspections, tackling under-occupation in social housing and cross landlord working.

PUBLIC QUESTION NO.42
22 November 2023

Question asked by: Robert Arkley

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

I have only just found out about the Evelyn Area Parking Zone, why was I not consulted?

Reply

The Evelyn area consultation covered the northern part of the Evelyn ward and part of New Cross ward. Over 8,000 leaflets were delivered to addresses within the consultation area, which in Evelyn extended south to the vicinity of Surrey Canal Road and Grinstead Road. The consultation was open for six weeks between 11 August until 24 September. The six-page leaflet delivered to residents contained key information about the proposals, customised maps of proposals on their streets and information about how to participate in the consultation.

In addition to the resident leaflets the consultation campaign was supported by stakeholder briefings, business site visits, door knocking in streets with lower response rates, a pop-up session at Grand Canal Avenue, posters on lampposts, QR codes linking directly to the consultation webpage, social media promotion, an article in Lewisham Life and a dedicated phone line and email address for people to get in touch throughout the consultation.

The consultation has now closed and the responses are in the process of being analysed before being reported to the Council's Mayor and Cabinet in the near future for a decision on how to proceed.

For further details on the Sustainable Streets programme in Evelyn please see the following link on the Council website:

<https://lewisham.gov.uk/myservices/roads-and-transport/sustainable-streets-programme>

PUBLIC QUESTION NO.43
22 November 2023

Question asked by: Sian Hill

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

At the 1 November Mayor and Cabinet meeting, Councillor Krupski reported in relation to the Lewisham and Lee Green LTN that “overall traffic levels and speeds are continuing to fall on roads within and surrounding the LTN”.

The published monitoring reports include traffic volume data for roads within the LTN but not for surrounding or other nearby roads. Please could the Council publish their traffic volume data for the roads near the LTN, specifically Lee High Road, Burnt Ash Road and Lee Road, for 2019 through to 2023? If this data is not available, please can the Council explain why?

Reply

The Lewisham and Lee Green LTN monitoring report includes data for Lee High Road and Burnt Ash Hill in the monitoring of bus journey times, which indicates traffic flow. The data shows little to no change in bus journey times on these routes. Further details of the LTN monitoring strategy, including data collected from 2019 through to 2023 is contained in the series of monitoring reports approved by the Council’s Mayor and Cabinet.

A link to the reports is as follows:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=8056&Ver=4>

PUBLIC QUESTION NO.44
22 November 2023

Question asked by: Mark De-Laurey

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

According to the Department for Transport's data on average annual daily flows (vehicle counts), traffic on Lee Rd is up on rates seen in 2019 by 5.9%. Why was Lee Rd not included within the LTN Monitoring report published in September 2023, when the Mayor Damien Egan promised counts would be taken and we would form part of future reports? and how does the council intend to deal with the increase in the volume of traffic now seen on Lee Rd?

Reply

The Lewisham and Lee Green LTN monitoring report includes data from a number of boundary roads surrounding the LTN up to and including the A205 South Circular and A20 Lee High Road / Eltham Road. Lee Road is outside of this area and is therefore not included in the monitoring report.

Further details of the LTN monitoring strategy, including data collected from 2019 through to 2023 is contained in the series of monitoring reports approved by the Council's Mayor and Cabinet. A link to the reports is as follows:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CIId=139&MIId=8056&Ver=4>

The Council will assess what traffic flow data is available for Lee Road, including the vehicle counts from the Department for Transport, and will be happy to discuss this aspect further.

PUBLIC QUESTION NO.45
22 November 2023

Question asked by: Mark De-Laurey

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Cllrs Krupski has referred to Lee Rd as being a non-residential Rd on several occasions due to its road classification status. However, there is no such connection made by DfT. Simply because a Rd is classified by DfT as a B road does not mean it is residential or non-residential. We as residents of Lee Rd find the Cllrs classification of our residential status offensive, and it speaks volumes to why the Cllrs has failed to engage at any level with residents. Can the Cllrs firstly apologise to residents for her remarks, and secondly commit to engagement going forward?

Reply

The Council disagree with the interpretation made in the question. Previous references to Lee Road were in connection to its road classification only and not the nature of the frontage development along the road.

The system of roads classification is set by the Department for Transport and is intended to direct motorists towards the most suitable routes for reaching their destination. It does this by identifying roads that are best suited for traffic. In line with the national guidance, Lee Road is classified as a B road (B212) as it is designed to feed traffic from the A road network, namely the A20 Lee High Road / Eltham Road, to other local destinations on the road network.

For more information, a register of all adopted roads across the borough, including their road classification, is available on the Council website. A link to the register is as follows: <https://lewisham.gov.uk/myservices/roads-and-transport/roads-and-pavements/highway-register>

The Council is always willing to engage in a constructive manner to support the best interests of residents across the borough. And as Cabinet Member, I have previously attended a Ward Assembly meeting in Blackheath with officers and we answered questions about the LTN and traffic in and around the Blackheath area. I also took the time to speak to the gentleman personally after the meeting.

PUBLIC QUESTION NO.46
22 November 2023

Question asked by: Peter Stanton

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Please provide me with an explanation to why was the leaflet I received from Lewisham council asking questions irrelevant to Controlled Parking Zone and not directly asking if I wanted CPZ in my area(Pepys Park) ? Is this some kind of exercise to yet again try to control how we live our lives.

Absolutely disgusted with what is trying to be done.

Reply

The Council aims to reduce the need for car dependency in Lewisham and encourage a mode shift to sustainable travel by improving the public realm and implementing measures that support walking, cycling and public transport. The Sustainable Streets programme will meet these aims by delivering a package of measures including parking controls, cycle hangars, EV charging points, street trees, car clubs, and safer junctions and crossings.

The six-page leaflet delivered to over 8000 households in the Evelyn and New Cross Gate consultation area contained key information about the full range of proposed measures including parking permits, customised maps of proposals on individual streets and information about how to participate in the consultation.

More information about the Sustainable Streets programme can be found at www.lewisham.gov.uk/SustainableStreets

PUBLIC QUESTION NO.47
22 November 2023

Question asked by: Sian Hill

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

The Council's monitoring reports for the Lee Green LTN for June 2021, November 2021, September 2022 and September 2023 do not include any traffic volumes for the boundary roads (A20, A205 and Burnt Ash Road) or other nearby roads (e.g., Lee Road) for periods after the implementation of the LTN. The Mayor said in the Blackheath Ward Meeting on 3 February 2022 that the traffic volumes on the roads surrounding the LTN would be monitored, so why have the traffic volumes for the boundary and sacrificial roads not been included in the reports?

Reply

The Lewisham and Lee Green LTN monitoring report does include data from a number of boundary roads in the findings either through automatic traffic counts on from bus journey times, which is an indication of traffic flow. The report includes bus journey time data for Brownhill Road, Lee High Road and Burnt Ash Hill and indicates little or no change in bus journey times on these routes.

Further details of the LTN monitoring strategy, including data collected from 2019 through to 2023 is contained in the series of monitoring reports approved by the Council's Mayor and Cabinet. A link to the reports is as follows:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=8056&Ver=4>

PUBLIC QUESTION NO.48
22 November 2023

Question asked by: Chris Maines

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

Can the Mayor report on the progress of the Lewisham Gateway development, in particular when the Cinema will be ready for use, how many screens it will have and which company will operate the Cinema ?

Reply

The cinema as consented, has 9 screens with a total seated capacity of 900 people. The cinema is leased to Empire, and administrators 'BDO' are currently selling the operational assets (cinemas that are built) of Empire and the sale is likely to be concluded by the end of the year / January 2024. This sale excludes any new build agreements for lease that Empire have, which includes Lewisham, as these are outside of the control of the administrator.

The developer Muse have continued to engage with the management team at Empire to keep them updated on when the space will be ready for occupation. Given the administration position of the Empire operating business, high level engagement has occurred with other cinema operators who have approached Muse and Get Living to see if the space when built will become available. These discussions are high level and do not prejudice the contractual position that exists with Empire.

PUBLIC QUESTION NO.49
22 November 2023

Question asked by: Chris Maines

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

As the Lewisham Gateway development nears completion what will be the final number of residential units the development delivers and how many of those will be classed as affordable, as defined in the Council's planning guidelines?

Reply

Phase 2 of Lewisham Gateway Comprises 530 residential units with an additional 119 co-living units.

The 530 residential units include 106 affordable homes at London Living Rent levels which is defined as affordable housing tenure in the London Plan (2021).

PUBLIC QUESTION NO.50
22 November 2023

Question asked by: Bob Ashdown

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Contrary to Lewisham and Lee Green Monitoring Update 1/11/2023 since the introduction of the LTN there has been a massive increase in the volume of traffic, rat running and pollution in Ashdale, Exford, Guibal, Horncastle, Kingshurst, Senlac, Winn, Woodyates (southside of A205) roads and Jevington Way.

750+ of the residents in these roads who are angry, frightened, depressed and feel neglected have signed a petition calling for LBL to reduce the volume of traffic on their roads.

Will the council listen to the residents and do this?

Reply

The Council has been actively engaging with residents on Winn Road to address their concerns around road safety in the area. Following a meeting with residents this summer, a number of road safety improvements have been made in the wider area, including a new bollard to prevent vehicles cutting corners, the repair and relocation of a traffic island and the repainting of road markings.

We are also currently developing a borough-wide programme of new road safety and traffic calming measures and the concerns raised by residents on Winn Road and surrounding roads will be fed into this process. Given the limited funding available to the Council, we will be using a data-led approach to prioritise areas that are most seriously impacted by road safety issues.

PUBLIC QUESTION NO.51
22 November 2023

Question asked by: Bob Ashdown

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

A number of RBoG residents live in Winn and Guibal roads, LBL are responsible for these roads, being RBoG they cannot contact LBL about their roads.

Since the introduction of the LTN these roads and other neighbouring LBL roads have seen a massive increase in volume of traffic and rat running, both LBL and RBoG residents are concerned there will be a death.

<https://tinyurl.com/mry35pap>

RBoG residents have petitioned their council to liaise with LBL to agree a traffic management plan for Winn and surrounding roads.

Will LBL work with RBoG to reduce the dangerous volumes of traffic in this area?

Reply

The Council works in collaboration with its neighbouring boroughs including the Royal Borough of Greenwich to align its strategic priorities and programmes. Officers have recently met counterparts at Greenwich to discuss cross-borough collaboration, including issues relating to traffic in the Winn Road area. A further meeting is planned in the near future when further discussions on this matter will take place. We are also currently developing a borough-wide programme of new road safety and traffic calming measures and the concerns raised by residents on Winn Road and surrounding roads will be fed into this process. Given the limited funding available to the Council, we will be using a data-led approach to prioritise areas that are most seriously impacted by road safety issues.

PUBLIC QUESTION NO.52
22 November 2023

Question asked by: Kimberly Horton

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What mitigation measures have been identified with regard to the Delivering Better Value Scheme?

Reply

The Council and our schools are committed to supporting all our children and young people to reach their potential. We are committed to promoting inclusion to meet special educational needs in mainstream education where possible, backed up with more specialist places to meet children's needs within the borough. To that end, we are increasing provision locally for our children and young people who have complex needs, through a programme of place expansion in our special schools and resource provision in mainstream schools.

Like most local authorities in England, Lewisham faces challenges in delivering the best possible support in the face of rising need. The Government's Delivering Better Value programme is intended to offer technical support and funding to help meet those challenges, and it is in that spirit that the Council is taking part. Lewisham is currently working with the DBV delivery partner. No final decisions on workstreams and priorities have been made at this point.

PUBLIC QUESTION NO.53
22 November 2023

Question asked by: Kimberly Horton

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

I have found no reference to the DBV scheme in any published meeting papers from the Children and Young People Select Committee. Why is this?

Reply

The Council and our schools are committed to supporting all our children and young people to reach their potential. We are committed to promoting inclusion to meet special educational needs in mainstream education where possible, backed up with more specialist places to meet children's needs within the borough. To that end, we are increasing provision locally for our children and young people who have complex needs, through a programme of place expansion in our special schools and resource provision in mainstream schools.

Like most local authorities in England, Lewisham faces challenges in delivering the best possible support in the face of rising need. The Government's Delivering Better Value programme is intended to offer technical support and funding to help meet those challenges, and it is in that spirit that the Council is taking part.

The Children and Young People Committee is a scrutiny committee. Accordingly, the content of its meetings is not for me to decide. However, the DBV programme tranche 3 commenced in late June 2023, with a range of exercises taking place to understand the local area, local pressure points etc. At this point there is little formal to report to the CYP Select Committee. I imagine there will be more to report if and when the Council is successful in bid for financial support. The decision on this is not expected until March 2024.

PUBLIC QUESTION NO.54
22 November 2023

Question asked by: Jessica Carlisle

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What is the current Dedicated Schools Grant budget deficit in Lewisham?

Reply

The Dedicated Schools Grant is a ring-fenced specific grant that supports local authorities' Schools budget. Funding is allocated through four funding blocks: the Schools Block, the High Needs Block, the Early Years Block, and the Central Schools Services Block.

In common with most local authorities, Lewisham faces challenges in delivering the best possible support for children with special educational needs and disabilities, in the face of rising need. The full deficit in our DSG accordingly relates to the High Needs Block. As at 2022/23 we had carried forward a £13m deficit, with a potential addition of £3-4m this year. That is in the context of an estimate last year by the County Councils Network and the Society of County Treasurers that overall local authority deficits in SEN totalled over £2.4bn.

PUBLIC QUESTION NO.55
22 November 2023

Question asked by: Jessica Carlisle

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What amount of this Dedicated Schools Grant budget deficit relates to the High Needs Block?

Reply

The Dedicated Schools Grant is a ring-fenced specific grant that supports local authorities' Schools budget. Funding is allocated through four funding blocks: the Schools Block, the High Needs Block, the Early Years Block, and the Central Schools Services Block.

In common with most local authorities, Lewisham faces challenges in delivering the best possible support for children with special educational needs and disabilities, in the face of rising need. The full deficit in our DSG accordingly relates to the High Needs Block. As at 2022/23 we had carried forward a £13m deficit, with a potential addition of £3-4m this year. That is in the context of an estimate last year by the County Councils Network and the Society of County Treasurers that overall local authority deficits in SEN totalled over £2.4bn.

PUBLIC QUESTION NO.56
22 November 2023

Question asked by: Candida Burrows

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

Will the Council hold a public meeting to inform Lewisham residents about the Delivering Better Value scheme, its aims and how it will ensure children in Lewisham currently struggling to secure appropriate education placements are in a better position as a result of the scheme?

Reply

The Council and our schools are committed to supporting all our children and young people to reach their potential. We are committed to promoting inclusion to meet special educational needs in mainstream education where possible, backed up with more specialist places to meet children's needs within the borough. To that end, we are increasing provision locally for our children and young people who have complex needs, through a programme of place expansion in our special schools and resource provision in mainstream schools. We have added over 250 specialist places since 2018, with nearly 100 in the past eighteen months.

Nevertheless, like most local authorities in England, Lewisham faces challenges in delivering the best possible support in the face of rising need. The Government's Delivering Better Value programme is intended to offer technical support and funding to help meet those challenges, and it is in that spirit that the Council is taking part. Lewisham is currently working with the DBV delivery partner. No final decisions on workstreams and priorities have been made at this point. The different phases of the DBV programme continue to engage all stakeholders, including parents and carers, in the ongoing work.

PUBLIC QUESTION NO.57
22 November 2023

Question asked by: Candida Burrows

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What risks identified with the Delivering Better Value programme has Lewisham Council identified?

Reply

The programme is far from completed; a view on risks has therefore not been concluded.

PUBLIC QUESTION NO.58
22 November 2023

Question asked by: Savvas Sakkas

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Councillor Krupski announced only last week that the latest statistics which showed an improvement in air quality and traffic volume within the LTN and on some outside roads. This is good news and wondering when the LTN will be expanded to include some of the new rat runs and more polluted roads. I understand that LBL are keen to introduce clean air and healthy travel habits to all its residents? Do we have dates for the roll out in view of its success within the LTN area.

Reply

The latest monitoring report approved by the Council's Mayor and Cabinet on 1st November 2023 shows that the Lewisham and Lee Green Low Traffic Neighbourhood is continuing to meet its core aims of encouraging people to walk and cycle more, improving air quality and road safety, reducing traffic and protecting public health.

The Council is also delivering numerous other schemes across the borough to encourage more residents to make journeys by walking, cycling and public transport. These include the Sustainable Streets programme, School Streets, cycle hangar programme, walking and cycling improvements, road safety interventions and bus priority schemes.

Subject to funding being approved by Transport for London, the Council is also updating its Healthy Neighbourhoods strategy with a view to beginning feasibility work on a new Healthy Neighbourhood area next year.

PUBLIC QUESTION NO.59
22 November 2023

Question asked by: Jacqueline Ashdown

Relevant Directorate: Corporate Resources

Member to reply: Councillor Amanda De Ryk

Question

What protocol is in place when residents email councillors and other members of the council with a question and even when they send some polite reminders they still do not receive an answer?

I know people are busy but it's not professional and it doesn't show the council in a good light.

Reply

Councillors are expected to log all queries onto the Council's casework system via the Members portal. Officers are expected to log all enquiries and complaints onto the casework system directly, with the majority received via the customer contact centre.

The Corporate Complaints Team then pick up the enquiry and pass it onto the relevant service for them to acknowledge within 48 hours and respond to the Councillor or constituent directly within 10 days. Once responded to the case is closed.

As a reminder to respond to any outstanding queries, daily reports are generated by the corporate team and sent to each Directorate informing them of any outstanding enquiries that are due/overdue. In addition, for monitoring purposes, monthly performance reports are also produced.

If a resident or customer is not satisfied with or has not received a response from the Council they can escalate their concerns with the Local Government Ombudsman - <http://www.lgo.org.uk>

PUBLIC QUESTION NO.60
22 November 2023

Question asked by: Kate Richardson

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

Problems with Planning Applications

There is a rise in developers buying properties to convert into HMOs. Some require planning applications as the extension required is more than PD permits. The work continues without permission. Planning passes it to Enforcement who won't take action until the application is determined. If refused the applicant then appeals against the refusal.

Will the council adopt a policy that when refusing an application, have authorisation for enforcement action in place, enabling them to issue both the refusal and enforcement notice simultaneously, thus cutting down on time and money and prevent cynical developers exploiting a loophole.

Reply

Works undertaken to a property without planning permission are at the developer/ owners own risk. Where the Council is made aware of unauthorised activity, we may seek for the submission of a planning application. Enforcement action cannot be taken whilst there is an outstanding planning application or appeal against a decision.

If planning permission is refused and an appeal unsuccessful, then the Council can take enforcement action and will always seek to do so in an expedient manner. The Government advises that all planning enforcement action is taken in the public interest and that Councils are proportionate in their actions.

PUBLIC QUESTION NO.61
22 November 2023

Question asked by: Peter Richardson

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

A very recent Parliamentary Report by MPs on LTNs and other traffic measures to encourage cycling, walking and a healthier lifestyle, costing £2.3billion of public money, had failed.

Has Lewisham Council monitored its own adoption and imposition of such policies, over the last 3 years, to contradict this finding by MPs and where may these results be consulted?

Reply

The Lewisham and Lee Green LTN was introduced with the aim of encouraging people to walk and cycle more, improve air quality and road safety, reduce traffic and protect public health.

The scheme was originally introduced in July 2020 and subsequently revised in September 2020 in response to resident feedback. Extensive monitoring has been carried out since 2020 to evaluate the impact of the LTN and assess how it is meeting its key objectives.

Since the implementation of the LTN we have also put in various complimentary measures which have been welcomed by residents, such as more street trees, cycle hangars, EV charging and benches for people to rest when walking. The introduction of the school streets in the area has also reduced car journeys and enabled more children to walk and cycle to school.

The latest monitoring report has used data collected on traffic levels and speeds, air quality, bus journey times and road traffic collisions and indicates that the Lewisham and Lee Green LTN continues to meet its overall aims, in line with the Council's corporate policies and objectives.

The latest monitoring report approved by the Council's Mayor and Cabinet on 1st November 2023 and can be found through the following link:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CIId=139&MIId=8056>

The Council has also sent copies of the three monitoring reports we have compiled to the Department for Transport as part of the government's wider review into LTNs.

PUBLIC QUESTION NO.62
22 November 2023

Question asked by: Peter Richardson

Relevant Directorate: Community Services

Member to reply: Councillor James-J Walsh

Question

The Safer Stronger Communities Select Committee meets 7/11/2023 with the full Library Report on its agenda.

Issues/visits figures for 2021/22 and 2022/23 are included. Statistically both sets of figures seem to have anomalies. How do you ensure that visits' figures for multi-use buildings, such as Blackheath Village, Manor House, Forest Hill, Downham, only record library visits by placing the library counter in appropriate places?

Reply

The issue figures come from the Library Management System. The visitors count come from people's counters placed at the main door into the library/building, except in the case of complex buildings such as Manor House or Downham Library. The council understands a public library as a public space. As such any visit to the space is counted as a legitimate visit for library purposes.

For example, our libraries operated as "warm spaces" last winter. Residents came over to the library or spent more time than they would normally in our buildings to keep warm. There might be a debate about whether such visit should be counted as a visit for library purposes. Lewisham chooses to count this as a legitimate visit. Our libraries support the Come Correct initiative. Again, Lewisham chooses to count any such visit to the library by young people as a legitimate visit.

We choose not to limit or question access, as that could exclude members of the public from enjoying our public libraries.

Each community library provides a plethora of critical services to residents, from reminiscence initiatives to cafés, from artists' studios to children's activities. All these are legitimate uses of library spaces or uses that the public library presence supports, and that the council values. As such those visits are counted.

PUBLIC QUESTION NO.63
22 November 2023

Question asked by: Diana Cashin

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

It would appear that there are less pavement rubbish bins in Lewisham at a time of rising litter.

Could the council state if the number has declined and what their policy is on pavement rubbish bins?

Reply

The type of litter bin on Lewisham pavements, around 700 of them in total, is no longer considered suitable due to it being open topped, which allows litter to blow out and animals to scavenge from them. It is being phased out beginning next year once a new design and funding has been agreed. The new design, which will have Lewisham branding, will be closed topped and will be rolled out as part of a phased programme across the borough.

The current policy on pavement litter bins ensures they are normally placed in town centres, next to bus stops, in local shopping areas and other locations identified as heavily littered areas. Until the new bin design is rolled out, we will look to replace any existing bins that are damaged, within the budgets that are available, so the overall number of bins across the borough remains relatively constant.

As a Council we are committed to continuing to tackle littering and fly-tipping in the borough through our award-winning Cleaner Lewisham campaign, discouraging people from littering and dumping rubbish illegally, as well as handing out more fines for littering and fly-tipping.

We also encourage all residents to use the Love Clean Streets app to report any areas of litter and welcome any feedback. Once a report is received the Council's Street Cleansing team will respond and ensure all litter is cleared. Love Clean Streets can also be used to report missing or damaged litter bins along with any specific information from residents as to where they perceive a build-up of litter is taking place if a bin has been removed and we will assess the need to replace it. Further information about Love Clean Streets is available through the following link on the Council website: <https://lewisham.gov.uk/myservices/environment/street-cleaning/report-a-problem-with-a-street>

PUBLIC QUESTION NO.64
22 November 2023

Question asked by: Gabrielle Nwaordu

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

How many children are currently on the waiting list for autism assessments (initial assessment and diagnostic appointment)?

Reply

As of September 2023 there are 1383 young people awaiting an initial assessment for Community Paediatrics, which will include the initial assessment for autism. 383 young people are awaiting an appointment at the communication clinic for a diagnostic appointment. In response to this Lewisham and Greenwich NHS Trust are reviewing how they carry out initial assessments to increase the number of clinics available to undertake them. Young people with the longest waiting will have a clinical review to identify those with the highest needs and fast-track their assessment.

In order to free up paediatrician capacity a review has been undertaken of the referral pathway across Community Paediatrics which aims to streamline referrals to the clinics within Community Services earlier. This will reduce the pressure on paediatricians to review cases and free up capacity to undertake assessments.

PUBLIC QUESTION NO.65
22 November 2023

Question asked by: Gabrielle Nwaordu

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What are the current waiting times for initial speech and language assessments in Lewisham?

Reply

The current waiting times for SLT assessments are between 1 and 52 weeks; with the average waiting time being 15 weeks for an appointment.

Lewisham and Greenwich NHS Trust, who provide Speech and Language therapy for Lewisham children and young people are working on improving the allocation of staff within the SLT team to help improve the number of young people they can see and reduce these waiting times.

The service is also reviewing the current pathway to implement early screening and triage of cases to the correct clinics at an earlier stage of the referral process to help reduce delays. This will include quick response screening for children and young people who have been waiting the longest for an assessment and those who have been identified as high priority cases through triage.

PUBLIC QUESTION NO.66
22 November 2023

Question asked by: Tal Jakubowiczova,

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What is the projected Dedicated Schools Grant budget deficit in Lewisham without “Delivering Better Value” help over the next 5 years?

Reply

The Dedicated Schools Grant is a ring-fenced specific grant that supports local authorities’ Schools budget. Funding is allocated through four funding blocks: the Schools Block, the High Needs Block, the Early Years Block, and the Central Schools Services Block.

In common with most local authorities, Lewisham faces challenges in delivering the best possible support for children with special educational needs and disabilities, in the face of rising need. The full deficit in our DSG accordingly relates to the High Needs Block. As at 2022/23 we had carried forward a £13m deficit, with a potential addition of £3-4m this year.

That is in the context of an estimate last year by the County Councils Network and the Society of County Treasurers that overall local authority deficits in SEN totalled over £2.4bn. The DSG budget overspend is expected to increase by circa £3m. Lewisham has of course been working on mitigation of this financial pressure for several years. The main stabilisation is likely to result from this mitigation plan, although we hope that the DBV work will helpfully complement that.

PUBLIC QUESTION NO.67
22 November 2023

Question asked by: Tal Jakubowiczova,

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

What is the projected Dedicated Schools Grant budget deficit in Lewisham with “Delivering Better Value” help over the next 5 years?

Reply

On current trends, we might expect an additional pressure of around £3m to £4m a year each year for the next few years. We are working to bring this to zero as part of the ongoing Lewisham mitigation plan . The funding we aim to secure via the DBV bid will aim to support sustainable change across the system.

PUBLIC QUESTION NO.68
22 November 2023

Question asked by: Tomas Sloan

Relevant Directorate: Chief Executive

Member to reply: The Mayor, Damien Egan

Question

I read the mayors statement on the Middle East conflict that he wrote on 10th October.

He did not mention at the time anything regarding the Palestinian lives that had been lost. Why is that?

Does he want a ceasefire and an end to the deaths of more Palestinians?

Reply

The Mayor made a statement regarding the terrorist attack and pogrom conducted by Hamas in Israel on the 7th October, the statement specifically talks about the impact the conflict has had on families in the region – the region is made up of people of many faiths and none.

In Lewisham through our faith groups we have offered support to those in the local community who have been affected by the conflict in the Middle East. We have people in our borough who are very concerned about their family and friends across the region. It is our role to help bring our communities together and offer them support. We have also engaged with individuals who have expressed their concerns about theirs and their families safety here in Lewisham as a result of a spike in antisemitic incidents. The Community Safety Trust, Tell Mama and the police have reported increases in antisemitism and Islamophobia across London.

The Mayor supports the continued humanitarian pauses in Gaza and welcomes the increases in aid to help address the humanitarian situation.

All life is precious and the Mayor hopes that an end to the conflict and a peaceful resolution can be achieved as quickly as possible, including the return of all hostages and a Gaza free from the terrorism of Hamas.

PUBLIC QUESTION NO.69
22 November 2023

Question asked by: David O'Malley

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Who is/are the authors of the Lewisham and Lee Green LTN report September 2023 and what positions do they hold within the Council and can you confirm that Joe Turner has agreed with this report and signed off all the tables and statistics as being accurate.

Reply

The report referred to is Appendix D of the Lewisham and Lee Green LTN Monitoring Report agreed by the Council's Mayor and Cabinet on 1st November 2023.

The latest monitoring information has used data collected on traffic levels and speeds, air quality, bus journey times and road traffic collisions and indicates that the LTN continues to meet its overall aims, in line with the Council's policies and objectives.

The data in Appendix D was collected, analysed and compiled by the Council's expert consultants commissioned to undertake the monitoring work on the Council's behalf. The officer named has no direct involvement in the report.

The latest monitoring report, approved by the Council's Mayor and Cabinet on 1st November 2023, can be found through the following link:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=8056>

PUBLIC QUESTION NO.70
22 November 2023

Question asked by: David O'Malley

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

Horncastle Road and Woodyates Road (South of the South Circular) are just 20 meters from the Lee LTN. Why are they considered not to be boundary roads to the LTN?

Reply

The Lewisham and Lee Green LTN monitoring report includes data from a number of boundary roads generally up to and including the A205 South Circular and A20 Lee High Road / Eltham Road. Horncastle Road and Woodyates Road are outside of this area and are therefore not considered boundary roads for the LTN monitoring report. Further details of the LTN monitoring strategy, including data collected from 2019 through to 2023 is contained in the series of monitoring reports approved by the Council's Mayor and Cabinet. A link to the reports is as follows:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CIId=139&MIId=8056&Ver=4>

Agenda Item 7



Council

Member Questions

Date: 22 November 2023

Class: Part 1

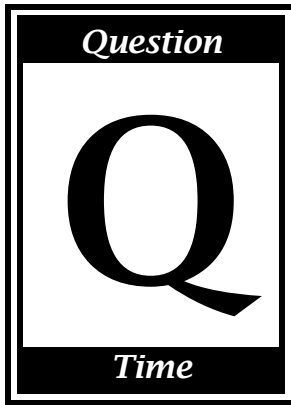
Contributors: Head of Governance and Committee Services

Outline and recommendation

To receive questions from Members of the Council.

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 21 November



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 22 November 2023.

MEMBER QUESTION NO. 1
22 November 2023

Question asked by: Cllr John Paschoud

Relevant Directorate: Place

Member to reply: Councillor Louise Krupski

Question

What data has been collected, at what locations and dates, to show changes in:

- traffic volumes
- vehicle-generated pollution
- road safety

in all roads affected negatively or positively by traffic diverted by the barriers installed in Bishopsthorpe Road and Silverdale in 2020?

What proposals have been drafted, so far, to ameliorate the severe negative impacts of the barriers, and traffic diverted by them, on Mayow Road, Queenswood Road and other affected residential roads in Perry Vale ward, and what is the planned timetable for decisions on and possible implementation of these measures?

Reply

The modal filters on Bishopsthorpe Road and Silverdale have been made permanent in order to retain the safer environments created for walking and cycling. Results from the public consultation held December 2022-January 2023 shows that respondents felt the filters had had a positive impact on walking and cycling, road safety and a reduction in unnecessary car journeys.

The conversion of the modal filters enables access for emergency services and blue badge holders, and reduces the operational costs related to maintenance and vandalism.

We recognise that local residents and councillors are concerned about congestion in both Sydenham and Perry Vale, and a number of schemes are in progress to address this. Plans are being developed to improve traffic management and road safety at the junction of Sydenham Road and Mayow Road, including changes to the traffic lights system, with the aim of reducing traffic and congestion on the surrounding roads. Proposals for improvement works at this junction will be shared with residents, ward councillors and other local stakeholders later this year.

In Perry Vale, a new zebra crossing is being designed for Perry Rise and there is ongoing investigation into a number of projects for the Bell Green area.

These programmes are designed to improve road safety for pedestrians and cyclists and reduce congestion across the wider area.

There are annual reviews of air quality data across the borough which is undertaken by Environmental Health, looking at a range of monitors across our network. This information is published on the Council's website here: <https://lewisham.gov.uk/myservices/environment/air-pollution/check-air-quality-levels>. Having reviewed the air quality data on Mayor Road and Dacres Road there are positive improvements seen since 2019: a 21.3% reduction in NO2 at Mayow Road (L13), a 21.9% reduction at Mayow Road (SSDT_40) and a 14.3% reduction at Dacres Road (SSDT_38).

Officers have not undertaken any additional monitoring of the area. As noted, the filters were introduced quickly in response to the Government's requests that measures were put in place to create more space for walking and cycling at a time when social distancing was required. This meant that the normal preparatory work could not be undertaken and so there is pre-scheme data to compare to. Any traffic monitoring commissioned for this year would not be able to indicate the impact of the two modal filters.

It is important that we recognise the impacts of driving on road safety, congestion and air quality and take measures to reduce these impacts. Creating environments that encourage more journeys to be made by walking, cycling and public transport will have a positive effect. There are a range of projects that are being delivered in the area which, when combined, will enable this.

MEMBER QUESTION NO. 2
22 November 2023

Question asked by: Cllr Laura Cunningham

Relevant Directorate: Place

Member to reply: Councillor Brenda Dacres

Question

Can you provide an update on the planned Lewisham Homes development on the Place Ladywell site in Ladywell Ward?

Reply

On 24 October 2023 we received planning approval for the redevelopment of the former Ladywell Leisure Centre (Rear of Place Ladywell), Lewisham High Street, SE13.

The project is 100% affordable housing and provides 102 new homes – a mixture of council homes and shared ownership properties. The scheme is included as part of the wider Building for Lewisham programme and is therefore part of M&C paper in December 2023. Following this the project team will be looking to procure a main contractor with a programmed start on site for the end of 2024 / early 2025.

The construction will comprise of four residential blocks ranging from 3 to 7 storeys, the construction of a single-storey building comprising storage and electrical substations and the construction of replacement cycle and refuse stores for Place Ladywell together with the re-provision of existing car parking on Longbridge Way and the creation of new public realm including children's play space, cycle parking, car parking and associated works.

MEMBER QUESTION NO. 3
22 November 2023

Question asked by: Cllr Liam Shrivastava

Relevant Directorate: Children and Young People

Member to reply: Councillor Chris Barnham

Question

How many children in the borough are in receipt of pupil premium grants? Can you provide an equalities data breakdown for this eg ethnicity, disability, gender, SEND etc. Can you also provide any information on geographic location of those receiving grants.

Reply

The pupil premium grant is funding allocated to state-funded schools in order to improve educational outcomes for disadvantaged pupils. In Lewisham, the total number of pupils attracting pupil premium (as at September 2023) was 11,138.

This number is likely to grow as a result of innovative work by Lewisham Council officers across several Council departments. Data analysis across education, IT, revenues, benefits and communications teams identified more than 500 Lewisham families who appeared to be eligible for free school meals but who had not applied. If eligible families don't register, schools miss out on pupil premium funding for that child. A serious blow to school budgets. We told those parents that we would apply on their behalf and gave them the option to opt out of the process. With only three families opting out, the increase in registrations should deliver £1.2 million extra pupil premium funding to Lewisham schools in 2024-25. That's money not only to provide a healthy meal for hundreds more children every day, but funding for extra staff, equipment, and support in their schools.

We don't have a full breakdown of equalities data relating to Pupil Premium Grants as this is not data derived from the School Census. By its very nature, however, Pupil Premium funding supports the education of children from the most disadvantaged families.

Agenda Item 8



Council

Changes to Committee Appointments

Date: 22 November 2023

Class: Part 1

Contributors: Head of Governance and Committee Services

Outline and recommendations

Council is asked to agree the changes to committee appointments, as set out below.

Council is asked to agree changes to Committee appointments as follows:

Governance Committee: Cllr Andre Bourne to replace Cllr Will Cooper

Planning Committee A: Cllr Andre Bourne to replace Cllr Will Cooper

Standards Committee and Standards Sub-Committee A: Cllr Sophie Davis to replace Cllr Will Cooper

Licencing Committee: Cllr Dawn Atkinson to fill the vacant position

Report author(s) and contact

Emma Campbell Smith, Head of Governance and Committee Services

Emma.campbellsmith@lewisham.gov.uk



Full Council

Overview and Scrutiny Annual Report 2022-23

Date: 22 November 2023

Key decision: No

Class: Part 1

Ward(s) affected: Relevant to all

Contributors: Director of Law and Corporate Governance (Head of Scrutiny and Policy)

Outline and recommendations

Appendix A to this report contains the Council's Overview and Scrutiny function's annual report to full Council for the municipal year 2022/23.

Full Council is recommended to note the Overview and Scrutiny Annual Report 2022/23.

Timeline of engagement and decision-making

The 2022/23 Chair of Overview & Scrutiny has been consulted on and contributed to, and the 2022/23 Select Committee Chairs sighted of, the report.

1. Summary

- 1.1. The report at Appendix A provides an overview of the work of the Council's Overview and Scrutiny Committee and its Select Committees and task and finish groups in 2022/23.

2. Recommendations

- 2.1. Full Council is recommended to note the Overview and Scrutiny Annual Report 2022/23 at Appendix A.

3. Policy Context

- 3.1 Scrutiny's work programme has regard to the corporate strategy¹ which sets out the Council's values, priorities and focus for 2022-2026. These are categorised under the following headings:

- Cleaner and Greener
- Strong Local Economy
- Quality Housing
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

4. Background

- 4.1. This report provides an overview of the work of the Council's Overview and Scrutiny Committee and its Select Committees and task and finish groups in 2022/23. It is customary for the overview and scrutiny function to provide such a report annually.

5. Financial implications

- 5.1. There are no direct financial implications arising from this report.

6. Legal implications

- 6.1. The Council is required by law to establish at least one overview and scrutiny committee and appoint a crime and disorder scrutiny committee to discharge prescribed functions. The Council also has statutory health scrutiny functions.
- 6.2. The Council's scrutiny functions are discharged by the Overview and Scrutiny Committee and, by delegation, the select committees and task and finish groups it establishes.

7. Equalities implications

- 8.1. The Equality Act 2010 brought together all previous equality legislation in England, Scotland and Wales. The Act included a new public sector equality duty, replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. 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.

¹ [Lewisham Council - Corporate strategy](#)

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

8. Climate change and environmental implications

- 8.1. There are no direct climate change or environmental implications arising from the implementation of the recommendation in this report.

9. Crime and disorder implications

- 9.1. There are no direct crime and disorder implications arising from the implementation of the recommendation in this report.

10. Health and wellbeing implications

- 10.1. There are no direct health and wellbeing implications arising from the implementation of the recommendation in this report.

11. Report author and contact

- 11.1. Charlotte Dale, charlotte.dale@lewisham.gov.uk, 020 8314 8286 (ext. 48286)
- 11.2. Benjamin Awkal, benjamin.awkal@lewisham.gov.uk, 020 8314 6000 (ext. 46147)

Overview and Scrutiny Annual Report 2022/23

Chair's Foreword

Scrutiny plays an important role in the democratic decision-making process, by collating and analysing relevant evidence, in order to recommend changes to council policies, plans and activities.

Over the course of 2022-23 we have considered a number of complicated, multifaceted issues, making recommendations for improving the way services are delivered and bringing challenge to key decisions, including those connected to budget development.

A highlight has been our two task and finish investigations which gathered a wealth of evidence over a number of months from a wide variety of sources to make feasible, practical suggestions intended to have a positive impact on the lives of residents. I think that, as a result of our investigations, we have made a real difference to both the future of community gardening and to affordable workspace policies, as Lewisham emerges from the Borough of Culture Year, keen to increase participation and creative involvement for all its citizens.

In the coming year, topics like the ongoing cost of living crisis and the pressing climate emergency, which we've been discussing for the past year, will remain significant. Scrutiny must continue to focus on and engage with these complex, long-term challenges, and respond creatively and pro-actively to these and further emerging challenges and opportunities that we encounter.

Finally, through a new focus on pre, rather than post, decision scrutiny, we must play a key role in developing and exploring policy ideas with a scope, and local engagement focus, that can ultimately be critical to the success, quality and durability in the community of later executive decisions that follow on. Effective scrutiny of this kind in many ways forms the combustion chamber where the critical partnership and community elements that fuel the engine of local government policy are blended, tested and ignited.



Cllr Mark Ingleby
Chair of Overview and Scrutiny

Overview and Scrutiny in Lewisham

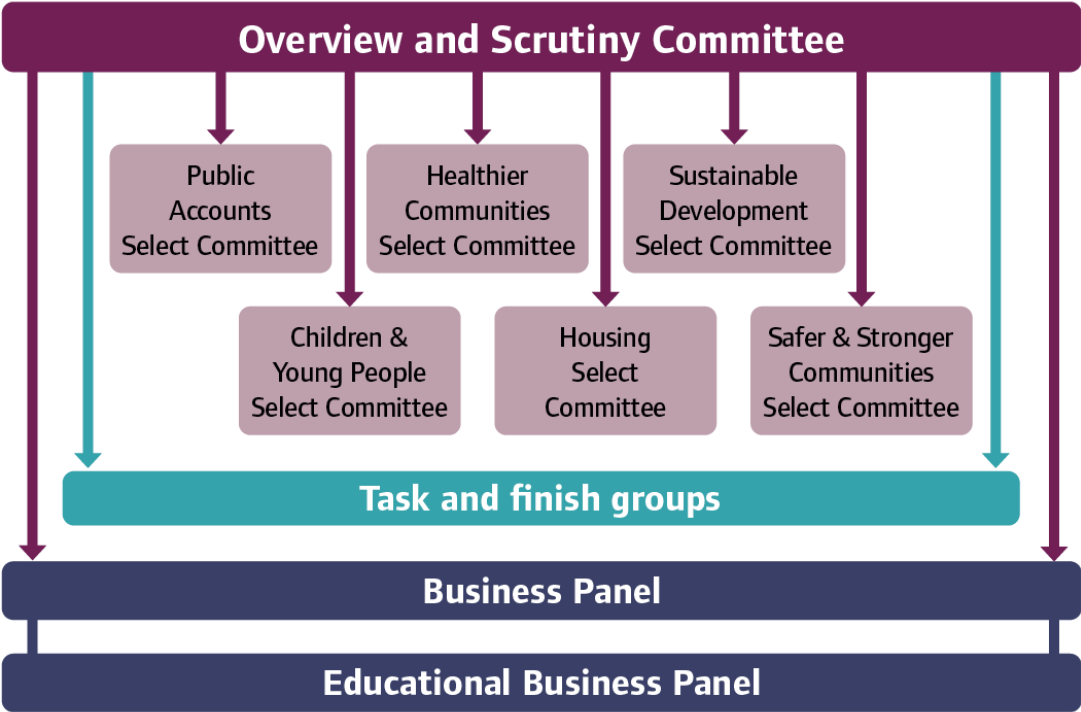
Overview and scrutiny provides an independent 'check and balance' to the Council's Mayor and Cabinet. It contributes, through that accountability and the evidence-based recommendations it makes, to the improvement of services for the benefit of residents.

At Lewisham Council, to conduct effective scrutiny, we:

- Prioritise
- Are independent
- Work collectively
- Engage with residents and service users
- Make recommendations which are specific, measurable, achievable, relevant and time-bound

Overview and Scrutiny structure in 2022/23

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Overview and Scrutiny Chairs



Cllr Luke Sorba

Children and Young People
Select Committee



Cllr Chris Best

Healthier Communities
Select Committee



Cllr Mark Ingleby

Overview and Scrutiny Committee
and business panels



Cllr Stephen Penfold

Housing Select Committee



Cllr James Rathbone

Public Accounts Select
Committee



Cllr Ayesha Lahai-Taylor

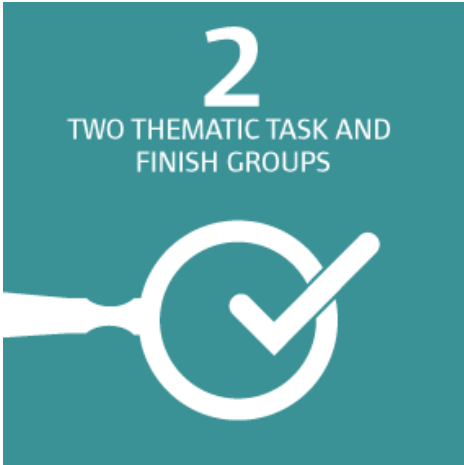
Safer Stronger Communities
Select Committee



Cllr James Royston

Sustainable Development
Select Committee

Scrutiny committees in numbers



Overview and Scrutiny Committee highlights

In 2022/23, the **Overview and Scrutiny Committee** focussed its scrutiny on a few key strategic matters:

[The Resident Experience Programme](#)

The Committee continued to build on its work in this area, following on from Members' interactive session with Lou Downe (the author of 'Good Services') and the four member-led, themed workshops held in 2021 which informed the scope of the programme. A further two Member feedback workshops were held: one to provide a sense check on, and prioritise, the insights gathered to date; and one to consider how to turn the insights into an improvement plan to inform the delivery phase (and ensure that sufficient advocacy and support was included for residents).

Cost of Living Crisis

The Committee scrutinised the Council's response to the crisis and the work being carried out to support residents in [September 2022](#) and [February 2023](#). At the request of OSC, specific Select Committees contributed to this work:

- The Healthier Communities Select Committee reviewed the draft Food Justice Action Plan and assessed the commitment to providing Warm Havens for residents where they could spend time as the weather turned colder.
- The Safer Stronger Communities Select Committee reviewed the Cost of Living programme from an equalities perspective to ensure that support was being provided in an equitable way for Lewisham residents.
- The Children and Young People Select Committee looked at the cost of living crisis from the perspective of children and young people, **hearing from invited guests; and going on relevant visits. Members heard moving, and sometimes harrowing, testimony from teachers, parents and carers about the impact of living in poverty.**

[Thames Water](#)

Aware of resident anger at the performance of the company and the impact of frequent burst pipes and delayed infrastructure work on Lewisham streets, the committee invited senior executives from Thames Water to attend their February 2023 meeting. They were interrogated on their plans for performance improvement, better communication, investment, waste water management, social value and recruitment. The Committee was not satisfied with the progress being made and recommended that they (a) develop a SMART improvement plan to address poor performance in Lewisham, including attendance times in relation to emergency events and the length of time excavations are open in relation to both planned and unplanned events; (b) ensure that their improvement plan includes allocating sufficient resource to deal with emergencies, as when emergency events occur concurrently there are regularly significant delays in attendance; (c) ensure that all planned and unplanned activity is clearly communicated to businesses and residents; (d) ensure that the compensation policy for businesses and residents affected by water leaks is clear and accessible; and (e) commit to working with the Council to deliver required improvements to its emergency response; produce and deliver costed, joint investment plans for managing surface water, based on detailed local risk maps and modelling going forwards - in line with National Infrastructure Commission recommendations for 2025 and the need for locally agreed targets; and ensure that Lewisham benefits from its social value policy and that the benefits are in line with agreed priorities, including apprenticeship opportunities.

Children and Young People Select Committee highlights

Children and Young People's Emotional and Mental Health

The Committee began the year by considering a report, and hearing oral evidence from the Council and NHS officers, on [Children and Young People's Emotional and Mental Health](#).

Cost of Living

[In November 2022](#), the Committee considered the impact of the 'cost of living' crisis on Lewisham's children and families and the Council's response. Ahead of the meeting, to enhance its understand of the challenges faced in the community, the Committee visited a special school to speak to parents/carers, school staff and pupils about the issues they were experiencing. At the meeting, the Committee heard oral evidence from Young Advisors and food bank organisers, in addition to Council officers. The Committee's evidence was referred to the Overview and Scrutiny Committee to inform its broader scrutiny of the Council's cost of living response.

Amplifying the Voices of Children and Young People

[In March 2023](#), the Committee received a report containing update on the Young Mayor and Young Advisors' work with the Council and their suggestions for how young people's voices could be better heard by the Council and reflected in its work. The Young Mayor and 11 Young Advisors attended the meeting and discussed their suggestions with the Committee, which ultimately referred the young people's suggestions to the Mayor and Cabinet, resulting in the development of a young people's participation strategy informed by the suggestions.



Healthier Communities Select Committee highlights

Lewisham Mental Health Estates and Mental Health Care Model Review

[In February 2023](#), the Committee considered a report on 'Lewisham Mental Health Estates and Mental Health Care Model Review'. This report provided an update on the development of a business case aimed at replacing the Ladywell unit and modernising the adult mental health care model in Lewisham. To enhance their understanding of the report, the Committee members undertook a visit to the Ladywell Unit. This on-site visit allowed them to gain a deeper understanding of the physical limitations and shortcomings of the existing infrastructure. This direct exposure enabled them to empathise with the needs of the patients and healthcare providers, which in turn allowed for more informed discussions and decision-making. The site visit provided a tangible context to the report, making it easier for the Committee members to identify specific areas for improvement and provide targeted feedback. Early prevention in mental health, along with the modernisation of the mental health care model and the associated physical infrastructure, holds a high priority on the Committee's agenda and it will be continuing to engage with this business case in 23/24.



Lewisham's Health Care and Wellbeing Charter

The Healthier Communities Select Committee has played a crucial role in the process of developing Lewisham's Health Care and Wellbeing Charter, which aims to establish a set of shared values and principles to enhance the health and wellbeing outcomes and experiences of residents, patients, and service users. The Committee actively engaged with officers on this matter in [June 2022](#) and received subsequent updates in [February](#), [June](#) and [September](#) 2023. Co-production and co-design of the Charter remain key priorities for the Committee, as they recognise the importance of involving the community in shaping its content and direction. The Committee plans to further involve the community by conducting outreach and engagement activities related to the Charter.

Housing Select Committee highlights

Climate Emergency Action Plan update - Housing retrofit

[In January 2023](#), the Committee considered a Climate Emergency Action plan update focussing on housing-related actions, particularly those concerning housing retrofit. To better understand the topic and witness practical implementation, Committee members observed housing retrofit works at a housing estate in Lambeth, funded under Wave 1 of the Social Housing Decarbonisation Fund to retrofit socially rented homes to make them net carbon neutral – through which around 20,000 social housing properties currently below Energy Performance Certificate (EPC) C rating are being upgraded, helping to cut fuel bills for social housing tenants as well as delivering warm homes and reducing carbon emissions. This on-site experience added significant value to HSC members' understanding of the issue and enabled them to assess the effectiveness and impact of housing retrofit measures.

Repairs update - Housing Providers

[In March 2023](#), the Committee invited local housing providers including L&Q, Peabody, Clarion Housing Group, Hyde Housing, Southern Housing Group and Lewisham Homes, to provide an update on their repairs services. The Committee examined key performance indicators such as the number of disrepair cases, complaints received and repairs performance for damp and mould cases. The providers have been invited back in 2023/24 to ensure continuing accountability for their performance, actions and decisions.

Lewisham Homes coming in-house

Throughout 2022/23, the Housing Select Committee maintained a strong focus on the Arms-Length Organisation Lewisham Homes and the prospect of bringing it back in-house. The Committee discussed the plan for the transition and received regular progress updates. It also discussed Lewisham Homes' repairs service [in November 2022](#) but due to regarding performance, it invited Lewisham Homes back [in March 2023](#).



Public Accounts Select Committee highlights

Financial monitoring and budget pressures

Throughout the 2022-23 municipal year, the Committee considered regular financial monitoring reports. These set out the financial stability of the Council's directorate budgets – as well as the position of the capital programme, the dedicated schools grant and the housing revenue account. The Committee used the information from this monitoring to prioritise its work programme. In 2022-23, reported budget pressures in adults and children's services resulted in focused scrutiny on the finances of both areas. Members considered the implementation of the savings projected by the adult social care improvement programme (itself an initiative resulting from a recommendation from PASC) and heard from the Director of Community Services about the approach being taken to ensure that quality adult services are being delivered in Lewisham within the resources available. Budget pressures in the Children and Young People Directorate have been a repeated source of concern for members of PASC. The Director of Children and Young People, the Cabinet Member for Children and Young People and the Director of Children's social care are regular attendees at Public Accounts Committee – which focused all of its [final meeting of 2022-23](#) on the finances of children's social care.

Budget cuts proposals

[In December 2022](#) (as in previous years), the Committee considered referrals from the other select committees on the cuts programme (alongside the scrutiny of cuts proposals within its own remit) The Committee's aim was to provide overarching consideration of the cuts programme – and to identify potential conflicts or issues with implementation. The Committee heard from select committee chairs and members of the Cabinet - before reaching a balanced view on the proposals for submission to Mayor and Cabinet. The Committee highlighted its concerns about the resilience of the organisation and its employees – in the light of ongoing organisational changes and the aftereffects of the response to the pandemic.

Council budget 2023-24

[In February 2023](#), the Committee invited the Mayor to present the draft budget for scrutiny. Members of other select committees, executive directors and members of the cabinet were also in attendance. This provided the opportunity for questions to be answered in public about: the Council's priorities, sources of potential risk and issues arising from ongoing budget pressures.

Safer Stronger Communities Select Committee highlights

Equalities

Throughout the year, the Committee considered equality, diversity and inclusion in all its work. It reviewed the Council's '**cost of living**' **response** and **adult learning provision** with an express focus on equalities in [January 2023](#) and [October 2022](#) respectively.

Crime and Disorder

[In January 2023](#), the Committee received updates from the Police and Fire services before scrutinising the **2023 Safer Lewisham Plan**, fulfilling its statutory crime and disorder role.

Borough of Sanctuary

[In March 2023](#), the Committee received an update on the Borough of Sanctuary Programme which included the progress of local implementation of Safer Surgeries and reported the recruitment of officer resource to lead the development of a workplan including short- to long-term actions. In addition to taking evidence from officers, the Committee heard from the Director of Action for Refugees in Lewisham (AFRIL), who set out AFRIL's concerns regarding the extent to which the BoS was embedded across the Council, the challenges faced by sanctuary seekers, and made suggestions regarding how the Council and its partners could better support sanctuary seekers. The Committee referred to Mayor and Cabinet its recognition of the vitality of the Borough of Sanctuary Strategy to the Council's support for the most vulnerable and made a number of recommendations regarding its delivery and supporting sanctuary seekers more broadly.

Borough of Culture

[In March 2023](#), the Committee received an update on the Borough of Culture Legacy including reflections on Lewisham's year as the London Borough of Culture and how the Council intended to ensure the year left a positive, lasting legacy, including the development of a cultural strategy.

Sustainable Development Select Committee highlights

Air quality action plan

In June 2022, the Committee scrutinised the final draft of the air quality action plan – in advance of its approval by Mayor and Cabinet. The Committee questioned the process for carrying out consultation on the plan and asked officers to include additional information in the plan to increase its accessibility.

Climate emergency action plan

In January 2023, the Committee considered the latest update on the implementation of the climate emergency action plan. In 2019, the Committee was tasked with regularly reviewing the plan. Its recommendations in January led to further information being provided to Mayor and Cabinet on the status of each of the actions in the plan.



Community Food Growing Task and Finish Group

The Task and Finish Group set out with the intention of: identifying good practice, linking plots of available land with interested groups and exploring options for increasing participation in community gardening. The Group's work drew from and built on the work carried out by the Council to tackle food poverty through the food justice action plan.

The Group quickly realised that there was limited information available about the people and groups using existing growing spaces (including Council allotment land) and it has recommended that further work should take place to engage with people on the allotments waiting list – as well as existing plot holders on allotments. It considered that this would be the first step in targeted future action to increase participation and engage all sections of the community in food growing. The Group visited a number of local growing spaces and considered the work taking place to build networks of growers and gardeners in the borough.

The Group also engaged with housing providers and spoke to an organisation delivering quality community gardens in Edinburgh social housing developments.

[The Task and Finish Group's report is available here.](#)



Workspaces Task and Finish Group

The significant role played by workspaces has been recognised in the London Plan. They provide support to the economy, new business, SMEs, remote workers, and artists and other creatives. The Task and Finish Group aimed to consider how the Council can maximise opportunities to increase the availability of flexible and affordable workspaces in the borough.

The TFG conducted extensive research, culminating in a report and recommendations considered by Mayor and Cabinet in July 2023, in alignment with, and contributing to the development of, the Council's Affordable Workspace Strategy.

Members of the TFG visited existing workspaces in Lewisham and engaged with workspaces providers (through the Affordable Workspaces Forum), property developers, and officers from other councils, and conducted a survey to establish the specific needs of people working in the creative sector.

The TFG developed a strong understanding of existing provision and identified opportunities to enhance support for existing providers and ways for the Council to unlock its assets to provide workspaces. It explored opportunities for the planning process to be used to encourage the provision of workspaces. Throughout its work, the TFG remained focused on ensuring equal access to workspaces, emphasising diversity and inclusivity.

Key achievements during the task group's process included its contribution to the Affordable Workspaces Strategy, identifying underutilised assets, initiating discussions on improving the use of community spaces such as the 2000 Community Action Centre, Pepys Community Library and Lewington Centre, and establishing a constructive dialogue with the Musician's Union.

[The Task and Finish Group's report is available here.](#)



Executive responses to task and finish groups

On 20 September 2023, the Mayor and Cabinet agreed formal responses to the recommendations made by the two 2022-23 task and finish groups.

Both sets of recommendations were well received, with the majority being wholly or partly accepted.

The full responses can be read by clicking the subheadings below.

[Community Food Growing](#)

As a result of the recommendations, a new Community Food Growing Officer role is to be established to deliver the recommendations and manage the resulting increased focus on community growing in Lewisham.

[Workspaces](#)

Several recommendations informed the new Affordable Workspace Strategy and are informing the developing Strategic Asset Management Plan.

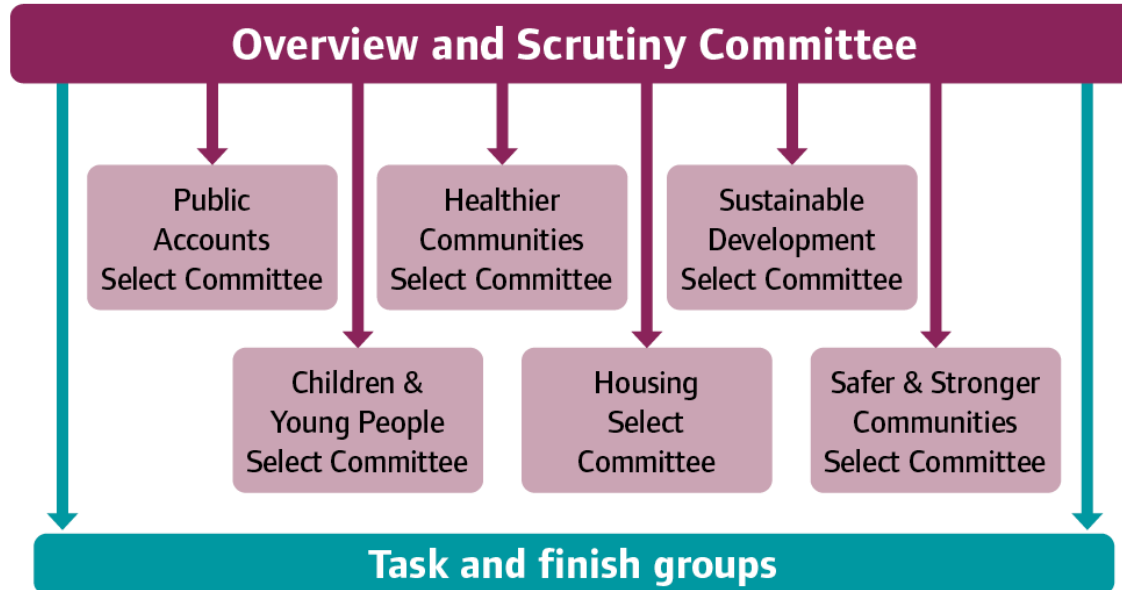
Key actions to be taken directly as a result of the recommendations include the development of an accreditation framework for affordable workspace providers, the collection and analysis of local workspace market data, the upgrading of rehearsal spaces to medium priority in the Strategy and the inclusion of affordable workspaces in the scope of the local Investment and Opportunity Strategy.

Looking ahead – new structure

At the [Annual General Meeting in March 2023](#), full Council agreed a number of changes to overview and scrutiny including:

- Dissolving the business panels and returning their functions to the Overview & Scrutiny Committee
- Reducing the number of members of the Overview & Scrutiny Committee from 44 to 10 including the six select committee chairs

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Looking ahead - priorities

Make in-depth scrutiny a success, however it happens

The Task and Finish Groups conduct in-depth scrutiny investigations over a period of months drawing on a wide range of evidence. We need to ensure that the Select Committees also have the opportunity to conduct in-depth scrutiny, including hearing from expert witnesses, carrying out engagement and going on site visits.

Conduct high quality scrutiny of key decisions before they are taken

Scrutinising key decisions at an early stage allows scrutiny to significantly influence the actions, decisions, policies and strategies of the Council and ensure that residents' needs and wants are taken into consideration

Collect evidence from a range of experts and stakeholders

Scrutiny has the most impact when it makes recommendations based on solid, triangulated evidence from a wide range of internal and external experts and stakeholders, including service users.

Looking ahead – Improving Scrutiny TFG

- In June 2023, the Overview and Scrutiny Committee established a task and finish group to identify opportunities to improve the functioning and impact of the Council's overview and scrutiny function.
- The Task and Finish group will review the role of, and approach to, scrutiny in the Council, endeavour to clearly define a future role for scrutiny, and seek to develop improved processes and ways of working to facilitate the delivery of the recommended role for scrutiny by elected Members.



Council

Statement of Accounts 2022/23 and Annual Report 2022/23

Date: 22 November 2023

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Acting Executive Director for Corporate Resources

Outline and recommendations

The purpose of this report is to:

- Recommend delegation to the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee, to agree any changes to the agreed audit adjustments and the final Statement of Accounts for publication, alongside the Auditor's Annual Report.
- Approve the draft Statement of Accounts and Pension Fund Accounts 2022/23 and the agreed audit adjustments.
- Note the Audit Findings Report 2022/23 and addendum from Grant Thornton following the external audit of the Council's Statement of Accounts and Pension Fund Accounts.
- Note the Management Representation Letters.
- Note the Auditor's Annual Report (VFM) 2022/23 from Grant Thornton.

1. Summary

- 1.1 The purpose of this report is to present to members of Council the 2022/23 Audit Findings Report and addendum from Grant Thornton LLP.
- 1.2 The report also provides members with the management representation letters and 2022/23 Auditor's Annual (Value for Money) report.
- 1.3. Audit & Risk Committee have considered these reports at the meeting of 01 November 2023. This excluded the addendum which details the progress made since and was agreed through delegation.
- 1.4. As at date of dispatch, the external audit is substantially complete, and it is anticipated that the audit report opinion will be unmodified and so free from material misstatement.

2. Recommendations

- 2.1. Council is recommended to note the contents of the report and:
 - i. Approve delegation to the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee, to agree:
 - any changes to agreed audit adjustments included within the addendum
 - the final Statement of Accounts 2022/23 for publication
 - any changes to the Auditor's Annual Report (VFM) 2022/23
 - ii. Approve the agreed audit adjustments to the draft Statement of Accounts and Pension Fund Accounts 2022/23, included within the Audit Findings Reports for 2022/23 and addendum.
 - iii. Note the management representation letters
 - iv. Note the Auditor's Annual Report (VFM) 2022/23

3. Policy Context

- 3.1 The report is consistent with the Council's policy framework, supporting the priorities set out in the Corporate Strategy 2022-26. It contributes towards all Council priorities through effective management of finance.

4. 2022/23 Statement of Accounts and Pension Fund Accounts

- 4.1 The 2020/21 Audit Completion certificate was issued by Grant Thornton on 08 August 2023. The 2021/22 Statement of Accounts were approved by Grant Thornton on 11 August 2023. These were published on the Council's website on 11 August 2023. This concluded the audit of the 2021/22 accounts. The successful conclusion of the 2021/22 accounts puts the Council in the minority as most local authorities are still yet to conclude prior year audits.

- 4.2 The statutory deadline for publishing the audited accounts 2022/23 is 30 September 2023. Due to delays with the 2021/22 audit, the Council set a timescale on completing the 2022/23 audit by 30 November 2023 (with the audit taking place between July and November 2023). Officers are confident of achieving this.
- 4.2 The Audit Findings Reports for London Borough of Lewisham and Lewisham Pension Fund for the year ended 31 March 2023 and addendum lists the agreed audit adjustments to be made to the draft Accounts before publication of the final audited versions. This includes adjustments in relation to Assets under Construction, Pension Fund assets and the annual leave accrual. There are also amendments to be made on the narrative elements of the accounts.
- 4.3 The Audit Findings Reports for 2022/23 and addendum also include action plans. These consist of three recommendations for the Council as a result of issues identified during the course of the 2022/23 audit, two of which relate to related parties disclosures by members. These are accepted by management and so will be added to the action tracker for progress with their implementation to be reported on as part of the Audit Panel standing agenda item.
- 4.4 The draft Statement of Accounts and Pension Fund Accounts are included in Appendices A and B. These include the group accounts, which consolidate Lewisham Homes Ltd and Catford Regeneration Partnership Ltd (CRPL) and the Annual Governance Statement. The Audit Findings Reports for 2022/23 and addendum are included in Appendices C, D, E and F.
- 4.5 The last elements of the audit work are being finalised. This includes responses to queries around asset valuations, deeds for properties owned by the Council and responses to technical review points. Any additional audit adjustments will be agreed for incorporation by the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee.
- 4.6 The final Statement of Accounts 2022/23 are due to be amended to incorporate the agreed audit adjustments. The draft Statement of Accounts and the current list of agreed audit adjustments provides a true and fair aggregation of the expected final Statement of Accounts. These will be published on the Council's website following review by external audit and agreement by the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee.
- 4.7 The anticipated audit opinion is that the accounts give a true and fair view of the financial position of the group, Authority and Pension Fund during 2022/23 and have been properly prepared.

5. Management Representation Letters

- 5.1. Management Representation Letters for the Statement of Accounts and Pension Fund Accounts 2022/23 are included in Appendices G and H.
- 5.2. These set out assurances to confirm the Council's view that relevant accounting standards have been complied with and gives further assurances that Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Accounts.

6. Auditor's Annual Report 2022/23

- 6.1 The Annual Report for 2022/23 covers the Value for Money (VFM) work required as part of the overall audit which was conducted by the auditors alongside completion of the Council's Statement of Accounts, Pension Fund Accounts and Annual Governance Statement audit. This is included in Appendix I.
- 6.2. The Annual Report for 2022/23 also includes an action plan. This consists of several recommendations for the Council following their review of the Council's arrangements for securing economy, efficiency, and effectiveness. These are still being reviewed by management. Once feedback has been provided and the action plan is accepted, the recommendations will be added to the action tracker for progress with their implementation to be reported on as part of the Audit & Risk Committee standing agenda item.
- 6.3. Any additional adjustments will be agreed for incorporation by the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee.

7. Financial Implications

- 7.1 The proposed cost for the external audit of the Council's Statement of Accounts 2022/23 is £266k and £49k for the Pension Fund. The Council also pays £47k for non-audit fees relating to grant claims and certificates.

8. Legal Implications

- 8.1 Sections 26 and 27 of the Local Audit and Accountability Act 2014 gives electors the right to object, inspect, question, and make copies of the unaudited accounts and related documents for 30 working days and a notice is placed on the Council's website to publicise this. The public inspection period for 2022/23 took place between 4th July and 14th August 2023 for the Council's accounts and Pension Fund accounts. One enquiry was made, and this was responded to.
- 8.2 The Accounts and Audit (amendment) Regulations 2022 came into force on 22nd July 2022 and revised the statutory deadline for publishing the audited financial statements to 30 September for 2022/23 accounts and the following 6 years.
- 8.3 The Accounts and Audit (England) Regulations 2015 (as amended for the Accounts and Audit (Amendment) Regulations 2022) require authorities to:
 - i. consider, either by way of a committee or by the members meeting as a whole, the statement of accounts
 - ii. approve the statement of accounts by a resolution of that committee or meeting

- iii. ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given
 - iv. publish the statement of accounts together with any auditor opinion, the annual governance statement, and the narrative statement on the authority's website
- 8.4 Paragraph 4.6 outlines the remaining elements outstanding before publication of the final audited Statement of Accounts. By agreeing to the recommendations of this report, members will put in place appropriate authority and arrangements to ensure these legal implications are complied with.

9. Equalities Implication

- 9.1 There are no equalities implications directly arising from this report.

10. Climate change and environmental implications

- 10.1 There are no climate change and environmental implications directly arising from this report.

11. Crime and disorder implications

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

12. Health and wellbeing implications

- 12.1 There are no health and wellbeing implications directly arising from this report.

13. Report authors and contact

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14. Appendices

- 14.1 Appendix A – Draft LB Lewisham Statement of Accounts 2022-23
- 14.2. Appendix B – Draft LB Lewisham Pension Fund Accounts 2022-23
- 14.3. Appendix C – Audit Findings Report 2022/23

- 14.4. Appendix D – Audit Findings Report Addendum 2022/23
- 14.5. Appendix E – Audit Findings Report for the Pension Fund 2022/23
- 14.6. Appendix F – Audit Findings Report Addendum for the Pension Fund 2022/23
- 14.7. Appendix G – LB Lewisham Group Management Representation Letter 2022-23
- 14.8. Appendix H – LB Lewisham Pension Fund Management Representation Letter 2022-23
- 14.9. Appendix I - Auditor's Annual Report on London Borough of Lewisham Council 2022/23

**LONDON BOROUGH OF LEWISHAM
2022/ 23 DRAFT STATEMENT OF ACCOUNTS
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NARRATIVE STATEMENT FOR LEWISHAM COUNCIL

This Narrative Statement provides information about Lewisham the place, together with the key issues affecting the Council and its accounts.

1. COUNCIL STRUCTURE AND PERFORMANCE

a) Corporate structure and governance

Lewisham Council is made up of one directly elected Mayor and 54 ward councillors, all of which represent the Labour or Labour and Co-operative parties. Lewisham comprises 19 wards, 16 of which have three ward Councillors and the remainder have two ward Councillors. Details of the way that the Council governs itself are given in the Annual Governance Statement in section 9 of these accounts.

b) Management structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Executive Management Team (EMT), led by the Chief Executive. The EMT members are:

- Chief Executive
- Executive Director Children and Young People
- Executive Director Community Services
- Executive Director Place (from February 2023)
- Executive Director Corporate Resources
- Assistant Chief Executive
- Director of Law and Corporate Governance

EMT provides managerial leadership of the Council and supports elected members in:

- Developing strategies
- Identifying and planning the use of resources
- Delivering plans
- Reviewing the Authority's effectiveness

c) Service delivery

The total workforce for Lewisham at the end of FY 2022/23 was of 3,064 (3,057 at end of 2021/22), which consisted of 2,429 staff members (excluding casual workers) (2,527 at end of 2021/22) and 635 agency workers (530 in 2021/22).

The schools staff headcount is 3,144 (3,215 at end of 2021/22).

The demographic composition of the workforce as at 31 March 2023 was:

- 62.7% Female
- 48.0% Black, Asian and Mixed Ethnicity
- 7.5% Disabled
- 48.1% of the workforce are over the age of 50.

The overall workforce generally reflects the diversity of Lewisham's population.

The Council also provides services through two wholly owned subsidiary companies:

Narrative Statement

- Lewisham Homes Limited: An arms-length management organisation (ALMO) set up in 2007 as part of the Council's initiative to deliver better housing services and sustain the Decent Homes Standard. The company manages approximately 18,000 homes.
- Catford Regeneration Partnership Limited: The Company owns significant interests in the Catford shopping centre area and aims to support the Council to deliver a regeneration programme for the town centre and the surrounding area.

More detail concerning these companies is shown in the Group Accounts in section 6 of this document.

d) Corporate priorities

The Council has seven corporate priorities within its corporate strategy (2022-2026) as follows:

- Cleaner and Greener
- A Strong Local Economy
- Quality Housing
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

e) Core values

The Council also has the following four core values:

- We put service to the public first.
- We respect all people and communities.
- We invest in our employees.
- We are open, honest, and fair in everything that we do.

f) Performance management

In 2022/23 reports from the five directorates have been periodically presented at Directorate Management Team (DMT) and Executive Management Team (EMT) meetings, each of which is also shared with the relevant lead Cabinet member.

The Council continues to publish performance information on our website. This includes various reports and progress updates which are also presented on a cyclical basis to Members. The Council seeks to continuously improve and identify ways to increase the transparency and accountability of performance information to the public. This work was assisted in 2021/22 with the Local Government Association (LGA) Peer Review process that the Council undertook with the full report published on the website.

2. LOCAL GOVERNMENT FINANCE CONSIDERATIONS

a) Financial impacts, risks and uncertainties, going concern considerations

The current economic environment has given rise to a number of risks and uncertainties. There is significant uncertainty in respect of the outlook for Council Tax and business rates income and market stability in some of the Council's key supplier base as the UK economy slows at the same time as experiencing persistent high inflationary pressures – the Cost of Living crisis. The Council seeks to anticipate and prepare for these pressures through its Medium Term Financial Strategy (MTFS). However, this is within the constraints of the limited certainty provided by the economic transition post Brexit and the Covid-19 pandemic, current local government funding arrangements set annually, and the delayed policy agenda changes for areas such as health and social care, academisation of schools and special needs demand, and a potentially looser planning framework. If these changes are not fully

Narrative Statement

funded the initial pressure will fall on reserve balances; firstly from the general unallocated reserves and then, the earmarked reserves.

The 2022/23 budget was set without the use of reserves and after the funding of growth and pressures of £17.3m to reset service baseline budgets and reduce the risk of the in-year overspending seen in recent years. The budget was also set with the commitment from services to deliver £11.8m of agreed new savings as well as those not yet delivered. Some of the associated revenue plans are at risk of delay or not being delivered and the risk extends to potential material slippage in the expanded capital programme. The regular financial monitoring reported quarterly to Mayor & Cabinet keep these matters under constant review to enable plans to be flexed or changed as needed.

The Council has sufficient reserves to meet its financial commitments at present, including the estimated costs and lost income considerations, and despite these risks and pressures the current situation does not alter the Council's position as a going concern.

b) Impact on 2022/23 final accounts

There are two important implications worth noting for the 2022/23 final accounts:

- The statutory deadlines for the production of the draft accounts and audited accounts have been changed from 31 July to 31 May for the draft with the audited date remaining as the 30 November.
- The changes for the implementation of IFRS 16 and treatment of leases has been deferred by the CIPFA LAASC code for one further year, taking into account the other pressures still on local government finance teams.
- The Council continues to rely on the statutory override in relation to accounting for deficits in respect special education needs overspending by schools

3. FINANCIAL PERFORMANCE

a) 2022/23 Revenue Budget Setting and Funding

The Council set a net budget requirement of £248.6m for 2022/23 at its meeting on 02 March 2022. This was an increase of £5.5m or 2.26% on the previous year's net budget requirement of £243.1m. The main sources of income were Revenue Support Grant (RSG), Business Rates and Council Tax. With central RSG and Business Rates similar to the previous year, Council Tax funds a higher proportion of the budget than it did last year, with bills increasing by 2.99% (4.99% in 2021/22). A year on year comparison of revenue budget funding is shown in the following table.

	2022/23 £m	2021/22 £m
Revenue Support Grant	29.0	28.2
Business Rates	95.2	96.2
Council Tax	126.3	122.2
Surplus/ (deficit) on Collection Fund & Other Pressures and Growth	(1.9)	(3.5)
Budget Requirement	248.6	243.1

Narrative Statement

b) Council Tax

In 2017/18, in addition to an increase in Council Tax for general purposes, Councils were given the ability to raise Council Tax by a further 6% over the years 2017/18 to 2019/20 as a precept to fund Adult Social Care expenditure without the need for a referendum. This was in response to concerns about the growing funding gap for Adult Social Care caused by an increase in demand and the introduction of the National Living Wage, which impacted directly on the cost of care provision. In 2017/18, the Council increased the precept by the maximum allowed, 3%, in 2018/19 by 1%, in 2019/20 by 2% and 2% in 2020/21. There was a further announcement to allow Council's to levy a 3% precept in 2021/22 which the Council agreed.

For 2022/23, the Council increased the general rate of Council Tax by 1.99% and agreed to an increase of 1% for the Adult Social Care precept resulting in an overall increase of 2.99%.

The actual Council Tax charge is determined by dividing the net amount to be met from Council Tax by the tax base, which for Lewisham is 88,905 equivalent Band D properties for 2022/23 (88,614 in 2021/22).

The comparison of Council Tax Band D levels from 2021/22 to 2022/23 for Lewisham is shown in the following table, together with the Greater London Authority precept.

	2022/23	2021/22	Variation	Variation
	£	£	£	%
Lewisham Council	1,421.22	1,379.96	41.26	2.99
Greater London Authority	395.59	363.66	31.93	8.78
Council Tax for Band D	1,816.81	1,743.62	73.19	4.20

Narrative Statement

c) 2022/23 Revenue Budget Outturn

The Council's 2022/23 revenue outturn position is shown in the following table. Further detail can be found in the Expenditure and Funding Analysis in Section 3, Note 1 of this document.

General Fund	Net Budget	Net Spend	Outturn Budget Variance	Budget Report Variance	Movement since Budget Report
	£m	£m	£m	£m	£m
Children & Young People	61.3	68.9	7.6	9.6	(2.0)
Community Services	82.4	84.0	1.6	2.1	(0.5)
Housing, Regeneration and Public Realm	21.7	26.4	4.7	6.0	(1.3)
Corporate Resources	33.8	32.9	(0.9)	0.0	(0.9)
Chief Executives	10.4	10.8	0.4	0.0	0.4
Salary Pressure	0.0	6.4	6.4	4.1	2.3
Energy Pressure	0.0	2.2	2.2	2.5	(0.3)
Directorate Totals	209.6	231.6	22.0	24.3	(2.3)
Corporate Items	39.0	36.6	(2.4)	(4.1)	1.7
Corporate Budget	39.0	36.6	(2.4)	(4.1)	1.7
Salary Pressure Provision and Reserves	0.0	(6.4)	(6.4)	(6.6)	0.2
Energy Pressure Provision and Reserves	0.0	(2.2)	(2.2)	0.0	(2.2)
Covid Funding from Reserves	0.0	(4.0)	(4.0)	(4.0)	0.0
Provisions and Reserves	0.0	(12.6)	(12.6)	(10.6)	(2.0)
Total	248.6	255.6	7.0	9.6	(2.6)

Narrative Statement

During 2022/23, the overspend against the Directorates' net controllable budgets including the unbudgeted financial impact of the staff pay award and energy tariff was £22m. This is partially negated by £2.4m of corporate budget held to mitigate the Children and Young People's pressure of £1m and inflationary impact of £1.4m. Further mitigations included the use of corporate provision and reserves to fund the higher than anticipated financial impact of the staff pay award and energy tariff increases of £8.6m and utilising £4m of the remaining covid grant funding.

After these planned corporate measures, the final overspend of £7m has been managed from provisions without an unplanned drawing down of reserves. Detailed reasons for budget variances have been reported to Mayor & Cabinet on 21 June 2021 with the main reason being the once off larger return on investments, as balances were higher than budgeted due to programme slippage and investment rates were better than expected with higher inflation.

Savings of £25.8m were due to be delivered in 2022/23, £14m from earlier years and £11.8m of new savings for 2022/23. The total level of savings delivered in 2022/23 was £17.9m, leaving £7.9m to be delivered in 2023/24.

Throughout the year, Mayor & Cabinet and Executive Directors have received regular financial monitoring reports. The financial position demonstrates the impact of the severe financial constraints which have been imposed on Council services with the cuts made year on year, alongside the increasing demand on services such as home to school transportation, adults discharged from hospital and temporary accommodation as well as the cost of increased social care costs in Children's social care.

As the new financial year begins, with a new set of challenges in terms of the delivery of revenue budget cuts, the Council will continue in its resolve to apply sound financial controls. The short and medium-term outlook will remain difficult and challenging. The Executive Director for Corporate Resources, as the Council's Section 151 officer, will continue to work with directorate management teams to affect the necessary continued actions to manage their services and intervene early where necessary to avoid a budgetary situation becoming unmanageable.

Dedicated Schools Grant

At the end of 2022/23, there are 21 schools in deficit compared to 13 in 2021/22 (2 nursery schools, 1 special school, 1 secondary school and 17 primary schools) totalling £6.3m (£2.9m in 2021/22). Lewisham finance continues to work effectively with schools to ensure long term sustainability. Schools continue to face challenges including pupil number reductions in primary schools, increased number of children requiring educational, health and care plans continues to increase as well as increased costs from energy cost increases and other inflationary pressures. It should be noted that deficits could potentially revert as a pressure on the General Fund if the statutory override ceases.

d) Balances and Reserves

After transfers to and from reserves the General Fund balance has remained at £20m. This is an adequate level of cover and represents approximately 8% of Lewisham's Net Budget Requirement for 2022/23. The Council also has a number of earmarked reserves for specific on-going initiatives, and these are shown in Note 9 to the Core Financial Statements.

The Housing Revenue Account (HRA) spent to budget after transfers to reserves as at 31 March 2023. Reserves continue to be utilised, along with grants and borrowing approvals to contribute to investment requirements and to ensure that there are sufficient resources available to fund the current 30-year business plan. This aims to continue to invest in decent homes and to significantly increase the supply of housing in the borough over the medium to long term. The business plan is reviewed each year to ensure that the resources available from HRA reserves and other funding such as grants, and borrowing can be profiled appropriately to meet the business needs. After transfers to and from reserves the HRA balance at the end of the year, including earmarked reserves, now stands at £14.1m (£30.3m

Narrative Statement

in 2021/22). These reserves include the Major Repairs Reserve and are for specific ongoing projects as outlined in the notes to the HRA in Section 4 of the Accounts.

e) Cashflow

Cash and Cash equivalents held by the Council decreased from £111.7m to £94.4m in 2022/23. The detailed analysis of the movements in Cash throughout the year can be found in the Cashflow Statement and related notes. The summary is as follows:

	2022/23 £000s	2021/22 £000s
Net Cash flows from Operating Activities	1,852	60,706
Purchases of Property Plant and Equipment	(135,585)	(110,027)
Sales of Property Plant and Equipment	15,338	15,815
Net Sales/ (Purchases) of Short & Long-term investments	60,000	38,000
Net Receipts from Investing activities	32,958	20,700
Cash receipts of short and Long-Term Borrowing	0	0
Repayment of Short and Long-Term Borrowing	(11,284)	(8,239)
Net Receipts/ (Payments) for Other Financing activities	19,396	17,115
Net Increase or (Decrease) in Cash and Cash Equivalents	(17,325)	34,070

f) 2022/23 Capital Budget Outturn

The capital programme expenditure incurred during the year and how it was resourced is shown below.

	2022/23 Final Outturn £m	2022/23 Original Budget M&C - Feb-22 £m	2022/23 Revised Budget Proposed - Mar-23 £m	2021/22 Final Outturn £m
CAPITAL PROGRAMME EXPENDITURE				
General Fund	33.8	35.2	47.9	42.2
Housing Revenue Account	112.8	209.6	150.3	82.8
Total Spent	146.6	244.8	198.2	125.0

During the year, the budget was revised to reflect the forecast development of the programme. The percentage spent compared to the revised programme budget was 74% (2021/22 69%).

The Financing of the Capital Programme spend is shown in the table below:

	2022/23 Final Outturn £m	2022/23 Original Budget M&C - Feb-22 £m	2021/22 Final Outturn £m
CAPITAL PROGRAMME FINANCING			
Borrowing	47.6	119.6	10.2
Capital Grants	40.2	53.9	26.4
Capital Receipts	9.8	34.3	7.8
Use of reserves and revenue financing	48.9	37.0	80.6
Total Financed	146.6	244.8	125.0

Narrative Statement

Spend on the major projects, where in year spend in 2022/23 or 2021/22 exceeded £1m, is shown in the table below.

Major Projects of over £1m	2022/23 Expenditure £m	2021/22 Expenditure £m
General Fund		
Broadway Theatre	5.6	0.0
Temporary Accommodation Conversion	3.9	4.9
Schools minor works	3.9	4.7
Highways & Bridges (incl. TFL programme)	2.3	3.8
Greenvale School	2.2	0.0
Public Sector Decarbonisation	1.7	0.0
School Places Programme	0.8	7.5
Lewisham Gateway (Phase 2)	0.8	0.6
Private Sector Grants and Loans (inc. DFG)	0.5	2.3
Deptford Southern Sites Regeneration	0.5	2.2
Edward Street Development	0.2	4.4
Lewisham Homes Property Acquisition	0.0	3.0
Leisure Schemes	0.0	2.0
Other Miscellaneous Schemes	1.0	0.0
Other General Fund Housing Schemes	1.6	0.0
Housing Revenue Account		
Building for Lewisham Programme	57.2	33.5
HRA Capital Programme	54.1	48.1
Housing Management System	0.8	0.0

4. LOOKING AHEAD

a) Revenue Budget Outlook

Local government continues to face an extremely challenging financial outlook following a prolonged period of austerity and growth in demand for services. The economic backdrop, post Brexit and recovery from the Covid-19 pandemic, has increased the pressure on costs. This has also driven changes to regulations and service delivery that in turn bring additional risks and uncertainties.

The Council set a net budget requirement of £263.7m for 2023/24 at its meeting on 01 March 2023, which is £15.1m higher than the equivalent figure for 2022/23. The Council has made reductions of £25.0m to its budget and added £40.1m to provide for risks and pressures. This is sufficient to set a balanced budget for the year, without the need to use reserves, but action is also being taken to ensure that expenditure is affordable in future years. Reserves may be used at the start of the financial year to underpin selected service budgets, pending actions being taken to bring these budgets back in line on an ongoing basis.

- The Medium-Term Financial Strategy (MTFS) has been reported to Mayor & Cabinet in July 2022. This sets out that an estimated £36m of cuts would be required from 2023/24 to 2026/27 to meet the remaining budget gap with a profile of £10m, £10m, £8m and £7m, respectively. Following the Local Government Financial Settlement in February 2023 the need for immediate future year savings is reduced to c£5m per year subject to Council Tax and other income increases matching inflation or the maximum permissible.

Narrative Statement

The Cost –of Living crisis faced by the country is impacting residents and businesses alike, and the impact on the Council's Collection Fund for both 2022/23 and 2023/24 remains under review as there is a risk that this falls short of expected levels. For the Council the current record levels of inflation and specifically energy costs contributed to the forecast overspend in 2022/23. Energy costs in 2022/23 and 2023/24 will be funded from reserves and are forecast to be circa £3m in 2022/23 and may double for 2023/24 as contracts are renewed. The Council continues to seek to manage inflation on its contracted services where possible and where necessary has considered this as part of the budget planning for 2023/24. The recently agreed pay award for 2022/23 created an unbudgeted pressure of £4.1m which was met from reserves in 2022/23 and incorporated into the budget setting assumptions for 2023/24.

Looking further ahead, the Government is due to conclude the delayed work to review arrangements for Local Government financing. This follows consultations on two potential changes that will contribute to shaping the future of Local Government funding:

- A Fair Funding Review of local authorities' relative needs and resources, to now include the recently published Census 2021 data; and
- Business Rates Retention Reform – and the viability of this national tax which disproportionately impacts asset-based businesses, in particular retail compared to the growing level of online services.
- The anticipated but delayed Health and Social Care and Waste and Recycling reforms will also likely significantly impact the funding and operational arrangements for these Council services.

b) Capital Budget Outlook

The Council set its capital programme budget at its meeting on 02 March 2022. This outlined the Council's programme of £600.4m for the years 2022/23 to 2024/25. split £59.1m (10%) for the General Fund and £541.3m (90%) for 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.

The budgeted amount to be invested in 2023/24 is shown in the table below:

2023/24 Capital Programme	2023/24 Budget £m
General Fund	
Schools	9.8
Highways	5.3
Corporate Assets	16.2
Non-HRA Housing	31.6
Other	7
	69.8
Housing Revenue Account	
Existing Stock	100.3
New Supply	31.1
Other Schemes	7.7
	139.1
Total Capital Programme	208.9

Narrative Statement

c) Corporate Risks

The Council refreshed its Risk Management process during 2022/23 culminating in a new Risk Management Strategy presented to Members in March 2023. Both the previous and current strategy set out an embedded process to manage risks and assist the achievement of its objectives compliant with the statutory requirements as defined in the Accounts & Audit Regulations 2015 and summarised as part of the Annual Governance Statement.

The Risk Management Objectives of the London Borough of Lewisham are in line with the key principles set out in HM Treasury's Orange Book:

For risk management to be an essential part of governance and leadership at the Council, part of how it is directed, managed and controlled at all levels.

To be an integral part of supporting decision making in achieving objectives.

To be collaborative and informed by best available information and expertise.

To be a structured process, involving risk identification and evaluation, selection and implementation of appropriate risk treatment options, deliver integrated, insightful and informative monitoring and timely, accurate and useful reporting to enhance the quality of decision-making in governance.

To be continually improved through learning and experience.

In both former and current Risk Management Strategies, we score risks on likelihood and impact, with a range from 1 to 5 (with 5 being the highest) and the result plotted on a matrix to produce a rating. The full risk register contains actions to manage risks to target. Risks are subject to regular review, reported quarterly to the Executive Management Team, and to every Audit & Risk Committee meeting.

5. PENSION FUND VALUATION

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet has reduced by £458.7m during the year, mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson). (It reduced by £205.0m during 2021/22). The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

It is important to understand that pension benefits do not become payable until employees retire; however the Council is required to account for the future obligations at the same time as the employees earn their future entitlement, in accordance with proper accounting practices. Further details are given in Note 37.

6. THE COUNCIL'S STATEMENT OF ACCOUNTS

The statement of accounts reports the income and expenditure on service provision for the year and the value of the Council's assets and liabilities at the end of the financial year. This is prepared in accordance with proper accounting practices as defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Local authorities are required to produce a comprehensive income and expenditure statement, a balance sheet and a cash flow statement, as a private sector company would. From 2016/17 an expenditure and funding analysis was introduced. However, as local authorities are also tax raising bodies (through Council Tax), they are required to produce an additional financial statement, accounting for movements to and from the general fund, through a movement in reserves statement. A review of materiality has also concluded that Group Accounts are again required this year. A brief explanation of the purpose of each of financial statements is provided below:

Narrative Statement

Section 1 – The Core Financial Statements

Section 1a – Comprehensive Income and Expenditure Statement (CIES)

This statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax, and other Government grants. The amount funded from Council Tax and Government grants differ from this by a series of adjustments made in accordance with regulations. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Section 1b - Movement in Reserves Statement (MiRS)

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

Section 1c - Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

Section 1d - Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

Section 2 – Statement of Accounting Policies

These outline the accounting and measurement bases used for the recognition, measurement and disclosure of figures and events in preparing the financial statements in the accounts. Other accounting policies used that are relevant to an understanding of the financial statements are also included.

Section 3 – Notes to the Core Financial Statements

This section contains notes that help to explain or give more detail to the Core Financial Statements.

Section 4 – Housing Revenue Account (HRA)

This is a statutory account which shows the major elements of income and expenditure on Council Housing provision and associated services to Council tenants and leaseholders.

Narrative Statement

Section 5 – Collection Fund Accounts

This is a statutory account which shows the transactions relating to Council Tax and Non-Domestic Rates. It shows how the amounts collected have been distributed to the Council's General Fund, the Greater London Authority and Central Government.

Section 6 – Group Accounts

The Group Accounts combine the financial results of Lewisham Council with those of its subsidiaries, Lewisham Homes Limited and Catford Regeneration Partnership Limited. Transactions between the two subsidiaries and the Council are removed on merging the accounts of all parties. The Group Accounts therefore add the surpluses and balances and show the combined financial position for all three entities.

Section 7 - Glossary

This explains some technical and commonly used terms.

Section 8 – Pension Fund Accounts

The Lewisham Pension Fund is a separate entity from the Council and thus has its own accounts. These show the income and expenditure for the year, the value of the investments held and an assessment of the liabilities at the year end.

Section 9 – Annual Governance Statement (AGS)

This sets out the control and governance framework for all significant corporate systems and processes, cultures and values by which the Council is directed and controlled. It describes the activities with which the community is engaged and enables the monitoring of the achievement of the strategic objectives and the delivery of appropriate and cost effective services. It also reports any significant issues and the actions already taken and planned to be taken to address these.

Statement of Responsibilities

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Executive Director for Corporate Resources;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

Responsibility of the Executive Director for Corporate Resources

The Executive Director for Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Statement of Accounts as set out in this document, I certify that I have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the CIPFA Local Authority Code of Practice.

I certify that I have also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2023.

The Statement of Accounts is unaudited and may be subject to change.

Kathy Freeman CPFA
Executive Director for Corporate Resources (S151)
30 June 2023

**INDEPENDENT AUDITOR'S REPORTS TO THE MEMBERS OF LONDON
BOROUGH OF LEWISHAM**

To Follow

Core Financial Statements

SECTION 1 - CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2023

2021/22			SERVICE	2022/23			Note
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	
450,964	(377,893)	73,071	Children & Young People Directorate	473,815	(395,458)	78,357	
207,061	(120,446)	86,615	Community Services Directorate	211,679	(114,216)	97,463	
130,791	(95,593)	35,198	Housing, Regeneration & Public Realm Directorate	144,649	(102,429)	42,220	
218,738	(177,634)	41,104	Corporate Resources Directorate	231,648	(190,957)	40,691	
13,604	(1,076)	12,528	Chief Executive Directorate	13,146	(536)	12,610	
99,590	(111,480)	(11,890)	Housing Revenue Account	134,693	(109,129)	25,564	
7,800	(6,229)	1,571	Corporate Provisions	17,785	(7,481)	10,304	
1,128,548	(890,351)	238,197	Cost of Services	1,227,415	(920,206)	307,209	1
			Other Operating Expenditure				
38,721	0	38,721	(Gain) / Loss on the disposal and de-recognition of non-current assets	48,091	0	48,091	
1,702	0	1,702	Levies	1,683	0	1,683	7
1,940	0	1,940	Contribution of housing capital receipts to Government Pool	0	0	0	19
42,363	0	42,363		49,774	0	49,774	
			Financing and Investment Income and Expenditure				
31,031	0	31,031	Interest payable and similar charges	30,949	0	30,949	
0	(1,611)	(1,611)	Interest and Investment Income	0	(8,602)	(8,602)	
0	0	0	Loss of Control of Assets	0	0	0	
43,123	(27,240)	15,883	Net interest on the net defined benefit liability	56,868	(41,175)	15,693	37
74,154	(28,851)	45,303		87,817	(49,777)	38,040	
			Taxation and non-specific Grant Income				
0	(119,787)	(119,787)	Income from Council Tax	0	(123,946)	(123,946)	
0	(32,686)	(32,686)	General Government Grants	0	(65,950)	(65,950)	30
0	(19,839)	(19,839)	Recognised Capital Grants and Contributions	0	(27,208)	(27,208)	
0	(94,056)	(94,056)	Non-Domestic Rates income and expenditure	0	(85,066)	(85,066)	
0	(266,368)	(266,368)		0	(302,170)	(302,170)	
		59,495	Deficit/ (Surplus) on provision of services			92,853	1
	(102,702)		Surplus on revaluation of non-current assets			(129,275)	21
	(252,053)		Remeasurement of the net defined benefit liability			(502,495)	20, 37
	(354,755)		Other Comprehensive Income and Expenditure			(631,770)	
	(295,260)		Total Comprehensive Income and Expenditure			(538,917)	

Core Financial Statements

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2023											
YEAR YEAR ENDING 31 MARCH 2023	General Fund Balance £000	Earmarked Gen Fund Reserves £000	Sub-Total General Fund £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Note
Balance at 01 April 2022 Brought Forward	20,000	231,340	251,340	30,315	0	64,387	30,372	376,414	1,738,123	2,114,537	
Movement in Reserves during 2022/23											
Surplus or (Deficit) on the provision of services	(13,906)	0	(13,906)	(78,947)	0	0	0	(92,853)	0	(92,853)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	631,770	631,770	21, 22
Total Comprehensive Income and Expenditure	(13,906)	0	(13,906)	(78,947)	0	0	0	(92,853)	631,770	538,917	
Adjustments between accounting basis and funding basis under regulations	8,054	0	8,054	62,700	0	2,751	(3,757)	69,748	(69,748)	0	8
Net Increase / (Decrease) before Transfers to Earmarked Reserves	(5,852)	0	(5,852)	(16,247)	0	2,751	(3,757)	(23,105)	562,022	538,917	
Transfers to / (from) Reserves	5,852	(5,852)	0	0	0	0	0	0	0	0	
Increase / (Decrease) in 2022/23	0	(5,852)	(5,852)	(16,247)	0	2,751	(3,757)	(23,105)	562,022	538,917	
Balance at 31 March 2023 Carried Forward	20,000	225,488	245,488	14,068	0	67,138	26,615	353,309	2,300,145	2,653,454	
Note		9		HRA 15	HRA 14	19					

Core Financial Statements

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2022											
YEAR ENDING 31 MARCH 2021	General Fund Balance £000	Earmarked Gen Fund Reserves £000	Sub-Total General Fund £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Note
Balance at 01 April 2021 Brought Forward	20,000	220,659	240,659	74,978	1,884	58,296	26,605	402,422	1,416,855	1,819,277	
Movement in Reserves during 2021/22											
Surplus or (Deficit) on the provision of services	(25,056)	0	(25,056)	(34,439)	0	0	0	(59,495)	0	(59,495)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	354,755	354,755	21, 22
Total Comprehensive Income and Expenditure	(25,056)	0	(25,056)	(34,439)	0	0	0	(59,495)	354,755	295,260	
Adjustments between accounting basis and funding basis under regulations	35,737	0	35,737	(10,224)	(1,884)	6,091	3,767	33,487	(33,487)	0	8
Net Increase / (Decrease) before Transfers to Earmarked Reserves	10,681	0	10,681	(44,663)	(1,884)	6,091	3,767	(26,008)	321,268	295,260	
Transfers to / (from) Earmarked Reserves	(10,681)	10,681	0	0	0	0	0	0	0	0	
Increase / (Decrease) in 2021/22	0	10,681	10,681	(44,663)	(1,884)	6,091	3,767	(26,008)	321,268	295,260	
Balance at 31 March 2022 Carried Forward	20,000	231,340	251,340	30,315	0	64,387	30,372	376,414	1,738,123	2,114,537	
Note		9		HRA 15	HRA 14	19					

Core Financial Statements

BALANCE SHEET AS AT 31 MARCH 2023

31/03/2022 £000		31/03/2023 £000	Note
	<u>Property, Plant & Equipment</u>		
1,413,440	Council Dwellings	1,440,091	10b, HRA 1a, 9
1,106,877	Other Land and Buildings	1,200,130	10b
27,001	Vehicles, Plant, Furniture and Equipment	25,836	10b
103,286	Infrastructure	96,100	10c
5,199	Community Assets	5,137	10b
60,856	Surplus Assets not Held for Sale	63,659	10b
123,671	Assets under Construction	135,153	10b
2,840,330		2,966,106	
955	Heritage Assets	955	41
1,873	Long Term Investments	1,829	
59,520	Long Term Debtors	60,237	14a
2,902,678	Total Long Term Assets	3,029,127	
275,247	Short Term Investments	218,539	12
180	Inventories	197	
67,505	Debtors	70,616	14b
117,639	Cash and Cash Equivalents	94,974	15
3,102	Prepayments	4,347	
463,673	Current Assets	388,673	
5,932	Bank Overdraft	592	15
3,006	Short Term Borrowing	3,579	12
15,594	Provisions (Less than 1 year)	8,395	18
157,247	Creditors	146,146	16
69,044	Receipts in Advance	73,281	17
10,158	PFI Liabilities due within one year	10,852	34d
260,981	Current Liabilities	242,845	
3,105,370	Total Assets less Current Liabilities	3,174,955	
221,646	Long Term Borrowing	219,947	12
5,676	Provisions (More than 1 year)	6,015	18
193,246	Deferred PFI Liabilities	182,394	34d
3,320	Capital Grants Receipts in Advance	4,237	
937	Other Long Term Liabilities	1,614	
566,008	Liability related to defined benefit pension scheme	107,294	20, 37
990,833	Long Term Liabilities	521,501	
2,114,537	NET ASSETS	2,653,454	

Core Financial Statements

31/03/2022 £000		31/03/2023 £000	Note
	Usable Reserves		
20,000	General Fund Balance	20,000	
231,340	Earmarked Revenue Reserves	227,426	9
30,315	Housing Revenue Account	14,068	HRA 15
0	Major Repairs Reserve	0	HRA 14
64,387	Usable Capital Receipts Reserve	67,138	19
30,372	Capital Grants Unapplied	26,615	42
376,414		355,247	
	Unusable Reserves		
1,288,111	Revaluation Reserve	1,390,078	21
1,087,629	Capital Adjustment Account	1,078,742	22
93	Deferred Capital Receipts	93	
(32,981)	Financial Instruments Adjustment Account	(32,163)	12e
(566,008)	Pensions Reserve	(107,294)	20, 37
(11,300)	Collection Fund Adjustment Account	156	Coll Fd 3
(8,866)	DSG Unusable Reserve	(13,091)	29
(18,555)	Short Term Compensated Absences Account	(18,314)	
1,738,123		2,298,207	
2,114,537	TOTAL RESERVES	2,653,454	

Certification by the Executive Director of Corporate Resources

	Kathy Freeman CPFA - Executive Director of Corporate Resources (S151) 30 June 2023
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Core Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2023

2021/22 £000s		2022/23 £000s	Note
(59,495)	Net surplus or (deficit) on the provision of services	(92,853)	
160,508	Adjustment to surplus or deficit on the provision of services for non-cash movements	136,066	43
(40,307)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(41,361)	44
60,706	Net Cash flows from Operating Activities	1,852	
(35,512)	Net Cash flows from Investing Activities	(27,289)	46
8,876	Net Cash flows from Financing Activities	8,112	47
34,070	Net Increase or (decrease) in Cash and Cash Equivalents	(17,325)	
77,637	Cash and Cash Equivalents at the beginning of the reporting period	111,707	15
111,707	Cash and Cash Equivalents at the end of the reporting period	94,382	15

SECTION 2 - STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 (as amended for the Accounts and Audit (Amendment) Regulations 2021), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the SERCOP 2021/22, both published by CIPFA, and based on IFRS and statutory guidance under Section 12 of the Local Government Act 2003 (see Glossary for definitions). The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis (in other words, on the expectation that the Council will continue to operate in its current form for the foreseeable future).

2. CHANGES IN ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES, MATERIAL ERRORS AND PRIOR PERIOD ADJUSTMENTS

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Prior period adjustments may arise from a change in an accounting policy or to correct a material error. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3. ACCRUALS OF INCOME AND EXPENDITURE

The Council's revenue and capital accounts are prepared on an accruals basis. This means that activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Expenditure on supplies is accounted for when they are used. When there is a significant gap between the date on which supplies are received and the date of their use, and the value is material, they are carried as inventories on the Balance Sheet.
- Expenditure in relation to services received (including those provided by employees) is accounted for as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised in the accounts, but cash has not been received or paid, a debtor or creditor for the amount is recorded in the Balance Sheet. Where it is likely that debts may not be settled, a charge is made to revenue for the income that might not be collected and the debtor is impaired.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will be received by the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably

Statement of Accounting Policies

the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will be received by the Council.

- Revenue from Council Tax, Non-Domestic Rates and rents is accounted for in the year it is due.
- The Council has a de-minimis level in accounting for manual accruals of £5,000. However, this does not mean that all transactions below this value will not be accrued as they may form part of feeder file accruals (where the file is over £5k) or where similar transactions below £5k add up to a total above £5k.

4. EXCEPTIONAL ITEMS

Where items of expenditure and income are material, their nature and amount are disclosed separately, either in the Comprehensive Income and Expenditure Statement (the "CIES") or in a note to the accounts, depending on their significance.

5. FOREIGN CURRENCY TRANSLATION

Where the Council has entered into a foreign currency transaction, it is converted into sterling at the exchange rate prevailing on the transaction date. Where amounts are outstanding at year end, they are converted at the exchange rate on 31 March. Any material gains or losses are charged to the Financing and Investment Income and Expenditure line in the CIES.

6. VALUE ADDED TAX (VAT)

Income and Expenditure excludes any amounts related to VAT, unless it is irrecoverable from Her Majesty's Revenue and Customs. VAT is paid on invoices received and charged to an input tax account and VAT is collected with income and posted to an output tax account. These accounts are reconciled and claims made to HM Revenue and Customs for the net VAT incurred on a monthly basis.

7. EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:-

- those that give evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events where they are considered to be material;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events. However, where they would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

8. OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to the services where those budgets are controlled, in line with the organisational structure of the Council. However, overheads and support services still continue to be allocated across the benefiting services to cover statutory requirements (for example, between the General Fund and Housing Revenue Account) and for statutory returns to Central Government.

Statement of Accounting Policies

9. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions will be received. Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential of the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or else the future economic benefits or service potential must be returned to the transferor. Amounts received as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as receipts in advance. When conditions are satisfied, they are credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement (MiRS). Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

10. LEASES

Leases are classified as finance leases where the terms of the lease substantially transfer all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements which do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where the fulfilment of the arrangement is dependent on the use of specific assets.

a) The Council as Lessee**i) Finance Leases**

The Council as lessee does not have any finance leases.

ii) Operating Leases

Rentals paid under operating leases are charged to the CIES as expenditure of the services which benefit from the use of the leased asset. Charges are made on a straight-line basis over the life of the lease, even if this does not match the incidence of payments (e.g. where there is a rent-free period).

b) The Council as Lessor**i) Finance Leases**

When the Council grants a finance lease over a property or item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Any gain, representing the Council's net investment in the lease, is credited to the same line in the CIES as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long-term debtor) in the Balance Sheet. The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.

Statement of Accounting Policies

Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the MiRS. When the future rentals are received, the capital receipt for the disposal of the asset is used to write down the lease debtor, and the associated deferred capital receipt is transferred to the Capital Receipts Reserve.

Lease rentals received are apportioned between a charge for the acquisition of the interest in the property, which is applied to write down the lease debtor (together with any premiums received), and finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

ii) Operating Leases

Where the Council grants an operating lease over a property or item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES on a straight-line basis over the life of the lease, even if this does not match the incidence of payments received.

The implementation of IFRS 16 Leases has been deferred to 1 April 2024 - for further information see Note 2 of Section 3 in these Accounts.

11. INVENTORIES (STOCK)

Highways and fleet stores are valued and included in the Balance Sheet at cost price as a proxy for average price. Revenue accounts are charged with the cost of obsolescent stock written off.

12. LONG TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

13. EMPLOYEE BENEFITS

a) Benefits Payable during Employment

Short-term employee benefits are those which are settled within 12 months of the year-end. They include salaries, paid annual leave and sick leave for current employees and are recognised as an expense in the year in which employees render their services to the Council. An accrual is made for the cost of entitlements (or any form of leave) earned by employees, but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the year in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the MiRS using the Short Term Compensated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. This account shows the differences arising on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March each year. Statutory requirements are that the impact on Council Tax is reversed through the Account.

b) Termination and Discretionary Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before their normal retirement date. They are charged on an accruals basis to the relevant Service Cost line in the CIES in the year in which the Council is committed to the termination of the employment of the officer. The Council has an approved scheme to make awards of benefits in the event of early retirements which requires a panel to consider and agree proposals on the grounds of redundancy and/or efficiency and applications for voluntary early retirement from employees.

Statement of Accounting Policies

Where termination benefits have involved the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any amounts payable but unpaid at the year-end.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities arising as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

c) Post-Employment Benefits

Employees of the Council are members of four separate pension schemes:-

- The Teachers' Pension Scheme, administered by Capita Teachers Pensions for the DfE;
- The NHS Pension Scheme, administered by EA Finance NHS Pensions;
- The London Pension Fund administered by the Local Pensions Partnership Limited (LPP) on behalf of the London Pensions Fund Authority (LPFA);
- The Local Government Pension Scheme (LGPS), administered by Lewisham Council.

These schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as they work for the Council.

(i) Teachers' Pension Scheme and the NHS Pension Scheme

These schemes are defined benefit schemes, but are accounted for as if they were defined contributions schemes, since their liabilities cannot be separately identified to individual Local Authorities. No liabilities for future payment of benefits are therefore recognised in the Balance Sheet for these schemes. The CIES is charged with the employer's contributions paid to the schemes during the year.

(ii) London Pension Fund Scheme

This scheme is a defined benefit scheme and is accounted for as such, since its liabilities and assets can be identified to individual Councils. The CIES is charged with a levy from the LPFA to meet the employer's contributions such as premature retirement costs in respect of former employees of the GLC, ILEA and LRB.

(iii) Local Government Pension Scheme

This scheme is a defined benefit scheme and is accounted for as such, since its liabilities and assets are attributable to individual Local Authorities. The Council's attributed liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments to be made by the Scheme in relation to benefits earned to date, based on a number of assumptions about mortality rates, turnover, projected earnings etc. These liabilities are discounted to their value at current prices, using a discount rate recommended by the Scheme's Actuaries.

The assets of the Scheme are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pensions liability is analysed into the following components:-

- Service Costs comprising
The current service cost which is the increase in liabilities as a result of years of service earned this year. These are allocated in the CIES to the services for which the employees worked.
The past service cost which is the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited to the relevant Service Directorate in the Surplus or Deficit on the Provision of Services in the CIES.

Statement of Accounting Policies

- Net interest on the net defined benefit liability
This is the change in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate to the net defined benefit liability at the beginning of the period, accounting for any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurement comprising
The return on plan assets excluding amounts included in net interest.
The actuarial gains and losses arising from changes in demographic and financial assumptions since the last actuarial valuation.
Other changes not accounted for elsewhere.

Statutory regulations require Council Tax to fund the amounts payable to the Pension Scheme in the year, rather than the amount calculated according to the relevant accounting standards. The notional entries for assets and liabilities are therefore matched with appropriations to and from the Pension Reserve in the Movement in Reserves Statement. The negative balance on the Pensions Reserve thus measures the beneficial impact on the General Fund of being required to account on the basis of cash flows rather than as benefits are earned by employees.

The detailed accounting policies followed in preparing the pension fund accounts are disclosed separately in the Council's Pension Fund Accounts in Section 8 of the Statement of Accounts.

14. INTERESTS IN COMPANIES

The Council has two wholly owned subsidiary companies, Lewisham Homes Limited and Catford Regeneration Partnership Limited. These are accounted for at cost in the single entity accounts. It also is an equal partner (50:50) in Lewisham Grainger Holdings LLP with Grainger Developments Ltd and has a minority interest (significantly lower than 50%) in a number of other companies. The transactions between the Council and all of these companies are included in the Council's accounts. An annual review of the necessity of preparing Group Accounts is undertaken, and for 2022/23 it has again been concluded that the activities of Group's entities are sufficiently material to warrant the production of Group Accounts. See also Section 6 – Group Accounts, and Note 25 - Investment in Companies.

15. REVENUE PROVISIONS AND IMPAIRMENT ALLOWANCES

a) Provisions

The Council has set aside amounts from revenue as provisions which will be used to cover future expenditure. Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement at a later date and where a reliable estimate can be made of the amount of the obligation. Provisions are charged to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision in the Balance Sheet. All provisions are reviewed at the end of the financial year, and where it is assessed that it is less than probable that a settlement will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Statement of Accounting Policies

b) Impairment Allowances

Impairment allowances to cover Council Tax, housing rents and other debtors are set up where it is doubtful that the debts will be settled. A charge is made to the relevant account for the income and is deducted from the current debtors balance on the Balance Sheet. When it is deemed that the debts are irrecoverable they are written off to the impairment allowance. Where payments are made, they are credited to the provision on the Balance Sheet.

16. RESERVES

The Council has set aside specific amounts as reserves to cover future expenditure for contingencies or policy purposes, which fall outside the definition of provisions, and are shown in Note 9 of Section 3. The reserves are created by appropriating amounts out of the General Fund Balance in the MiRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then credited back to the General Fund Balance in the MiRS so that there is no net charge against Council Tax. Statutory reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and are not available for the Council to use to finance services.

17. CONTINGENT LIABILITIES AND ASSETS

A contingent liability or asset arises where an event has taken place that gives the Council a possible obligation or asset. However, this will only be confirmed by the occurrence or otherwise of another event not wholly within the control of the Council. These are not recognised in the Balance Sheet but are disclosed in a note to the accounts. A contingent liability could also arise in circumstances where a provision would otherwise be made but either it is not probable that a payment will be required or the amount of the obligation cannot be measured reliably.

18. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred which can be capitalised under statutory provisions but does not result in the creation of a non-current asset for the Council (e.g. home improvement grants or voluntary aided schools expenditure), is charged to the relevant service cost line in the CIES. Where this expenditure is met from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on Council Tax.

19. FINANCIAL INSTRUMENTS

a) Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by its effective rate of interest. This rate exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For the Council's borrowings, the amount on the Balance Sheet is the outstanding principal repayable (plus accrued interest), and the interest charged to the CIES is the amount payable for the year for the loan. Following a change in the Code in 2019/20 call options within LOBO contracts are no longer accounted for separately.

Statement of Accounting Policies

Premiums and discounts from previous year's settlements are charged to the CIES in accordance with regulations requiring the impact on the General Fund and the HRA to be spread over future years. The Council's policy is to spread the gain or loss over the remaining term of the loan repaid on which the premium was payable or discount receivable. As required by statute, the amounts charged to the CIES are adjusted to the required charge against Council Tax or Housing Rents by a transfer to or from the Financial Instruments Adjustment Account in the MiRS. This account holds the accumulated difference between the financing costs charged to the CIES and the accumulated financing costs required to be charged to the General Fund Balance in accordance with regulations.

b) Financial Assets

Following the adoption of accounting standard IFRS 9 from 01 April 2018, which replaced IAS 39 Financial Instruments, the Available for Sale Financial Asset category is no longer available. Assets previously held as available for sale have now been reclassified in line with IFRS 9 code. In order to comply with the new requirements of the Code, financial assets are now classified into three categories:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

b (i) Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value, then subsequently at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES

c) Expected Credit Loss Model

The Council will recognise expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis, where material. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Statement of Accounting Policies

20. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than twenty four hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value. The Cash Flow Statement shows cash and cash equivalents net of repayable on demand bank overdrafts which form an integral part of the Council's cash management.

21. INTANGIBLE NON CURRENT ASSETS

Intangible Non-Current Assets (e.g. software licences) do not have any physical substance and are identifiable and controllable by the Council through custody or legal rights. The expenditure is only capitalised when it and the future economic benefits or service potential flowing from it are both material. The level of spend on these assets is immaterial and therefore is charged direct to the CIES.

22. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability.

a) Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided it adds value, increases its ability to deliver future economic benefits or service potential, or can be capitalised as a component and exceeds the Council's de-minimis limit of £40,000. Expenditure financed from the government's Devolved Formula Capital Grant is also capitalised on the basis that it increases the school's service potential. Expenditure that only maintains an asset's value (i.e. repairs and maintenance) and does not increase its ability to deliver benefits or services is charged as revenue expenditure when it is incurred.

b) Measurement and Valuation

Non-current assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Council capitalises costs incurred whilst assets are under construction if these costs are directly attributable to an asset and it is probable that future economic benefits will flow to the authority (in accordance with IAS 16). These balances are held on the balance sheet under the category Assets Under Construction (AUC) and are transferred to the specific non-current assets category when the project reaches practical completion. Non-current assets are carried on the Balance Sheet using the following measurement bases:

- community assets and assets under construction – depreciated historical cost;
- dwellings – current value, using the basis of existing use value for social housing (EUV-SH);
- all other assets – current value, being the amount that would be paid for the asset in its existing use (existing use value – EUV);

Statement of Accounting Policies

- where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value;
- where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Non-current assets included in the Balance Sheet at fair value are revalued regularly in accordance with the Statements of Appraisal and Valuation Manual and Guidance Notes issued by the RICS and recommended by CIPFA.

The cost of an asset acquired other than by purchase is deemed to be its fair value. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the CIES. Where the donation has been made conditionally, the gain is held in the Donated Assets Account until conditions are satisfied. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MiRS.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no or an insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line in the CIES.

Surplus Assets not Held for Sale are assets that are not being used to supply goods and services and do not meet the criteria of assets held for sale. The adoption of IFRS 13 requires that these assets are measured at fair value and not existing use value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For surplus assets the gross value has been apportioned between land and building elements (residual and depreciable). Remaining useful life elements have also been provided for each asset. The aim is to arrive at the notional 'Highest and Best use value' for the asset. This has been achieved, for these purposes, by comparing the 'current use' of the asset to the notional 'alternative use' based on potential redevelopment on a land value basis for the site.

The valuer (Wilks Head and Eve) has stated in their valuation report that these assets have been categorised at Level 2 of the hierarchy as there are significant observable inputs:

- Land, Office, and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the locality.
- Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the Fair Value hierarchy.

Typical valuation inputs which have been analysed in arriving at the Fair Valuations include: Market Rental and Sale Values; Yields; Void and Letting Periods; Size; Configuration, proportions and layout; Location, visibility and access; Condition; Lease covenants; Obsolescence; Construction.

The Fair Value of the asset, for the current use, has been determined by applying an income or comparative approach based on the rental value of the property.

In most cases the assets have been leased on the open market and there are comparables to draw upon in relation to rental values, yields and rental growth.

Although there is an element of Valuer subjectivity, the valuers are of the view that the valuations comprise a higher proportion of observable inputs rather than unobservable inputs.

c) Charges to Revenue for Non-Current Assets

All services are charged with the following amounts to reflect the cost of using Property, Plant and Equipment assets during the year:

Statement of Accounting Policies

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service (where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off).

These amounts are not required to be charged against Council Tax; however the Council is required to make an annual contribution from revenue (the Minimum Revenue Provision – MRP) to reduce its overall outstanding borrowing, calculated on a prudent basis in accordance with statutory guidance. The difference between the two is accounted for within the Capital Adjustment Account in the Movement in Reserves Statement.

d) Impairment

Non-current assets held on the Balance Sheet are reviewed at year-end to assess whether they may be impaired. Where an impairment exists, the recoverable amount of the asset is estimated and if material, an impairment loss is recognised for the shortfall and is accounted for as follows:-

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no or an insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

e) Depreciation

Depreciation is charged on all Property, Plant and Equipment assets by applying the straight-line method based on the asset's useful life. Depreciation is not charged for assets with an indeterminable finite useful life, a long life such that depreciation would be immaterial, assets where the recoverable amount exceeds the carrying amount (i.e. freehold land, community assets) and assets under construction. Depreciation is calculated on the following bases:

- council dwellings – 40 years
- other land & buildings (including hostels) – 40 years
- vehicles, plant & equipment – range of 5 to 40 years

The Council's policy is to charge depreciation on the assets value at 01 April each year. It is charged from the year following the date of purchase or completion of construction, and is not adjusted for disposals or additions of assets during the year. Where an asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

f) Disposals of Non-Current Assets

When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Statement of Accounting Policies

Amounts received for asset disposals are classified as capital receipts. A proportion of receipts from housing disposals (as per the relevant regulations) are payable to the Government. The retained receipts are required to be credited to the Usable Capital Receipts Reserve, and can only be used to finance new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS. The written-off value of disposals is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.

g) Deferred Capital Receipts

This reserve holds the gains recognised on the disposal of non-current assets but for which a cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the cash settlement eventually takes place, the amounts are transferred to the Usable Capital Receipts Reserve.

23. HIGHWAYS INFRASTRUCTURE ASSETS

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

a) Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

b) Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 England, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

c) Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Part of the highways network	Useful life
Carriageways	25 years
Footways and cycle tracks	25 years
Structures (bridges, tunnels and underpasses)	25 years
Street lighting	25/ 40 years
Street furniture	25 years
Traffic management systems	25 years

Statement of Accounting Policies

d) Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

The authority has determined in accordance with Regulation [30M] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

24. HERITAGE ASSETS

These are assets which are primarily held for their contribution to knowledge or culture; however, where they are used as operational assets, they are classified as such. They are recognised and measured in accordance with the accounting policies on Property, Plant and Equipment in respect of revaluation, impairment and disposal. The Council has, however, opted not to depreciate these assets since they are enduring by nature. The threshold for disclosure is £40,000.

25. PRIVATE FINANCE INITIATIVE (PFI) CONTRACTS

These are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Where schemes include a capital contribution, the liability is written down accordingly. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as other non-current assets owned by the Council. The amounts payable to the PFI operators each year are analysed into the following five elements:

- fair value of the services received during the year – debited to the relevant service in the CIES;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the CIES;
- contingent rent – increases in the amount to be paid for the asset arising during the contract, debited to Interest Payable and Similar Charges in the CIES;
- payment towards liability – applied to write down the liability towards the PFI operator;
- lifecycle replacement costs – recognised as prepayments in the Balance Sheet and then recognised as non-current assets on the Balance Sheet when the work is carried out.

26. ACCOUNTING FOR SCHOOLS

Schools' accounting policies are the same as the Council's, with their income and expenditure being attributed to the appropriate service line in the CIES and their assets, liabilities and balances being included on the Balance Sheet. Schools' earmarked reserves are shown separately within Note 9 to the Core Financial Statements. An analysis of Dedicated Schools' Grant (the main source of funding for schools) is shown in Note 29. Any critical judgements made relating to accounting for schools' non-current assets (i.e. land and buildings) are shown in Note 3.

Notes to the Core Financial Statements

SECTION 3 – NOTES TO THE CORE FINANCIAL STATEMENTS

1. EXPENDITURE AND FUNDING ANALYSIS – YEAR ENDING 31 MARCH 2023

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

SERVICE	As reported for resource management (Narrative report) £'000	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (see Notes to EFA (i)) £'000	Net Expenditure in the CIES £'000
Children & Young People Directorate	68,900	(17,280)	51,620	26,737	78,357
Community Services Directorate	84,000	7,113	91,113	6,350	97,463
Housing, Regeneration & Public Realm Directorate	26,400	12,301	38,701	3,519	42,220
Corporate Services Directorate	32,900	2,864	35,764	4,927	40,691
Chief Executive Directorate	10,800	959	11,759	851	12,610
HRA		10,634	10,634	14,930	25,564
Corporate Provisions	32,600	2,680	35,280	(24,976)	10,304
Cost of Services	255,600	19,271	274,871	32,338	307,209
Other Income and Expenditure	(248,600)	(4,172)	(252,772)	38,416	(214,356)
(Surplus) or Deficit	7,000	15,099	22,099	70,754	92,853

Notes to the Core Financial Statements

Analysis of Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £15.1mGeneral Fund -£1.1m

The "Other Income and Expenditure" that is reported to management is equal to the net general fund budget set for the year (£248.6m). This is then compared to the net cost of services to get to the reported overspend for the year of £7.0m. However, the net reduction in General Fund reserves for the year was £5.9m, the difference to the reported outturn position being mostly made up of an additional £1m funding for Children's Social Care from Corporate reserves.

HRA £16.2m

Within reports to management the net over/ underspend position of the HRA is always reported as nil, after taking account of/ noting the various movements and forecasts for the main income and expenditure items and the required action to return the account to a net nil budget. The net movement in HRA reserves in the year was a reduction of £16.2m, so this needs to be added back into the "Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances" to get to the required "Net Expenditure Chargeable to the General Fund and HRA Balances".

Opening General Fund and HRA Balance at 01 April 2022	(281,655)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	22,099
Closing General Fund and HRA Balance at 31 March 2023	(259,556)

Analysed between General Fund and HRA Balances			
	General Fund	HRA	Total
Opening General Fund and HRA Balance at 01 April 2022	(251,340)	(30,315)	(281,655)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	5,852	16,247	22,099
Closing General Fund and HRA Balance at 31 March 2023	(245,488)	(14,068)	(259,556)

Notes to the Core Financial Statements

EXPENDITURE AND FUNDING ANALYSIS – YEAR ENDING 31 MARCH 2022

SERVICE	As reported for resource management (Narrative report) £'000	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (see Notes to EFA (i)) £'000	Net Expenditure in the CIES £'000
Children & Young People Directorate	64,000	(23,916)	40,084	32,987	73,071
Community Services Directorate	96,500	(19,413)	77,087	9,528	86,615
Housing, Regeneration & Public Realm Directorate	26,700	(670)	26,030	9,168	35,198
Corporate Services Directorate	35,400	(61)	35,339	5,765	41,104
Chief Executive Directorate	10,700	(182)	10,518	2,010	12,528
HRA	0	43,721	43,721	(55,611)	(11,890)
Corporate Provisions	10,300	1,952	12,252	(10,681)	1,571
Cost of Services	243,600	1,431	245,031	(6,834)	238,197
Other Income and Expenditure	(243,100)	32,051	(211,049)	32,347	(178,702)
(Surplus) or Deficit	500	33,482	33,982	25,513	59,495

Opening General Fund and HRA Balance at 01 April 2021	(315,637)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	33,982
Closing General Fund and HRA Balance at 31 March 2022	(281,655)

Notes to the Core Financial Statements

Analysed between General Fund and HRA Balances			
	General Fund	HRA	Total
Opening General Fund and HRA Balance at 01 April 2021	(240,659)	(74,978)	(315,637)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	(10,681)	44,663	33,982
Closing General Fund and HRA Balance at 31 March 2022	(251,340)	(30,315)	(281,655)

Notes to the Core Financial Statements

Notes to the EFA

(i) Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the CIES amounts	2022/23			
	Adjustment for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
SERVICE				
Children & Young People Directorate	4,927	20,119	1,691	26,737
Community Services Directorate	2,804	3,719	(173)	6,350
Housing, Regeneration & Public Realm Directorate	11,737	2,945	(11,163)	3,519
Corporate Services Directorate	1,678	3,001	248	4,927
Chief Executive Directorate	0	864	(13)	851
HRA	14,789	141	0	14,930
Corporate Provisions	(21,457)	(2,701)	(818)	(24,976)
Cost of Services	14,478	28,088	(10,228)	32,338
Other Income and Expenditure	22,723	15,693	0	38,416
Difference between General Fund surplus or deficit and CIES surplus or deficit	37,201	43,781	(10,228)	70,754

Notes to the Core Financial Statements

Adjustments from General Fund to arrive at the CIES amounts	2021/22			
	Adjustment for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
SERVICE				
Children & Young People Directorate	774	23,194	9,019	32,987
Community Services Directorate	2,974	3,875	2,679	9,528
Housing, Regeneration & Public Realm Directorate	14,326	2,908	(8,066)	9,168
Corporate Services Directorate	911	2,853	2,001	5,765
Chief Executive Directorate	0	1,010	1,000	2,010
HRA	(55,738)	127	0	(55,611)
Corporate Provisions	(6,998)	(2,830)	(853)	(10,681)
Cost of Services	(43,751)	31,137	5,780	(6,834)
Other Income and Expenditure	16,464	15,883	0	32,347
Difference between General Fund surplus or deficit and CIES surplus or deficit	(27,287)	47,020	5,780	25,513

Notes to the Core Financial Statements

(i) Segmental Income and Expenditure

	2022/23
	£'000
Revenues from external customers	(292,533)
Revenues from transactions with other operating segments of the authority	0
Interest revenue	(8,602)
Interest expense	30,949
Depreciation and amortisation	73,591
Material items of income and expense (related to disposals of PPE and investments and reversals of provisions)	48,091
The authority's interest in the profit or loss of associates and joint ventures accounted for by the equity method	0
Income tax expense or income	0
Material non-cash items other than depreciation and amortisation	0
	2021/22
	£'000
Revenues from external customers	(272,540)
Revenues from transactions with other operating segments of the authority	0
Interest revenue	(1,611)
Interest expense	31,031
Depreciation and amortisation	44,609
Material items of income and expense (related to disposals of PPE and investments and reversals of provisions)	38,721
The authority's interest in the profit or loss of associates and joint ventures accounted for by the equity method	0
Income tax expense or income	0
Material non-cash items other than depreciation and amortisation	0

2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED IN THE 2022/23 ACCOUNTS

The Code of Practice requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued, but not yet adopted. This applies to the adoption of the following new or amended standards within the Code:

- Leases: IFRS 16 will require lessees to recognise most leases on their balance sheet – this is a significant change from current practice. Lessees will have a single accounting model for all leases, with two exemptions (low value assets and short term leases). Lessor accounting will be substantially unchanged. The new standard will come into effect in financial year 2024/25; therefore there is no impact on the 2022/23 Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the Accounting Policies the Council has had to make certain judgements about complex transactions (shown in this note) and a number of assumptions which involve uncertainty about future events (shown in the following note). The major judgements made are as follows:

- a. The Authority has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on the main reason that the Authority is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Authority it is deemed to be a Property, Plant and Equipment asset. If there were no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used.
- b. An accounting judgement has been made for each school as to whether their land and buildings should be included within the Council's Balance Sheet. All Community Schools are deemed to be held on the Council's Balance Sheet due to the risks and rewards that the Council is deemed to have. Similarly, the Council's two Nursery Schools and the Pupil Referral Unit are owned and operated by the Local Authority and therefore on the Council's Balance Sheet. Voluntary Aided Schools and Academies together with a further two Foundation Schools are not included on the Council's balance sheet as ownership of Land and Buildings rests either with the relevant Diocesan body or, in the case of Academies the Government or the Foundation. In summary therefore:
 - Included are 40 Community Primary Schools, 4 Community Secondary Schools, 3 Community Special Schools, 2 Community Foundation Schools, 1 Pupil Referral Unit and 2 Nursery Schools (52 schools).
 - Excluded are 21 Voluntary-aided Schools, 2 Foundation Schools, 10 Academies and 3 others (35 schools).
 - Also excluded are assets acquired via PFI contracts where they relate to the excluded schools given above, although the PFI liability remains with the Council.
- c. A judgement has been made by the Council that it is proper practice to prepare Group Accounts for 2022/23, on grounds of materiality. For further information, see Section 2 – Accounting Policies (para. 14 – Interests in Companies); also Section 6 – Group Accounts; and Note 25 – Investment in Companies. All relevant entities have been consolidated into the Group Accounts.

Notes to the Core Financial Statements

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

These Accounts contain a number of estimated figures that are based on assumptions made about the future or that are otherwise uncertain, and take into account historical experience, current trends and other relevant factors. Because of this, the actual outcomes could be materially different from the assumptions and estimates made. The areas in the Council's Accounts at 31 March 2023 for which there is a significant possibility of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment - PP&E (Valuations, Asset Lives and Derecognition)	Land and building assets included in the Balance Sheet at fair value are revalued regularly in accordance with the Statements of Appraisal and Valuation Manual and Guidance Notes issued by the RICS and recommended by CIPFA. Land and building assets carrying value and remaining useful life are assessed by the Council's Valuers. These valuations include an assessment of the extent and feature of the sites, construction and the accommodation of the building etc.	<p>Changes to asset value and lives will have an effect on the annual depreciation charge for use of assets charged to services in the CI&ES. The annual depreciation charge for PP&E in 2022/23 is £43.545m (£43.276m in 2021/22) and the gross book value of these assets is £2,894m (£2,757m in 2021/22).</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 5%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £132m. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p> <p>The asset life has an inverse effect with depreciation charge. The lower the asset life, the higher the depreciation charge; the higher the asset life, the lower the depreciation charge.</p>
Valuation of HRA Dwellings	The Council's valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available	<p>A reduction in the estimate value of HRA dwellings would be a reduction on the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £144m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>

Notes to the Core Financial Statements

Actuarial present value of promised retirement benefits	The figure of net liability to pay pensions is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on Fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. Further sensitivity analysis is included in note 19 to the Pension Fund in Section 8, below.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption is estimated to reduce the present value of the pension liability by £24m. A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £23m.
Impairment allowance for doubtful debt	As at 31 March 2023, the Council had an outstanding balance of short-term debtors totalling £155.5m. Against this debtors' balance, there is an impairment allowance of £84.9m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. Calculation of expected credit loss is forward looking and doesn't just rely upon historic information without considering if that needs to be adapted to reflect current and future conditions. The calculation of the impairment allowance takes into account current and forecast future conditions.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. If collection rates were to deteriorate significantly then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.
Venture Capital - private equity / infrastructure	Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation. The Council makes up approximately 83% of the active members of the Pension Fund so would be impacted by this uncertainty.	The venture capital investment in the financial statements is £277.4m. There is a risk that this investment may be understated or overstated in the accounts and the risk is estimated to be 11.8%. This would be an increase or decrease in the value of venture capital investments by £32.7m, on a fair value of £277.4m. The Council makes up approximately 83% of the active members of the Pension Fund so would be impacted by this uncertainty - 83% of this risk is £27.2m.

Notes to the Core Financial Statements

Property investment valuations	Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used. The Council makes up approximately 83% of the active members of the Pension Fund so would be impacted by this uncertainty.	Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Council has determined that the percentage of volatility that can be applied to the Fund's Property assets in 2022/23, assuming all other variables such as foreign exchange rates and interest rates remain the same, is estimated to be 7.7%. This would be an increase or decrease in the value of property investments of £9.2m, on a fair value of £120m. The Council makes up approximately 83% of the active members of the Pension Fund so would be impacted by this uncertainty - 83% of this risk is £7.7m.
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a) Movement in Land and Buildings valuations analysis

A sensitivity analysis detailing movement in valuations is as follows:

Asset Category	Assets Valued at 31 March 23	Value on Increase			Value on Decrease		
		1%	5%	10%	1%	5%	10%
		£000	£000	£000	£000	£000	£000
Council Dwellings	1,440,091	1,454,492	1,512,096	1,584,100	1,425,690	1,368,086	1,296,082
Other Land & Buildings	1,200,130	1,212,131	1,260,137	1,320,143	1,188,129	1,140,124	1,080,117
Surplus Assets	63,659	64,296	66,842	70,025	63,022	60,476	57,293
Total	2,703,880	2,730,919	2,839,074	2,974,268	2,676,841	2,568,686	2,433,492

Asset Category	Assets Valued at 31 March 22	Value on Increase			Value on Decrease		
		1%	5%	10%	1%	5%	10%
		£000	£000	£000	£000	£000	£000
Council Dwellings	1,413,440	1,427,574	1,484,112	1,554,784	1,399,306	1,342,768	1,272,096
Other Land & Buildings	1,106,877	1,117,946	1,162,221	1,217,565	1,095,808	1,051,533	996,189
Surplus Assets	60,856	61,465	63,899	66,942	60,247	57,813	54,770
Total	2,581,173	2,606,985	2,710,232	2,839,290	2,555,361	2,452,114	2,323,056

b) Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in note 19 to the Pension Fund, see section 8, below. This estimate is subject to significant variances based on changes to underlying assumptions.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of Income and Expenditure that are not disclosed elsewhere in these Accounts.

Notes to the Core Financial Statements

6. EVENTS AFTER THE BALANCE SHEET DATE

The pre-audit Statement of Accounts was authorised for issue by the Executive Director for Corporate Resources on 30 June 2023. Events taking place after this date are not reflected in the accounts. Where events took place before this date which materially altered the conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect these altered conditions.

7. OTHER OPERATING EXPENDITURE - LEVIES

These are included under the "Other Operating Expenditure" line in the Comprehensive Income and Expenditure Statement and comprises the statutory levies for services carried out by other bodies.

	2022/23 £000	2021/22 £000
London Pension Fund Authority (a)	1,263	1,281
Lee Valley Regional Park Authority	210	213
Environment Agency	209	208
Total Levies Paid	1,682	1,702

(a) London Pension Fund Authority

The CIES is charged with a levy from the LPFA to meet the employer's contributions such as premature retirement costs in respect of former employees of the Greater London Council and Inner London Education Authority.

8. TECHNICAL NOTE: AN ANALYSIS OF THE MOVEMENT IN RESERVES STATEMENT ADJUSTMENTS BETWEEN THE ACCOUNTING BASIS AND FUNDING BASIS

This note details the adjustments that are made to the CIES recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The total of these adjustments appears as a line on the Movement in Reserves Statement.

Notes to the Core Financial Statements

2022/23	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to/ from the Pensions Reserve)	43,557	224				(43,781)
Financial instruments (transferred to the Financial Instruments Adjustment Account)	(818)	0				818
Council Tax and NDR (transfers to/ from Collection Fund Adjustment Account)	(11,456)					11,456
Holiday Pay (transferred to the Accumulated Absences Account)	(241)					241
Reversal of entries included in the Surplus/ Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA))	20,184	91,869	25,666			(137,719)
Schools Budget deficit accounting (to account for the in-year deficit and year-end deficit balance)	2,287					(2,287)
Total Adjustments to Revenue Resources	53,513	92,093	25,666	0	0	(171,272)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(628)	(14,710)		15,338		0
Payments to the Government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)	0			0		0
Statutory provision for the repayment of debt (transfer from the CAA)	(11,371)	(3,455)				14,826
Revenue Expenditure Funded from Capital under Statute	2,945					(2,945)
Capital expenditure funded from revenue balances (transfer to the CAA)	(10,338)	(11,228)				21,566
Total Adjustments between Revenue and Capital Resources	(19,392)	(29,393)	0	15,338	0	33,447
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure				(12,587)		12,587
Use of the Major Repairs Reserve to finance capital expenditure			(25,666)			25,666
Application of capital grants to finance capital expenditure	(26,067)				(3,757)	29,824
Total Adjustments to Capital Resources	(26,067)	0	(25,666)	(12,587)	(3,757)	68,077
Total Adjustments	8,054	62,700	0	2,751	(3,757)	(69,748)

Notes to the Core Financial Statements

2021/22	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to/ from the Pensions Reserve)	46,826	194				(47,020)
Financial instruments (transferred to the Financial Instruments Adjustment Account)	(853)	0				853
Council Tax and NDR (transfers to/ from Collection Fund Adjustment Account)	(9,841)					9,841
Holiday Pay (transferred to the Accumulated Absences Account)	9,983					(9,983)
Reversal of entries included in the Surplus/ Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA))	19,122	55,076	25,293			(99,491)
Schools Budget deficit accounting (to account for the in-year deficit and year-end deficit balance)	6,491					(6,491)
Total Adjustments to Revenue Resources	71,728	55,270	25,293	0	0	(152,291)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,067)	(12,748)		15,815		0
Payments to the Government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)	1,940			(1,940)		0
Statutory provision for the repayment of debt (transfer from the CAA)	(9,338)	(3,025)				12,363
Revenue Expenditure Funded from Capital under Statute	2,738					(2,738)
Capital expenditure funded from revenue balances (transfer to the CAA)	(3,721)	(49,721)				53,442
Total Adjustments between Revenue and Capital Resources	(11,448)	(65,494)	0	13,875	0	63,067
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure				(7,784)		7,784
Use of the Major Repairs Reserve to finance capital expenditure			(27,177)			27,177
Application of capital grants to finance capital expenditure	(24,543)				3,767	20,776
Total Adjustments to Capital Resources	(24,543)	0	(27,177)	(7,784)	3,767	55,737
Total Adjustments	35,737	(10,224)	(1,884)	6,091	3,767	(33,487)

Notes to the Core Financial Statements

9. EARMARKED RESERVES

The Council has a number of earmarked reserves on its Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to provide resources for future spending plans. This note shows the amounts used to meet General Fund expenditure in 2022/23 and amounts set aside in the year to finance future expenditure plans. The use of HRA earmarked reserves is shown in the notes to the HRA in Section 4.

Name of Reserve	Balance 31/03/22	2022/23 Transfers		Balance 31/03/23	
	£000	Out £000	In £000	£000	
Specific Revenue Earmarked - Corporate	101,203	(22,820)	27,079	105,462	(a (i))
Specific Revenue Earmarked - Collection Funds	0	(8,907)	16,279	7,372	(a (iv))
S31 Covid Business Rates Grant	5,327	(5,327)	0	0	(a (ii))
Covid Grants	7,982	(7,463)	0	519	(a (iii))
PFI and BSF Schemes	29,640	0	3,387	33,027	(b)
Capital Contingency	22,821	(96)	1,011	23,736	(c)
Insurance	16,091	(1,707)	0	14,384	(d)
Capital Programme Expenditure	912	(5,034)	4,815	693	(e)
Section 106 Reserve	21,380	(1,182)	0	20,198	(f)
	205,356	(52,536)	52,571	205,391	
Schools Reserves and External Funds	25,984	(26,447)	22,498	22,035	(g)
	25,984	(26,447)	22,498	22,035	
Total	231,340	(78,983)	75,069	227,426	

a) Specific Earmarked Reserves

- (i) These comprise a number of specific reserves which are earmarked for particular purposes.
- (ii) The Earmarked Revenue reserve contained the S31 Covid Business rates relief grant carried forward to 2022/23, this was fully utilised in 2022/23.
- (iii) Revenue reserves balances also included £8.0m of Other Covid-19 grants at the beginning of 2022/23. These were either used against revenue spend in 2022/23, used to support the Collection Fund, or returned to Central Government. £0.5m was still held at the end of 2022/23.
- (iv) Earmarked reserves have also been set up for future smoothing of potential collection fund deficits.

b) PFI and BSF Schemes Reserves

These reserves enable services to make revenue contributions towards their committed PFI and Building Schools for the Future (BSF) schemes in future years. This now includes the Street Lighting PFI Sinking Fund which was previously reported under the "Specific Revenue Earmarked Reserves" line.

c) Capital Contingency Reserve

The reserve is made up of unused grant ('New Homes Bonus grant') from central government. The grant is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. Use of the reserve is not ring-fenced and will be used to support the capital programme in future years.

d) Insurance Reserve

This has been established in order to supplement the insurance provision and covers potential costs arising from self-insured risks.

e) Capital Programme Expenditure Reserve

This reserve will be used to finance capital programme expenditure in future years.

Notes to the Core Financial Statements

f) Section 106 Reserve

This is S106 income received where no conditions related to repayment of unspent amount of grant received exists. This reserve will be used to finance capital programme expenditure in future years.

g) Schools Reserves and Schools External Funds

The Schools Reserves consist of the unspent year-end balances from schools' self-managed budgets. School External Funds are unspent balances from schools' locally generated funds. All these balances are earmarked to be used by schools in future years.

10. NON CURRENT ASSETS**a) Non-Current Assets Revaluations**

Assets are valued at least every five years as a minimum or more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value, to ensure that the Council's assets are valued in accordance with RICS and CIPFA guidance. The valuations this year were undertaken and signed off by the valuers Wilkes, Head and Eve LLP. Where revaluations have occurred in 2022/23, their exact effective date was 31 March 2023 for council dwellings and 31 March 2023 for other assets.

	Council Dwellings £000	Other Land & Buildings £000	Surplus Assets £000	Total £000
Valued at Historic Cost	0	0	0	0
Valued at Current Value				
2022-23	1,411,477	1,197,659	63,659	2,672,795
2021-22	28,614	2,273	0	30,887
2020-21	0	0	0	0
2019-20	0	0	0	0
2018-19	0	0	0	0
2017-18	0	198	0	198
Total Net Book Value	1,440,091	1,200,130	63,659	2,703,880

Notes to the Core Financial Statements

b) Movements in Non-Current Assets

The movements in non-current assets during 2022/23 were as follows:

2022/23	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equip't £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
Gross Book Value b/fwd at 01 April 2022	1,413,441	1,106,925	46,972	5,462	60,857	123,671	2,757,328
Additions	79,252	8,366	1,370	0	0	44,671	133,659
Revaluations (recognised in Revaluation Reserve)	21,501	69,918	10	0	2,568	0	93,997
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(31,541)	4,649	(11)	0	623	0	(26,280)
Impairments (recognised in Revaluation Reserve)	0	(217)				0	(217)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(31)	(133)				0	(164)
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	0
De-recognition of Assets (recognised in Other Operating Expenditure)	(54,813)	0	0	0	0	0	(54,813)
Disposals	(7,379)	0	0	0	(1,936)	0	(9,315)
Transfers	20,175	10,692	704		1,549	(33,120)	0
Gross Book Value c/fwd at 31 March 2023	1,440,605	1,200,200	49,045	5,462	63,661	135,222	2,894,195
Depreciation b/fwd at 01 April 2022	(1)	(48)	(19,971)	(263)	(1)	0	(20,284)
Depreciation for year	(24,743)	(15,057)	(3,355)	(62)	(328)	0	(43,545)
<u>Depreciation written back on:</u>							
Transfers	20	0	0	0	(20)	0	0
Revaluations (recognised in Revaluation Reserve)	22,666	12,414	106	0	309	0	35,495
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,544	2,621	11	0	38	0	4,214
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0	0	0	0
Assets Sold	0	0	0	0	0	0	0
Depreciation c/fwd at 31 March 2023	(514)	(70)	(23,209)	(325)	(2)	0	(24,120)
Net Book Value at 31 March 2023	1,440,091	1,200,130	25,836	5,137	63,659	135,222	2,870,075

Notes to the Core Financial Statements

The movements in non-current assets during 2021/22 were as follows:

2021/22	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equip't £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
Gross Book Value b/fwd at 01 April 2021	1,393,428	1,064,737	62,187	5,562	53,823	69,923	2,649,660
Additions	51,527	1,125	1,709	0	0	56,521	110,882
Revaluations (recognised in Revaluation Reserve)	25,458	40,985	0	0	3,394	0	69,837
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(1,674)	5,884	0	0	(657)	0	3,553
Impairments (recognised in Revaluation Reserve)	0	(813)	0	0	(1,120)	0	(1,933)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(76)	(348)	0	0	(719)	0	(1,143)
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	0
De-recognition of Assets (recognised in Other Operating Expenditure)	(48,743)	0	0	0	0	0	(48,743)
Disposals	(5,809)	0	(16,924)	(100)	(1,952)	0	(24,785)
Transfers	(670)	(4,645)	0	0	8,088	(2,773)	0
Gross Book Value c/fwd at 31 March 2022	1,413,441	1,106,925	46,972	5,462	60,857	123,671	2,757,328
Depreciation b/fwd at 01 April 2021	0	(45)	(33,402)	(267)	(1,579)	0	(35,293)
Depreciation for year	(24,394)	(14,854)	(3,628)	(95)	(305)	0	(43,276)
<u>Depreciation written back on:</u>							
Transfers	12	72	0	0	(84)	0	0
Revaluations (recognised in Revaluation Reserve)	22,760	11,627	135	0	249	0	34,771
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,621	3,139	0	0	43	0	4,803
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	13	0	0	0	0	13
Assets Sold	0	0	16,924	99	1,675	0	18,698
Depreciation c/fwd at 31 March 2022	(1)	(48)	(19,971)	(263)	(1)	0	(20,284)
Net Book Value at 31 March 2022	1,413,440	1,106,877	27,001	5,199	60,856	123,671	2,737,044

Notes to the Core Financial Statements

c) Highways Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets note 10 (b) does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2022/23 £000	2021/22 £000
Net book value (modified historical cost) at 1 April	103,286	109,064
Additions	630	2,774
Derecognition	0	0
Depreciation	(7,816)	(7,698)
Impairment		(854)
Net Book Value at 31 March	96,100	103,286

Derecognition

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

11. INVESTMENT PROPERTIES

Investment Properties were all reclassified to Property, Plant & Equipment in a previous year (2015/16), hence the nil balance.

Notes to the Core Financial Statements

12. FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the Balance Sheet. Where values are zero, the relevant lines have been excluded from the table.

a) Categories of Financial Instruments

The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument.

The balances of debtors and creditors reported in the balance sheet and Notes 14 and 16 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

31-Mar-22			31-Mar-23	
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
Fair Value Through Profit & Loss				
0	116,263	Investments	0	90,963
Financial assets at amortised cost				
0	275,247	Investments	0	218,539
59,520	48,206	Debtors	60,237	33,080
0	1,376	Other Cash & Cash Equivalents	0	2,489
59,520	441,092	Total financial assets	60,237	345,071
Financial Liabilities				
31-Mar-22			31-Mar-23	
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
Financial liabilities at amortised cost				
221,646	3,006	Borrowing	219,947	3,579
193,246	10,158	Private finance initiative (PFI) liabilities	182,394	10,852
0	121,569	Creditors	0	88,819
414,892	134,733	Total financial liabilities	402,341	103,250

Under accounting requirements the carrying value of financial instruments is shown in the balance sheet (including the principal amount borrowed or lent and adjustments for accrued interest where relevant). Accrued interest is included in current assets / liabilities where it is due within one year.

The value of short-term investments on the Balance Sheet of £219m includes short term fixed deposits of £215m, including accrued interest.

Notes to the Core Financial Statements

b) Financial and Non-Financial Instruments split

Debtors and creditors carried in the Balance Sheet include transactions which, by their nature, are not financial instruments due to their non-contractual status, including taxation debtors such as Council Tax and non-domestic rates. Those balances are as follows:

Debtors

	Long Term		Current		Total	
	Debtors		Debtors			
	31/03/23	31/03/22	31/03/23	31/03/22	31/03/23	31/03/22
	£000	£000	£000	£000	£000	£000
Financial instruments	60,237	59,520	33,080	48,206	93,317	107,726
Non-financial instruments	0	0	26,546	19,299	26,546	19,299
Total Debtors	60,237	59,520	59,626	67,505	119,863	127,025

Creditors

	Long Term		Current		Total	
	Creditors		Creditors			
	31/03/23	31/03/22	31/03/23	31/03/22	31/03/23	31/03/22
	£000	£000	£000	£000	£000	£000
Financial instruments	0	0	88,819	121,569	88,819	121,569
Non-financial instruments	0	0	57,327	35,678	57,327	35,678
Total Creditors	0	0	146,146	157,247	146,146	157,247

c) Income, Expense, Gains and Losses

The gains and losses recognised in the CIES in relation to financial instruments are as follows (there were no revaluations of financial instruments in 2022/23 or 2021/22):

	2022/23		Restated 2021/22	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Interest Income	(8,691)	0	(1,519)	0
Total income in Surplus/Deficit on the Provision of Services	(8,691)	0	(1,519)	0
Interest expense	8,353	0	8,251	0
Expected Credit Loss: Financial Liabilities Measured at Amortised Cost	3,926	0	(2,994)	0
Total Expense in Surplus/Deficit on the Provision of Service	12,279	0	5,257	0
Net (Gain)/ Loss for the Year	3,588	0	3,738	0

Notes to the Core Financial Statements

d) Fair value of assets and liabilities

Financial Liabilities

Financial liabilities classed as financial liabilities at amortised cost are carried in the balance sheet at amortised cost. Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Borrowing rates from the PWLB have been applied to PWLB loans and disclosed at the New Loan/ Certainty discount rate, which is the rate that would be offered by the PWLB to undertake new borrowing at the Balance Sheet date.
- For non-PWLB loans, fair value has also been estimated using the PWLB New Loan/ Certainty discount rate. In the absence of any tangible market evidence, rates are based on discussions with possible market participants for new lending. The lenders are targeting lower than PWLB rates to encourage public sector bodies to consider alternatives to the PWLB and, based on discussions with those potential lenders, the differing structures and rates being offered would suggest an immaterial difference between those spot rates and the PWLB New Loan/Certainty rates.
- Where an instrument has a maturity of less than 12 months the fair value is taken to be the carrying amount.

The fair values for financial liabilities have been assessed by reference to Level 2 Inputs, i.e. inputs other than quoted prices that are observable for the financial liability. These give a reasonable estimate for the fair value of a financial instrument, and includes accrued interest.

31/03/22			31/03/23	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Financial liabilities at amortised cost:		
		Borrowing		
93,843	118,854	Public Works Loan Board loans	92,883	87,145
130,809	162,520	Lender Option Borrower Option (LOBO) loans	130,643	112,362
203,404	203,404	PFI and finance lease liabilities	193,246	193,246
428,056	484,778	Sub-Total	416,772	392,753
121,569	121,569	Creditors	88,819	88,819
549,625	606,347	Total Financial Liabilities	505,591	481,572

The fair value of borrowings is greater than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

Notes to the Core Financial Statements

Financial Assets

Financial assets classed as financial assets held at amortised cost are carried in the balance sheet at amortised cost. Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the assumption that the fair value of the financial assets is equal to the carrying value, where the carrying value of assets with a maturity of less than 12 months is taken to be the fair value.

Financial assets classed as fair value through profit and loss are carried in the balance sheet at fair value. The fair values of these assets have been assessed by reference to Level 1 Inputs. Level 1 inputs are quoted prices for identical assets or liabilities in active markets.

31/03/22			31/03/23	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Fair Value Through Profit and Loss		
116,263	116,263	Investments	90,963	90,963
		Financial Assets Held at Amortised Cost		
275,247	275,247	Investments	218,539	218,539
107,726	107,726	Debtors	93,317	93,317
1,376	1,376	Cash and Cash Equivalents	2,489	2,489
500,612	500,612	Total Financial Assets	405,308	405,308

e) Financial Instruments Adjustment Account

Details of the balances and the in-year movements in the Financial Instruments Adjustment Account can be found in the table below:

	Balance 31/03/22 £000	22/23 Transfers Net £000	Balance 31/03/23 £000
LOBO Premium (created in Nov-17 following LOBO restructure)	(20,755)	569	(20,186)
FV recognition adjustment following LOBO restructure	(9,972)	(5)	(9,977)
Other Premiums and Discounts	(2,254)	254	(2,000)
Total	(32,981)	818	(32,163)

f) Other Required Declarations

There have been no reclassifications of financial instruments in the year or in regards to the previous year.

There were no unusual movements during the year.

The Council provided no financial guarantees in the year and has none outstanding from previous years.

Notes to the Core Financial Statements

The Council has made no loans to voluntary organisations at less than market rates (soft loans), nor has it received any such loans.

No de-recognition is expected to impact where the Council has transferred financial assets to a third party.

The Council did not hold and did not obtain any collateral for third party debts or other credit enhancements in the year or the previous year.

The adoption of IFRS 9 includes the requirement for disclosure of the expected credit loss impairment or gain associated with financial instruments held at amortised cost. For 2022/23 this loss is set out in the following section as £0.025m (£0.042m loss in 2021/22). These gains relate to the expected debit gains on trade receivables.

No defaults or breaches relating to the Council's financial instruments were incurred during the year or the previous year.

13. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Key Risks

The Council's activities necessarily expose it to a variety of financial risks. The key risks are:

Credit Risk - The possibility that other parties might fail to pay amounts due to the Council;

Liquidity Risk - The possibility that the Council might not have funds available to meet its commitments to make payments;

Re-financing Risk - The possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms;

Market Risk - The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

b) Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services. They are set out through a legal framework based on the Local Government Act 2003 and associated regulations, and require the Council to manage risk in the following ways:

- formally adopt the requirements of the CIPFA Treasury Management Code of Practice;
- adopt a Treasury Policy Statement and include treasury management clauses within its financial regulations/standing orders/constitution;
- approve annually in advance prudential and treasury indicators for the following three years which includes limiting the Council's overall borrowing, managing interest rate exposure, and managing the maturity structure of debt.
- approve an investment strategy for the forthcoming year setting out its criteria for investing and selecting investment counterparties in compliance with Government guidance.

These procedures are required to be reported and approved at Council before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year. The annual treasury management strategy which incorporates the prudential indicators was last approved by Council in February 2020 and is available on the Council website. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are a requirement of the Code of Practice and are reviewed periodically.

c) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. It also considers maximum amounts and time limits in respect of each financial institution. The Council uses the creditworthiness service provided by Link Asset Services which uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. This is combined with credit watches and credit outlooks in a weighted scoring system, with an overlay of CDS spreads which gives an early warning of likely changes in credit ratings, for which the end product is an indication of the relative creditworthiness of counterparties.

The Council's maximum exposure to credit risk in respect of its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to an individual institution. It is rare for such entities to be unable to meet their commitments and a risk of irrecoverable losses applies to all of the Council's deposits; however at the 31 March 2023 there was no evidence that this was likely to happen.

d) Amounts Arising from Expected Credit Losses (ECL)

As required by the Code of Practice, the Council is required to calculate an Expected Credit Loss (ECL) for its financial assets, which reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. All of the Council's financial instrument assets are held at amortised cost.

The Council's investment assets are held with highly rated counterparties with very low historical rates of default, and are mainly simple deposit products held for durations of less than a year to collect contractual cash flows. Using the 12 month ECL model, at 31 March 2023 the Council's investment assets with a value of £309m had a calculated ECL of £0.025m; the Council has deemed this immaterial for adjusting the carrying values of those assets.

e) Liquidity Risk

The Council manages its liquidity position through the procedures above as well as using a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice, which ensures that cash is available when needed. The Council has ready access to borrowings from the money markets to cover any day to day cash flow need and the PWLB and money markets for access to longer term funds; there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The authority sets limits on the proportion of its fixed rate borrowing maturing during specified periods, and a maturity analysis of financial liabilities within those periods is as follows:

Notes to the Core Financial Statements

31/03/23				Maturity Period	31/03/22			
PWLB	LOBO	PFI and Finance Leases	Total		PWLB	LOBO	PFI and Finance Leases	Total
£000	£000	£000	£000		£000	£000	£000	£000
1,496	203	10,852	12,551	Less than 1 year	935	203	10,158	11,296
0	203	11,739	11,942	Between 1 and 2 years	1,496	203	10,852	12,551
6,173	608	38,911	45,692	Between 2 and 5 years	3,367	608	40,251	44,226
13,842	1,014	64,535	79,391	Between 5 and 10 years	12,907	1,014	59,600	73,521
10,510	27,027	67,209	104,746	Between 10 and 20 years	13,690	27,028	82,543	123,261
11,321	12,028	0	23,349	Between 20 and 30 years	8,581	12,028	0	20,609
48,638	36,115	0	84,753	Between 30 and 40 years	51,939	35,101	0	87,040
0	42,500	0	42,500	Above 40 years	0	43,717	0	43,717
91,980	119,698	193,246	404,924	Total	92,915	119,902	203,404	416,221

The LOBO maturity profile assumes that the lenders will not exercise any options embedded in the loans until maturity. As at 31 March 2023, LOBO loans with nominal value £83m have fixed interest rates ranging from 3.58% to 4.67%, whilst a loan with nominal value £37m has a stepped rate ranging from 2.69% at 31 March 2023 to 6.30% at maturity. Of the total amount of LOBO loans, £35m have a break clause at every biannual interest payment date, £5m have a break clause every three years, and £80m every five years. In the current interest rate environment, it is unlikely that the lenders will exercise their options to request early repayment of these LOBOs.

f) Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered sufficient to manage the refinancing risk, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments over one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the corporate treasury team address the operational risks within these parameters.

g) Market Risk – Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments and these impact the Council according to how variable and fixed interest rates move across differing financial instrument periods. The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy includes expected interest rate movements. A treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure, and this is monitored regularly. If variable interest rates had been 0.1% higher (with all other variables held constant) the financial effect would be a net increase in income of £0.3m. The impact of a 0.1% fall in interest rates would be a net decrease in income of £0.3m.

Notes to the Core Financial Statements

14. DEBTORS

a) Long Term Debtors

These consist of sums repayable to the Council over a period of time of more than one year.

	31/03/23 £000	31/03/22 £000	
Lewisham Homes Limited - Loan	40,000	40,000	(a)
Catford Regeneration Partnership Limited (CRPL) - Loan	16,225	15,448	(b)
Street Lighting PFI Sinking Fund	2,950	2,950	(c)
Land Charges Debts	257	257	
Other Long Term Debtors	805	865	
Total Long Term Debtors	60,237	59,520	

a) Lewisham Homes Limited Loan

A loan of £8m was advanced to Lewisham Homes Limited in 2015/16, a further £6m in 2016/17 a further £12m in 2017/18, a further £11m in 2018/19 and a further £3m in 2021/22. (See Section 6 – Group Accounts).

b) Catford Regeneration Partnership Limited Loan

A loan of £12m was advanced to CRPL in 2010/11, followed by further loans of £0.25m in 2015/16, £1.0m in 2016/17, £0.5m in 2019/20, £1.2m in 2020/21 and £0.6m in 2021/22. (See Section 6 – Group Accounts). In recent years the yearly interest charge on the loan has been capitalised and added to the loan value.

c) Street Lighting PFI Sinking Fund

This fund is held by LB Croydon on behalf of the Council in their role as lead borough for the on-going PFI scheme for the upgrade and maintenance of the borough's street lights.

Notes to the Core Financial Statements

b) Current Debtors

These are short term debts for goods and services which are expected to be repayable within a year.

	31/03/23 £000	31/03/22 £000
Government and Other Public Bodies:		
HM Revenue & Customs - VAT	8,251	8,353
Central Government bodies	11,662	4,146
Other Local Authorities	1,892	11,801
NHS bodies	1,754	3,558
Other Public bodies	680	639
Council Tax Payers	38,405	31,118
NDR Payers	2,724	2,312
Council Tax Court Costs	5,700	4,609
Housing Benefit Overpayments	19,069	13,098
Housing Rents (inc PSL, B & B, Hostels, Commercial)	10,991	10,119
Leaseholders Services Charges	8,156	5,569
Parking	0	0
LBL Pension Fund	2,192	1,496
General Debtors due for Supplies and Services	44,007	38,718
Total Current Debtors	155,483	135,536
Impairment Allowances	(84,867)	(68,031)
Total Net Current Debtors	70,616	67,505

c) Impairment Allowances

	Balance at 31/03/22 £000	Movement in 2022/23 £000	Balance at 31/03/23 £000
Council Tax Payers	(27,609)	(4,888)	(32,497)
Council Tax Court Costs	(4,065)	(1,009)	(5,074)
NDR Payers	(2,044)	19	(2,025)
Housing Benefit Overpayments	(10,039)	(6,961)	(17,000)
Housing Rents (inc PSL, B & B, Hostels, Commercial)	(3,426)	(724)	(4,150)
Leaseholders Services Charges	(2,363)	(169)	(2,532)
General Debtors due for Supplies and Services	(18,485)	(3,104)	(21,589)
Total Impairment Allowances	(68,031)	(16,836)	(84,867)

The above have been determined individually according to the particular factors for each type of debtor.

Notes to the Core Financial Statements

15. CASH AND CASH EQUIVALENTS

	Balance 31/03/22 £000	Movement in 2022/3 £000	Balance 31/03/23 £000
Cash Equivalents			
Short Term Deposits	0	0	0
Cash			
Money Market Funds	116,263	(25,300)	90,963
Call Accounts with Banks	0	0	0
	116,263	(25,300)	90,963
Other Cash and Bank Balances			
Main Bank Accounts	0	0	0
Schools Bank Accounts	0	1,523	1,523
Other Cash and Bank Accounts	1,376	1,112	2,488
	1,376	2,635	4,011
Total Cash and Cash Equivalents	117,639	(22,665)	94,974
Bank Accounts Overdrawn			
Main Bank Accounts	(5,047)	4,455	(592)
Schools Bank Accounts	(885)	885	0
	(5,932)	5,340	(592)
Net Cash and Cash Equivalents	111,707	(17,325)	94,382

a) Short term deposits are made for varying periods of between one day and three months (less than 92 days), depending on the immediate cash requirements, and earn interest at the respective rates.

b) The carrying amounts of cash equivalents, cash and bank overdrafts approximate to their fair values.

c) The schools bank accounts are an integral part of the Council's overall cash management arrangements, and are therefore included under Net Cash and Cash Equivalents. They consist of individual accounts for each school, and an overall treasury account which is used to invest the net balance in conjunction with the Council's other balances. The balances on these accounts were £18.7m (2021/22 £17.7m) and overdrawn £17.2m (2021/22 overdrawn £18.6m) respectively.

Notes to the Core Financial Statements

16. CREDITORS

These are amounts owed to the Government and other public bodies and all unpaid sums for goods and services received as at the end of the year.

	31/03/23 £000	31/03/22 £000
Government and other public bodies:		
HM Revenue & Customs	5,794	5,964
Central Government bodies	28,791	51,808 (a)
Other Local Authorities	13,374	4,650
NHS bodies	1,424	2,814
Other Public bodies	110	1,579
	49,493	66,815
Short Term Compensated Absences	18,314	18,555
Council Tax	8,188	6,856
NDR	4,667	3,336
General Creditors (amounts owed for supplies and services)	65,484	61,685
Total Creditors	146,146	157,247

a) Central Government bodies

See table below for an analysis of Central Government bodies creditors:

	31/03/23 £000	31/03/22 £000
School Capital Grants	12,211	6,348
DLUHC - NDR Creditor	8,814	83
Energy Support Grant	3,239	0
Teachers Pensions	2,542	1,868
Covid Grants	1,509	4,314
S31 grant - Expanded Retail discount and Nursery Relief	0	19,723
Homes for Ukraine Scheme	0	17,270
RTB Receipts Pooling	0	1,926
Other	476	276
Total Central Government Creditors	28,791	51,808

Notes to the Core Financial Statements

17. REVENUE RECEIPTS IN ADVANCE

	31/03/23 £000	31/03/22 £000
Capital Contributions Unapplied	13,209	16,374 (a)
PFI Schemes	25,723	25,172
Revenue Grants and Contributions	10,830	9,490
Rents in Advance	11,911	8,383
Council Tax	3,140	2,844
NDR	284	448
Other Receipts in Advance	8,184	6,333
Total Receipts in Advance	73,281	69,044

(a) Capital Contributions Unapplied

Capital Contributions Unapplied includes a balance of £13.2m Section 106 Contributions, where the conditions have not yet been met, in 2022/23 (2021/22 was £16.4m).

18. PROVISIONS

These are amounts which are set aside to meet liabilities that are likely or certain to arise from events which have taken place, but where it is not possible to determine precisely when the event will take place.

	Balance 31/03/22 £000	2022/23 Transfers		Balance 31/03/23 £000
		Out £000	In £000	
Current (less than 1 year)				
Insurance Provision (a)	2,435	(2,345)	2,257	2,347
Water Charges Provision (b)	5,989	(6,246)	257	0
Term Time Only Claims Provision (c)	990	(423)	0	567
NDR Appeals Provision	4,321	(489)	0	3,832
Other Provisions (d)	1,859	(234)	24	1,649
	15,594	(9,737)	2,538	8,395
Non Current (Over 1 year)				
Insurance Provision (a)	3,592	0	1,123	4,715
Water Charges Provision (b)	0	0	0	0
Other Provisions (d)	2,084	(784)	0	1,300
	5,676	(784)	1,123	6,015
Total - Provisions	21,270	(10,521)	3,661	14,410

Notes to the Core Financial Statements

- (a) Insurance Provisions
The Council's insurance programme comprises a mix of external insurance, largely for cover at catastrophe level or where required by contract or lease arrangements, and self-insurance. Dedicated Insurance Provisions and Reserves are maintained to provide 'self-insurance' to meet either uninsured losses or losses that fall below the external insurance excess. The appropriate levels are assessed annually by the Council's insurance actuaries.
- (b) Water Charges Provision
This was a provision to refund tenants their water charge discounts going back to 2001. This followed a Court of Appeal ruling in October 2020 regarding Kingston Council. A provision was set up in 2019/20 and payments were concluded in 2022/23.
- (c) Term Time Only Claims Provision
There were errors with the formula used by some Councils to calculate holiday pay for term-time only support staff in schools dating back several years. A provision was set up for this in 2020/21 with most payments being made in 2021/22 and 2022/23, it is expected that the remainder of the provision will be used in 2023/24.
- (d) Other Provisions
Other Provisions includes a provision for the potential liability in respect of savings accounts for Children Leaving Care, which extends back a number of years (£1.7m). Payments related to these are expected in 2022/23 and future years.

19. USABLE CAPITAL RECEIPTS

Capital Receipts are mainly sums received from the sale of non-current assets. Housing capital receipts are subject to pooling arrangements whereby under certain conditions a portion is payable to central government. Non housing capital receipts are wholly usable to finance new capital expenditure. The balance on this account is available to fund future capital expenditure.

	2022/23 £000	2021/22 £000
Balance brought forward at start of year	64,387	58,296
Amounts Received	15,338	15,815
Poolable to Central Government	0	(1,940)
Receipts returned to Central Government	0	0
Amounts applied to finance new capital investment	(12,587)	(7,784)
Total increase/(decrease) in capital receipts in year	2,751	6,091
Balance carried forward at end of year	67,138	64,387

Notes to the Core Financial Statements

20. PENSION RESERVE

The Pensions Reserve reflects the timing differences which arise from the accounting treatment for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements ensure that funding will have been set aside by the Council by the time the benefits are due to be paid.

	2022/23 £000	2021/22 £000
Balance brought forward at start of year	(566,008)	(771,041)
Actuarial gains or losses on pensions assets and liabilities	607,748	146,551
Return on Assets excluding amounts included in Net Interest	(105,253)	105,502
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(81,189)	(78,873)
Employer's pensions contributions and direct payments to pensioners payable in the year	37,408	31,853
Balance carried forward at end of year	(107,294)	(566,008)

Notes to the Core Financial Statements

21. REVALUATION RESERVE

The Revaluation Reserve records the accumulated gains since 1st April 2007 on non-current assets held by the Council arising from increases in value (to the extent that these gains have not been consumed by subsequent downward movements in value). The Reserve is also debited with the part of the depreciation that has been incurred because the asset has been revalued. On disposal of an asset, its Revaluation Reserve balance is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

	2022/23 £000	2021/22 £000
Balance brought forward at start of year	1,288,111	1,209,588
Revaluation of Assets	129,492	104,636
Impairment Losses	(217)	(1,934)
Loss of Control of Assets	0	0
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	129,275	102,702
Difference between fair value and historic cost depreciation	(21,979)	(20,992)
Accumulated gains on assets sold or scrapped	(5,329)	(3,187)
Amount written off to the Capital Adjustment Account	(27,308)	(24,179)
Balance carried forward at end of year	1,390,078	1,288,111

Notes to the Core Financial Statements

22. CAPITAL ADJUSTMENT ACCOUNT

This reflects the timing differences arising from the accounting treatment for the use of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling entries from the Revaluation Reserve to convert fair value figures to a historical cost basis). It is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

	2022/23 £000	2021/22 £000
Balance brought forward at start of year	1,087,629	1,044,137
<u>Reversal of capital expenditure items debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	(73,591)	(44,609)
Revenue expenditure funded from capital under statute	(2,945)	(2,738)
Non-current assets written off on disposal and de-recognition - gain/loss to the CIES	(64,128)	(54,882)
	(140,664)	(102,229)
Adjusting amounts written out of the Revaluation Reserve	27,308	24,179
Net amount written out of the cost of non-current assets consumed in the year	(113,356)	(78,050)
<u>Capital Financing applied in the year:</u>		
Use of Capital Receipts to finance new capital expenditure	12,587	7,784
Use of Major Repairs Reserve to finance new capital expenditure	25,666	27,177
Capital grants and contributions credited to the CIES	29,824	20,776
Statutory Provision for the financing of capital investment	4,668	4,327
Repayment of Principal on PFI schemes	10,158	8,036
Capital expenditure charged to General Fund and HRA	21,566	53,442
	104,469	121,542
Balance carried forward at end of year	1,078,742	1,087,629

Notes to the Core Financial Statements

23. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed by type in the table below:

	2022/23 £000	2021/22 £000
Employee expenses - LBL	311,879	303,043
Employee expenses - Schools Non-LBL	68,051	65,589
Other Expenditure	772,994	715,211
Revaluation, Depreciation, Amortisation and Impairment	74,490	44,705
Interest payments	30,949	31,031
Loss of Control of Assets	0	0
Precepts and levies	1,683	1,702
Payments to Housing Capital Receipts Pool	0	1,940
Gain or loss on disposal and de-recognition of non-current assets	48,091	38,721
Net interest on the net defined benefit liability	15,693	15,883
Total Expenditure	1,323,830	1,217,825
Government grants and contributions	(693,622)	(650,497)
Fees, Charges and Other service income	(292,533)	(272,540)
Interest and Investment income	(8,602)	(1,611)
Income from council tax, non-domestic rates, district rate income	(209,012)	(213,843)
Recognised Capital Grants and Contributions	(27,208)	(19,839)
Gain or loss on disposal and de-recognition of non-current assets	0	0
Other Income	0	0
Total Income	(1,230,977)	(1,158,330)
(Surplus) or Deficit on the Provision of Services	92,853	59,495

The Council's Fees, Charges and Other Service Income is analysed by type in the table below:

	2022/23 £000	2021/22 £000
Fees, Charges and Other Service Income		
Rent & Service Charges	(134,299)	(126,229)
Contributions from Health	(38,578)	(41,342)
S106	0	(4,508)
Schools Income	(17,053)	(14,199)
Parking Income	(15,480)	(13,158)
PFI Credits Income	(11,887)	(10,421)
Fees & Charges Income	(11,424)	(7,445)
Community Infrastructure Levy (CIL)	(7,455)	(6,646)
Other Care Charges Income	(4,011)	(6,093)
Fairer Charging Income	(6,226)	(5,343)
Cemeteries & Crematoria Income	(2,529)	(2,387)
Housing Benefits - Other Income	(1,334)	(2,306)
Licenses & Permits	(2,627)	(1,801)
Court Costs Income	(2,809)	(1,651)
Planning Fees	(1,877)	(1,502)
Contributions from Other Local Authorities	(1,817)	(1,286)
Bailiff Fees	(1,157)	(19)
Professional Fees Income	(933)	(1,148)
Fines	(21)	(1,140)
Other Income	(31,016)	(23,914)
Total Income	(292,533)	(272,540)

Notes to the Core Financial Statements

24. AGENCY SERVICES AND POOLED BUDGETS

In 2022/23 the Council operated a pooled budget as defined by the terms of a Section 75 Agreement (National Health Service Act 2006).

There is one Pooled fund called Lewisham Better Care Fund (BCF). The Host Partner for the pooled fund is the Council (LBL) and the Pooled Fund Manager, is an officer of the council, the Strategic Finance Business partner, Community Services.

The two partners in the agreement are LBL and NHS Lewisham ICB.

Before the start of the financial year the Partners agree an expenditure plan and the financial contribution of each party. Each element of the plan indicates which party will be the Lead Commissioner (or whether there will be joint commissioning). All BCF expenditure will require the approval of the Partnership Board as such there is joint control of the Fund. Payments to and from the Pooled Fund are made from and recorded on the Council's financial systems.

Except where agreed otherwise payments to providers for services that are part of the BCF are made by the Partner holding the contract. These are identified and agreed by the Partners at least yearly before the start of each financial year. The Council invoices the ICB monthly for 1/12th of the agreed annual contribution less all planned payments made by the ICB in relation to ICB let contracts delivering the Schemes. Each party therefore accounts only for its share of the relevant expenditure within its own accounts with any surplus or deficit on the Fund held on behalf of the Fund by the Lead Authority.

The total Lewisham Better Care Fund for 2022/23 was £43.2m, the split of which can be seen in the table below:

	2022/23 £000	2021/22 £000
<u>Funding provided to the pooled budget:</u>		
Lewisham Borough Council	(17,235)	(16,795)
Lewisham ICB (Previously NHS Lewisham CCG)	(25,972)	(24,581)
	(43,207)	(41,376)
<u>Expenditure met from the pooled budget:</u>		
Lewisham Borough Council	28,099	26,978
Lewisham ICB (Previously NHS Lewisham CCG)	15,108	14,398
	43,207	41,376
Net surplus arising in year	0	0

25. INVESTMENT IN COMPANIES**a) Companies of which the Council is the sole owner.**

The Council is sole owner of two companies:

- i) Lewisham Homes Limited
- ii) Catford Regeneration Partnership Limited

Further detail on these companies is given in the Group Accounts section of these statements.

b) Companies of which the Council is a joint owner or shareholder.

- i) Lewisham Schools for the Future LEP Limited and Lewisham Schools for the Future SPV Limited

The Council has a stake of 10% in Lewisham Schools for the Future LEP Limited which is the Local Education Partnership company also comprising Costain Engineering & Construction Limited, Babcock Project Investments Limited and Building Schools for the Future Limited as well. It was established

Notes to the Core Financial Statements

under the Council's Building Schools for the Future (BSF) programme to rebuild and refurbish the secondary schools within the Borough. No payments were made to this company in 22/23.

The Council also has a 10% stake in four Special Purpose Vehicles which were set up in relation to the schools which were built within this BSF Programme. The companies concerned are Lewisham Schools For The Future SPV Limited (23/23 £9.6m, 21/22 £9.5m), Lewisham Schools For The Future SPV2 Limited (22/23 £3.3m, 21/22 £3.2m), Lewisham Schools For The Future SPV3 Limited (22/23 £4.8m, 21/22 £4.7m) and Lewisham Schools For The Future SPV4 Limited (22/23 £8.9m, 21/22 £8.6m). The Director of Financial Services is the Council's Director on all of these companies' boards. The corporate structure is standard to BSF schemes.

ii) South-East London Combined Heat and Power Limited (SELCHP)

The Council has a minority share of less than 1% in South-East London Combined Heat and Power Limited (SELCHP) which is a joint venture with the London Borough of Greenwich for the provision of waste disposal and waste to energy services. Payments of £5.8m were made in 2022/23 to the company £4.7m in 2021/22) and are included in the Housing, Regeneration & Environment line of the CIES.

iii) Lewisham Grainger Holdings LLP

During 2018/19 the Council formed a Limited Liability Partnership with Grainger Developments Ltd. The Council and Grainger are each 50:50 shareholders in the holding company and this (and its subsidiaries) are all registered at Companies House. Therefore, this is not a subsidiary of the Council as LBL do not have the majority shareholding. The partnership will build housing for rent in Besson Street, New Cross. No payments were made to the company by the Council in 2022/23 or 2021/22.

26. MEMBERS' ALLOWANCES

The Council paid the following amounts to elected members of the Council during the year.

	2022/23 £000	2021/22 £000
Allowances (incl. NI)	1,113	1,005
Other Expenses	7	13
Total Expenditure in Year	1,120	1,018

Notes to the Core Financial Statements

27. OFFICERS' REMUNERATION

a) The number of Employees whose Remuneration was £50,000 or more:-

Remuneration Band	Non-Schools		Schools		Totals	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£50,000 to £54,999	187	159	348	278	535	437
£55,000 to £59,999	97	61	39	66	136	127
£60,000 to £64,999	66	23	43	81	109	104
£65,000 to £69,999	12	13	78	33	90	46
£70,000 to £74,999	13	22	49	37	62	59
£75,000 to £79,999	31	17	35	24	66	41
£80,000 to £84,999	3	2	24	22	27	24
£85,000 to £89,999	4	5	16	14	20	19
£90,000 to £94,999	0	0	15	3	15	3
£95,000 to £99,999	1	1	7	4	8	5
£100,000 to £104,999	1	2	6	2	7	4
£105,000 to £109,999	3	6	1	4	4	10
£110,000 to £114,999	7	0	1	1	8	1
£115,000 to £119,999	3	4	4	1	7	5
£120,000 to £124,999	0	0	2	1	2	1
£125,000 and over	2	0	4	3	6	3
Total	430	315	672	574	1102	889

Note (i) These figures do not include the senior employees disclosed separately in note b) below.

b) Disclosure of Senior Employees' Remuneration

Disclosure of Senior Employees Remuneration for financial year 2022/23

Financial Year 2022/23	Salary (inc fees and allowances)	Employer's Pension Contributions	Total (inc. Pension Contributions)
	£	£	£
Senior Employees			
Chief Executive (Kim Wright)	192,426	43,296	235,722
Acting Chief Executive (Jennifer Daothong) (a)	15,503	3,488	18,991
Assistant Chief Executive (01-Apr-22 -31-Dec-22) (b)	94,317	21,222	115,539
Executive Director for Corporate Resources (Kathy Freeman)	160,404	36,091	196,495
Executive Director for Children and Young People (Pinaki Ghoshal)	160,449	36,101	196,550
Executive Director for Community Services (Tom Brown)	160,449	36,101	196,550
Executive Director for Housing, Regeneration and Public Realm	140,627	31,641	172,268
01-Apr-22 to 03-Mar-23 (Jennifer Daothong) (a)	140,627	31,641	172,268
04-Mar-23 to 31-Mar-23	0	0	0
Executive Director for Place (13-Mar-23 to 31-Mar-23)	12,018	0	12,018
Director of Public Health	110,592	24,883	135,475
Director of Law & Corporate Governance	143,815	0	143,815
Totals	894,140	201,182	1,095,322

(a) Jennifer Daothong commenced in post as Acting Chief Executive as of the 04-Mar-23.

(b) Assistant Chief Executive: The post was vacant from when the previous post holder left (31-Dec-22) to financial year end.

Notes to the Core Financial Statements

Disclosure of Senior Employees Remuneration for financial year 2021/22

Financial Year 2021/22	Salary (inc fees and allowances)	Employer's Pension Contributions	Total (inc. Pension Contributions)
	£	£	£
Senior Employees			
Chief Executive (Kim Wright)	184,950	41,614	226,564
Assistant Chief Executive	116,343	26,353	142,696
Executive Director for Corporate Resources (Kathy Freeman)	153,297	33,981	187,278
Executive Director for Children and Young People (Pinaki Ghoshal)	153,897	34,627	188,524
Executive Director for Community Services (Tom Brown)	151,029	34,627	185,656
Executive Director for Housing, Regeneration and Public Realm (a)	126,637	28,084	154,721
01-Apr-21 to 15-Aug-21	57,711	12,939	70,650
18-Oct-21 to 31-Mar-22	68,926	15,145	84,071
Director of Public Health	105,496	23,736	129,232
Director of Law & Corporate Governance (b)	55,823	12,811	68,634
01-Apr-21 to 31-Jul-21	44,525	10,279	54,804
17-Nov-21 to 31-Mar-22	11,298	2,532	13,830
Totals	1,047,472	235,833	1,283,305

(a) Executive Director for Housing, Regeneration and Public Realm: The post was vacant from when the previous post holder left (15-Aug-21) to when the new post holder joined (18-Oct-21)

(b) Director of Law & Corporate Governance: The post was vacant from when the previous post holder left (31-Jul-21) to

The definition of a "Senior Employee" is set out in Regulation 7 of the Accounts and Audit (England) Regulations 2011 (SI 2011/817). In summary, they are either a statutory chief officer, or have the power to direct or control the major activities of the Council or report direct to the Head of the Council's paid service. They are not the same group of senior staff whose salaries are published on the Council's website. After a review in 2020/21 it was decided to only include the current members of the Executive Management Team (EMT) and the statutory post holders.

c) Termination Benefits - Exit Packages Agreed in Year

The number and cost of exit packages granted to employees in the year are shown below. These costs include redundancy payments to employees which were charged to the CIES. They also include payments to the Pension Fund in respect of the extra pension costs of employees who were granted early access to their pensions.

Cost Band (inc Pension Fund Contributions)	Total Number of Exit Packages		Total Cost of Exit Packages	
	2022/23 No.	2021/22 No.	2022/23 £000	2021/22 £000
£0 to £20,000	68	101	634	743
£20,001 to £40,000	35	36	968	1,095
£40,001 to £60,000	16	13	795	640
£60,001 to £80,000	4	7	267	407
£80,001 to £100,000	0	2	0	166
£100,001 and over	5	3	707	315
Total	128	162	3,371	3,366

Notes to the Core Financial Statements

28. EXTERNAL AUDIT COSTS

	2022/23 £000	2021/22 £000
External Audit Services	266	253
Certification of Grant Claims and Returns	47	47
Other services provided by the appointed auditor	8	0
	321	299

29. DEDICATED SCHOOLS' GRANT

The Council's expenditure on schools is funded primarily by the Dedicated Schools' Grant (DSG) provided by the DfE. The DSG is ring-fenced and can only be used to meet expenditure as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

	2022/23			2021/22		
	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG before academy & high needs recoupment	64,282	255,106	319,388	59,107	253,396	312,503
Academy & high needs figure recouped	0	(40,821)	(40,821)	0	(39,831)	(39,831)
Total DSG after academy & high needs recoupment	64,282	214,285	278,567	59,107	213,565	272,672
Brought forward from previous year (Restated)	0	0	0	0	0	0
Carry forward to next year agreed in advance	0	0	0	0	0	0
Agreed initial budgeted distribution	64,282	214,285	278,567	59,107	213,565	272,672
In year adjustments	0	217	217	0	(167)	(167)
Final Budget Distribution	64,282	214,502	278,784	59,107	213,398	272,505
Actual Central Expenditure	65,540		65,540	64,677		64,677
Actual ISB deployed to schools		217,969	217,969		214,319	214,319
Local authority contribution	(500)		(500)	0		0
Total In-Year (Deficit)/ Surplus	(758)	(3,467)	(4,225)	(5,570)	(921)	(6,491)

DSG Unusable Reserve

	£000
DSG unusable reserve (cumulative deficit) at the end of 2021/22	(8,866)
Addition to DSG unusable reserve at the end of 2021/22 (in-year deficit)	(4,225)
Total of DSG unusable reserve (cumulative deficit) at the end of 2022/23	(13,091)

Notes to the Core Financial Statements

30. GRANT INCOME

The following grants were credited to services during the year:

	2022/23 £000	2021/22 £000
Dedicated Schools Grant	(278,784)	(272,505)
Housing Benefit Grant	(159,771)	(159,901)
Public Health Grant	(28,094)	(25,352)
BSF/ Grouped Schools PFI Unitary Charge Grant	(27,068)	(26,150)
Improved Better Care Fund	(16,432)	(14,502)
Energy Support Grant	(14,921)	0
Pupil Premium Grant	(12,070)	(11,800)
Children's Social Care Grant	(10,773)	(10,773)
Housing Subsidy/ Decent Homes Backlog Grant	(10,353)	(19,863)
Covid-19 Grants	(7,314)	(25,352)
Other Grants	(62,092)	(51,613)
Total	(627,672)	(617,811)

The following grants were credited to Taxation and non-specific Grant Income during the year:

	2022/23 £000	2021/22 £000
Revenue Support Grant (RSG)	(29,017)	(28,151)
S31 Business rate relief grant	(12,753)	0
Services Grant	(6,284)	0
S31 Business rate grants - Other	(8,212)	(1,009)
New Homes Bonus	(1,011)	(2,652)
Covid-19 Grants	0	0
Other	(8,673)	(874)
Total	(65,950)	(32,686)

31. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties, which are bodies or individuals that have the potential to control or influence the Council or to be controlled by the Council.

(a) Central Government and Other Local Authorities

Central government exerts significant influence over the Council through legislation and grant funding. The general government grants received are shown in Note 30 to the Core Financial Statements. The precept to the Greater London Authority is shown in the notes of the Collection Fund in Section 5 of these Accounts. There were numerous other transactions between the Council and other Local Authorities.

(b) Subsidiaries, Associated Companies and Joint Ventures

Further details on these companies are given in Note 25 – Investment in Companies – and the Group Accounts section of these statements.

Notes to the Core Financial Statements

Transactions with the companies that are solely owned by the Council are in the table below:

2022/23					
Name	Loan with LBL	Expenditure	Income	Income outstanding to LBL (LBL debtor balance)	Balance outstanding (LBL creditor balance)
	£'000	£'000	£'000	£'000	£'000
Lewisham Homes Ltd	40,000	52,833	5,042	2,482	8,825
Catford Regeneration Partnership Ltd	16,225	184	11	0	0

2021/22					
Name	Loan with LBL	Expenditure	Income	Income outstanding to LBL (LBL debtor balance)	Balance outstanding (LBL creditor balance)
	£'000	£'000	£'000	£'000	£'000
Lewisham Homes Ltd	40,000	60,910	12,461	4,462	8,295
Catford Regeneration Partnership Ltd	15,448	798	20	0	0

(c) Companies of which the Council is a Joint Owner or Shareholder

Further details on these companies are given in Note 25 – Investment in Companies.

Payments made by the Council to these companies in 2022/23 are shown below:

- i) Lewisham Schools for the Future LEP Limited – £0m
Lewisham Schools for the Future SPV Limited – £9.6m
Lewisham Schools for the Future SPV2 Limited – £3.3m
Lewisham Schools for the Future SPV3 Limited – £4.9m
Lewisham Schools for the Future SPV4 Limited – £8.9m
- ii) South-East London Combined Heat and Power Limited (SELCHP) – £5.8m
- iii) Lewisham Grainger Holdings LLP – no payments were made.

(d) Elected Members (Councillors) and Chief Officers

Councillors have direct control over the Council's financial and operating policies, and their total cost is shown in Note 26. They are required to declare all related party transactions which they have with any organisation in which they have a controlling interest. This information is recorded on the Council's Register of Members and Chief Officers' Declarations of Interests and is open to public inspection at the Civic Suite at Lewisham Civic Suite during office hours. The information is also published on the Council's website. The Council is compliant with the Localism Act 2012.

The Council has concluded that no related party transactions should be disclosed since all declared interests by Members or Offices are within organisations where they cannot exert a controlling interest.

(e) Lewisham Pension Fund

The Pension Fund Accounts are included in Section 8 of this document.

Notes to the Core Financial Statements

32. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The capital expenditure incurred in the year (excluding the value of assets acquired under finance leases and PFI contracts) and the resources used to finance it are shown below. Any expenditure which is not financed in the year will add to the Capital Financing Requirement (CFR), which measures the capital expenditure incurred historically by the Council that has yet to be financed. The Council is required to set aside an amount each year (the Minimum Revenue Provision - MRP) to repay debt, this reduces the CFR.

	2022/23 £000	2021/22 £000
Opening Capital Financing Requirement	518,340	507,210
Capital Investment		
Property, Plant and Equipment	134,289	113,656
Capital Expenditure not added to Fixed Assets	0	3,000 (a)
Revenue Expenditure Funded from Capital under Statute	2,945	2,738
	137,234	119,394
Resources Used for Financing		
Capital Receipts	(12,587)	(7,784)
Government Grants and Other Contributions	(29,824)	(20,776)
Major Repairs Reserve	(25,666)	(27,177)
Sums set aside from Revenue:	(21,566)	(53,442)
	(89,643)	(109,179)
Increase in the underlying need to borrowing	47,591	10,215
Adjustment		
Bring in PFI Schemes Asset	0	1,276 (b)
Realign the CFR to Statutory Requirements	0	13,278 (c)
	0	14,554
Debt Redeemed		
Minimum Revenue Provision	(4,668)	(4,327)
Repayment of Principal on PFI schemes	(10,158)	(9,312) (b)
	(14,826)	(13,639)
Increase/ (decrease) in Capital Financing Requirement	32,765	11,130
Closing Capital Financing Requirement	551,105	518,340

(a) Lewisham Homes Loan £3m in 2021/22

(b) It was found that the PFI asset was not included in the CFR Calculation from 2018/19, and therefore did not match the PFI liability already being shown on the balance sheet. This was corrected by restating the CFR 2018/19 figures in 2019/20. On review we found that the adjustment to the PFI asset value in 19/20 did not reflect the writing down of the liability for that year and so a further adjustment to correct the CFR was needed in 2020/21 & 2021/22.

(c) An adjustment was required in 2021/22 to realign the CFR balance to meet the statutory requirements as per appendix G of the CIPFA Practitioners guide to capital finance in local government.

Notes to the Core Financial Statements

33. LEASES**a) Council as a Lessee**i) Finance Leases

The council does not have any assets held under Finance Leases.

ii) Operating Leases

The Council has operating leases in the areas of Council Dwellings, School Plant and Equipment and Refuse Vehicles. The expenditure charged to services in the CIES during the year in relation to these leases was £1.43m (£1.6m in 2021/22). The future minimum lease payments due under non-cancellable leases in futures are:

	31/03/23 £000	31/03/22 £000
Not later than one year	1,425	1,614
Later than one year and not later than five years	3,373	3,382
Later than five years	14,115	14,293
	18,913	19,289

b) Council as a Lessori) Finance Leases

The Council does not lease out any assets held under Finance Leases.

ii) Operating Leases

The Council leases out a number of commercial properties for Investment purposes. The future minimum lease payments receivable under non-cancellable leases in future years are:

	31/03/23 £000	31/03/22 £000
Not later than one year	3,513	3,406
Later than one year and not later than five years	6,984	6,598
Later than five years	6,090	5,425
	16,587	15,429

Notes to the Core Financial Statements

34. PRIVATE FINANCE INITIATIVES (PFI) CONTRACTS

a) Summary of PFI Schemes

PFI Scheme	Brockley HRA	Downham Lifestyles	Grouped Schools	BSF 1	BSF 2	BSF 3	BSF 4	Street Lighting
Start of Contract	2007	2007	2007	2009	2011	2012	2012	2011
End of Contract	2027	2039	2036	2035	2037	2037	2038	2036
Total Estimated Cost	£294m	£87m	£236m	£249m	£88m	£123m	£232m	£95m
Total PFI Credits	£207m	£30m			£674m			£54m
Net PFI Cost	£87m	£57m			£253m			£41m

b) Payments made under PFI contracts

	Brockley HRA	Downham Lifestyles	Grouped Schools	BSF 1	BSF 2	BSF 3	BSF 4	Street Lighting	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2022/23									
Service Charges	11,501	592	4,636	4,628	1,252	1,375	2,235	881	27,100
Interest	2,935	1,987	2,884	3,522	1,593	2,480	5,014	2,182	22,597
Liability Repayment	3,455	198	956	1,747	438	920	1,628	816	10,158
Unitary Charge	17,891	2,777	8,476	9,897	3,283	4,775	8,877	3,879	59,855
2021/22									
Service Charges	10,339	515	4,077	3,856	1,120	1,188	1,939	859	23,893
Interest	3,045	1,817	2,967	3,692	1,616	2,461	4,948	2,234	22,780
Liability Repayment	3,025	176	900	1,744	390	869	1,456	751	9,311
Unitary Charge	16,409	2,508	7,944	9,292	3,126	4,518	8,343	3,844	55,984

Notes to the Core Financial Statements

c) Movement in PFI Assets in year

The assets which are used to provide the services under these PFI contracts are recognised within the Council's Balance Sheet. The movements in value over the year are detailed in the following table.

	2022/23		2021/22	
	£000	£000	£000	£000
Gross Book Value b/fwd		387,240		372,901
Additions		0		0
Revaluations (recognised in Revaluation Reserve)	23,015		13,354	
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	814	23,829	1,551	14,905
Impairments (recognised in Revaluation Reserve)	0		0	
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0
Loss of Control of Assets (recognised in Revaluation Reserve)	0		0	
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0
Disposals		(1,434)		(566)
Transfers		0		0
Assets reclassified (to)/ from Held for Sale		0		0
Gross Book Value c/fwd		409,635		387,240
Depreciation b/fwd		(8,506)		(7,340)
Depreciation for year		(7,382)		(7,178)
<u>Depreciation written back on:</u>				
Transfers		0		0
Revaluations (recognised in Revaluation Reserve)	6,105		5,774	
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	111	6,216	238	6,012
Impairments (recognised in Revaluation Reserve)	0		0	
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0		0	
Assets sold		0		0
Depreciation c/fwd		(9,672)		(8,506)
Net Book Value at End of Year		399,963		378,734

Notes to the Core Financial Statements

d) PFI Liabilities

The unitary payments made to the contractors have been calculated to pay them the fair value of the services they provide, the capital expenditure they have incurred and interest they will pay whilst the capital expenditure remains to be reimbursed. The Council's total outstanding liability to the contractors is shown in the following table.

	Current Liabilities (Due within 1 Year)		Deferred (Future) Liabilities	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Balance outstanding at start of year	10,158	9,302	193,246	202,138
Balance outstanding at end of year	10,852	10,158	182,394	193,246

e) Payments due under PFI contracts in future years

The Council makes an agreed payment each year which is linked to inflation and can be reduced if the contractor fails to meet availability and performance standards. The following table shows the estimated payments due to be paid (as part of a unitary charge) for each PFI. The price base is in nominal terms assuming a 1.9% RPI increase per annum compounded until the end of the contract. The amounts are broken down into the different elements of the payments reflecting how they will be accounted for.

Note: Amounts shown for Brockley HRA PFI relate only to the unitary charge for tenanted properties.

Notes to the Core Financial Statements

	In 2023/24 £000s	2 to 5 years £000s	6 to 10 years £000s	11 to 15 years £000s	16 to 20 years £000s	Total £000s
Brockley HRA						
Service charges	10,527	33,986				44,513
Interest	2,839	6,201				9,040
Repayment of liability	4,210	16,094				20,304
Planned lifecycle replacement	638	1,998				2,636
Downham Lifestyles						
Service charges	296	1,258	1,758	1,988	428	5,728
Interest	2,003	8,095	9,766	8,882	1,551	30,297
Repayment of liability	225	1,253	2,376	4,373	1,265	9,492
Planned lifecycle replacement	312	1,333	1,877	2,124	457	6,103
Grouped Schools						
Service charges	3,482	14,944	21,204	14,832		54,462
Interest	2,793	10,143	9,875	3,078		25,889
Repayment of liability	1,027	5,710	12,162	11,175		30,074
Planned lifecycle replacement	1,337	4,799	4,486	2,681		13,303
BSF 1						
Service charges	3,332	14,345	20,502	9,089		47,268
Interest	3,217	11,745	9,430	480		24,872
Repayment of liability	1,688	9,325	17,935	7,921		36,869
Planned lifecycle replacement	1,769	5,994	7,279	2,806		17,848
BSF 2						
Service charges	1,134	4,135	5,778	5,737		16,784
Interest	1,547	5,635	5,380	2,203		14,765
Repayment of liability	478	2,424	4,834	6,813		14,549
Planned lifecycle replacement	162	1,458	1,972	2,064		5,656
BSF 3						
Service charges	1,348	6,025	9,249	9,402		26,024
Interest	2,362	8,569	8,011	4,327		23,269
Repayment of liability	888	4,113	6,742	9,172		20,915
Planned lifecycle replacement	246	1,292	2,518	2,594		6,650
BSF 4						
Service charges	2,367	10,185	15,572	18,836		46,960
Interest	4,747	17,663	17,147	9,269		48,826
Repayment of liability	1,450	7,357	12,540	19,040		40,387
Planned lifecycle replacement	428	1,846	3,700	5,114		11,088
Streetlighting						
Service charges	903	3,843	5,370	4,000		14,116
Interest	2,125	7,795	7,524	2,994		20,438
Repayment of liability	886	4,373	7,944	7,450		20,653
Planned lifecycle replacement	0	0	0	0		0
Totals	60,766	233,936	232,931	178,444	3,701	709,778

Notes to the Core Financial Statements

	In 2022/23 £000s	2 to 5 years £000s	6 to 10 years £000s	11 to 15 years £000s	16 to 20 years £000s	Total £000s
Brockley HRA						
Service charges	9,779	39,857	635			50,271
Interest	2,799	7,978	215			10,992
Repayment of liability	3,455	19,657	647			23,759
Planned lifecycle replacement	681	2,397	1			3,079
Downham Lifestyles						
Service charges	262	1,116	1,560	1,765	769	5,472
Interest	1,837	7,427	9,020	8,193	2,782	29,259
Repayment of liability	198	1,104	2,166	3,846	2,378	9,692
Planned lifecycle replacement	277	1,180	1,666	1,885	821	5,829
Grouped Schools						
Service charges	3,081	13,222	18,759	17,575		52,637
Interest	2,884	10,514	10,285	4,281		27,964
Repayment of liability	956	4,970	11,010	14,095		31,031
Planned lifecycle replacement	1,155	4,704	4,153	3,244		13,256
BSF 1						
Service charges	2,940	12,678	18,107	12,231		45,956
Interest	3,460	12,055	10,431	1,678		27,624
Repayment of liability	1,747	8,243	16,363	12,263		38,616
Planned lifecycle replacement	1,251	5,846	6,630	3,759		17,486
BSF 2						
Service charges	862	3,670	5,128	5,802	520	15,982
Interest	1,580	5,816	5,737	2,982	40	16,155
Repayment of liability	438	2,201	4,349	7,249	751	14,988
Planned lifecycle replacement	279	1,279	1,791	1,967	257	5,573
BSF 3						
Service charges	1,117	5,181	8,060	9,531	906	24,795
Interest	2,391	8,694	8,412	5,024	304	24,825
Repayment of liability	920	3,966	6,314	9,361	1,275	21,836
Planned lifecycle replacement	143	994	2,109	2,663	283	6,192
BSF 4						
Service charges	1,880	8,821	13,752	16,431	3,726	44,610
Interest	4,845	17,826	17,688	10,758	947	52,064
Repayment of liability	1,628	6,935	11,438	17,571	4,443	42,015
Planned lifecycle replacement	165	1,448	3,256	4,301	1,081	10,251
Streetlighting						
Service charges	881	3,750	5,239	5,127		14,997
Interest	2,182	8,091	8,099	4,247		22,619
Repayment of liability	816	4,028	7,314	9,312		21,470
Planned lifecycle replacement	0	0	0	0		0
Totals	56,889	235,648	220,334	197,141	21,283	731,295

Notes to the Core Financial Statements

35. CAPITAL CONTRACTUAL COMMITMENTS

The table below lists the contractual commitments for the acquisition of property, plant and equipment. These are estimated amounts based either on the value of open purchase orders or officer estimates.

	Contractual commitments as at 31/03/23
	£m
General Fund	
Creekside Streetscape Improvements (Phase 1)	0.4
Lewisham Gateway (Phase 2)	6.8
A205 Road Realignment	10.0
Deptford Southern Sites Regeneration (AKA Reginald Road)	0.5
Housing Revenue Account	
Thomas Lane Yard	0.5
Edward Street Development (PLACE / Deptford)	15.5
Temporary Accommodation - Mayow Rd	2.3
Temporary Accommodation - Canonbie Road	0.3
Algernon/Embleton Road (Phase 3) LH	0.5
Bampton (EG17) LH	3.5
Creekside Acquisition LH	1.8
Elderton Road Garages (Pack 5) SE26 4EY LH	1.6
Endwell Road (Phase 3) LH	1.9
HOME PARK HOUSING LH	6.4
Kenton Court (Phase 3) LH	0.4
New Cross Road Acquisition 52-54	9.1
Sommerville Phase 1 (Extra Care) (Phase 3) LH	1.1
Walsham House Garages (Pack 5) SE14 5LR LH	1.7
Total Capital Programme contractual commitments	64.4

	Contractual commitments as at 31/03/22
	£m
General Fund	
Greenvale School Expansion	1.8
Public Sector Decarbonisation Scheme(PSDS)	1.4
Catford Library Project works	0.4
Old Town Hall	0.3
CCTV Modernisation Plan 2017	0.0
Good Growth Scheme	0.0
Ashmead School Expansion	0.0
Housing Revenue Account	37
Total Capital Programme contractual commitments	40.9

36. DEFINED CONTRIBUTION PENSION SCHEMES

The Teachers and the National Health Service Pension Schemes are technically defined benefit schemes. However, their assets and liabilities cannot reliably be identified at individual employer level and therefore for the purposes of the Council's accounts they are accounted for as defined contribution schemes.

Teachers employed by the Council are members of the Teachers' Pension Scheme, which is run by the Department for Education (DfE). The scheme provides benefits upon retirement with both the Council and the employee making contributions to the scheme. The scheme is "unfunded" and the DfE use a notional fund to set a national employers contribution rate based on a percentage of members' pensionable pay – in 2022/23 this rate was 23.68% (in 2021/22 23.68%). In 2022/23, the Council paid £21.3m to the DfE in respect of teachers' pension costs (£20.5m in 2021/22).

Public Health staff employed by the Council are members of the NHS Pension Scheme, which is run by the Department of Health (DoH). The scheme provides benefits upon retirement with both the Council and the employee making contributions to the scheme. The scheme is "unfunded" and the DoH use a notional fund to set a national employers contribution rate based on a percentage of members' pensionable pay – this rate was 20.68% for 2022/23 (14.38% paid by employers and 6.3% paid centrally (in 2021/22 this was also 20.68%). In 2022/23 the Council paid £0.079m to the DoH in respect of employees' pension costs (£0.079m in 2021/22).

37. DEFINED BENEFIT PENSION SCHEMES

a) Participation in Pension Schemes

The Council offers retirement benefits as part of the terms and conditions of staff employment. Although these benefits will not actually be payable until employees retire, the Council is committed to making these payments, and they are required to be disclosed at the time that employees earn their future entitlement. The Council makes contributions on behalf of its employees to the Local Government Pension Scheme (LGPS) and the London Pensions Fund Authority (LPFA). These are defined benefit pension schemes, meaning that both the Council and the employees pay contributions into a fund, calculated at a level which is intended to balance the pension's liabilities with investment assets.

b) Assessment of the Assets and Liabilities of the Pension Schemes

These are assessed on an actuarial basis using the projected unit method and an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. They have been prepared by independent firms of actuaries (the LGPS by Hymans Robertson and the LPFA by Barnett Waddingham), and are based on IAS19 assumptions and calculations for the year and the latest triennial valuations as at 31 March 2023. It should be noted the Council has guaranteed any pension liability that may arise for its wholly owned subsidiary, Lewisham Homes Limited – this figure is excluded from the Council's single entity accounts but is included in the Group Accounts (see Section 6).

c) Transactions relating to Retirement Benefits

In accordance with IAS19, the Council recognises the cost of retirement benefits relating to these schemes in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the required charge to the Council Tax is based on the cash paid in the year so the real cost of retirement benefits is reversed out of the General Fund via the MiRS. The following transactions were made during the year in the CIES and the General Fund Balance via the MiRS:

Notes to the Core Financial Statements

Comprehensive Income and Expenditure Statement	2022/23 £000	2021/22 £000
Cost of Service		
Current Service Cost	63,969	61,883
Past Service Cost (inc.settlements and curtailments)	1,527	1,107
	65,496	62,990
Financing and Investment Income and Expenditure		
<u>Net Interest on the Net Defined Benefit Liability</u>		
Interest Income on Scheme Assets	(41,175)	(27,240)
Interest Cost on Defined Benefit Obligation (Liabilities)	56,868	43,123
	15,693	15,883
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	81,189	78,873
<u>Remeasurements of the Net Defined Benefit Liability</u>		
Return on Assets excluding amounts included in Net Interest	105,253	(105,502)
Actuarial Losses from changes in Demographic Assumptions	(16,928)	(5,092)
Actuarial Losses from changes in Financial Assumptions	(718,352)	(115,811)
Other Remeasurements & Gains and Losses	127,532	(25,648)
Total Remeasurements recognised in CIES	(502,495)	(252,053)
Total Post Employment Benefits Charged to the CIES	(421,306)	(173,180)
Movement in Reserves Statement	2022/23 £000	2021/22 £000
Reversal of Net Charges made to the Surplus or Deficit on the Provision of Services	(81,189)	(78,873)
Employers' Contributions Payable to the Scheme	37,408	31,853
Return on Assets excluding amounts included in Net Interest	(105,253)	105,502
Actuarial Gains and Losses	607,748	146,551
Net Movement in Pensions Reserve	458,714	205,033

d) Pensions Assets and Liabilities Recognised in the Balance Sheet

	31/03/23 £000	31/03/22 £000
Fair Value of Plan Assets	1,459,367	1,537,228
Present Value of Defined Benefit Liability (Obligation)	(1,519,095)	(2,050,849)
	(59,728)	(513,621)
Present Value of Unfunded Liabilities	(47,566)	(52,387)
Pensions Reserve - Year End Balance	(107,294)	(566,008)

Notes to the Core Financial Statements

e) Reconciliation of the Movements in the Fair Value of Scheme Assets

	31/03/23 £000	31/03/22 £000
Opening Fair Value of Scheme Assets	1,537,228	1,390,628
Interest Income on Scheme Assets	41,203	27,349
Administration	(28)	(109)
<u>Remeasurement Gains / Losses</u>		
Return on Assets excluding amounts included in Net Interest	(105,253)	105,502
Employer Contributions	33,182	27,914
Contributions in respect of Unfunded Benefits	4,226	3,939
Contributions from Scheme Participants	9,891	8,131
Assets distributed on settlements	0	0
Benefits Paid	(56,892)	(54,370)
Unfunded Benefits Paid	(4,226)	(3,939)
Other Remeasurements	36	32,183
Closing Fair Value of Scheme Assets	1,459,367	1,537,228

f) Reconciliation of the Movements in the Present Value of Scheme Liabilities

	31/03/23 £000	31/03/22 £000
Opening Present Value of Scheme Liabilities (Obligations)	(2,103,236)	(2,161,669)
Current Service Cost	(63,969)	(61,883)
Interest Cost on Defined Benefit Obligation (Liabilities)	(56,868)	(43,123)
Contributions from Scheme Participants	(9,891)	(8,131)
<u>Remeasurement Gains / Losses</u>		
Benefits Paid	56,892	54,370
Unfunded Benefits Paid	4,226	3,939
Actuarial Losses from changes in Demographic Assumptions	16,928	5,092
Actuarial Losses from changes in Financial Assumptions	718,352	115,811
Other Gains and Losses	(127,568)	(6,535)
Past Service Costs / Curtailments / Settlements	(1,527)	(1,107)
Closing Present Value of Scheme Liabilities (Obligations)	(1,566,661)	(2,103,236)

Notes to the Core Financial Statements

g) Pension Scheme Assets

	31/03/23			31/03/22		
	Active Market	Not in Active Markets	Total	Active Market	Not in Active Markets	Total
	£000	£000	£000	£000	£000	£000
LGPS (LBL)						
Debt Securities	126,776	0	126,776	181,696	0	181,696
Private Equity	0	113,811	113,811	0	60,003	60,003
Real Estate	0	133,622	133,622	0	126,812	126,812
Investment Funds / Unit Trusts	803,160	142,870	946,030	870,377	129,108	999,485
Cash and Cash Equivalents	0	48,742	48,742	0	77,432	77,432
Total LGPS Assets	929,936	439,045	1,368,981	1,052,073	393,355	1,445,428

	31/03/23			31/03/22		
	Active Market	Not in Active Markets	Total	Active Market	Not in Active Markets	Total
	£000	£000	£000	£000	£000	£000
LPFA						
Equities	44,848	7,176	52,024	44,002	8,250	52,252
Target Return Portfolio	6,774	9,676	16,450	11,447	8,325	19,772
Infrastructure	0	11,194	11,194	0	9,352	9,352
Real Estate	0	8,688	8,688	0	8,237	8,237
Cash	2,031	0	2,031	2,187	0	2,187
Total LPFA Assets	53,653	36,734	90,387	57,636	34,164	91,800

h) Basis for Estimating Assets and Liabilities

	Local Government Pension Scheme		LPFA	
	2022/23	2021/22	2022/23	2021/22
Rate of Inflation – CPI	3.0%	3.2%	2.9%	3.5%
Salary Increase Rate	4.0%	4.2%	3.9%	4.5%
Pensions Increases	3.0%	3.2%	2.9%	3.5%
Rate for discounting scheme liabilities	4.8%	2.7%	4.8%	2.6%
Mortality assumptions				
Longevity at 65 for current pensioners - Men	21.0	21.4	20.2	21.0
Longevity at 65 for current pensioners - Women	24.1	24.3	23.9	24.2
Longevity at 65 for future pensioners - Men	22.1	22.5	21.4	22.2
Longevity at 65 for future pensioners - Women	25.5	25.7	25.0	25.7

i) Sensitivity Analysis

Change in Assumption at 31st March 2023	Approximate % Increase in Employer Liability	Approximate Monetary Amount (£000)
LGPS - LB Lewisham		
0.1% Decrease in Real Discount Rate	2%	24,312
1 Year Increase in Member Life Expectancy	4%	60,449
0.1% Increase in the Salary Increase Rate	0%	1,688
0.1% Increase in the Pension Increase Rate	2%	22,982
LPFA		
0.1% Decrease in Real Discount Rate	n/a	54
1 Year Increase in Member Life Expectancy	n/a	55
0.1% Increase in the Salary Increase Rate	n/a	53
0.1% Increase in the Pension Increase Rate	n/a	54

Notes to the Core Financial Statements

These are based on reasonably possible changes to the assumptions occurring at the end of the year and assumes for each change that the assumption changes while all the other assumptions remain constant.

j) Future Contributions

The objectives of the scheme are to keep the employer's contributions at as constant a rate as possible. The Council anticipates paying £30.8m in contributions to the scheme in 2023/24.

38. CONTINGENT LIABILITIES

A contingent liability is an item of expenditure that is likely but not certain and is subject to a further event or decision. At the date of approval of the Accounts the Council had the following contingent liability:

- There were 21 schools with licensed deficit budgets at the year end (2 nursery schools, 1 special school, 1 secondary school and 17 primary schools), totalling £6.3m. There were also three schools with local authority loans with a total balance of £1.2m, two of which had licensed deficit budgets. Because of the complexities and future uncertainties over the arrangements for dealing with school deficits/loans, some or all of this total of £7.5m may ultimately fail to be met from the Council's General Fund, either in 2023/24 or a later year.

39. CONTINGENT ASSETS

A contingent asset is an item of income that is likely but not certain and is subject to a further event or decision. At the date of approval of the Accounts the Council has no contingent assets.

40. TRUST FUNDS

The Council acts as a trustee for other funds which are not included in the Balance Sheet. Interest on these funds is credited annually at the average rate earned on the Council's revenue balances. The total amount held as at 31 March 2023 was £0.1m (£0.1m as at 31 March 2022).

41. HERITAGE ASSETS

These assets comprise Lewisham Clock Tower (£706k) and the Civic Regalia (£249k). Their values in the accounts are insurance values which are assessed internally and based on current market values. The value of the assets at 31 March 2023 is £0.96m (£0.96m as at 31 March 2022).

The Council has two other "categories" of heritage asset which have not been included on the Balance Sheet. 28 assets, mainly works of art with a total insurance value of approximately £45,000, have individual insurance values which are immaterial. Another 28 assets, mainly paintings and sculptures, have not been included on the balance sheet because the cost of obtaining valuations is not felt to be economic to the benefits of the users of the accounts.

Notes to the Core Financial Statements

42. CAPITAL GRANTS UNAPPLIED

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place. The grants that make up the balance are detailed in the table below:

	2022/23 £000	2021/22 £000
Community Infrastructure Levy - LB Lewisham	(23,529)	(21,750)
Adults PSS Grant (DoH)	(2,566)	(2,626)
Disabled Facilities Grant	(2,059)	(1,790)
Public Sector Decarbonisation Scheme(PSDS)	0	(1,612)
River Ravensbourne Corridor (QUERCUS)	(285)	(285)
Social Care Single Capital Pot (DoH)	(239)	(239)
NHS Capital Grant	0	0
Other Housing Grants (GLA)	3,076	(1,900)
Other Grants	(277)	(170)
Total	(25,879)	(30,372)

43. CASH FLOW STATEMENT - ADJUSTMENT TO SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

	2022/23 £000	2021/22 £000
Depreciation, Impairment and Downward Valuations	73,591	44,609
Increase/ (decrease) in creditors	(30,150)	28,162
(Increase)/ decrease in debtors	(8,184)	(5,660)
(Increase)/ decrease in inventories (stock)	(17)	8
Movement in pension liability	43,781	47,020
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	64,128	54,882
Other non-cash items charged to the net surplus or deficit on the provision of services	(7,083)	(8,513)
Total Adjustment to net surplus or deficit on the provision of services for non-cash movements	136,066	160,508

Notes to the Core Financial Statements

44. CASH FLOW STATEMENT - ADJUSTMENT FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES

	2022/23 £000	2021/22 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	44	51
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(15,338)	(15,815)
Any other items for which the cash effects are investing or financing cash flows.	(26,067)	(24,543)
Total Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(41,361)	(40,307)

45. CASH FLOW STATEMENT - OPERATING ACTIVITIES

	2022/23 £000	2021/22 £000
Interest Received	2,073	1,765
Interest Paid	(30,937)	(31,035)
Net Interest Paid	(28,864)	(29,270)

46. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2022/23 £000	2021/22 £000
Purchase of Property, Plant and Equipment, investment property and intangible assets	(135,585)	(110,027)
Purchase of short and long term investments	(380,000)	(415,000)
Other payments for Investing Activities	5,146	(7,818)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	15,338	15,815
Proceeds from short-term and long-term investments	440,000	453,000
Other Receipts from Investing Activities	27,812	28,518
Net Cash Flows from Investing Activities	(27,289)	(35,512)

Notes to the Core Financial Statements

47. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2022/23 £000	2021/22 £000
Cash receipts of short and long term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(10,158)	(8,036)
Repayment of Short-Term and Long-Term Borrowing	(1,126)	(203)
Other payments for financing activities	19,396	17,115
Net Cash Flows from Financing Activities	8,112	8,876

48. PRIOR YEAR ADJUSTMENTS/ RESTATEMENTS

In 2022/23 there were no restatements directly to the 2021/22 Group Accounts.

Housing Revenue Account

SECTION 4 - HOUSING REVENUE ACCOUNT

This account is maintained in accordance with the provisions of the Local Government and Housing Act 1989 to show all income and expenditure relating to the Council's responsibilities as landlord of dwellings and associated property.

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

	2022/23 £000	2021/22 £000	Note
INCOME			
Gross Rent - Dwellings	(73,176)	(70,248)	1
Gross Rent - Other Housing Properties	(3,497)	(3,604)	1
Charges for Services and Facilities	(13,567)	(13,472)	1
Housing Subsidy and Government Grants	(10,353)	(19,863)	2
Contribution towards Expenditure	(4,562)	(3,825)	4
Total Income	(105,155)	(111,012)	
EXPENDITURE			
Supervision and Management - General Expenses	43,789	39,296	5
Supervision and Management - Special Expenses	7,852	5,247	5
Repairs and Maintenance	22,657	24,824	6
Rent, Rates and Other Charges	645	235	8
Rent Rebate Subsidy Shortfall	0	0	3
Contribution to Doubtful Debts & Other Provisions	292	3,298	7
Depreciation - Dwellings	24,743	24,394	10
Depreciation - Other Housing Assets	960	899	10
Impairment of Non Current Assets	29,435	729	10
Debt Management Expenses	27	19	
Total Expenditure	130,400	98,941	
Net Cost of Services included in the Council's Income and Expenditure Account	25,245	(12,071)	
HRA Services share of Corporate and Democratic Core Costs	187	181	
Net Cost of HRA Services	25,432	(11,890)	
HRA share of the Operating Income and Expenditure incl. in the Comprehensive Income and Expenditure Statement			
(Gain) / Loss on Sale and de-recognition of HRA Non Current Assets	48,585	41,600	
Interest Payable and Similar Charges	5,869	4,840	11
Interest and Investment Income	(1,022)	(178)	
Pension Interest Cost and Expected Return on Pension Assets	83	67	12
(Surplus) / Deficit for the Year on HRA Services	78,947	34,439	

Housing Revenue Account

HOUSING REVENUE ACCOUNT - MOVEMENT IN RESERVES STATEMENT

	2022/23 £000	2021/22 £000
Balance on the HRA at the End of the Previous Year	30,315	74,977
<u>Movement in Year</u>		
Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	(78,947)	(34,439)
Adjustments between Accounting Basis and Funding Basis under Statute	62,700	(10,223)
Net Increase or (Decrease) before Transfers (To) / From Reserves	(16,247)	(44,662) *
Transfers (To) / From Reserves	0	0
Increase or (Decrease) in Year on the HRA	(16,247)	(44,662)
Balance on the HRA at the End of the Year	14,068	30,315

* Note - MRA only, others are not technically defined as transfers to from reserves, they are movements in the HRA Balance.

An analysis of the amounts included within the figures for Adjustments between Accounting Basis and Funding Basis under Statute can be found within Note 8 to the Core Financial Statements.

Details of the movement in the Housing Revenue Account Reserves and Balances can be found in Note 15 to the Housing Revenue Account.

Housing Revenue Account

NOTES TO THE HOUSING REVENUE ACCOUNT

1. GROSS RENT OF DWELLINGS

This is the total rent collectable for the year after allowance is made for empty property. At 31 March 2023, 0.97% of lettable property was empty (0.67% at 31 March 2022). These figures for empty property exclude accommodation for the homeless and dwellings designated for sale, major works and improvements. Average rents were £103.25 In 2022/23 and £99.19 per week In 2021/22.

Service charges have been disaggregated from rents and are now shown under charges for services and facilities.

(a) Housing stock

The Council was responsible for managing 13,772 dwellings as at 31 March 2023 (13,699 as at 31 March 2022).

There have been no stock transfers undertaken in 2022/23.

The stock was made up as follows:

	31/03/23	31/03/22
<u>Stock Numbers at year end</u>		
Houses and Bungalows	2,305	2,298
Flats and Maisonettes	11,467	11,401
Stock at End of Year	13,772	13,699

	2022/23	2021/22
<u>Change in Stock Numbers during the year</u>		
Stock at 1 April	13,699	13,762
Less Sales, Demolitions, etc.	(121)	(72)
Add Re-purchases, Conversions etc.	194	9
Stock at End of Year	13,772	13,699

b) Rent Arrears

	2022/23 £000	2021/22 £000
Rent Arrears due from Current Tenants	5,271	4,442
Rent Arrears due from Former Tenants	1,395	1,072
Total Arrears	6,666	5,514
Total Arrears as % of Gross Rent of Dwellings Due	6.9%	5.9%

The arrears shown in this note exclude water charges, heating charges and all other charges collected as part of tenants' rent. Housing rent represents 97.6% of the total collectable from tenants.

Housing Revenue Account

c) Rent – Other Housing Property

	2022/23 £000	2021/22 £000
Aerial Sites	324	297
Garages	161	159
Reception Hostels	2,626	2,616
Commercial Property	328	473
Ground Rents	58	59
Total Other Rents and Charges	3,497	3,604

d) Charges for Services and Facilities to Tenants and Leaseholders.

Service charges include caretaking, grounds maintenance, communal lighting, bulk household waste removal and disposal, window cleaning, pest control and the Lewisham Tenants Levy. The average tenants' service charge was £9.75 In 2022/23 (£9.47 In 2021/22).

	2022/23 £000	2021/22 £000
Heating Charges	726	660
Leasehold Service Charges	6,042	6,186
Tenants Service Charges	6,799	6,626
Total Charges for Services and Facilities	13,567	13,472

2. GOVERNMENT HOUSING EXCHEQUER SUBSIDY

From 1st April 2012 HRA accounts were prepared under the Government's HRA self-financing regime. Under this system no further housing subsidy transactions are made between government and stock owning Councils. This is in recognition that all rent collected will be retained by the Council and not contributed into the national rent pool.

As the Council has a housing PFI scheme, it will continue to receive the PFI credit until completion of the contract in 2027. This represents an annual payment of £10.353m.

The Council also received £9.5m in funding in 2021/22 towards the removal and recladding of 3 tower blocks within the borough.

	2022/23 £000	2021/22 £000
Other Reckonable Expenditure	0	9,510
PFI Credit	10,353	10,353
Decent Homes Grant	0	0
Total Grants and Subsidy	10,353	19,863

Housing Revenue Account

3. REBATES

Assistance with rents is available under the Housing benefits scheme for those on low income. The scheme is administered by the Council and approximately 33% of tenants received help in 2022/23 (33% in 2021/22). Rent rebates are chargeable to, and the corresponding subsidy is credited to the General Fund.

Subsidy on rent rebates is capped and if the Council's rent exceeds the Government's limit for subsidy, the cost is charged to the HRA. The shortfall on subsidy due to overpayments is charged to the General Fund, as are the administration costs.

The costs, income and rebates over limitation charged back to the HRA are shown below:

	2022/23 £000	2021/22 £000
Rent Rebates Given (GF)	25,071	26,552
Subsidy Received on Rebates (GF)	(25,071)	(26,552)
Net cost to the HRA	0	0

4. CONTRIBUTIONS TOWARDS EXPENDITURE

	2022/23 £000	2021/22 £000
Court Costs	66	58
Recharges of repairs	3,637	141
Recharge to Capital Receipts	475	441
Hostels: Heat, Light and Water Charges	98	102
Reimbursement of overpaid Capital Charges	0	2,979
Professional fees	172	104
Other miscellaneous income	0	0
Total Other Income	4,448	3,825

5. SUPERVISION AND MANAGEMENTGeneral expenses

This includes the provision of services to all tenants including rent collection and accounting, rent arrears recovery, tenancy application and lettings, finance and administration, policy and management functions.

Special expenses

This includes the provision of services applicable to particular tenants including central heating, metered energy supplies, maintenance of grounds, communal lighting, lifts and ancillary services.

Housing Revenue Account

6. REPAIRS AND MAINTENANCE

This includes day-to-day repairs to Council housing stock and cyclical external decoration. Void properties prior to re-letting and certain tenants' properties are eligible for internal decoration. Repairs & Maintenance expenditure was as follows:

	2022/23 £000	2021/22 £000
Revenue R&M works	22,657	24,824
Total Repairs and Maintenance	22,657	24,824

7. CONTRIBUTIONS TO IMPAIRMENT ALLOWANCE**a) Contributions to Impairment Allowance**

A contribution of £0.292m (2021/22 £1.515m) was transferred from the HRA to an impairment allowance to meet doubtful debts. Details of the accumulated provisions are as follows:

	2022/23 £000	2021/22 £000
Housing Tenants	3,904	3,276
Leaseholders	2,763	2,499
Commercial Properties, Miscellaneous Debts	752	966
Total Impairment Allowance	7,419	6,741

b) Contributions to Provisions

A contribution of £0.257m (2021/22 £1.783m) was transferred from the HRA to provisions as an additional contribution to the Water Charges Provision.

The provision relates to the issue of whether the local authority was acting as an agent for Thames Water or was a water re-seller for the purposes of the Resale Order, which limited the maximum charge that could be applied to individual tenancies.

The value in question is not the Water Charge itself, but the income the authority received from Thames Water and whether this should have been passed onto the relevant tenancies.

Following a Court of Appeal ruling in October 2020 a provision was created to cover the liability for London Borough of Lewisham and to start the refund process to tenant's accounts. This was calculated with the data currently available at the time as £8.673m.

An additional contribution of £1.783m was transferred from the HRA to provisions in 2021/22 after further analysis showed that the total potential liability was £10.456m including additional administration costs.

	2022/23 £000	2021/22 £000
Water Charges Provision Brought Forward	5,989	8,673
Water Charges Provision Contribution	257	1,783
Water Charges Provision Used	(6,246)	(4,467)
Total HRA Water Provisions Provisions	0	5,989

Housing Revenue Account

Rent accounts have been refunded and the provision now stands at a zero balance with no further liability anticipated.

8. HRA OUTSTANDING DEBT (CAPITAL FINANCING REQUIREMENT)

Under the current HRA self-financing system, which began on 1st April 2012, there is no requirement to repay principal on housing debt. The total housing debt at 31st March 2023 was £99.5m.

9. NON CURRENT ASSET VALUATION

A full valuation of the housing stock is commissioned every five years with a market adjustment being applied in the year's in-between. The difference between the value of dwellings in their existing use as social housing and the vacant possession value reflects the economic cost to the Council of providing housing at less than open market rents.

	31/03/23 £000	31/03/22 £000
Operational Assets:		
Dwellings (Existing Use Value - Social Housing)	1,440,091	1,413,440
Other Land and Buildings	19,504	19,083
Infrastructure	81	86
Vehicles, Plant and Equipment	6,972	7,592
	1,466,648	1,440,201
Investment Properties	0	0
Surplus Assets	8,525	6,753
Assets Under Construction	72,625	59,622
	1,547,798	1,506,576
Total Housing Assets	1,547,798	1,506,576
Full Valuation of Council Dwellings	5,760,364	5,653,760

10. DEPRECIATION AND REVALUATION CHARGES

The total charges for the depreciation and revaluation of housing assets is as follows:

	2022/23 £000	2021/22 £000
Operational Assets		
Dwellings	24,743	24,394
Other Land and Buildings	337	334
Infrastructure	5	5
Vehicles, Plant and Equipment	618	560
	25,703	25,293
Total Depreciation	25,703	25,293
Revaluation losses on non-current assets	29,435	729
Total Depreciation & Revaluation Charges	55,138	26,022

Revaluation charges arise from capital expenditure carried out on dwellings which has not changed the value of those dwellings, or from reductions in the value of assets in excess of any carrying values held in the revaluation reserve.

Housing Revenue Account

11. INTEREST PAYABLE AND SIMILAR CHARGES

This line includes the charge of £2.93m for capital assets calculated in accordance with the DCLG's Item 8 Debit Determination for 2022/23 (£3.0m in 2021/22). It no longer includes any costs for the net cost of amortised loan redemption premiums and discounts as the final payment was made in 2017/18.

12. PENSIONS COSTS – IAS 19

In accordance with IAS 19, Lewisham recognises the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the cost to the HRA is based on the amounts payable in the year, so the accrued cost of retirement benefits is reversed out of the HRA.

13. HOUSING CAPITAL EXPENDITURE

There was a contribution to Capital from HRA revenue of £12.1m to fund the new development and investment programme for 2022/23.

	2022/23 £000	2021/22 £000
Expenditure:		
Dwellings	112,771	84,083
Revenue Expenditure Funded from Capital under Statute	0	0
	112,771	84,083
Financed by:		
Capital Receipts	31,969	7,186
HRA Contribution to Capital	12,091	49,720
Major Repairs Reserve	25,702	27,177
Borrowing	43,008	0
Total Capital Expenditure Financed	112,770	84,083

Housing Revenue Account

14. MAJOR REPAIRS RESERVE

The movements on the major repairs reserve are as follows:

	2022/23 £000	2021/22 £000
Balance brought forward at start of year	0	1,884
Transferred in (depreciation dwellings)	25,703	25,293
Financing of capital expenditure on housing assets	(25,703)	(27,177)
Balance carried forward at end of year	0	0

15. HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

The movements in housing revenue account reserves and balances are as follows:

	Balance at 31/03/22 £000	Transfers In £000	Transfers Out £000	Balance at 31/03/23 £000
Property and Stock Related Reserves	5,538	133	(1,460)	4,211
Staff Related Reserves	750	500	(336)	914
Other Earmarked Reserves	24,028	1,574	(16,659)	8,943
Total Reserves and Balances	30,316	2,207	(18,455)	14,068

Collection Fund

SECTION 5 - THE COLLECTION FUND

Lewisham Council is a designated 'Billing' Authority and is required by statute to maintain a separate Collection Fund. The transactions are on an accruals basis and include income from Council Tax and Non-Domestic Rates (NDR) and distributions to the Council's General Fund and the Greater London Authority (GLA) in respect of both Council Tax & NDR, and to the Government in respect of NDR only.

The costs of collecting these taxes are charged to the General Fund, but an allowance towards the cost of collecting NDR is credited to the General Fund from the NDR receipts.

The Council's share of the year end balances of the Collection Fund is included in the Council's Balance Sheet and its share of the transactions is included in the Council's Cash Flow Statement.

	2022/23			2021/22			Note
	Council Tax	NDR	Total	Council Tax	NDR	Total	
	£000	£000	£000	£000	£000	£000	
INCOME							
Income from Council Tax (net)	169,142		169,142	160,951		160,951	4
Income from Non-Domestic Rates (net)		57,724	57,724		51,901	51,901	5
Income from Non-Domestic Rates (net) - BRS		1,440	1,440		1,547	1,547	5
TOTAL INCOME	169,142	59,164	228,306	160,951	53,448	214,399	
EXPENDITURE							
Precepts and Demands upon Fund (C.Tax)							
- London Borough of Lewisham	126,353		126,353	122,285		122,285	
- Greater London Authority	35,170		35,170	32,225		32,225	
Precepts and Demands upon Fund (NDR)							
- London Borough of Lewisham		17,609	17,609		19,881	19,881	
- Greater London Authority		21,718	21,718		24,520	24,520	
- Central Government		19,370	19,370		21,869	21,869	
- Cost of Collection Allowance		303	303		302	302	
Business Rate Supplement (BRS)							
- Paid to Greater London Authority		1,557	1,557		1,604	1,604	
- Administrative Costs		6	6		6	6	
Bad and Doubtful Debts							
- Net adj to Impairment Allowance	6,657		6,657	(17,410)		(17,410)	6a
- Net adj to Impairment Allowance		(67)	(67)		(319)	(319)	6b
- Amounts Written Off	(797)		(797)	24,680		24,680	
- Amounts Written Off		392	392		1,235	1,235	
Contributions from previous year							
- London Borough of Lewisham	(2,407)	(7,718)	(10,125)	(2,498)	(11,165)	(13,663)	
- Greater London Authority	(624)	(9,520)	(10,144)	(437)	(13,393)	(13,830)	
- Central Government		(8,491)	(8,491)		(11,955)	(11,955)	
Provision for Appeals							
- Net contribution		(1,630)	(1,630)		(5,594)	(5,594)	
TOTAL EXPENDITURE	164,352	33,529	197,881	158,845	26,991	185,836	
Deficit / (Surplus) for the year	(4,790)	(25,635)	(30,425)	(2,106)	(26,457)	(28,563)	3
Deficit / (Surplus) at start of year	4,472	25,873	30,345	6,578	52,330	58,908	3
Opening Balance Adjustment	0	0	0	0	0	0	3
Deficit / (Surplus) at end of year	(318)	238	(80)	4,472	25,873	30,345	

Collection Fund

NOTES TO THE COLLECTION FUND

1. THE COUNCIL TAX BASE AND THE "BAND D" EQUIVALENT

The annual budget process requires that each Council determines its own 'Band D' tax charge by dividing its own budget requirement by the respective tax base for the financial year. The 'Band D' tax calculated forms the basis of the charge for all properties. Properties fall into one of eight valuation bands based on market values at 01 April 1991. Those that fall in other valuation bands pay a proportion of the 'Band D' tax charge according to its banding and the band proportion.

The tax base used in setting the Council Tax is set by the end of January for the following financial year. It is based on the actual number of dwellings on the Valuation List that fall within each valuation band. The total in each band is adjusted for exemptions, single person occupancy discounts, discounts for second homes and long-term empty properties, disabled band relief and new properties. The total for each band is then expressed as a "Band D" equivalent number by multiplying the resulting total by the relevant band proportion. The tax base for 2022/23 assumed a collection rate of 95.0% (95.0% for 2021/22).

The table below sets out the original tax base calculation for 2021/22 and has been prepared in accordance with The Welfare Reform Act that abolished the system of Council Tax benefits and replaced it with the Council Tax Reduction Scheme (CTRS) with effect from 01 April 2013.

Council Tax Band	Property Value £000	2022/23		Band D Ratio	2022/23		2021/22	
		No. of Properties			Band D Equivalents as per Ratio No.	Council Tax Charge £	Band D Equivalents as per Ratio No.	Council Tax Charge £
		Actual Number	Adjusted Number					
		(1)	(2)					
A	up to 40	8,148	5,342	6/9	3,561.5	1,211.21	3,555.4	1,162.41
B	40 - 52	34,345	24,951	7/9	19,406.2	1,413.07	19,375.7	1,356.15
C	52 - 68	45,784	36,971	8/9	32,862.8	1,614.94	32,698.9	1,549.88
D	68 - 88	26,730	23,124	1	23,123.5	1,816.81	23,046.0	1,743.62
E	88 - 120	7,770	6,939	11/9	8,480.7	2,220.54	8,458.3	2,131.09
F	120 - 160	2,741	2,568	13/9	3,709.4	2,624.28	3,710.3	2,518.56
G	160 - 320	1,335	1,266	15/9	2,110.5	3,028.02	2,111.6	2,906.03
H	over 320	174	165	18/9	329.5	3,633.62	322.0	3,487.24
Totals		127,027	101,326		93,584.1		93,278.2	
Add: Contributions in lieu					0.0		0.0	
Total Band D Equivalents					93,584.1		93,278.2	
Estimated Collection Rate					95.0%		95.0%	
NET COUNCIL TAX BASE					88,904.9		88,614.3	

Collection Fund

Council Tax Band	Property Value £000	2022/23		Band D Ratio	2022/23		2021/22	
		No. of Properties			Band D Equivalents as per Ratio No.	Council Tax Charge £	Band D Equivalents as per Ratio No.	Council Tax Charge £
		Actual	Adjusted					
		Number (1)	Number (2)					
A	up to 40	8,148	5,342	6/9	3,561.5	1,211.21	3,555.4	1,162.41
B	40 - 52	34,345	24,951	7/9	19,406.2	1,413.07	19,375.7	1,356.15
C	52 - 68	45,784	36,971	8/9	32,862.8	1,614.94	32,698.9	1,549.88
D	68 - 88	26,730	23,124	1	23,123.5	1,816.81	23,046.0	1,743.62
E	88 - 120	7,770	6,939	11/9	8,480.7	2,220.54	8,458.3	2,131.09
F	120 - 160	2,741	2,568	13/9	3,709.4	2,624.28	3,710.3	2,518.56
G	160 - 320	1,335	1,266	15/9	2,110.5	3,028.02	2,111.6	2,906.03
H	over 320	174	165	18/9	329.5	3,633.62	322.0	3,487.24
Totals		127,027	101,326		93,584.1		93,278.2	
Add: Contributions in lieu					0.0		0.0	
Total Band D Equivalents					93,584.1		93,278.2	
Estimated Collection Rate					95.0%		95.0%	
NET COUNCIL TAX BASE					88,904.9		88,614.3	

- (1) Total number of dwellings as per Valuation Officer's List
(2) Total number of dwellings after allowing for Discounts, Exemptions and Other Adjustments

2. COLLECTION FUND SURPLUS OR DEFICIT

Every January, a forecast of the estimated Collection Fund balance at the end of the financial year is made. This estimated surplus or deficit is then distributed to or recovered from the Council and the GLA in the following year in proportion to their respective annual demands made on the Fund. Any difference between the estimated and actual year-end balance on the Fund is taken into account as part of the forecast to be made of the Fund's balance during the following financial year.

3. COLLECTION FUND BALANCE SPLIT INTO ITS ATTRIBUTABLE PARTS

	(Surplus)/ Deficit			(Surplus)/ Deficit	
	Balance at 31/03/21	Movement in 2021/22	Balance at 31/03/22	Movement in 2022/23	Balance at 31/03/23
	£000	£000	£000	£000	£000
Council Tax					
London Borough of Lewisham	5,249	(1,711)	3,538	(3,766)	(228)
Greater London Authority	1,329	(395)	934	(1,024)	(90)
	6,578	(2,106)	4,472	(4,790)	(318)
Non-Domestic Rates					
London Borough of Lewisham	15,910	(8,148)	7,762	(7,690)	72
Greater London Authority	19,245	(9,672)	9,573	(9,485)	88
Central Government	17,175	(8,637)	8,538	(8,460)	78
	52,330	(26,457)	25,873	(25,635)	238
Collection Fund Balances	58,908	(28,563)	30,345	(30,425)	(80)

Collection Fund

Collection Fund Adjustment Account

The Council's share of the Collection Fund balance is managed by the Collection Fund Adjustment Account which shows the differences arising from the recognition of Council Tax income in the CIES as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

4. COUNCIL TAX INCOME

	2022/23		2021/22
	£000	£000	£000
Gross Council Tax Income Due		154,916	206,498
Less: Exemptions	(6,708)		(6,545)
Disabled Relief	(123)		(119)
Discounts	(20,320)		(19,104)
Adjustment for Council Tax Reduction Scheme	(19,743)		(20,145)
Plus: Adjustments to charge	61,121		366
Covid Grants	0		0
		14,227	(45,547)
Total Due from Council Tax payers		169,143	160,951

Collection Fund

5. NON-DOMESTIC RATES

The Council is responsible for collecting the Non-Domestic Rates (NDR) (often referred to as Business Rates) which are payable within its area. The amount payable is based upon the rateable value of commercial properties multiplied by the NDR multiplier, which is set annually by the Government. The amount due is paid as precepts to London Borough of Lewisham's General Fund (30%), Greater London Authority (37%) and Central Government (33%).

	2022/23		2021/22
	£000	£000	£000
Gross NDR Collectable (after voids and exemptions)		85,649	88,008
Reductions and Relief:			
Mandatory Relief	(18,236)		(18,517)
Discretionary Relief	(8,250)		(16,044)
		(26,486)	(34,561)
Total Receivable from Business Rates		59,163	53,447

	2022/23	2021/22
	£m	£m
Non-Domestic Rateable Value	176.8	177.0

	2022/23	2021/22
	pence	pence
Non-Domestic Rate Multiplier	51.2	51.2
Non-Domestic Rate Multiplier (Small Business)	49.9	49.9

6. COLLECTION FUND ARREARS AND IMPAIRMENT ALLOWANCES

	31/03/23	31/03/22
	£000	£000
Council Tax Arrears	47,055	40,151
Impairment Allowance	(41,952)	(35,295)
As a Percentage of Arrears	89.2%	87.9%

	2022/23		2021/22	
	Amount £000	Percentage %	Amount £000	Percentage %
Age of Arrears				
Year of Accounts	12,167	26	12,203	355
Under 2 Years old	9,445	20	8,090	235
Under 3 Years old	6,832	15	6,557	191
Under 5 Years old	11,016	23	9,862	287
Over 5 Years old	7,595	16	3,439	100
Total	47,055	100	40,151	1,168

Arrears of income from court costs and penalties resulting from recovery action are accounted for in the General Fund.

Collection Fund

b) Non-Domestic Rates

	31/03/2023 £000	31/03/2022 £000
NDR Arrears	7,569	7,644
Impairment Allowance	(6,748)	(6,816)
As a Percentage of Arrears	89.2%	89.2%

	2023/23		2021/22	
	Amount £000	Percentage %	Amount £000	Percentage %
Age of Arrears				
Year of Accounts	2,516	34	3,324	44
Under 2 Years old	1,717	23	1,553	20
Under 3 Years old	1,144	15	1,256	16
Under 5 Years old	1,746	23	1,193	16
Over 5 Years old	446	6	318	4
Total	7,569	101	7,644	100

Arrears of income from court costs and penalties resulting from recovery action are accounted for in the General Fund.

SECTION 6 – GROUP ACCOUNTS

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council and its wholly owned local authority trading companies Lewisham Homes Limited and Catford Regeneration Partnership Limited have been consolidated.

The group accounts are presented in addition to the Council's "single entity" financial statements and comprise:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash flow Statement

These statements (the purposes of which are explained on pages 4 and 5), together with those explanatory notes that are considered necessary in addition to those accompanying the "single entity" accounts and accounting policies are set out in the following pages.

Group Accounts

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDING 31 MARCH 2023

2021/22				2022/23		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			SERVICE			
450,964	(377,772)	73,192	Children & Young People Directorate	473,815	(395,413)	78,402
207,061	(120,106)	86,955	Community Services Directorate	211,679	(113,891)	97,788
130,791	(93,213)	37,578	Housing, Regeneration & Public Realm Directorate	144,649	(100,553)	44,096
219,141	(176,205)	42,936	Corporate Services Directorate	232,588	(189,922)	42,666
13,604	(1,063)	12,541	Chief Executive Directorate	13,146	(492)	12,654
89,708	(101,356)	(11,648)	HRA	138,521	(112,712)	25,809
7,800	(6,229)	1,571	Corporate Provisions	17,785	(7,481)	10,304
1,119,069	(875,944)	243,125	Cost of Services	1,232,183	(920,464)	311,719
			Other Operating Expenditure			
38,721	0	38,721	(Gain) / Loss on the disposal and de-recognition of non-current assets	48,091	0	48,091
1,702	0	1,702	Levies	1,683	0	1,683
1,940	0	1,940	Contribution of housing capital receipts to Government Pool	0	0	0
42,363	0	42,363		49,774	0	49,774
			Financing and Investment Income and Expenditure			
31,088	0	31,088	Interest payable and similar charges	30,993	0	30,993
0	626	626	Interest and Investment Income	0	(6,621)	(6,621)
0	0	0	Loss of Control of Assets	0	0	0
47,103	(30,637)	16,466	Net interest on the net defined benefit liability	62,092	(46,236)	15,856
78,191	(30,011)	48,180		93,085	(52,857)	40,228
			Taxation and non-specific Grant Income			
0	(119,787)	(119,787)	Income from Council Tax	0	(123,946)	(123,946)
0	(32,686)	(32,686)	General Government Grants	0	(65,950)	(65,950)
0	(19,839)	(19,839)	Recognised Capital Grants and Contributions	0	(27,208)	(27,208)
0	(94,056)	(94,056)	Non-Domestic Rates income and expenditure	0	(85,066)	(85,066)
145	0	145	Corporation Tax Payable	0	(5)	(5)
145	(266,368)	(266,223)		0	(302,175)	(302,175)
		67,445	Deficit/(Surplus) on provision of services			99,546
		(108,069)	Surplus or deficit on revaluation of non-current assets			(141,615)
		(284,677)	Remeasurement of the net defined benefit liability			(557,477)
		(392,746)	Other Comprehensive Income and			(699,092)
		(325,301)	Total Comprehensive Income and Expenditure			(599,546)

LEWISHAM STATEMENT OF ACCOUNTS 2022/23

Group Accounts

GROUP MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2023											
YEAR ENDING 31ST MARCH 2022	General Fund Balance	Earmarked Gen Fund Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority share of subsidiaries	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022											
Brought Forward	20,000	231,340	30,315	0	64,387	30,372	376,414	1,738,123	2,114,537	2,216	2,116,753
Movement in Reserves during 2021/22											
Surplus or (Deficit) on the provision of services	31,687	0	(78,947)	0	0	0	(47,260)	0	(47,260)	(52,286)	(99,546)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	631,770	631,770	67,322	699,092
Total Comprehensive Income and Expenditure	31,687	0	(78,947)	0	0	0	(47,260)	631,770	584,510	15,036	599,546
Adjustments between group accounts and authority accounts	(45,593)	0	0	0	0	0	(45,593)	0	(45,593)	45,593	0
Net increase before transfers	(13,906)	0	(78,947)	0	0	0	(92,853)	631,770	538,917	60,629	599,546
Adjustments between accounting basis and funding basis under regulations	8,054	0	62,700	0	2,751	(3,757)	69,748	(69,748)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(5,852)	0	(16,247)	0	2,751	(3,757)	(23,105)	562,022	538,917	60,629	599,546
Transfers to / from Earmarked Reserves	5,852	(5,852)	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in 2022/23	0	(5,852)	(16,247)	0	2,751	(3,757)	(23,105)	562,022	538,917	60,629	599,546
Balance at 31 March 2023											
Carried Forward	20,000	225,488	14,068	0	67,138	26,615	353,309	2,300,145	2,653,454	62,845	2,716,299

Group Accounts

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31ST MARCH 2022											
YEAR ENDING 31 MARCH 2021	General Fund Balance £000	Earmarked Gen Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	-141,615 -557,477 Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority share of subsidiaries £000	Total Group Reserves £000
Balance at 31 March 2021 Brought Forward	20,000	220,659	74,978	1,884	58,296	26,605	402,422	1,416,855	1,819,277	(27,825)	1,791,452
Movement in Reserves during 2021/22											
Surplus or (Deficit) on the provision of services	22,615	0	(34,439)	0	0	0	(11,824)	0	(11,824)	(55,621)	(67,445)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	354,755	354,755	37,991	392,746
Total Comprehensive Income and Expenditure	22,615	0	(34,439)	0	0	0	(11,824)	354,755	342,931	(17,630)	325,301
Adjustments between group accounts and authority accounts	(47,671)	0	0	0	0	0	(47,671)	0	(47,671)	47,671	0
Net increase before transfers	(25,056)	0	(34,439)	0	0	0	(59,495)	354,755	295,260	30,041	325,301
Adjustments between accounting basis and funding basis under regulations	35,737	0	(10,224)	(1,884)	6,091	3,767	33,487	(33,487)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	10,681	0	(44,663)	(1,884)	6,091	3,767	(26,008)	321,268	295,260	30,041	325,301
Transfers to / from Earmarked Reserves	(10,681)	10,681	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in 2021/22	0	10,681	(44,663)	(1,884)	6,091	3,767	(26,008)	321,268	295,260	30,041	325,301
Balance at 31 March 2022 Carried Forward	20,000	231,340	30,315	0	64,387	30,372	376,414	1,738,123	2,114,537	2,216	2,116,753

Group Accounts

Adjustments between group accounts and authority accounts2022/23

Adjustment for:	£'000
London Borough of Lewisham Payments to Lewisham Homes	(52,833)
Lewisham Homes Payments to London Borough of Lewisham	6,390
London Borough of Lewisham Payments to CRPL	(11)
CRPL Payments to London Borough of Lewisham	861
Total Adjustments to GF Net Expenditure	(45,593)

2021/22 comparator

Adjustment for:	£'000
London Borough of Lewisham Payments to Lewisham Homes	(60,910)
Lewisham Homes Payments to London Borough of Lewisham	12,461
London Borough of Lewisham Payments to CRPL	(20)
CRPL Payments to London Borough of Lewisham	798
Total Adjustments to GF Net Expenditure	(47,671)

Group Accounts

GROUP BALANCE SHEET AS AT 31 MARCH 2023

31/03/2022 £000		31/03/2023 £000
	<u>Property, Plant & Equipment</u>	
1,446,393	Council dwellings	1,485,660
1,106,877	Other land and buildings	1,200,130
27,545	Vehicles, plant, furniture and equipment	26,185
103,286	Infrastructure	96,100
5,199	Community	5,137
60,856	Surplus Assets not held for Sale	63,659
123,671	Assets under Construction	135,153
2,873,827		3,012,024
955	Heritage Assets	955
17,503	Investment Property	16,694
1,873	Long term investments	1,829
4,072	Long term debtors	4,012
2,898,230	Total Long Term Assets	3,035,514
275,247	Short Term Investments	218,539
233	Inventories	290
70,993	Debtors	69,835
120,171	Cash and Cash Equivalents	95,724
3,102	Prepayments	5,869
469,746	Current Assets	390,257
5,932	Bank Overdraft	592
3,006	Short term borrowing	3,579
15,658	Provisions	8,385
155,881	Creditors	140,884
69,044	Receipts in advance	73,281
10,158	PFI Liabilities due within one year	10,852
259,679	Current Liabilities	237,573
3,108,297	Total Assets less Current Liabilities	3,188,198
221,646	Long term borrowing	219,947
6,404	Provisions (More than 1 year)	6,606
193,246	Deferred PFI Liabilities	182,394
3,320	Capital Grants Receipts in Advance	4,237
937	Other Long Term Liabilities	1,614
565,991	Liability related to defined benefit pension scheme	57,101
991,544	Long Term Liabilities	471,899
2,116,753	NET ASSETS	2,716,299

Group Accounts

31/03/2022 £000		31/03/2023 £000
	Usable Reserves	
20,000	General Fund Balance	20,000
231,340	Earmarked Revenue Reserves	227,426
(7,628)	Lewisham Homes Profit & Loss Reserve	(9,588)
17	Lewisham Homes Pensions Reserve	50,193
(155)	Catford Regeneration Partnership Profit & Loss Reserve	(82)
30,315	Housing Revenue Account	14,068
0	Major Repairs Reserve	0
64,387	Usable Capital Receipts Reserve	67,138
30,372	Capital Grants Unapplied	26,615
368,648		395,770
	Unusable Reserves	
1,298,093	Revaluation Reserve	1,412,400
1,087,629	Capital Adjustment Account	1,078,742
93	Deferred Capital Receipts	93
(32,981)	Financial Instruments Adjustment Account	(32,163)
(566,008)	LBL Pensions Reserve	(107,294)
(11,300)	Collection Fund Adjustment Account	156
(8,866)	DSG Unusable Reserve	(13,091)
(18,555)	Short Term Compensated Absences Account	(18,314)
1,748,105		2,320,529
2,116,753	TOTAL RESERVES	2,716,299

Group Accounts

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2023

2021/22 £000s		2022/23 £000s
(61,135)	Net surplus or (deficit) on the provision of services	(99,546)
162,169	Adjustment to surplus or deficit on the provision of services for noncash movements	142,229
(40,307)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(41,361)
60,727	Net Cash flows from operating activities	1,322
(36,415)	Net Cash flows from Investing Activities	(27,926)
10,819	Net Cash flows from Financing Activities	7,497
35,131	Net increase or (decrease) in cash and cash equivalents	(19,107)
79,108	Cash and cash equivalents at the beginning of the reporting period	114,239
114,239	Cash and cash equivalents at the end of the reporting period	95,132

Group Accounts

Notes to the Group Accounts**1. General**

The Group Accounts should be read in conjunction with the Lewisham Council single entity accounts. Only notes to the accounts that are materially different from the single entity accounts are produced for the group accounts.

2. Group Boundary

The Council has an interest in a number of entities, the most significant of which are the wholly owned subsidiaries Lewisham Homes Limited and Catford Regeneration Partnership Limited which are consolidated into these accounts. The table below provides information on the nature of company business and associated risks:

Company	Business	Risks
Lewisham Homes Limited	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 18,000 homes.	If Lewisham Homes Limited was in any way unable to deliver a satisfactory housing management service, the Council would have to provide such a service itself.
Catford Regeneration Partnership Limited (CRPL)	The company owns the Catford Shopping Centre and aims to drive forward a regeneration programme for the town centre and the surrounding area.	As a property investment company, CRPL is exposed to risk in market movements in terms of the capital value of properties and in the level of income that can be generated through rental charges

3. Accounting Policies

- (i) In preparing the Group Accounts the Council has aligned the accounting policies of its companies with those of the Council and made consolidation adjustments where necessary.
- (ii) In 2022/23 Lewisham Homes "Council Dwellings" assets were re-valued using the same accounting standards as LBL to consolidate Lewisham Homes assets into the Group balance sheet. This resulted in a credit to the Group CIES of £13.149m due to an upward valuation of the assets compared to the 2021/22 valuation (2021/22 was a credit of £4.956m to the Group CIES due to the upward valuation of the assets).
- (iii) Lewisham Homes account for their assets in their single entity balance sheet as cost based. Within the Lewisham Homes accounts the assets are valued at NBV £41.638m (£42.366m in 2021/22). To be included in the Group Accounts these were valued at Fair Value of NBV £45.919m (£33.497m in 2021/22).
- (iv) The Council has consolidated the companies' financial statements with those of the Council on a line-by-line basis and has eliminated in full balances, transactions, income and expenses between the Council and its subsidiaries.

Group Accounts

4. Movements in Non-Current Assets

The movements in non-current assets during 2022/23 and 2021/22 were as follows:

2022/23	Council Dwellings £000	Other Land & Bldgs £000	Vehicles, Plant & Equip't £000	Comm. Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
Gross Book Value b/fwd at 01 April 2022	1,446,394	1,106,925	50,401	5,462	60,887	123,671	2,793,740
Additions	79,278	8,366	1,372	0	0	44,671	133,687
Revaluations (recognised in Revaluation Reserve)	21,501	69,918	10	0	2,568	0	93,997
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(18,951)	4,649	(11)	0	623	0	(13,690)
Impairments (recognised in Revaluation Reserve)	0	(217)	0	0	0	0	(217)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(31)	(133)	0	0	0	0	(164)
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	0
De-recognition of Assets (recognised in Other Operating Expenditure)	(54,813)	0	0	0	0	0	(54,813)
Disposals	(7,379)	0	(24)	0	(1,936)	(69)	(9,408)
Transfers	20,175	10,692	704	0	1,549	(33,120)	0
Gross Book Value c/fwd at 31 March 2023	1,486,174	1,200,200	52,452	5,462	63,691	135,153	2,943,132
Depreciation b/fwd at 01 April 2022	(1)	(48)	(22,856)	(263)	(31)	0	(23,199)
Depreciation for year	(25,567)	(15,057)	(3,528)	(62)	(328)	0	(44,542)
<u>Depreciation written back on:</u>							
Transfers	20	0	0	0	(20)	0	0
Revaluations (recognised in Revaluation Reserve)	22,666	12,414	106	0	309	0	35,495
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	2,368	2,621	11	0	38	0	5,038
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0	0	0	0
Assets Sold	0	0	0	0	0	0	0
Depreciation c/fwd at 31 March 2023	(514)	(70)	(26,267)	(325)	(32)	0	(27,208)
Net Book Value at 31 March 2023	1,485,660	1,200,130	26,185	5,137	63,659	135,153	2,915,924

Group Accounts

2021/22	Council Dwellings £000	Other Land & Bldgs £000	Vehicles, Plant & Equip't £000	Comm. Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
Gross Book Value b/fwd at 01 April 2021	1,421,775	1,064,737	65,526	5,562	53,853	69,923	2,681,376
Additions	51,750	1,125	1,799	0	0	56,521	111,195
Revaluations (recognised in Revaluation Reserve)	25,458	40,985	0	0	3,394	0	69,837
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	2,709	5,884	0	0	(657)	0	7,936
Impairments (recognised in Revaluation Reserve)	0	(813)	0	0	(1,120)	0	(1,933)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(76)	(348)	0	0	(719)	0	(1,143)
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	0
De-recognition of Assets (recognised in Other Operating Expenditure)	(48,743)	0	0	0	0	0	(48,743)
Disposals	(5,809)	0	(16,924)	(100)	(1,952)	0	(24,785)
Transfers	(670)	(4,645)	0	0	8,088	(2,773)	0
Gross Book Value c/fwd at 31 March 2022	1,446,394	1,106,925	50,401	5,462	60,887	123,671	2,793,740
Depreciation b/fwd at 01 April 2021	0	(45)	(36,143)	(267)	(1,609)	0	(38,064)
Depreciation for year	(25,103)	(14,854)	(3,772)	(95)	(305)	0	(44,129)
<u>Depreciation written back on:</u>							
Transfers	12	72	0	0	(84)	0	0
Revaluations (recognised in Revaluation Reserve)	22,760	11,627	135	0	249	0	34,771
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	2,330	3,139	0	0	43	0	5,512
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	13	0	0	0	0	13
Assets Sold	0	0	16,924	99	1,675	0	18,698
Depreciation c/fwd at 31 March 2022	(1)	(48)	(22,856)	(263)	(31)	0	(23,199)
Net Book Value at 31 March 2022	1,446,393	1,106,877	27,545	5,199	60,856	123,671	2,770,541

Group Accounts

5. Investment Properties

Whilst the Council has no investment properties, CRPL owns Catford shopping centre and several surrounding properties. As these properties were solely being used to generate income at 31 March 2023, under the code of practice they are classed as investment properties.

The fair value of the properties owned by CRPL as at 31 March 2023 is £16.694m (31 March 2022 was £17.503m). This is a £0.809m decrease in value from 2021/22.

6. Note to the Group MIRS - Adjustments between group accounts and authority accounts

The following adjustments are made in the Group's Movement in Reserves Statement in order to reconcile the General Fund back to its Council position prior to funding basis adjustments being made.

An analysis of the adjustments between group accounts and authority accounts row within the Group MIRS in 2022/23 is as follows:

2022/23

Adjustment for:	£'000
London Borough of Lewisham Payments to Lewisham Homes	(52,833)
Lewisham Homes Payments to London Borough of Lewisham	6,390
London Borough of Lewisham Payments to CRPL	(11)
CRPL Payments to London Borough of Lewisham	861
Total Adjustments to GF Net Expenditure	(45,593)

2021/22 comparator

Adjustment for:	£'000
London Borough of Lewisham Payments to Lewisham Homes	(60,910)
Lewisham Homes Payments to London Borough of Lewisham	12,461
London Borough of Lewisham Payments to CRPL	(20)
CRPL Payments to London Borough of Lewisham	798
Total Adjustments to GF Net Expenditure	(47,671)

7. Pensions

Lewisham Homes Limited is a scheduled body in the London Borough of Lewisham Pension Fund. The Council has indemnified Lewisham Homes Limited against any liability that may arise on its notional share of the Pension Fund's assets and obligations.

As per the CIPFA Guidance notes, the Pensions Reserves of the authority and Lewisham Homes have different characteristics – in the private sector the reserve is a subset of the Profit and Loss Reserve that accumulates actuarial gains and losses and other remeasurement. Therefore, in the Group Accounts the Lewisham Homes Pension reserve is included under Usable Reserves and the LBL Pensions reserve is under Unusable Reserves.

Group Accounts

Lewisham Homes include the asset and liability for the Pension Fund under Current Assets and Long-Term Liabilities in their single entity accounts. When consolidating with the LBL accounts to create the Group Accounts this has to be changed to Usable Reserves and Long-Term Liabilities. This results in the various elements of the in-year movement in the valuation being charged through the different areas of the Group CIES.

a) Transactions relating to Retirement Benefits

In accordance with IAS19, the Council recognises the cost of retirement benefits relating to these schemes in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the required charge to the Council Tax is based on the cash paid in the year so the real cost of retirement benefits is reversed out of the General Fund via the MiRS. The following transactions were made during the year in the CIES and the General Fund Balance via the MiRS:

Comprehensive Income and Expenditure Statement	2022/23 £000	2021/22 £000
Cost of Service		
Current Service Cost	72,407	71,139
Past Service Cost (inc.settlements and curtailments)	1,527	1,170
	73,934	72,309
Financing and Investment Income and Expenditure		
<u>Net Interest on the Net Defined Benefit Liability</u>		
Interest Income on Scheme Assets	(46,236)	(30,637)
Interest Cost on Defined Benefit Obligation (Liabilities)	62,092	47,103
	15,856	16,466
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	89,790	88,775
<u>Remeasurements of the Net Defined Benefit Liability</u>		
Return on Assets excluding amounts included in Net Interest	118,959	(117,815)
Actuarial Losses from changes in Demographic Assumptions	(18,213)	(5,586)
Actuarial Losses from changes in Financial Assumptions	(796,096)	(128,404)
Other Remeasurements & Gains and Losses	137,873	(32,872)
Total Remeasurements recognised in CIES	(557,477)	(284,677)
Total Post Employment Benefits Charged to the CIES	(467,687)	(195,902)

b) Pensions Assets and Liabilities Recognised in the Balance Sheet

	31/03/23 £000	31/03/22 £000
Fair Value of Plan Assets	1,644,334	1,728,966
Present Value of Defined Benefit Liability (Obligation)	(1,653,869)	(2,242,570)
	(9,535)	(513,604)
Present Value of Unfunded Liabilities	(47,566)	(52,387)
Pensions Reserve - Year End Balance	(57,101)	(565,991)

Group Accounts

c) Reconciliation of the Movements in the Fair Value of Scheme Assets

	31/03/23 £000	31/03/22 £000
Opening Fair Value of Scheme Assets	1,728,966	1,559,763
Interest Income on Scheme Assets	46,264	30,746
Administration	(28)	(109)
<u>Remeasurement Gains / Losses</u>		
Return on Assets excluding amounts included in Net Interest	(118,959)	117,815
Employer Contributions	36,977	31,506
Contributions in respect of Unfunded Benefits	4,226	3,939
Contributions from Scheme Participants	11,280	9,484
Assets distributed on settlements	0	0
Benefits Paid	(59,962)	(57,641)
Unfunded Benefits Paid	(4,226)	(3,939)
Other Remeasurements	(204)	37,402
Closing Fair Value of Scheme Assets	1,644,334	1,728,966

d) Reconciliation of the Movements in the Present Value of Scheme Liabilities

	31/03/23 £000	31/03/22 £000
Opening Present Value of Scheme Liabilities (Obligations)	(2,294,957)	(2,357,101)
Current Service Cost	(72,407)	(71,139)
Interest Cost on Defined Benefit Obligation (Liabilities)	(62,092)	(47,103)
Contributions from Scheme Participants	(11,280)	(9,484)
<u>Remeasurement Gains / Losses</u>		
Benefits Paid	59,962	57,641
Unfunded Benefits Paid	4,226	3,939
Actuarial Losses from changes in Demographic Assumptions	18,213	5,586
Actuarial Losses from changes in Financial Assumptions	796,096	128,404
Other Gains and Losses	(137,669)	(4,530)
Past Service Costs / Curtailments / Settlements	(1,527)	(1,170)
Closing Present Value of Scheme Liabilities (Obligations)	(1,701,435)	(2,294,957)

Group Accounts

e) Pension Scheme Assets

	31/03/23			31/03/22		
	Active Market	Not in Active Markets	Total	Active Market	Not in Active Markets	Total
	£000	£000	£000	£000	£000	£000
LGPS (LBL + LH)						
Debt Securities	126,776	0	126,776	181,696	0	181,696
Private Equity	0	113,811	113,811	0	60,003	60,003
Real Estate	0	152,119	152,119	0	144,068	144,068
Investment Funds / Unit Trusts	962,231	142,870	1,105,101	1,035,272	129,108	1,164,380
Cash and Cash Equivalents	0	56,140	56,140	0	87,019	87,019
Total LGPS Assets	1,089,007	464,940	1,553,947	1,216,968	420,198	1,637,166

	31/03/23			31/03/22		
	Active Market	Not in Active Markets	Total	Active Market	Not in Active Markets	Total
	£000	£000	£000	£000	£000	£000
LPFA						
Equities	44,848	7,176	52,024	44,002	8,250	52,252
Target Return Portfolio	6,774	9,676	16,450	11,447	8,325	19,772
Infrastructure	0	11,194	11,194	0	9,352	9,352
Real Estate	0	8,688	8,688	0	8,237	8,237
Cash	2,031	0	2,031	2,187	0	2,187
Total LPFA Assets	53,653	36,734	90,387	57,636	34,164	91,800

f) Basis for Estimating Assets and Liabilities

	Local Government Pension Scheme		LPFA	
	2022/23	2021/22	2022/23	2021/22
Rate of Inflation – CPI	3.0%	3.2%	2.9%	3.5%
Salary Increase Rate	4.0%	4.2%	3.9%	4.5%
Pensions Increases	3.0%	3.2%	2.9%	3.5%
Rate for discounting scheme liabilities	4.8%	2.7%	4.8%	2.6%
Mortality assumptions				
Longevity at 65 for current pensioners - Men	21.0	21.4	20.2	21.0
Longevity at 65 for current pensioners - Women	24.1	24.3	23.9	24.2
Longevity at 65 for future pensioners - Men	22.1	22.5	21.4	22.2
Longevity at 65 for future pensioners - Women	25.5	25.7	25.0	25.7

Group Accounts

g) Sensitivity Analysis

These are based on reasonably possible changes to the assumptions occurring at the end of the year and assumes for each change that the assumption changes while all the other assumptions remain constant.

Change in Assumption at 31st March 2023	Approximate % Increase in Employer Liability	Approximate Monetary Amount (£000)
LGPS - LB Lewisham		
0.1% Decrease in Real Discount Rate	2%	24,312
1 Year Increase in Member Life Expectancy	4%	60,449
0.1% Increase in the Salary Increase Rate	0%	1,688
0.1% Increase in the Pension Increase Rate	2%	22,982
LGPS - Lewisham Homes		
0.1% Decrease in Real Discount Rate	2%	2,611
1 Year Increase in Member Life Expectancy	4%	5,391
0.1% Increase in the Salary Increase Rate	0%	206
0.1% Increase in the Pension Increase Rate	2%	2,445
LPFA		
0.1% Decrease in Real Discount Rate	n/a	54
1 Year Increase in Member Life Expectancy	n/a	55
0.1% Increase in the Salary Increase Rate	n/a	53
0.1% Increase in the Pension Increase Rate	n/a	54

h) Future Contributions

The objectives of the scheme are to keep the employer's contributions at as constant a rate as possible. The Group anticipates paying £34.5m in contributions to the scheme in 2023/24.

8. Long Term Debtors

The value of Long-Term debtors has reduced from the Single entity accounts balance to the Group Accounts balance because of the removal of loans to the subsidiaries (Lewisham Homes £40,000k and CRPL £16,225k).

9. Group Accounts Prior Period Adjustments/ Restatements

In 2022/23 there were no restatements directly to the 2021/22 Group Accounts.

 Glossary

SECTION 7 – GLOSSARY OF TERMS USED IN THE ACCOUNTS

ACCRUALS	These are amounts included in the accounts to cover income and expenditure attributable to the financial year, but for which payment had not been received or made as at 31 March.
ACTUARY	An independent professional who advises on the financial position of the Pension Fund and carries out a full valuation every three years.
CAPITAL EXPENDITURE	This is expenditure on the acquisition or enhancement of assets which significantly prolongs their useful lives or increases their market value. This is considered to be of benefit to the Council over a period of more than one year, e.g. land and buildings.
CAPITAL ADJUSTMENT ACCOUNT	This represents the capital resources which have been set aside to meet past capital expenditure.
CAPITAL RECEIPTS	Income received from the sale of land, buildings and plant.
COLLECTION FUND	A separate statutory account into which Council Tax and Non-Domestic Rates (NDR) are paid in order to account for payments due to the Council's General Fund and Preceptors (currently the Greater London Authority for Council Tax and NDR, and Central Government for NDR).
CONTINGENT LIABILITY	A possible liability to incur future expenditure at the balance sheet date dependent upon the outcome of uncertain events.
CREDITORS	This is an amount of money owed by the Council for goods, works or services received.
DEBTORS	This is an amount of money owed to the Council by individuals and organisations.
DEPRECIATION	This is the loss in value of an asset due to age, wear and tear, deterioration or obsolescence. An annual charge in respect of this is made to service revenue accounts over the life of most assets to reflect the usage in the year.
EARMARKED RESERVES	These are amounts set aside for specific purposes to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.
FAIR VALUE	This is defined as the amount for which an asset could be exchanged or liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.
GENERAL FUND	This is the account which comprises the revenue costs of providing services, which are met by General Government Grants and the Council's demand on the Collection Fund.
IMPAIRMENT ALLOWANCE	This is an amount set aside from revenue to cover irrecoverable debts.
INFRASTRUCTURE	These are non-current assets which do not have a market value and primarily exist to facilitate transportation and communication (e.g. roads, street lighting). They are usually valued at historic cost.

Glossary

LEASES	<p>A Lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The definition of a lease includes hire purchase contracts. Lease classification is made at the inception of the lease.</p> <p>A Finance lease is a lease that transfers substantially all the risk and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An Operating lease is a lease other than a finance lease.</p>
MEMORANDUM ACCOUNT	<p>These Accounts are not part of the Council's formal statutory Accounts and are included in the Statement for added information.</p>
MINIMUM REVENUE PROVISION (MRP)	<p>The prudent amount which must be charged to the Council's revenue account each year for the principal repayment of debt.</p>
NON-DOMESTIC RATES (NDR)	<p>Also known as Business Rates, these are set by the Government and collected by the Council. The income due is paid as precepts to the Council's General Fund, the Greater London Authority and Central Government.</p>
PRIVATE FINANCE INITIATIVE (PFI)	<p>This is a scheme whereby contracts for specified services are let to private sector suppliers by the Council which may include capital investment as well as the provision of the service. Payments are made to the supplier in return, which are reduced if performance targets are not met.</p>
PRECEPTS	<p>These are demands made upon the Collection Fund by the Council's General Fund and the Greater London Authority in accordance with their budget requirements. A share of the NDR precept is also paid to Central Government.</p>
PROVISIONS	<p>This is an amount which is set-aside for a specific liability or loss, which is likely to be incurred, but where the exact amount and date on which they will arise is uncertain.</p>
REVALUATION RESERVE	<p>This represents the gains on the revaluation of non-current assets which have not yet been realised through sales.</p>
REVENUE SUPPORT GRANT (RSG)	<p>This is the main general grant which is paid to the Council by Central Government to fund local services.</p>
REVENUE EXPENDITURE	<p>Day-to-day expenditure incurred in the running of Council services, e.g. salaries, wages, supplies and services.</p>
SPECIAL PURPOSE VEHICLE	<p>This is a legal entity (usually a limited company) created to fulfil narrow, specific or temporary objectives.</p>
SUPPORT SERVICES	<p>These are activities of a professional, technical and administrative nature which are not Council services in their own right, but support main front-line services.</p>

Glossary

COMMON ACRONYMS USED IN THE ACCOUNTS

AUC	Assets Under Construction
CIES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
COP	Code of Practice on Local Authority Accounts in the United Kingdom
DSG	Dedicated Schools Grant
DfE	Department for Education
HRA	Housing Revenue Account
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LEP	Local Education Partnership
LGPS	Local Government Pension Scheme
LPFA	London Pensions Fund Authority
LSP	Local Strategic Partnership
MiRS	Movement in Reserves Statement
MRP	Minimum Revenue Provision
NDR	Non-Domestic Rates
PFI	Private Finance Initiative
PPE	Property, Plant & Equipment
RICS	Royal Institution of Chartered Surveyors
SeRCOP	Service Reporting Code of Practice
SPV	Special Purpose Vehicle
SSAP	Statement of Standard Accounting Practice
TfL	Transport for London
TPS	Teachers' Pensions Scheme
VAT	Value Added Tax

SECTION 8 – PENSION FUND ACCOUNTS

To Follow

SECTION 9 - ANNUAL GOVERNANCE STATEMENT (2021/22)

What is corporate governance?

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; and for having a governance framework that comprises of the culture, values, systems and processes by which this is achieved. It must make sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively to meet its strategic objectives.

It also has a duty, through the establishment of internal control measures, to manage risk to a reasonable level by identifying, prioritising, evaluating and managing the risks to the achievement of its policies, aims and objectives. Finally, it has a duty to secure continuous improvement in the way in which its functions are exercised.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers) Framework Delivering Good Governance in Local Government. This statement explains how the authority has complied with the code and also how it meets the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

“Corporate governance is about making sure that the Council is run properly. It is about ensuring the Council does the right things, at the right time and in the right way.”

How has this statement been prepared?

Every year a review of the effectiveness of the Council’s governance framework is conducted by senior officers from policy, legal and audit with expertise in governance and internal control matters.

Officers monitor and evaluate governance evidence and identify areas requiring action; and are responsible for analysing CIPFA/SOLACE guidance in relation to the development of this statement for the financial statements.

The governance review process includes:

- Oversight of the Annual Governance Statement Action Plan rests with the Council's Executive Management Team.
- Consideration of the Accounts by the Executive Director for Corporate Resources (as the Council's s151 Officer).
- Reviewing results of work conducted by the Council's assurance services, including the Annual Opinion of the Head of Internal Audit.
- Review of the Annual Governance Statement by the Council's Audit Panel as part of the financial statements.
- A review of the Council's Local Code of Corporate Governance by the Standards Committee, with reference to CIPFA/Solace Guidance.
- Referral of the Annual Governance Statement to Full Council with the Statement of Accounts and sign off by the Speaker of the Council and Chief Executive, once approved.

This year, the Council's governance arrangements have operated as designed. There were some changes in statutory post holders with a change of Monitoring Officer in November 2021.

Annual Governance Statement

The Council's governance arrangements in 2022/23

The Council's governance arrangements aim to foster effective leadership and high standards of behaviour; a culture based on openness and honesty; and an external focus on the needs of service users and the public. The diagram below shows the Council's external facing governance structure, as set out in the Council's constitution.

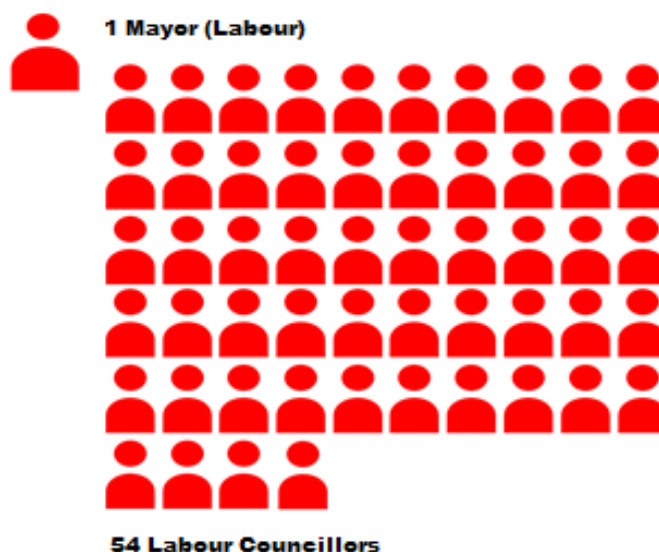
Lewisham's directly elected Mayor provides the Council with clear strategic direction and effective leadership but the Council also benefits from the perspectives and contributions of its 54 Councillors. The Council's constitution clearly defines the roles of councillors and officers, and this clarity contributes to effective working relationships across the Council. The Constitution Working Party, the Standards Committee and the Audit Panel monitor and challenge the governance arrangements and ensure their robustness.

The Council has worked closely with its partners, both strategic and operational. The Council has five statutory partnership boards:

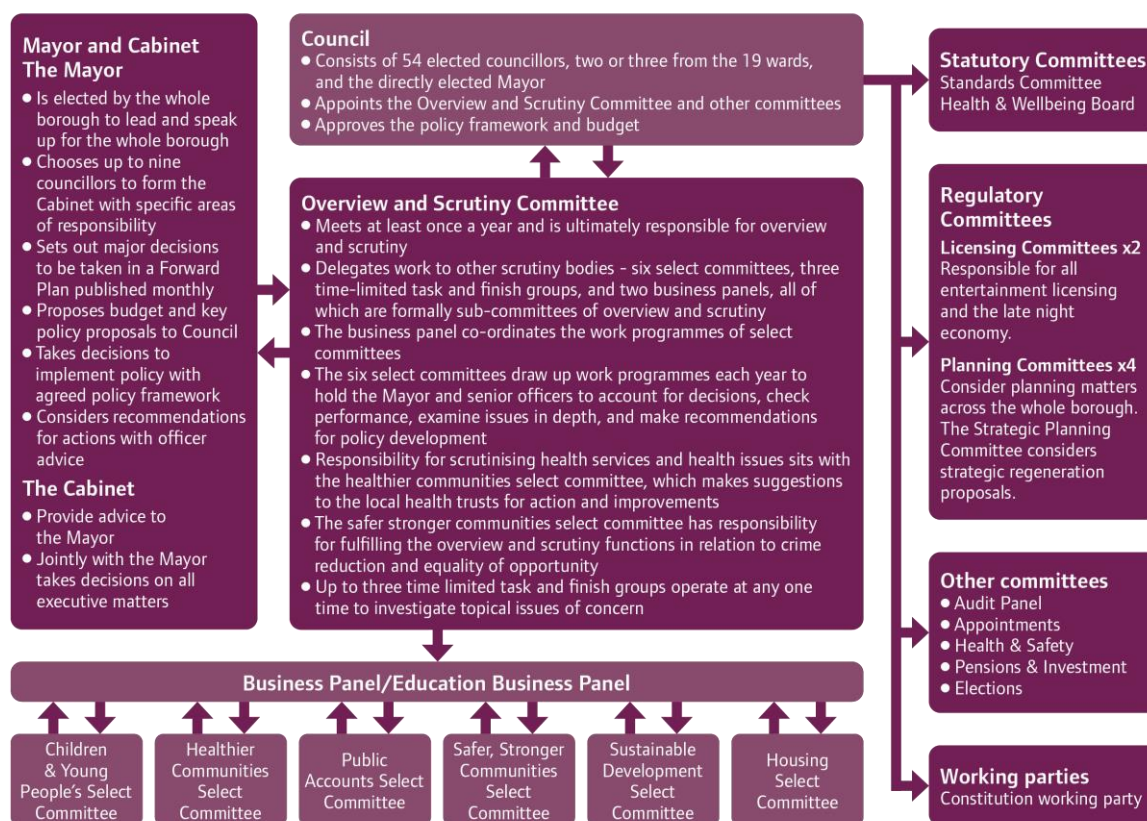
- The Safer Lewisham Partnership is the statutory crime and disorder partnership for Lewisham.
- The Youth Justice Board which is a statutory partnership board that oversees the work of the youth offending service in Lewisham.
- The Health and Wellbeing Board, Chaired by the Cabinet Member for Health & Adult Social Care, works to promote greater partnership engagement that contribute to health and social care outcomes locally.
- Local Adult Safeguarding Board responsible for helping oversee and safeguard adults with care and support needs through effective preventative measures.
- Lewisham Children's Safeguarding Partnership aims to ensure that member agencies work together to keep children and young people safe, hold one another to account and ensure that safeguarding remains a priority.

Council composition

The Council is comprised of 54 Councillors, including the Mayor. Elections were held on 5 May 2022. Damien Egan, Labour Party, was returned as Mayor for his second term. The 54 Councillor positions were all filled by candidates from the Labour Party and the Labour and Co-operative Party. This returned the Council to the following:



Annual Governance Statement



Communicating and reviewing the Council's vision

The Council adopted a Corporate Strategy 2018-2022 in February 2019 that was in place for the period of the financial statements 2021/22. The Council's Corporate Strategy sets out how Lewisham Council plans to deliver for our residents over the next four years. There are seven corporate priorities:

Open Lewisham – Lewisham is a welcoming place of safety for all where we celebrate the diversity that strengthens us.

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.

Following the May 2022 local elections the Council's corporate strategy was updated in November 2022 to cover the future period 2022 to 2026.

Annual Governance Statement

Monitoring Performance

The Council's performance is monitored via a suite of regular Directorate (Children and Young People Services, Community Services, Housing Regeneration and Public Realm, Corporate Resources, and Chief Executive) management reports and quarterly at the Executive Management Team. The reports use 'red' exception reporting to focus attention on underperforming or high risk areas and is a critical tool for supporting decisions across the organisation.

These reports are shared with Cabinet Leads, giving them direct line of sight to current and emerging performance issues. The appropriateness of Directorate performance measures is reviewed annually. The quality of services for users is also measured through satisfaction surveys and information from the complaints management resolution processes.

In addition, where areas for improvement are identified, the Council acts swiftly to address them. The overriding priority through 2021/22 has been the Council's response to the Covid-19 pandemic and the focus on protecting critical services in support of residents, the community, and business.

Roles and responsibilities

The Council's constitution sets out the roles and responsibilities of the Mayor, the Speaker of the Council, the Council as a whole, the Executive, Statutory Officers, Overview and Scrutiny committees, Standards committees and other committees to help ensure that all decision making activity is lawful and transparent. Decisions are taken and scrutinised in accordance with the Council and Mayoral scheme of delegation, the procedure rules set out in the constitution and on the basis of professional officer advice, as part of an annual programme of regular meetings.

Embedding Roles and Responsibilities

The tone from the top in terms of establishing effective governance arrangements and culture rests with the Council and the Mayor. The Council approve the Constitution and confirm the appointments and delegations annually at their Annual General Meeting.

The Mayor is elected to **lead** the Council. They serve for a period of **four years**. They must act in the **interests of the borough as a whole**. They are responsible for taking most of the **main decisions**, and for **giving the power** to others to do so.

Councillors are elected for a term of **four years**. Councillors who are elected to represent local wards must both represent the people of the ward that elected them and act in the interest of the whole area. They are all expected to contribute to the **good governance** of the area and to encourage **community participation**. They must respond to their constituents' enquiries **fairly and without prejudice**.

The constitution requires councillors to follow formal procedures when taking decisions to make sure that decisions are made **transparently** and **openly**. The Local Code of Corporate Governance and the Codes of Conduct for Members and Officers, set out in the constitution, demand the highest standards of ethical behaviour. These are reviewed regularly and are communicated widely. An update on complaints made against Members was considered in March 2022.

Training on ethics, governance and the Member Code of Conduct is delivered to all Councillors in the first year of an administration, as in 2018/19, as part of a comprehensive induction programme to enable Members to understand and access all appropriate support and development to undertake their role. This is repeated after by-elections, with training on the code of conduct provided to all Members in May 2021. Training on specific governance issues is provided as required throughout the course of the administration. In 2021/22, there was a continuing focus on supporting Members in terms of the exercise of their functions in the changing Covid-19 environment, including hybrid meetings.

Annual Governance Statement

Decision making

The constitution requires councillors to follow formal procedures when taking decisions to make sure that decisions are made transparently and openly. This includes declaring if they have a personal interest in the matters under discussion and, if required, withdrawing from the room whilst the decision is taken. Reports are produced in a standard format to ensure that report authors address all significant considerations such as the legal, financial and equalities implications of decisions. These considerations have been expanded to include environment, wellbeing, and (for contracts) social value implications. The minutes of every formal meeting are published on the Council website.

The constitution requires Executive decisions to be published within two working days of being taken and they may be **called-in** (referred to the Mayor for reconsideration) by the Overview and Scrutiny Business Panel and the Education Business Panel.

For 2021/22, no Mayor & Cabinet decisions were called-in by the Overview and Scrutiny Business Panel to be reconsidered.

The Council has a Constitution Working Party (CWP) to advise it on the operation of its constitutional arrangements but in practice, the procedure rules set out in the constitution are under constant review to reflect changing needs.

Internal Audit

The objective of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The service works within the framework of its Internal Audit Charter to an annual plan approved by members of the Audit Panel which seeks to provide appropriate review and assurance to significant Council activity. Internal Audit conduct their work in conformance with Public Sector Internal Audit Standards and CIPFA's Local Government Application Note.

In 2021/22 the service was obliged to seek an External Quality Assessment (EQA), it being the fifth year since the previous EQA. That review was conducted in winter 2021/22 through the London Audit Group's Peer Review programme by the Head of Audit of the City of London Corporation. His report, published in March 2022, concluded the service 'generally conforms' to Standards. The service has agreed an action plan to address the 3 (out of 135) areas of partial conformance identified.

For the first three quarters of 2021/22 the Head of Internal Audit post was covered by an external secondee before the Head of Assurance took up the role in January 2022. In defining the role of the Head of Internal Audit, the Council has met all requirements of CIPFA's Statement on the role of the Head of Internal Audit.

The Internal Audit Annual Report and Opinion for 2021/22 was reported to Audit Panel on 21 June 2022. That report details the 62 audit engagements supporting the annual opinion, which holds as follows:

"Internal Control

I am satisfied that during the year ended 31 March 2022 the Council managed its internal controls to offer satisfactory assurance on their adequacy and effectiveness.

Within that opinion, I note some relatively minor but persistent control weaknesses in the operation of control account reconciliations, procedural documentation and evidencing control function. I have discussed these matters with the Council's Executive Management Team and recommended they be included within the Annual Governance Statement along with a plan to improve compliance.

Annual Governance Statement

Framework of Governance

I am satisfied that the Council's framework of governance for the year ended 31 March 2022 complies in all material respects with guidance on proper practices as set out the CIPFA/SOLACE publication "Delivering Good Governance in Local Government (2016)".

As an additional comment, I wish to thank Members of this Panel and the Council's Executive Management Team for their efforts in supporting compliance with fulfilling agreed actions arising from audit reports. I set out later in this report the current position on compliance which represents a significant improvement on previous years.

Risk Management

I am satisfied the risk management arrangements at the Council for the year ended 31 March 2022 are effective and provide satisfactory assurance.

Within that opinion, I note some considerable space to develop the Council's risk approach to improve its reporting, comprehensiveness and integration with wider decision-making. I have discussed these matters with the Council's Executive Management Team and recommended they be included within the Annual Governance Statement along with a plan to improve arrangements."

External audit

The Council's governance, risk and control management arrangements are subject to an annual independent review by Grant Thornton, the Council's external auditors. In their last Annual Audit Report on the 2020/21 accounts Grant Thornton gave an unqualified opinion for the financial statements and unqualified conclusion for the Council's value for money arrangements. Grant Thornton reported:

"In our opinion, the financial statements:

- *give a true and fair view of the financial position of the group and of the Authority as at 31 March 2021 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;*
- *have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and*
- *have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014."*

and

"The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. Our work has not identified any other significant weaknesses in arrangements or improvement recommendations. We have identified some improvement recommendations to help with strengthening the Council's current arrangements".

The audit certificates for the years 2016/17 to 2019/20 were issued following the auditors finalising their work into two objections received to the accounts in 2016/17 by a number of authorities. Both of these investigations concluded with no action required.

At the time of writing, the Council awaits the 2020/21 Audit Certificate from Grant Thornton. This is pending the government delay to the completion of the Whole of Government Accounts work. The Lewisham accounts were signed off by Full Council in November 2021 and the Value for Money opinion was considered by the Public Accounts Scrutiny committee in June 2022.

The 2021/22 audit will conclude and has reported to the Audit Panel (December 2022) and Council (January 2023) in the usual way. The 2021/22 inspection period was held in August 2022 with the audit deadlines for completion of audits originally set for November but overran to January 2023. The Council was awaiting approval of the statutory override in relation to accounting for infrastructure assets which has now been issued and means the accounts audit can conclude in January 2023.

Annual Governance Statement

In addition to the annual independent review of the Council's governance, risk and control management arrangements, Children and Young People's Services is subject to regular inspection through one of the following four inspection frameworks (in addition to the inspection of schools):

- Inspection of Local Authority Children's Services (Ofsted)
- Joint Targeted Area Inspection (Ofsted, CQC and HMICFRS) – the latter is the police inspectorate
- Special Educational Needs and disability Inspection (Ofsted and CQC)
- Youth Offending Inspection (HMIP) – Probation inspectorate

Audit Panel

The Council's Audit Panel meets quarterly and is made up of a mixture of Councillors and independent advisors. The key roles of the Panel are to:

- Review and comment on the strategy, plans and resources of Internal Audit. Internal Audit update reports, summarising the audit reports issued, management's progress on implementing any recommendations and the performance of the Internal Audit function, are received by the Panel on a quarterly basis.
- Consider and monitor the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- Consider the external auditor's annual plan and other relevant external reports which contribute to the level of assurance.
- Consider the Council's annual Statement of Accounts and this statement and make comments to Full Council when it considers the accounts.

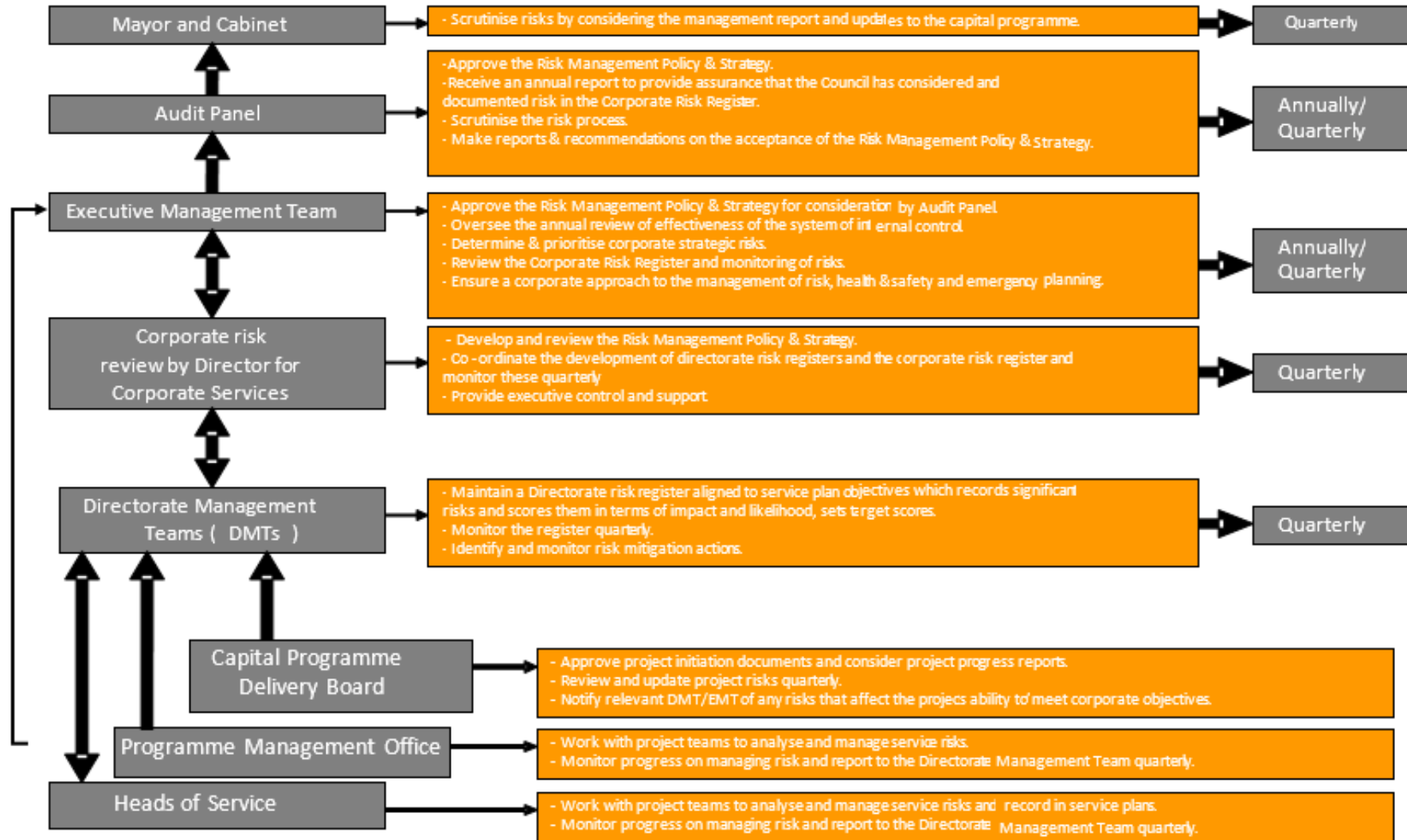
Compliance

The Monitoring Officer is central to ensuring compliance with the rules and procedures set out in the constitution. The Monitoring Officer attends Mayor, & Cabinet, Full Council meetings and the Executive Management Team (EMT). The Monitoring Officer regularly briefs councillors and relevant staff on corporate legislative developments; and legal advice is incorporated in every council report. Where gaps or non-compliance are identified, appropriate action is taken.

The financial management of the authority is conducted in accordance with financial regulations set out in the constitution and the Council has designated the Executive Director for Corporate Resources as its Section 151 Officer, who advises on the proper administration of the Council's financial affairs, keeping proper financial records and maintaining effective systems of financial control. The Council has a whistle-blowing and speaking up policy in place which is publicised on the Council's website. Complaints made under this policy are handled by the Monitoring Officer and an annual review is considered by the Standards Committee.

Annual Governance Statement

Risk and Strategy Framework



Training and development

The Council runs a comprehensive Member Development Programme, with an intensive induction programme in the period following local elections. The programme ensures that all Councillors have access to the training and development opportunities they need to fulfil their responsibilities to the local community and provide clear leadership and effective scrutiny of local Council functions. Training and development is available for councillors every year, inclusive of regular all member briefings; training sessions for all councillors or specific cohorts of councillors; and tailored learning for individuals provided on the basis of assessed needs. The Member Development Strategy supports the overall Organisational Development Strategy, which sets out a framework to ensure the organisation performs effectively, through its design, function, structure and processes.

The development needs of senior officers are the responsibility of the Head of Human Resources and the Monitoring Officer who are aware of their statutory duties and stay abreast any changes in relevant legislation. At the start of the financial year the Chief Executive, as the Head of Paid Service, defines objectives for each of the Executive Directors which are then cascaded to officers throughout the organisation through the objective setting arrangements set out in the People Management Framework.

Engaging the community and partners

The Council promotes e-Participation through its online engagement system, which provides a platform for citizens to respond to online consultations as well as set up and respond to e-Petitions. Last year more than 50 consultations took place online. In addition to this, in 2021/22 the Council conducted a major face-to-face, borough-wide survey of Lewisham residents. At ward-level, Local Assemblies are an opportunity for residents to work with their ward councillors to shape the future of their neighbourhood; and the Young Citizens Panel gives young people aged 11–18 the chance to feed into Council policy and spending decisions, including the use of the Young Mayor's budget. Last year, the Mayor launched an Actively Anti-Racist Advisory Commission, further underlining the Council's commitment to tackle issues facing Lewisham's BAME communities. In 2021/22 the Mayor's Commission organised two workshops focused on 'digital exclusion affecting BAME children and young people'.

The Council's website includes a page on open data and transparency, which gives information on spending; wages of senior managers; Freedom of Information requests; the annual audit of accounts; the pay policy; and Council decisions.

The arrangements for statutory strategic partnership working are set out earlier in this statement. In addition, extensive partnership working arrangements are in place which support the delivery of the Council's objectives. In 2022/23 the Member led Jobs and Business Taskforce continued its work to support and engage with local employers. As part of this, the Council undertook a count of BAME owned businesses in the borough (the first Council in the UK to undertake such an exercise). The Council has borough based arrangements in place with the local Clinical Commissioning Group to align with the work of the National Health Service and is working with the South East London Clinical Care Group (SEL CCG) to develop the incoming Integrated Care System (ICS). The Council, through its wholly owned company Lewisham Homes, and working with local Registered Providers has extensive engagement with residents on housing matters. Responding to global events in Syria and Afghanistan and consistent with our Sanctuary Borough commitments, the Council has continued to work alongside the Lewisham Migration to meet the needs of the refugee and migrant community in the borough. In 2022/23, the Council, working alongside 11 other 'anchor institutions' Goldsmiths, University of London convened a series of meetings and consultations, to increase collaboration and better address the challenges facing Lewisham residents. The work product of this effort was the Civic University Agreement.

Annual Governance Statement

How do we know our arrangements are working?

Throughout the year, the Council regularly reviews the effectiveness of its governance framework, including its system of internal control. Activity undertaken includes:

- Consideration of governance issues by EMT – including financial management, risk registers, and internal audit reports.
- Preparation of a rolling plan of audit coverage to be achieved in the forthcoming year by the Head of Internal Audit, primarily based on an assessment of the Council's risk profile, and review of the plan by EMT.
- Receipt of the Internal Audit Strategy by the Audit panel and approval of the annual audit plan.
- Preparation of the annual assurance report by the Head of Internal Audit, setting out their opinion on the Council's overall control environment and approval of the report by the Audit Panel.
- Annual updates to the Public Accounts Select Committee on the work of the Audit Panel.
- Consideration by EMT of a full range of governance and performance issues throughout the year, including issues relating to the improvement of the Internal Audit Service and risk (ensuring management action is taken as necessary).
- Consideration of the following reports by the Standards Committee:
 - Review of Compliance with the Council's Code of Corporate Governance;
 - Review of Whistle-blowing and Referrals Policy;
 - Review of Compliance with the Member Code of Conduct; and
 - Annual Complaints Report.
- Consideration of external inspection reports (for example; Ofsted for Children social care and education provision, Care Quality Commission for the provision on adult social care, and Her Majesty's Inspectorate of Probation for Youth Offending Services) by Mayor and Cabinet, Audit Panel and relevant Select Committees.
- The Council has established an Assurance Board. The Board is Chaired by the Chief Executive and also attended by the Monitoring Officer, Section 151 Officer and Head of Internal Audit. It's key terms of reference are to oversee, scrutinise and hold to account the discharge of the statutory duties of the Council with particular reference to the following areas:
 - Risk management and audit assurance. Managing intervention strategies when assurance is not satisfactory;
 - Information governance and cyber security, including data protection and freedom of information;
 - Whistleblowing and Corporate Complaints;
 - Safeguarding responsibilities for Children and Adults; Corporate Parenting;
 - Health and Safety, including Corporate Landlord obligations;
 - Council involvement in companies;
 - Councillor conduct update;
 - Governance procedures and business processes for public and private meetings of the Council, including attendance records and Section 85 Local Government Act 1972
 - Emergency Planning, Business Continuity and Disaster Recovery;
 - Reputation management of the Council.

What are our governance priorities going forward?

Our priorities continue to include:

- Progressing delivery of the Mayor's policy programme, as set out in the Corporate Strategy 2022 to 2026 adopted by Council in November 2022;
- Plan and prepare to implement further cuts and adjust the allocation of resources across Council services in light of the anticipated further budget reductions the Council faces;
- Continue the work begun in 2020/21 to progress the Chief Executive's priorities for improvement, as agreed by Council in February 2020, in the following areas:
 - Financial management;

Annual Governance Statement

- Organisation culture and our people;
- Our resident's experience;
- Evidence based decision making;
- Governance and attitudes to risk;
- Project and people management;
- Communications;
- Catching up on the delayed annual reviews of the schemes of delegation and financial regulations and procedures to align them with the new Directorate structures implemented 2020/21 and changes approved for 2023;
- Update the payroll and HR procedures to ensure resilience and capture the operational changes from the move to a new system (Oracle Cloud) in support of the People Management Framework introduced in 2020/21 and Organisation Development Strategy for 2021/22;
- Address the external and internal audit findings reported to the Audit Panel to maintain and, where necessary, improve the Council's financial controls and risk mitigations for the growing cyber security risk;
- Continue to address areas for improvement overseen by a discrete Improvement Board on the findings and recommendations of the Children Services review by Ofsted (August 2019) and follow ups in 2020 and 2022;
- Continue the work with our local and regional health partners to best deliver the 'integrated health and social care agenda' for the benefit of the borough's citizens, and in responding to the impact of Covid 19;
- Improve compliance with the relatively minor but persistent control weaknesses in the operation of control account reconciliations, procedural documentation and evidencing control function. This includes looking to standardise feeder file outputs so that third party system intervention is not required to convert them into a readable format. This is following a system issue in early 2022 whereby the interface to automatically convert and transfer feeder files into accounts payable process was not available for a period of time. Until the system interfaces could be restored, a manual approach was taken for processing the majority of files. This resulted in significant additional manual work to process and check all payments being required by the Council. For a limited number of other files, an extra conversion step was required as it was not possible to convert them manually; and
- Develop the Council's risk approach to include its reporting, comprehensiveness and integration with wider decision-making.

In addition to the above the Council is recovering from the impact of Covid 19 on the Borough and the Council. On the 23 March 2020 the UK was put on 'lockdown' as a result of Covid-19. The impact of the pandemic has been considerable both in terms of loss of life as well as disruption to the economy. In response, the Council activated its emergency response procedures to effectively coordinate activities. The impact of the pandemic has also placed significant pressure on the Council's finances.

The exceptional measures implemented for the 2020/21 municipal year, included revised governance arrangements for responding to the Covid-19 pandemic which reduced Member meetings concentrating on Council, Mayor & Cabinet, and Overview and Scrutiny for decision making in line with the Constitution and the introduction of virtual meetings for participants and the public. As the exceptional measures introduced following Covid-19 are eased, the Council has moved from response to transition and recovery phases and intends to continue to operate hybrid meetings for the foreseeable future.

Annual Governance Statement

The Council's Covid-19 response was guided by a set of agreed overarching priorities, they were:

- 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.

These are being refined by Members and Officers through the recovery phase in 2021/22 with the Future Lewisham and Future Working themes.

Signed on behalf of the Council

Tauseef Anwar

Councillor Tauseef Anwar

Speaker of the Council

Date

Jennifer Daothong

Jennifer Daothong

Acting Chief Executive

Date

SECTION 8 – PENSION FUND ACCOUNTS

FOREWORD

This Pension Fund Statement of Accounts details the financial position and performance of the Lewisham Pension Fund for the year ending 31 March 2023.

The Pension Fund's value decreased over the year by £95m (5%), £1.750bn to £1.655bn. The Fund value of the fund decreased due to the changes in global markets mainly caused by the war in Ukraine.

INTRODUCTION

The London Borough of Lewisham Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS). The Fund is a contributory defined benefit pension scheme administered by the London Borough of Lewisham to provide benefits to London Borough of Lewisham employees and former employees and admitted and scheduled bodies. These benefits include retirement allowances and pensions payable to former employees and their dependants, lump sum death gratuities and special short-term pensions. The Fund is financed by income from investments and contributions from employees, the Council and other admitted and scheduled bodies.

ORGANISATION

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation (referred to henceforth as "the Regulations"):

- The Local Government Pension Scheme Regulations 2013 (as amended);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Formal responsibility for investment management of the Pension Fund is delegated to the Council's Pensions Investment Committee (PIC), which appoints and monitors external investment managers. Each investment manager has an individual performance target and benchmark tailored to balance the risk and return appropriate to the element of the Fund they manage. The investment managers also consider the PIC's views on environmental, social and governance (ESG) factors. Details of the ESG factors are contained in the Investment Strategy Statement and published online (see web address below).

The Pension Board operates independently of PIC and assists the administering authority in securing compliance with the Regulations and any other legislation or codes of practice relating to the governance and administration of the Scheme. Further information about the Board, together with its Terms of Reference, can be found online at the web address below.

The Pension Fund administration is managed by a small in-house team, which is also responsible for other areas of work such as redundancy payments, gratuities and teachers compensation.

A statement of the Fund's corporate governance, funding strategy and investment strategy can be found on the authority's Pension Fund website at the following address:

www.lewishampensions.org

Pension Fund Accounts

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

The fund account shows the surplus or deficit on the fund for the year.

	2022/23	2021/22	See note
	£000	£000	
<u>DEALINGS WITH MEMBERS, EMPLOYERS AND OTHERS</u>			
<u>DIRECTLY INVOLVED WITH THE SCHEME</u>			
Contributions Receivable:			
- from Employers	39,739	37,341	5
- from Employees	12,300	11,120	5
Transfer Values In	10,103	8,096	
Other Income	84	37	
Sub-Total: Income	62,226	56,594	
Benefits Payable:			
- Pensions	49,145	46,942	6
- Lump Sums: Retirement allowances	9,108	9,891	6
- Lump Sums: Death grants	1,498	1,310	6
Payments to and on account of leavers:			
- Refunds of Contributions	30	105	
- Transfer Values Out	6,375	5,515	
Sub-Total: Expenses	66,156	63,763	
Sub-Total: Net Additions/ (Withdrawals) from dealings with members	(3,930)	(7,169)	
Management Expenses	(4,116)	(3,867)	7
Sub-Total: Net (Additions)/ Withdrawals including fund management expenses	(8,046)	(11,036)	
<u>RETURNS ON INVESTMENTS</u>			
Investment Income	18,156	18,776	9
Change in market value of investments (Realised & Unrealised)	(105,215)	125,203	14b
Taxes on Income	(193)	(9)	
Total Net Returns on Investments	(87,252)	143,970	
NET INCREASE / (DECREASE) IN THE FUND DURING YEAR	(95,298)	123,934	
OPENING NET ASSETS OF THE FUND	1,750,283	1,617,349	
CLOSING NET ASSETS OF THE FUND	1,654,985	1,750,283	

Pension Fund Accounts

NET ASSETS STATEMENT AS AT 31 MARCH 2023

The Net Assets Statement shows the market value of the investments and other assets held by the Pension Fund as at 31 March 2023.

	31/03/23	31/03/22	See note
	£000	£000	
INVESTMENT ASSETS			
Equities			
Equities	0	107,822	10 - 14
Managed Funds			
Pooled Property Investments	120,409	147,265	10 - 14
Equity Unit Trust	870,160	832,033	10 - 14
Fixed Income Unit Trust	249,606	212,999	10 - 14
Index Linked	0	112,882	10 - 14
Venture capital	277,373	172,834	10 - 14
Hedge Funds	76,617	71,610	10 - 14
Total Investment Funds	1,594,165	1,657,385	
Cash Held with Custodian	58,448	92,992	18
Other Investment Balances	241	42	17a
TOTAL INVESTMENTS	1,652,854	1,750,419	
Current Assets	4,943	2,100	17b
Current Liabilities	(2,812)	(2,236)	17b
TOTAL NET ASSETS	1,654,985	1,750,283	

The financial statements of the Fund do not take account of the liability to pay pensions or benefits after 31 March 2023. This liability is included within the Authority's balance sheet.

NOTES TO THE PENSION FUND ACCOUNTS

Note 1: Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2022/23 and its position at year end and as at 31st March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits.

The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in an accompanying report to the accounts, which is disclosed in Note 19.

The Pension Fund Accounts have been prepared on a going concern basis, with the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

Note 2: Summary of Significant Accounting Policies and Practices

The Pension Fund accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of the obligations to pay pensions and benefits which fall due after the end of the financial year. In respect of future obligations, the actuarial present value of promised retirement benefits are valued on an International Accounting Standard (IAS) 26 basis.

The Local Government Pension Scheme (Administration) Regulations 2013 require administering authorities in England and Wales to prepare a Pension Fund Annual Report which must include the Fund Account and a Net Assets Statement with supporting notes prepared in accordance with proper practices. The Regulations summarise the Pension Code and the minimum disclosure requirements.

The date for publishing the Pension Fund Annual Report is on or before 1 December following the end of the financial year. The Council will be taking its Annual Report to its Pensions Investment Committee later in the year to comply with this deadline.

Accounting Policies

A summary of the significant accounting policies, valuation techniques, and the basis of preparation of the accounts are shown below:

- (a) **Investments** - Investments in the Net Assets Statement are shown at Fair Value. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Pension Fund Accounts

The market value of equity investments is based on the official closing data, in the main, with last trade data being used in a small number of countries. Unitised equities are quoted based on last trade or official closing price. Northern Trust, the Fund's custodian, sets out its pricing policies in a document entitled "Asset pricing guidelines" which details its pricing process and sets out preferred pricing sources and price types.

- (b) The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on the sale of investments during the year.
- (c) **Equities:** Equities are valued at published market prices.
- (d) **Bonds:** Bonds are valued at the published bid market price on the final day of the accounting period.
- (e) **Pooled Investments - Equity Unit Trusts and market quoted investments;** are valued are valued at published bid market prices on the final day of the accounting period.
- (f) **Pooled Investments - UK Fixed Income Managed Funds;** are valued at the average of broker prices.
- (g) **Pooled Investments – Hedge Funds;** are valued by the investing managers on a fair value basis each year using PRAG guidance.
- (h) **Pooled Property Investments:** The Property Funds do not have any direct investments in property but use property Fund managers to invest in pooled property/unit trust funds. They are valued in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards at Fair Value based on their Open Market Value (OMV).
- (i) **Venture Capital: The Private Equity and Private Debt;** are valued in accordance with United States generally accepted accounting principles, including FAS 157, which is consistent with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out that all investments are carried at fair value and they recommend methodologies for measurement.
- (j) **Hedge Funds:** Hedge Funds are valued by investing managers on a fair value basis using PRAG guidance.
- (k) **Fixed Income Unit Trust: Fixed income earned from fixed income unit trusts. Interest income is recognised in the Fund as it accrues.**
- (l) **Contributions** – These represent the total amounts receivable from the employers and employees within the scheme. Rates will differ between bodies in the scheme; from 01 April 2022 the employee contribution bands (revised annually in line with inflation) for the administering authority are as follows:

Pensionable Pay for the Post	Contribution Rates 2022/23	
	Main Section	50/50 Section
Up to £14,600	5.50%	2.75%
£14,601 to £22,800	5.80%	2.90%
£22,801 to £37,100	6.50%	3.25%
£37,101 to £46,900	6.80%	3.40%
£46,901 to £65,600	8.50%	4.25%
£65,601 to £93,000	9.90%	4.95%
£93,001 to £109,500	10.50%	5.25%

Pension Fund Accounts

£109,501 to £164,200	11.40%	5.70%
More than £164,201	12.50%	6.25%

The employer's contribution is reviewed every three years and is determined by the Fund's Actuary as the rate necessary to ensure that the Fund is able to meet its long-term liabilities. This is assessed at each triennial actuarial revaluation. *The employer's contribution rate for the administering authority in 2022/23 is 22.5%, unchanged from 2019/20.*

- (m) **Benefits** – Benefits payable are made up of pension payments and lump sums payable to members of the Fund upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.
- (n) **Transfer Values** – Transfer values are those sums paid to, or received from, other pension schemes relating to periods of previous pensionable employment. Transfer values are calculated in accordance with the Local Government Pension Scheme Regulations and have been brought into the accounts on a cash basis.
- (o) **Taxation** – The Fund is a registered public service scheme under section (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.
- (p) **VAT** – By virtue of Lewisham Council being the administering authority, VAT input tax is recoverable on Fund activities. Any irrecoverable VAT is accounted for as an expense.
- (q) **Actuarial Present Value of Promised Retirement Benefits** – The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the Pension Fund financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 19).

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. The assumptions used are based on the average future life expectancies at age 65.

- (r) **Investment Management and Administration** - Regulation 42 of the Local Government Pension Scheme (Administration) Regulations 2008, permit the Council, as the administering authority, to charge the scheme's administration costs to the Fund. A proportion of relevant Council officers' salaries, including related on-costs, have been charged to the Fund on the basis of actual time spent on scheme administration and investment-related business. Management fees of the Fund's investment managers are typically calculated as a set percentage of the market value of funds under management at regular intervals, although some agreements also allow for performance fees above a defined hurdle rate. All investment management expenses are accounted for on an accruals' basis. The Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance.

Pension Fund Accounts

- (s) **Foreign currency:** Foreign currency transactions are made using the WM/Reuters exchange rate in the following circumstances:
- Purchase and sales: the foreign exchange rate applicable on the day prior to the trade date is used.
 - Stock holdings: all holdings valuations are made using the WM/Reuters close of previous business day.
 - Dividend receipts: the rate applicable on the day prior to the date the dividend received is used.
- (t) **Commitments** - Where capital committed to investments is not fully drawn down at the end of the financial year the outstanding commitment is not included in the Net Asset Statement but is referred to in the notes to the accounts; please see note 21.
- (u) **Financial Instruments**
- (i) Financial Liabilities are recognised at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.
- (ii) Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.
- The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13
- (v) **Additional Voluntary Contributions (“AVCs”)**
Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund, and in accordance with the Regulations, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed as transfers-in. Further details about the AVC arrangements are disclosed in note 23.

Practices

- (w) **Actuarial** – The adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Council. The Council's Actuary, Hymans Robertson, assesses the Fund's assets and liabilities in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013. The contribution rate required for benefits accruing in future is assessed by considering the benefits which accrue over the course of the three years to the next valuation.

The most recent triennial valuation carried out by the actuaries was as at 31 March 2022. Some of the financial assumptions made, with comparison to the previous valuation, are presented in the table below:

Financial Assumption	March 2022 (%)	March 2019 (%)
Discount Rate	3.6	3.5
Price Inflation (CPI*)	3.0	2.3
Pay Increases	3.7	3.0
Benefit Increase	2.7	2.3
CARE Revaluation	10.1	2.3

* Consumer Price Index

With effect from 1 April 2023 to 31 March 2026, the actuarial review carried out for 31 March 2022 resulted in the Council's employer contribution rate being set at 22.0%.

Pension Fund Accounts

The most recent triennial valuation as at the 31 March 2022 revealed that the Fund's assets, which at 31 March 2022 were valued at £1.750bn, were sufficient to meet 97% (90% in 2019) of the past service liabilities valued at £1.804bn (£1.541bn in 2019) accrued up to that date. The resulting deficit as at the 2022 valuation was £56m (£154m in 2019).

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

There were no such critical judgements made during 2022/23.

Note 4: Assumptions Made About the Future and Other Major Sources of Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	The figure of net liability to pay pensions is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on Fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. Further sensitivity analysis is included in note 19, below.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption is estimated to reduce the present value of the pension liability by £24.3m.
Property valuations	Valuation techniques are used to determine the carrying values of freehold and leasehold property directly held by some fund managers. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.	Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Council has determined that the percentage of volatility that can be applied to the Fund's Property assets in 2022/23, assuming all other variables such as foreign exchange rates and interest rates remain the same, is estimated to be 7.7%. This would be an increase or decrease in the value of property investments by £9.2m, on a fair value of £120m.
Venture Capital - private equity / infrastructure	Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The venture capital investment in the financial statements is £277.4m. There is a risk that this investment may be under or overstated in the accounts and is estimated to be 11.8%. This would be an increase or decrease in the value of venture capital investments by £32.7m, on a fair value of £277.4m.

Pension Fund Accounts

Note 5: Contributions Receivable

	2022/23 £000	2021/22 £000
Employer Contributions		
Administering Authority	(32,680)	(30,351)
Scheduled Bodies	(6,433)	(6,436)
Admitted Bodies	(627)	(554)
	(39,740)	(37,341)
Employee Contributions		
Administering Authority	(9,940)	(8,797)
Scheduled Bodies	(2,149)	(2,141)
Admitted Bodies	(210)	(182)
	(12,300)	(11,120)

Contributions receivable from employers are shown below:

	2022/23 £000	2021/22 £000
Employer Contributions		
Normal	(37,963)	(35,548)
Early Retirement Strain	(1,607)	(1,623)
Deficit Funding	(170)	(170)
	(39,740)	(37,341)

Note 6: Benefits PayableBy Category

	2022/23 £000	2021/22 £000
Pensions	49,145	46,942
Commutation and Lump Sum Retirement Benefits	9,108	9,891
Lump Sum Death Grants	1,498	1,310
	59,751	58,143

By Authority

	2022/23 £000	2021/22 £000
Administering Authority	51,480	52,190
Scheduled Bodies	5,062	4,344
Admitted Bodies	3,209	1,609
	59,751	58,143

Pension Fund Accounts

Note 7: Management Expenses

The table below shows a breakdown of the management expenses incurred during the year.

	2022/23 £000	2021/22 £000
Administration Expenses	861	1,161
Oversight and Governance Expenses	525	420
<u>Investment Management Expenses:</u>		
- Transaction Costs	535	220
- Management Fees	2,054	1,954
- Performance Fees	0	0
- Custody Fees	140	112
	4,116	3,867

Note 8: External Audit Costs

	2022/23 £000	2021/22 £000
External Audit Services	49	62*
Total	49	62

* this includes £24k additional fees for the 2020/21 audit

The Pension Fund's external auditors are Grant Thornton.

Note 9: Investment Income

The table below shows a breakdown of the investment income for the year:

	2022/23 £000	2021/22 £000
Cash	831	(27)
Bonds	0	483
Equities	985	483
Pooled property investments, Pooled investments (fixed income and equity unit trusts and hedge funds)	4,860	3,941
	8,474	7,572
Venture Capital	3,006	6,324
	18,156	18,776

Pension Fund Accounts

Note 10: Fund Assets

The table below outlines the fund managers, asset classes, and values of those assets held by the Fund as at 31 March 2023.

Fund Manager	Investment Asset	Asset Value	Proportion of the Fund	Asset Value
		31 March 2023 £000	31 March 2023 %	31 March 2022 £000
LCIV - PEPPA	Equity Unit Trust	504,922	30.5	459,186
Storebrand Global ESG	Equity Unit Trust	271,628	16.4	0
Blackrock	Fixed Income Unit Trust	249,606	15.1	368,683
Schroders Property	Property	131,970	8.0	153,961
HarbourVest	Venture Capital	99,393	6.0	124,224
J.P. Morgan	Hedge Funds	76,621	4.6	86,561
Storebrand Emerging Markets	Equity Unit Trust	74,186	4.5	0
LCIV – Private Debt	Venture Capital	59,212	3.6	0
LGIM	Venture Capital	44,457	2.7	9,910
LCIV – Renewable Infrastructure	Venture Capital	40,267	2.4	24,900
Pemberton	Venture Capital	39,544	2.4	40,632
Partners Group	Venture Capital	17,832	1.1	32,087
UBS	Equities and Equity Unit Trust	0	0	409,857
Various Managers	Cash and other Assets	43,216	2.7	40,418
Lewisham	Net Current Assets/(Liabilities)	2,131	0.2	(136)
Total Fund Assets		1,654,985	100.0%	1,750,283

Note 11: Investment Analysis

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2023 are as follows:

		£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	504,919	30.5
Storebrand Global ESG Plus	Storebrand	271,627	16.4
Blackrock Fixed Income A	Blackrock	96,586	5.8
Aquila Over 5 years Index Linked Blackrock Pensions	Blackrock	78,505	4.7
BlackRock Pensions Aquila over 15 years	Blackrock	74,143	4.5

Pension Fund Accounts

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2022 are as follows:

Asset	Manager	31 March 2022	
		£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	459,186	26.2
UBS Asset Management Fund	UBS	268,067	15.3
Aquila Over 5 years Index Linked	Blackrock	112,822	6.5
BlackRock Pensions Aquila over 15 years	Blackrock	107,950	6.2
UBS Asset Management Life UK Equity Tracker	UBS	107,821	6.2
Blackrock Fixed Income A	UBS	105,493	6.0

Note 12: Reconciliation in Movement in Investments

An analysis of investment movements in 2022/23 (includes cash, debtors and creditors) is set out below:

	Market Value as at 31/03/2022	Purchases and derivative payments	Sales and capital receipts	Re-Classification	Change in Market Value during the year	Market Value as at 31/03/2023
	£000	£000	£000	£000	£000	£000
Bonds	112,822	0	0	(97,940)	(14,883)	0
Equities	107,822	145,362	(181,831)		(71,353)	0
Fixed Income Unit Trust	212,999	0	(174)	97,940	(61,159)	249,606
Equity unit trust	832,033	82,467	(86,434)		42,094	870,160
Hedge fund	71,610	77	(2,396)		7,326	76,617
Pooled property Investments	147,265	6,142	(9,450)		(23,548)	120,409
Venture capital	172,834	124,617	(33,499)		13,421	277,373
	1,657,385	358,665	(313,784)		(108,101)	1,594,165
Derivative contracts:						
Forward currency contracts	0	0	(0)		0	0
Sub-total	1,657,385	542,846	(497,964)	0	(108,101)	1,594,165
Cash deposits	92,992				3,154	58,448
Amount receivable for sales of investments	0				0	0
Investment income due	42				0	241
Spot FX contracts	0				(268)	0
Amounts payable for purchases of Invs	0				0	0
Other investment balances	(136)					2,131
Total	1,750,283				(105,215)	1,654,985

Pension Fund Accounts

	Market Value as at 31/03/2021	Purchases during the year and derivative payments	Sales and capital distributions	Change in Market Value during the year	Market Value as at 31/03/2022
	£000	£000	£000	£000	£000
Bonds	107,210	27,291	(28,150)	6,471	112,822
Equities	95,341	253,024	(243,782)	3,239	107,822
Fixed Income Unit Trust	207,214	24,706	(736)	(18,185)	212,999
Equity Unit Trust	776,855	80,988	(112,811)	87,001	832,033
Hedge Funds	71,529	0	(1,266)	1,347	71,610
Pooled property Investments	112,136	13,098	(4,507)	26,638	147,265
Venture Capital	138,480	49,072	(35,549)	20,831	172,834
	1,508,665	448,179	(426,801)	127,342	1,657,385
Forward currency contracts	0	125	(136)	11	0
Sub-total	1,508,665	448,304	(426,937)	127,353	1,657,385
Cash deposits	105,524			985	92,992
Amount receivable for sales of investments	10,800			0	0
Investment income due	2,769			0	42
Spot FX contracts	0			(5)	0
Amounts payable for purchases of Investments	(10,800)			0	0
Other investment balances	391			(3,130)	(136)
Total	1,671,349			125,203	1,750,283

Pension Fund Accounts

Note 13a: Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable Inputs	Key sensitivities affecting the valuations provided
Equities	Level 1	Published market prices	Evaluated price of feeds	Not required
Bonds	Level 2	The published bid market price on the final day of the accounting period	Not required	Not required
Pooled investment – equity unit trust and market quoted investments	Level 1	Published bid market price on the final day of the accounting period	Not required	Not required
Pooled investments - UK Fixed Income Managed Funds	Level 2	Average of broker prices	Not required	Not required
Pooled investments - Hedge Funds	Level 3	Valued by investing managers on a fair value basis each year using PRAG guidance	NAV - based pricing set on a forward basis	Valuations are affected by a change to the value of the financial instrument it is being hedged against
Cash	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Venture Capital - private equity and private debt	Level 3	Comparable valuation of similar companies in accordance with International Private Equity guidelines	- EBITDA multiple '- Revenue Multiplier '- Discount for lack of marketability '- Control Premium	Valuations could be affected by changes to expected cashflow or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valued by investing managers on a fair value basis each year using PRAG guidance	NAV - based pricing set on a forward basis	Valuations are affected by a change to the value of the financial instrument it is being hedged against
Pooled Property Investments	Level 3	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Manager valuation statements are prepared in accordance with ECVA guidelines	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated

Pension Fund Accounts

Note 13b: Sensitivity of Assets Valued at Level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

	Assessed valuation range (+/-)	Value at 31 March 2023	Value on Increase	Value on Decrease
	%	£000	£000	£000
Overseas Hedge Fund	5.8	76,617	81,061	72,173
Overseas Venture Capital	11.8	76,391	85,405	67,377
UK Venture Capital	11.8	200,982	224,698	177,266
Total		353,990	391,164	316,816

Note 13c: Valuation of Financial Instruments carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 – where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Listed investments are shown at bid prices. The bid value is based on the market quotation of the relevant stock exchange.

Level 2 – where market prices are not available, for example, where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include infrastructure, which the Fund holds assets in, unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in.

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Market Value as at 31/03/2023	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss				
Pooled investments	967,024	152,742	76,617	1,196,383
Pooled Property Investments	2,823	117,586	0	120,409
Venture Capital	0	0	277,373	277,373
Cash deposits	58,448	0	0	58,448
Other investment assets	4,943	0	0	4,943
Investment income due	210	31		241
Financial liabilities at fair value through profit and loss				
Other investment liabilities	(2,812)	0	0	(2,812)
Net financial assets	1,030,636	270,359	353,990	1,654,985

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Market Value as at 31/03/2022	Quoted market price*	Using observable inputs*	With significant observable inputs*	
	Level 1	Level 2	Level 3	Total*
	£000	£000	£000	£000
Financial assets at fair value through profit and loss				
Bonds	0	112,822	0	112,822
Equities	107,822	0	0	107,822
Pooled investments	1,045,032	0	71,610	1,116,642
Pooled Property Investments	1,391	145,874	0	147,265
Private Equity	0	0	172,834	172,834
Cash deposits	92,992	0	0	92,992
Other Investment assets	2,100	0		2,100
Investment income due	42	0	0	42
Financial Liabilities at Fair Value through Profit & Loss				
Other investment liabilities	(2,236)	0	0	(2,236)
Net financial assets	1,247,143	258,696	244,444	1,750,283

Note 13d: Transfers between Levels 1 and 2

There has not been any transfers between Level 1 and Level 2 assets in 2022/23.

Note 13e: Reconciliation of Fair Value Measurements within Level 3

	Market Value as at 31/03/2022	Transfers in/out of level 3	Purchases	Sales	Unrealised gains (losses)	Realised gains (losses)	Market Value as at 31/03/2023
	£000	£000	£000	£000	£000	£000	£000
Overseas Hedge Fund	71,610	0	77	(2,396)	7,203	123	76,617
Overseas Venture Capital	117,145	0	9,341	(10,933)	26,810	6,305	148,668
UK Venture Capital	55,689	0	115,276	(22,566)	(19,694)	0	128,705
Total	244,444	0	124,694	(35,895)	14,319	6,428	353,990

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Note 14a: Classification of Financial Instruments

The accounting policies describe how the different asset classes of financial instruments are measured, and how income and expenses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category. Bonds of £97m were reclassified as Fixed Income Unit Trust between accounting categories during the year ended 31 March 2023.

Market Value as at 31/03/2022 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities		Designated as fair value through profit and loss	Loans and receivables	Market Value as at 31/03/2023 Financial liabilities
£000	£000	£000	£000	£000	£000	£000
			Financial assets			
112,822			Bonds	0		
107,822			Equities	0		
212,999			Fixed Income Unit Trust	249,606		
832,033			Equity Unit Trust	870,160		
71,610			Hedge Funds	76,617		
147,265			Pooled property Investments	120,409		
172,833			Venture Capital	277,373		
0	92,992		Cash deposits	0	58,448	
0	42		Other investment balances	0	241	
0	2,100		Debtors	0	4,943	
1,657,385	95,134	0		1,594,165	63,632	0
			Financial liabilities			
		(2,236)	Creditors			(2,812)
			Other Current Liabilities			
0	0	(2,236)		0	0	(2,812)
1,657,385	95,134	(2,236)	Total	1,594,165	63,632	(2,812)
	1,750,283		Grand Total		1,654,985	

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Note 14b: Net Gains and Losses on Financial Instruments

The following table shows net gains on financial instruments:

	31/03/23 £000	31/03/22 £000
Financial Assets		
Fair Value through Profit and Loss	(108,101)	127,342
Loans and receivables	3,154	
Assets at Amortised Cost		
Financial Liabilities		
Fair value through profit and loss	0	11
Liabilities at Amortised Cost	(268)	(3,135)
	(105,215)	125,203

Note 15: Nature and Extent of Risks Arising from Financial Instruments

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). As an investment fund, the Lewisham Pension Fund's objective is to generate positive investment returns for an accepted level of risk. Therefore, the Fund holds a mix of financial instruments such as securities (equities, bonds), interests in collective investment schemes (pooled funds), and cash equivalents. In addition, debtors and creditors arise because of its operations. The value of these financial instruments is reflected in the financial statements at their fair value.

Responsibility for the Fund's risk management strategy rests with the Council's Pension Investment Committee (PIC). Risk management policies are established to identify and analyse the risks faced by the Council's pension operations. The main risks from the Fund's holding of financial instruments are market risk, credit risk, and liquidity risk. These policies are reviewed regularly to reflect change in activity and in market conditions.

The Committee regularly monitors each investment manager, and its investment consultant (Hymans Robertson) advises on the nature of the investments made and associated risks.

The Fund's investments are managed on behalf of the Fund by the appointed investment managers. Each investment manager is required to invest the assets managed by them in accordance with the terms of their investment guidelines or pooled fund prospectus.

The Fund's custodian is Northern Trust, who manage investments and report on them on behalf of the Fund. As the Fund adopts a long-term investment strategy, the high level strategic risks described below will not alter significantly during any one year unless there are significant strategic or tactical changes made to the portfolio.

a) Market Risk

Market risk represents the risk that fair value of a financial instrument will fluctuate because of changes in market prices, interest rates or currencies. The Fund is exposed, through its investments in equities, bonds and pooled investment funds, to all these market risks. The aim of the investment strategy is to manage and control exposure to market risk within acceptable parameters while optimising the return from the investment portfolio. In general, market risk is managed through the diversification of investments by asset class and establishing mandate guidelines with investment managers. The risk

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arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the PIC.

i) Other Price Risk – Market

The risk that the value of a financial instrument will fluctuate as a result of factors other than interest rate or foreign currency movements, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting the market in general. Market price risk arises from uncertainty about the future value of the financial instruments that the Fund holds. All investments present a risk of loss of capital, the maximum risk being determined by the fair value of the financial instruments. The investment managers mitigate this risk through diversification in line with their own investment strategies and mandate guidelines.

ii) Other Price Risk – Sensitivity analysis

The Council and its investment advisors also undertake appropriate monitoring of market conditions and benchmark analysis. The Fund has a long term view on expected investment returns which smooths out short term price volatility.

Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Council has determined that the following asset level percentages of volatility can be applied to the Fund's assets in 2022/23, assuming all other variables such as foreign exchange rates and interest rates remain the same:

Asset Type	Potential Market Movement +/- (% p.a.)
Equity Unit Trust	12.8
Fixed Income Unit Trust	13.0
Hedge funds	5.8
Pooled property Investments	7.7
Venture Capital	11.8
Other Investments	1.2
Cash	1.2
Total	8.3

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Applied to the period end asset mix, the potential impact on the Fund's market value in the next financial year is as follows:

Asset type	Market Value as at 31/03/2023	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
Cash and cash equivalents	58,448	0.0	58,448	58,448
Investment portfolio assets:				
Fixed Income unit trusts	249,606	13.0	282,055	217,157
Equity unit trusts	870,160	12.8	981,540	758,780
Hedge funds	76,618	5.8	81,061	72,173
Pooled property Investments	120,409	7.7	129,681	111,138
Venture Capital	277,373	11.8	310,103	244,643
Other funds	2,371	1.2	3,400	3,343
Total assets * **	1,654,985		1,845,288	1,464,682

* This figure includes derivatives and other investment balances.

** The % change and value change for Total Assets includes the impact of correlation across asset classes

The 2021/22 comparator table is as follows:

Asset Type	Final Market Value as at 31/03/2022	Percentage Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
Cash and cash equivalents	92,992	0.0	92,992	92,992
Investment portfolio assets:				
Bonds	112,822	9.1	123,135	102,510
Equities	107,822	16.2	125,289	90,355
Overseas equities	102,070	13.0	115,339	88,801
Fixed Income unit trusts	212,999	9.1	232,382	193,616
Equity unit trusts	729,964	16.2	848,218	611,710
Hedge funds	71,610	5.8	75,763	67,457
Pooled property Investments	147,265	3.8	152,905	141,624
Venture Capital	172,833	5.8	182,858	162,858
Other funds	(94)	2.8	(97)	(92)
Total Assets	1,617,349		1,948,784	1,551,782

iii) Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fixed interest securities, cash and cash equivalents are exposed to interest rate risk.

Pension Fund Accounts

iv) Interest Rate Risk – Sensitivity Analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates.

The analysis demonstrates that a 1% increase in interest rates will reduce the fair value on fixed interest assets (obviously the interest received will not change), and vice versa.

Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Asset type	Market Value as at 31/03/2023	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£000	£000	£000
Cash and cash equivalents			
Cash	58,448	0	0
Fixed Interest Investments			
UK Fixed Income Funds	152,648	1,526	(1,526)
Overseas Fixed Income Funds	96,958	970	(970)
Total change in assets available	308,054	2,496	(2,496)

Asset type	Market Value as at 31/03/2022	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£000	£000	£000
Cash and cash equivalents			
Cash	92,992	0	0
Bonds			
UK public sector Index linked	112,822	1,128	(1,128)
Fixed Interest Investments			
UK Fixed Income Funds	105,483	1,055	(1,055)
Overseas Fixed Income Funds	107,516	1,075	(1,075)
Total change in assets available	418,814	3,258	(3,258)

v) Currency Risk is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£GBP). The Fund was exposed to the following significant foreign currency levels at the 31 March 2023:

Euro	€8.9m	(€20.9m 21/22)
US Dollars	\$16.6m	(\$84.8m 21/22)

The remaining exposures arise from much smaller holdings of other currencies including Swiss Francs, Hong Kong Dollars and Japanese Yen.

Pension Fund Accounts

vi) Currency risk – sensitivity analysis.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisors. Overseas equities, fixed interest securities and cash in foreign currencies are exposed to currency risk. Following analysis of historical data in consultation with the Fund's advisors, the Council considers the likely volatility associated with foreign exchange rate movements in 2022/23 to be 6.5% (7.3% in 2021/22). This volatility is applied to the Fund's overseas assets at period end as follows:

Asset Type	Asset Value at 31 March 2023 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	96,958	8.8	105,490	88,425
Overseas Equity Funds	365,240	8.8	397,382	333,100
Overseas Hedge Funds	76,617	8.8	83,360	69,875
Overseas Venture Capital	76,391	8.8	83,113	69,669
Total	615,206	8.8	669,345	561,069

Asset Type	Asset Value at 31 March 2022 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	107,516	7.3	115,365	99,668
Overseas Equity Funds	102,070	7.3	109,521	94,619
Overseas Hedge Funds	71,610	7.3	76,838	66,382
Overseas Venture Capital	117,145	7.3	125,696	108,593
Total	398,341	7.3	427,420	369,262

b) Credit Risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to meet an obligation and cause the Fund to incur a financial loss. This is often referred to as counterparty risk. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The Fund is exposed to credit risk through its underlying investments (including cash balances) and the transactions it undertakes to manage its investments. The careful selection and monitoring of counterparties, including; brokers, custodian and investment managers, seeks to minimise the credit risk that may occur through the failure to settle transactions in a timely manner.

	Rating	Balances at 31 March 2023	Balances at 31 March 2022
		£000	£000
Barclays	A +	3,912	1,386
Northern Trust	AA -	58,448	92,992
Total		62,360	94,378

Pension Fund Accounts

c) Liquidity Risk

Liquidity risk is the risk that the Pension Fund will have difficulties in paying its financial obligations as they fall due. For example; the benefits payable costs and capital commitments. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The Fund holds proportion of assets as cash to allow for short notice payments and capital calls. As at the 31 March 2022 these assets totalled £58.4m held in cash by the custodian on behalf of the Fund and fund managers.

Note 16: Derivative Contracts

As at 31 March 2023 there were no pending foreign exchange purchases or sales. The net gain related to foreign exchange forward contracts was nil in 2022/23 (net gain £11k in 2021/22).

Note 17a: Other Investment Balances

These comprise the following amounts:

	31/03/23 £000	31/03/22 £000
Debtors		
Equity Dividends / Income from Managed Funds	177	23
Recovered Taxes	64	
Interest and Other Income	0	19
Creditors		
Interest and Other Expenditure	0	0
Net	241	42

Note 17b: Net Current Assets

These comprise the following amounts:

Current Assets

	31/03/23 £000	31/03/22 £000
Contributions Due from Admitted/ Scheduled Employers/ Employees	56	57
Other Current Assets	825	657
Prepayments	150	0
Cash in Hand	3,912	1,386
	4,943	2,100

Pension Fund Accounts

Current Liabilities

	31/03/23 £000	31/03/22 £000
Fund Manager and Custody Fees	(511)	(553)
Consultancy/ Advisory Fees	(21)	(187)
Other Current Liabilities	(2,280)	(1,496)
	(2,812)	(2,236)

Note 18: Cash and Bank

Cash Held With Custodian

The Northern Trust Company is the Fund's global custodian and cash is held to meet the cash flow requirements of the Fund and its managers. The total cash held as at 31 March 2023 was £58.4m (£93.0m as at 31 March 2022). The table below shows how this was split between the Fund Managers.

Fund Manager	31/03/2023 £'000	31/03/2022 £'000
Cash Account	43,089	39,851
Schroders	11,479	3,904
HarbourVest	3,521	20,122
Partners Group	0.359	11,246
JP Morgan	0	14,951
Pemberton	0	2,352
Cash Account	0	548
Securities Lending	0	15
UBS	0	1
BlackRock transition account	0	1
	58,448	105,524

Pension Fund Bank Account

The Lewisham cash in hand balance of £3.9m represents uninvested cash held in the Pension Fund bank accounts as at 31 March 2023. The Fund's accounts are held with Barclays Bank.

Note 19: Actuarial Present Value of Promised Retirement Benefits

The table below shows the total net liability of the Fund as at 31 March 2023. The figures have been prepared by Hymans Robertson LLP, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

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	31/03/2023	31/03/2022
	£m	£m
Present value of promised retirement benefits	(1,511)	(2,274)
Fair Value of Scheme Assets	1,370	1,654
Net Liability	(141)	(620)

Longevity assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Longevity Assumptions for year ended 31 March 2023	Males	Females
Current Pensioners	21.0	24.1
Future Pensioners	22.1	25.5

Financial assumptions

	31/03/2023 (%)	31/03/2022 (%)
Discount Rate	4.8	2.7
Salary Increases	4.0	3.9
Pension Increases	3.0	3.2

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions at 31 March 2023	Approximate increase to liabilities (%)	Approximate monetary amount (£m)
0.1% p.a. decrease in the Real Discount Rate	2	24
1 year increase in member life expectancy	4	60
0.1% p.a. increase in the Salary Increase Rate	0	2
0.1% p.a. increase in the Pension Increase Rate	2	23

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Note 20: Events after the Reporting Period

The audited Pension Fund Statement of Accounts was authorised for issue by the Executive Director of Corporate Resources on 30 June 2023. Events taking place after this date are not reflected in the accounts. Where events took place before this date which materially altered the conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect these altered conditions.

Note 21: Contractual Commitments

The Pension Fund was committed to the following capital contributions as at the 31 March 2023:

Fund Manager	Fund	Contractual Commitment £000	Undrawn Capital £000
Harbourvest	Harbourvest Closed Ended Funds	130,955	44,641
London CIV	LCIV Renewable Infrastructure	90,000	59,335
London CIV	LCIV Private Debt	85,000	31,213
Pemberton	Pemberton European Mid-Market Debt Fund II	40,000	3,981
Schroders	Schroders Property Funds	20,658	6,228
Total		411,613	145,398

Note 22: Related Party Transactions

There have been no material transactions with related parties in the financial year. There were no provisions for doubtful debt and amounts written off in the period.

Eight Councillors sit on the Pensions Investment Committee which oversees the Fund. At each meeting of the Pensions Investment Committee, Councillors are required to make declarations of interest which are recorded.

During the year the following declarations were made:

- The Chair of the Investment Committee Councillor Mark Ingleby declared an interest as a Councillor elected Director of Lewisham Homes, the Council's housing subsidiary, not in receipt of pension.

Four members and an independent chair make up the membership of the Pensions Board, which assists the administering authority in adhering to the Regulations with regards to its administration and governance of the scheme. At each meeting of the Board, members are required to make declarations of interest which are recorded.

During the year no declarations of interest were made apart from the members being participants in the scheme, although this is a requirement of their Board membership.

No other trustees or Council chief officers with direct responsibility for Pension Fund issues made any declarable transactions with the Pension Fund in the period to 31 March 2023.

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The Council, the administering authority, had dealings with the Fund as follows:

- Recharges from the Council for the in-house administration costs borne by the scheme were transacted (included in Administration Expenses in Note 7). Some cash transactions relating to pension activities are currently effected through the Council's bank account and consequently Pension Fund cash balances are held by the Council from time to time and vice versa.

Key Management Personnel Remuneration

The key management personnel of the Fund are the Executive Director of Corporate Resources and the Director of Finance.

There were no costs apportioned to the Pension Fund in respect of the Executive Director of Corporate Resources post for 2021/22 and 2022/23.

Total remuneration payable to key management personnel from the Pension Fund is set out below:

	2022/23 £'000	2021/22 £'000
Short Term Benefits	21	20
Post-Employment Benefits	4	4
Total	24	24

Note 23: Additional Voluntary Contributions (AVC's)

Contributing members have the right to make AVCs to enhance their pension. There are currently 45 'open' AVC contracts for LGPS members (i.e. excluding members with AVC contracts who have left Lewisham and now have preserved benefits). Some of these 'open contracts' will be for members who have paid AVCs in the past but who have suspended payments to the scheme for the time being.

The Fund has two AVC providers: Clerical Medical and Utmost (formerly Equitable Life). The value of AVC investments is shown below. The contributions are held by the providers and do not form part of the Lewisham Fund's assets in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

	2022/23			2021/22		
	Utmost £000	Clerical Medical £000	Total £000	Equitable Life £000	Clerical Medical £000	Total £000
Value at the Beginning of Year	352	1,024	1,376	356	1,106	1,462
Contributions and Transfers Received	0	121	121	0	181	181
Investment Return / change in market value	(21)	(43)	(64)	16	64	80
Paid Out	(42)	(228)	(270)	(20)	(327)	(347)
Value at the End of the Year	289	874	1,163	352	1,024	1,376

Pension Fund Accounts

Note 24a: Scheduled Bodies

The following are scheduled bodies to the Fund as at 31 March 2023, arranged in descending order by the value of their contributions in 2022/23:

Lewisham Homes Limited
Haberdashers' Aske's Hatcham College
Christ The King Sixth Form College
St Matthews Academy
Tidemill Academy
Childeric
Sedgehill School
St George's Academy

Note 24b: Admitted Bodies

The following are admitted bodies to the Fund as at 31 March 2022, arranged in descending order by the value of their contributions in 2022/23

Youth First Ltd
Phoenix
Inspace/ BS Phoenix
KGB Cleaning
CGL
NSL Ltd (formerly known as National Car Parks Ltd)
City West Services
Housing 21
Zing
Braybourne FS Ltd (Knights)
Lewisham Music
Change Grow Live / CIS / Penrose
Comm Support - 3 C's
Braybourne FS Ltd (Hatcham)
Harrison Catering Hatcham
Pre-School Learning Alliance
Harrison Catering Knights
GLL
Tower Services
M Group Services

Pension Fund Accounts

Note 25: Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the London Borough of Lewisham Pension Fund include:

Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The following table summarises the membership numbers of the scheme:

	Active Members		Deferred Beneficiaries		Retired Members	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Administering Authority	5,696	5,403	10,079	9,853	7,968	7,824
Scheduled Bodies	1,061	1,140	1,351	1,224	469	435
Admitted Bodies	89	74	63	62	87	80
	6,846	6,617	11,139	11,493	8,524	8,339

The Audit Findings for London Borough of Lewisham

Year ended 31 March 2023



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit and Risk Committee.

Name: Joanne Brown
For Grant Thornton UK LLP
Date: 1 November 2023

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of London Borough of Lewisham Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and

have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Our audit work was completed during July-October. Our findings are summarised on pages 4 to 23. We have not identified any adjustments to the financial statements that impact on the Council's General Fund position to date. We have identified audit adjustments that are detailed in Appendix D. We have also raised a recommendation for management as a result of our audit work. The recommendation is set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Delivering a large complex London Borough audit under the current regulatory regime with the volume of work now required remains challenging. Only 5 audits in the country were signed off prior to the 30 September 2023. Management, officers and the audit team have worked hard to ensure that the audit is delivered to our agreed timetable. There has been slippage in obtaining all the evidence and resolving queries to samples selected for testing. At this stage our work in a few areas is still ongoing, but we are still planning on giving an opinion by the end of November 2023. This is very much dependent on the Council providing the outstanding items to us by the end of October 2023.

The quality of the draft financial statements presented to audit continue to improve. The financial statements have also been subject to a financial reporting technical review and this has identified a few presentational adjustments. There were fewer adjustments arising from the technical review than in previous years which supports our view that the quality of the financial statements continues to improve.

Our work is ongoing and at this stage there are no matters of which we are aware that would require modification of our audit opinion Appendix G, subject to the following outstanding matters;

- Completion of our work on the group financial statements including receipt of audited financial statements from Catford Regeneration Partnership Limited, and the required documentation from KPMG's audit of Lewisham Homes Limited.
- Receipt of our work on the valuations of land and buildings valuations.
- Completion of work on Revenue Receipts in Advance, Provisions, Leases and schools bank accounts.
- Clearance of all points arising from the technical review.
- Receipt of audited financial statements from the London Pensions Fund Authority auditor.
- Resolution of audit queries in relation to sample testing of operating expenditure, fees and charge, creditors and completion of cut off testing.
- Receipt of Full Time Equivalent listings for schools to prove leavers are appropriately removed.
- Senior Manager and Partner quality review of the audit file and satisfactory resolution of any residual queries.
- Receipt of management representation letter.
- Review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unqualified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work, which is summarised on page 23, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit..

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year with only 5 audit opinions being given by the 30 September deadline. The situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](#)

We would like to thank everyone at the Council for their support in working with us to get us to this position. We are up to date with our work at the Council and are working on delivering your audit opinion by the 30 November 2023.

National context – level of borrowing

All Councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look for alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. The Council does not have an investment property portfolio. There is an investment property that resides in Catford Regeneration Partnership Limited financial statements and therefore is consolidated into the group position. The valuation of the property is just below materiality in terms of the group financial statements.

The Council has not undertaken any new borrowing in the year and the average weighted maturity date of the debt is close to 30 years. The Council's Operational Boundary (being the limit which external debt is not normally expected to exceed) and Authorised Limit (being the limit beyond which borrowing is prohibited) have not been breached in the year.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit and Risk Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined specified audit procedures for Lewisham Homes Limited on the valuation of dwellings and the valuation of the Pensions Asset. We have also undertaken specific procedures on the valuation of the Investment Property held within Catford Regeneration Partnership Limited financial statements.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter our audit plan, as communicated to you on 22 June 2023.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion by the 30 November 2023, as detailed in Appendix G.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements, but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan.

We set out in this table our determination of materiality for London Borough of Lewisham Council and group.

	Group Amount (£)	Council Amount (£)
Materiality for the financial statements	16,800,000	16,500,000
Performance materiality	10,920,000	10,725,000
Trivial matters	840,000	825,000



2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relevant to Council and/or Group	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p>	<p>Relevant to Council and Group</p>	<p>Audit procedures undertaken in response to the identified risk included:</p> <ul style="list-style-type: none"> • Evaluation of the design effectiveness of management controls over journals. • Analysis of the journals listing and determined the criteria for selecting high risk unusual journals. • Testing unusual journals recorded during the year and the accounts production stage for appropriateness and corroboration. • Gaining an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. • Reviewed and tested transfers between the General Fund and HRA and inter group journals. <p>Our testing of journal entries has not identified any material misstatements or indications of management override of controls.</p>
<p>Improper revenue recognition</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of fraud in revenue recognition is present in all entities.</p>	<p>Relevant to Council and Group</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>In the Audit Plan, we reported that having considered the risk factors set out in ISA240 and the nature of the Council's revenue streams, we had determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition. • Opportunities to manipulate revenue recognition are very limited. <p>The culture and ethical frameworks of local authorities, including London Borough of Lewisham, mean that all forms of fraud are seen as unacceptable.</p> <p>Therefore, we did not consider this to be a significant risk for the London Borough of Lewisham</p> <p>There have been no changes to our assessment as reported in the Audit Plan.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relevant to Council and/or Group	Commentary
<p>Valuation of Valuation Council Dwellings, Other Land and Buildings and Surplus Assets.</p> <p>The Council revalues its dwellings and land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£2.7 billion) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus properties) at the financial statements date.</p> <p>We will focus our audit attention on assets that have large and unusual changes and / or approaches to the valuation of Council Dwellings, Other Land and Buildings and Surplus Assets, as a significant risk requiring special audit consideration.</p>	Council and Group	<p>Audit procedures undertaken in response to the identified risk included:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work. • Evaluated the competence, capabilities and objectivity of the valuation expert. • Confirmed the basis on which the valuation was carried out to ensure that the requirements of the Code are met. • Challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding, which included engaging our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations. • Tested, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register. • Assessed the value of a sample of assets in relation to market rates for comparable properties. • Tested a sample of beacon properties in respect of council dwellings to consider whether their valuation assumptions are appropriate and whether they are truly representative of the other properties within that beacon group. • Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end. <p>As reported on page 3, our work is still ongoing in this area.</p> <p>During our testing, management explained that during 2023/24 a decision was made to terminate a large project (Home Park & Edward Street) as the contractor had gone bankrupt. At the 31 March 2023 the assets were held as an Asset Under Construction. The Council is making an impairment adjustment to the 2022/23 accounts for these assets.</p> <p>Subject to the satisfactory completion of outstanding matters set out on page 3, there are no further material findings in respect of this risk which we are required to report to those charged with governance, based on the work carried out to date.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relevant to Council and/or group	Commentary
<p data-bbox="91 379 495 408">Valuation of pension fund net liability</p> <p data-bbox="91 448 741 651">The pension fund net liability, as reflected in the balance sheet, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (107 million in the Council's balance sheet at 31 March 2023) and the sensitivity of the estimate to changes in key assumptions.</p> <p data-bbox="91 667 741 895">The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice on Local Authority Accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p data-bbox="91 911 741 1027">The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p data-bbox="91 1043 741 1192">The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.</p> <p data-bbox="91 1208 741 1356">We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.</p>	<p data-bbox="741 379 965 408">Council and Group</p>	<p data-bbox="1070 379 1832 408">Audit procedures undertaken in response to the identified risk included:</p> <ul data-bbox="1070 424 2166 946" style="list-style-type: none"> <li data-bbox="1070 424 2166 509">• Updating our understanding of the processes and controls put in place by management to ensure that the pension fund net asset is not materially misstated and evaluated the design of the associated controls. <li data-bbox="1070 525 2166 576">• Evaluated the instructions issued by management to their management experts (the actuary) for this estimate and the scope of the actuary's work. <li data-bbox="1070 592 2166 643">• Assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation. <li data-bbox="1070 659 2166 710">• Assess the accuracy and completeness of the information provided to the actuary to estimate the liabilities. <li data-bbox="1070 726 2166 777">• Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the reports from the actuary. <li data-bbox="1070 793 2166 876">• Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. <li data-bbox="1070 892 2166 943">• Gained assurances over the validity and accuracy of assets, membership, contributions and benefits data sent to the actuary by the Fund. <p data-bbox="1070 995 2166 1144">Management had bought across the surplus from the London Pension Fund Authority scheme of £34,952k. The application of accounting standard IFRIC14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The IFIRC 14 assessment from the actuary has an asset ceiling of £32,285k and limits the asset that can be applied to £2,667k.</p> <p data-bbox="1070 1160 2166 1292">The Group financial statements contain the Pensions Asset from Lewisham Homes Limited. The Council had not applied the accounting standard IFRIC14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and had consolidated the full £50.2m into the group position netting this off with the Council's Pensions liability. We are currently agreeing the IFRIC14 asset ceiling with the Council on the adjustment required to the Lewisham Home Asset.</p> <p data-bbox="1070 1308 2166 1362">In addition, the Council will need to show the Pensions Asset separately within the group balance sheet and not net this off the Council's liability position.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relevant to Council and/or group	Commentary
<p>Completeness and accuracy of manual payments made by the Council between April to June 2022</p> <p>At the beginning of the financial year the Council encountered a systems issue that meant they were unable to process payments automatically from some feeder systems to clients/companies in the normal way. This information had to be manually uploaded onto the Council's creditor payments system. The Council reacted promptly to the issue and installed a manual workaround process to ensure suppliers were paid in accordance with agreed terms and conditions. The manual processes however, increase the risk over the accuracy and completeness of payments made. We are likely to require the use of our IT experts to assist us with our testing of the processes and reconciliations the Council implemented over this period.</p>	Council	<p>Audit procedures undertaken in response to the identified risk included:</p> <ul style="list-style-type: none"> • updating our understanding of the processes and controls put in place by management to ensure correct payments were made to suppliers on a timely basis; • review the work completed by Internal Audit in this area; and • undertake substantive testing on manual payments made between April to June 2022. <p>Our testing has not identified any misstatements that require reporting.</p>

2. Financial Statements: Key findings arising from the group audit

Component	Component auditor	Findings	Group audit impact
Lewisham Homes	KPMG LLP	An unqualified audit opinion of Lewisham Homes Limited was issued by on 4 September 2023. No significant issues were identified. We are awaiting requested assurances from KPMG.	No impact.
Catford Regeneration Partnership Limited	ACF Auditing Services Limited	We are awaiting the audited opinion., on Catford Regeneration Partnership Limited.	No impact

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £1,200m, surplus assets £63m.	<p>Other land and buildings comprises £1,101m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings (£99m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilks Head and Eve to complete the valuation of properties as at 31 March 2023 on a five yearly cyclical basis. 99% of total assets were revalued during 2022/23.</p> <p>Management have considered the year end value of non-valued properties and these are well below materiality levels.</p> <p>The total year end valuation of land and buildings was £1,200m, a net increase of £93m from 2021/22 (£1,108m).</p>	<p>Our work on your property valuations is ongoing.</p> <ul style="list-style-type: none"> We have assessed management's expert, Wilks Head and Eve, to be competent capable and objective. The valuer has correctly prepared the valuation using DRC on a modern equivalent asset basis for specialised properties, and EUV for non-specialised properties. 99% of properties have been valued as at 31 March 2023. We engaged our own valuation specialist, Gerald Eve, to provide a commentary on the instruction process for WHE, the valuation methodology and approach, and the resulting assumptions and any other relevant points. We have carried out testing of the completeness and accuracy of the underlying information provided to the valuer used to determine the estimate and have no issues to report. Valuation methodologies applied are consistent with those applied in the prior year. We have agreed the valuation reports provided by management's expert to the fixed asset register and to the financial statements. <p>See results from the valuation testing on page 9.</p>	TBC

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Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Buildings – Council Housing - £1,441m	<p>The Council owns 13,772 dwellings in the Housing Revenue Account and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council has engaged its valuer to complete the valuation of these properties. The year end valuation of Council Housing was £1,440m, a net increase of £27m from 2021/22 (£1,413m).</p>	<p>Our work on your property valuations is ongoing. At this stage:</p> <ul style="list-style-type: none"> We have no concerns over the competence, capabilities and objectivity of your valuation expert. No issues were noted with the completeness and accuracy of the underlying information used to determine the estimate. There have been no changes to the valuation method this year. The valuer has correctly prepared the valuation using the stock valuation guidance issued by MHCLG, and has ensured the correct factor has been applied when calculating the Existing Use Value – Social Housing (EUV-SH) value disclosed within the accounts. All properties have been valued as at 31 March 2023 	TBC

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Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate

Summary of management’s approach

Audit Comments

Assessment

Net pension liability – 107m deficit.

The Council’s scheme remains in a deficit position, but there are surplus positions within the London Pension Fund Authority and Lewisham Homes Limited.

IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.

IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Council’s net pensions liability comprises assets and liabilities relating to the London Borough of Lewisham Pension Fund and London Pension Fund Authority Local Government Pension Schemes together with unfunded defined benefit pension scheme obligations.

The Council uses Hymans Robertson to provide actuarial valuations of the Council’s assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The actuary Barnett Waddingham are used for the London Pension Fund Authority Scheme.

The latest full actuarial valuation was completed as at 31 March 2022. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.

Given the significant value of the net pension fund liabilities, small changes in assumptions can result in significant valuation movements. There has been a net decrease of £459m in the overall net pension fund liability in 2022/23.

- We have assessed the actuaries, Hymens Robertson, to be competent, capable and objective.
- We have used PwC as our auditor’s expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions:

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.75%	4.75%	●
Pension increase rate	3.0%	2.95 - 3.0%	●
Salary growth	4.0%	3.95 - 4.0%	●
Life expectancy – Males currently aged 45/65	21.0 22.1	*None provided	●
Life expectancy – Females currently aged 45/65	24.1 25.5		●

* Figures within the IAS19 results schedule may now show individual employer level life expectancies). As a result of the significantly larger differences at individual employer level (in comparison to LGPS fund averages), the life expectancy ranges may now be significantly wider at both the lower and upper bounds. The potential difference in range can be around 8-10 years at the extremes of individual employer level life expectancies.

- We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate.
- We have confirmed there were no significant changes in 2022/23 valuation method.
- We have completed the same testing as above in relation to the Net LPFA pensions asset of £35m.

Our testing identified that the LPFA asset had not been shown gross as an asset and had been netted off the Council’s liability position.

Management had bought across the surplus from the London Pension Fund Authority scheme of £34,952k. The application of accounting standard IFRIC14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The IFIRC 14 assessment from the actuary has an asset ceiling of £32,285k and limits the asset that can be applied to £2,667k.

Grey – purely due to the re-statement of the LPFA asset.

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Light Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Grants Income Recognition and Presentation- £628m credited to Service Income and £66m credited to Taxation and Non Specific Grants</p>	<p>Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:</p> <ul style="list-style-type: none"> the Council will comply with the conditions attached to the payments, and the grants or contributions will be received. <p>Amounts recognised as due to the Council are not credited until conditions attached to the grant or contribution have been satisfied. The Council has credited £694m of grants to the Consolidated Income and Expenditure Statement in 2022/23.</p> <p>The Council has received a number of Grants and Contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if not spent. The balances at the year-end for these grants is £24m.</p> <p>The Council acts as an Agent for Central Government in respect of the majority of Business Rates Grants that are used to support business during the current Covid pandemic. These grants are distributed by the Council from central government and therefore do not appear in the Consolidated Income and Expenditure statement.</p>	<ul style="list-style-type: none"> We are satisfied with all the other grants tested that the Council's judgement on whether the Council is acting as the principal or agent which determines whether the authority recognises the grant at all. Our sample testing has concluded that we are satisfied with the completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. We are satisfied over the allocation of the grants between specific or non-specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES. 	Light Purple

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Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £14.8m	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>MRP is required to be charged with respect to borrowing obtained as part of acquiring assets to be held in the General Fund (GF). No MRP charge is made in respect of borrowing for the acquisition of assets held in the Housing Revenue Account (HRA). According to regulations, this is on the basis that HRA assets should be self-financing, with local authorities being required to make an annual charge from the HRA to their Major Repairs Reserve in place of MRP, to maintain functionality of housing assets.</p> <p>The year end MRP charge including the repayment of principal on PFI schemes was £14,826k, a net increase of £1,187k from 2021/22</p>	<ul style="list-style-type: none"> The MRP charge for the year has been calculated in accordance with the methodologies permitted in the statutory guidance. The Council's policy on MRP in relation to borrowing taken out for the acquisition of non-housing General Fund assets complies with statutory guidance. The Council's policy on MRP was discussed and agreed with those charged with governance and approved by full council as part of the Treasury Strategy in March 2022. The level of increase in the MRP charge is reasonable in the context that there has been little change in borrowing during the year. <p>Government consulted (February 2022) on changes to the regulations that underpin MRP, to clarify that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted. The consultation highlighted that the intention is not to change policy, but to clearly set out in legislation, the practices that authorities should already be following. A subsequent survey indicated amended proposals to provide additional flexibilities for certain capital loans. Government has not yet issued a full response to the consultation.</p>	Light Purple

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	ITGC control area rating			
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure
Oracle Fusion	ITGC assessment (design and implementation effectiveness only)	●	●	●	●

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Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

2. Financial Statements: matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view and management response
<p>During the audit, national news headlines reported that many Local Authorities had Reinforced Autoclaved Aerated Concrete (RAAC) within their buildings. RAAC is a lightweight form of concrete used in roof, floor, cladding and wall construction in the UK from the mid-1950s to the mid-1980s. The limited durability of RAAC roofs and other RAAC structures has long been recognised; however recent experience indicates that the problem may be more serious than previously appreciated and that many building owners are not aware that it is present in their property. RAAC has been found in a wide range of buildings including schools.</p>	<p>The Council's surveys have identified only one school in the borough, Myatt Garden Primary School, has having RAAC. This was only partially used in two areas of the school which we have now placed out of action, with no disruption to teaching.</p>	<p>We have reviewed managements approach and are satisfied that surveys have taken place and the RAAC issue was identified and appropriately reported. We are satisfied that the Council continue to follow government guidelines at this stage there is no evidence of material impairment of assets due to RAAC.</p>

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Committee . We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, including specific representations in respect of the Group, which is included in the Audit and Risk Management Committee papers.
Audit evidence and explanations	<p>All information and explanations requested from management were provided, with the exception of those relating to the outstanding matters detailed on pages 3 which, as at the date of writing, have not yet been provided.</p> <p>We are still encountering delays with providing working papers and evidence to support sample items which continues to impact on the length of time it takes to deliver the audit.</p> <p>The financial statements were published on the timetable agreed with the Council and supporting working papers were provided. Not all of these were available at the start of the audit which led to delays in selecting some samples.</p>
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and investment counterparties. This permission was granted and the requests were sent. We have received responses from all counterparties.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements. We have proposed some enhancements to the accounting policies and the assumptions made about the future and other major sources of estimation uncertainty as part of our technical review. The Council has made the required amendments.

2. Financial Statements: other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix G</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Council does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We intend to close the 2022/23 audit of London Borough of Lewisham Council in the audit report, as detailed in Appendix G,</p>



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The following non-audit services were identified.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Teacher's Pension Return	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £269,488 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Capital receipts grant	52,388	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £52,388 in comparison to the total fee for the audit of £269,488 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Capital Receipts	7,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £269,488 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
GLA Compliance checklist	£8,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £8,000 in comparison to the total fee for the audit of £269,488 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Company that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Audit opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified 1 recommendation for the Council as a result of issues identified during the course of our audit. We have agreed our recommendation with management. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	We are still encountering delays in obtaining evidence to support samples selected for audit testing. This has had an impact on our ability to complete the audit on a timely basis which has cost implications for us which increases the Council's audit fee.	The Council need to continue to work on the capacity within the finance team. In addition, departments across the Council need to be reminded of the importance of providing documentation to support the audit to the finance team on a timely basis. Management response
Medium	Related parties One Member had not returned their declaration of interest form. We also identified that the process of recordings gifts and hospitality needs strengthening. The current process is that Members submit one annual form with all the gifts and hospitality received in year.	Members need to provide their annual declarations in time for preparation of the draft financial statements. Members need to disclose any offer of gift and hospitality as and when this is offered. Management response

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of London Borough of Lewisham Council's 2021/22 financial statements, which resulted in 6 recommendations being reported in our 2021/22 Audit Findings report. We have followed up on the implementation of our recommendations and note 3 are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>We have encountered some delays in obtaining information that has impacted on our ability to complete our work in an efficient manner. Notable areas where we encountered delays were obtaining cash and bank reconciliations and supporting paper work, and information supporting Property Plant and Equipment valuations.</p> <p>Recommendation</p> <p>The Council should investigate the how this initial imbalance arose.</p>	<p>We are still encountering delays in receiving evidence to support samples selected for audit testing. This impacts on the efficiency of the audit process.</p>
✓	<p>Our sample cut off testing of payments from bank statements between April and June 2022 identified payments of £389k that related to the 2021/22 year, but the expenditure had not been accrued. The extrapolated error mounts to £1,127k.</p> <p>Recommendation</p> <p>Your cut off procedures need strengthening to ensure that expenditure is coded in the year in which it relates.</p>	<p>Improvements have been made in cut-off training and testing. A training session was held specifically for Capital Project Managers to share best practise requirements and impact.</p>
X	<p>Within our testing of operating expenditure on repairs and maintenance charges on Council dwellings we identified that there is no formal documentation between the Council and Lewisham Homes to confirm the nightly call out capped charge rates.</p> <p>Recommendation</p> <p>Implement a formal agreement setting out nightly capped call out charges for repairs and maintenance jobs undertaken by Lewisham Homes.</p>	<p>We are awaiting evidence that this recommendation has been implemented.</p>
✓	<p>The Adult Social Care Controcc system is not being updated and monitored regularly to ensure the commitments stated on the system are complete and accurate. The finance team rely on the reports from Controcc system to determine outstanding commitments to be raised as creditors at year-end</p> <p>Recommendation</p> <p>The Council should ensure the Controcc system is regularly updated.</p>	<p>A monthly reconciliation is now undertaken which compares payments made on the Oracle system to the ContrOCC commitment report. Invoices on hold are also reviewed on an ongoing weekly basis to make sure commitments in the system are accurate to enable invoices to be processed without intervention.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>The Council has significant credit balances on Council Tax and NNDR accounts due to residents and businesses. These balances have remained outstanding for several years.</p> <p>Recommendation</p> <p>The Council need to take action to either repay these creditors. In the instance where the residents or businesses cannot be traced and the legal time limits have expired, the Council should write back these amounts.</p>	<p>Review of creditor listings shows there are £4m of Council tax creditors and £4.6m of NNDR creditors that are over 10 years old.</p>
✓	<p>Schools bank accounts were not all reconciled as at 31 March 2022. Some were reconciled at an earlier date</p> <p>Recommendation</p> <p>All schools bank accounts should be reconciled as at 31 March 2023.</p>	<p>Schools bank reconciliations were undertaken as at 31 March 2023.</p>

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Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
During our testing, management explained that during 2023/24 a decision was made to terminate a large project (Home Park & Edward Street) as the contractor was bankrupt. At the 31 March 2023 the assets were held as an Asset Under Construction. The Council is making an impairment adjustment to the 2022/23 accounts.	Dr Expenditure impairment 21,188	Cr Land and buildings Assets Under Construction 21,188	(21,188)	£0
Management had bought across the surplus from the London Pension Fund Authority scheme of £34,952k. The application of accounting standard IFRIC14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The IFIRC 14 assessment from the actuary has an asset ceiling of £32,285k and limits the asset that can be applied to £2,667k.		Cr Pension Asset 32,285 Dr LPFA Pensions reserve 32,285	0	0
Management had bought across the surplus from the Lewisham Homes scheme of £50,193k. The application of accounting standard IFRIC14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The IFIRC 14 assessment from the actuary has an asset ceiling of £21,068k and limits the asset that can be applied to £29,125k.		Cr Group Pension Asset 21,068 Dr Lewisham Homes Pension Reserve 21,068		
A bank receipt of £1,146,000 was received after year, but the income related to 2022/23 . The amount had not accrued for.	Cr Income 1,146	Dr Debtors 1,146	1,146	1,146

D. Audit Adjustments

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
The Council had applied the Social Housing Discount Factor to temporary accommodation. This should only be used for Council dwellings. The Council have requested their valuer to revalue these properties. The revised valuation led to an increase of £19,021k		Dr Other Land and Buildings 19,021 Cr Revaluation Reserve 19,021		
The Annual Leave Accrual was based on the best information the Council had at the time of preparing the financial statements. Year end final information from schools was received later. Once this information was taken into account it increases the accrual by £2,363k.	Dr Gross Cost of Services 2,363	Cr Short Term Compensated Absences Creditors 2,363		
Overall impact (single entity)	22,405	36,369	22,405	1,146

D. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Management response	Adjusted?
Note 15 Cash and cash equivalents. Note 15c refers to balances of £18.7m and £17.2m overdrawn that appear to be offset in reporting the balance of cash for school bank accounts. Where there is no legal right of set off bank account balances should be shown gross and the overdrawn position shown separately.	Management have agreed to adjust the financial statements.	✓
Note 25 - Lewisham Grainger Holdings LLP the Council need to clarify the accounting arrangements and sufficiently explain the Council's interest in the company. Accounting policy note 14 refers to interest in Lewisham Grainger Holdings Ltd, but does not explain if there is joint control and if this is a joint venture. The policy needs updating. Note 25 - Special purpose vehicles Council need to make it clear these are 2022/23 payments. Note 25 -South-East London Combined Heat and Power Limited. The note needs updating to clarify that the Council's interest does not provide it with joint control and it is not a party to the joint venture.	Management have agreed to adjust the financial statements.	✓
Note 2 Group Accounts. Narrative needs to be updated to make it clear that the investment property is held solely for rentals and capital accumulation in line with the accounting standards.	Management have agreed to adjust the financial statements.	✓
Page 8 Narrative Report. The Council uses the word provisions to refer to Corporate Provisions budgets and not actual provisions in an accounting sense.	The Council has agreed to amend the wording to read "the final overspend of £7m has been managed within existing budgets without an unplanned drawing down of reserves.	✓
Page 8 Narrative Report. Dedicated Schools Grant states schools in deficit totalling 6.3m (and refers to the statutory override) but differs from Note 29.	The Council has agreed that the wording in the narrative report to agree to note 29. The updated wording states "At the end of 2022/23, there are 21 schools in deficit compared to 13 in 2021/22 (2 nursery schools, 1 special school, 1 secondary school and 17 primary schools) totalling £13.1m.	✓
Page 11 Narrative Report. Capital budget outlook states the council's programme for 2022/23 to 2024/25 is £59.1 m for the General Fund and £541.3m for the HRA. The table reports the budget for 2023/24 to be £69.8m which is higher than the total for the three years referred in the narrative.	The Council has agreed to add an additional sentence that states "Due to significant slippage in the capital programme from 2021/22 into 2022/23 and from 2022/23 into 2023/24, in particular in Non-HRA Housing schemes, the budget for 2023/24 General Fund Capital expenditure has increased from £23.9m to £69.8m.	✓

D. Audit Adjustments

Misclassification and disclosure changes continued

Disclosure/issue/Omission	Management response	Adjusted?
Throughout the primary statements – the Council uses (brackets) inconsistently and departs from accepted treatment of (brackets) representing credits/ income.	Management have agreed to adjust the financial statements.	✓
Accounting policy note 15b re impairment of debt. The note makes no reference to the requirements for expected credit loss under IFRS 9 (differs from council tax debt which continues to operate on an incurred loss model).	The Council has agreed to update accounting policy 15 to reference how they account expected credit losses under the requirements of IFRS9.	✓
Accounting policy note 19b states financial assets are classified at amortised cost, but refers only to business model aspect of the test.	The Council has updated the accounting policies.	✓
Note 12 reports £90.9m of asset to be fair value through profit or loss but this is not covered by the accounting policy.		
Expenditure Funding Analysis. The analysis of the adjustment of £15m does not agree to the narrative explanation.	The Council has agreed to amend the narrative so that it agrees to the table i.e. £10.6m HRA adjustment with the remaining £4.5m adjustment to the General Fund.	✓
Capital grants unapplied account Note 42 . The balance reports £25.879m, but balance sheet states £26.615m.	Management have agreed to adjust the financial statements.	✓
Note 42 reports a debit balance for other housing grants of £3.076m which is inappropriate.		
Accounting policies adopted in the new year. The Council incorrectly referred to IFRS 16 new leasing standard as this wont be adopted in 2023/24. The Council need to disclose the other standards as referred in the CIPFA closedown bulletin.	The Council has removed the reference to IFRS 16 and added their consideration of the standards included in the closedown bulletin including IAS8, IAS1, IAS12 and IFRS3.	✓
Note 4. Assumptions made about the Future and other Major Sources of Estimation Uncertainty. Estimation uncertainty for Property Plant and Equipment and HRA does not explain the assumptions that would give rise to a change in the valuation for different categories of asset. The note also refers to fair value rather than current value and the HRA section incorrectly refers to investment property.	Management have agreed to adjust the financial statements.	✓
Note 4. Assumptions made about the Future and other Major Sources of Estimation Uncertainty. The impairment focusses on expected credit loss, but at least £39m of the impairment appears to be outside the scope of IFRS. No sensitivity analysis to explain how the carrying value is affected by changes in key assumptions.	The Council has updated the wording and added some sensitivity analysis into the note.	✓

D. Audit Adjustments

Misclassification and disclosure changes continued

Disclosure/issue/Omission	Management response	Adjusted?
Note 4. Assumptions made about the Future and other Major Sources of Estimation Uncertainty. Estimation uncertainty for venture capital (private equity and infrastructure) and property investment valuations does not explain what asset/ liability this. The sensitivity reported for property investment valuation suggests that immaterial so needs to be removed.	Management have agreed to adjust the financial statements.	✓
Note 18 and accounting policy on page 34 the definitions for provisions are not consistent with the accounting standard IAS37. The Council need to be clear the provision results from a past event with future settlement that is uncertain in timing or amount.	Management have agreed to adjust the financial statements	✓
Ear marked reserves and unusable reserves in the Balance sheet are different to the MIRS by £1.938m This also impacts on Note 8 MIRS adjustments note reports credit to General Fund of £2.287m but note 20 reports deficit on DSG to be £4.225m.	This was due to a late amendment between the Dedicated Schools Grant Deficit reserve and the schools balances reserve (£1,938k). The Council have updated the financial statements	✓
Note 31c related party transactions. In relation to the companies the Council need to clarify the arrangements and the accounting under the standards.	Management have agreed to adjust the financial statements.	✓
Cash flow statement notes 44, 46 and 47. Note 44 contains description of "other items" £26m at note 44 "other receipts" £27.8m at note 46 and "other payments" £19m at note 47. Material items need to be further analysed.	Management have agreed to adjust the financial statements.	✓
HRA. Net cost of HRA services of £25.432m is inconsistent with the CIES which reports £25.564m.	Amendment to Contribution to Expenditure has been made in the HRA (with a corresponding adjustment to the HRA MIRS.	✓
Note 31. The balances in the related party note 31 relating to Lewisham Homes Limited and Catford Regeneration Limited do not match the group accounts note 6 and group MIRS. The disclosure for Lewisham Schools for the Future SPV3 Limited of £4.9m should be £4.8m.	The balances in note 31 have been updated so they now match.	✓
Group Accounts Note 5. There are no disclosures for the Investment property to meet the requirements of Code 4.4.4. Also there are no leasing disclosures.	Management have agreed to adjust the financial statements.	✓
Note 30 Grant claims. There were various classification misstatements across the Grant income note. There was no impact on the bottom line position in the note.	Management have agreed to adjust the financial statements.	✓

D. Audit Adjustments

Misclassification and disclosure changes continued

Disclosure/issue/Omission	Management response	Adjusted?
Group Accounts reserves. There is no disclosure to meet the requirement of Code 3.4.2.68 (description of nature and purpose of reserve, balance and movement in year) for the group revaluation reserve and the Lewisham Homes pension reserve.	Management have agreed to adjust the financial statements.	✓
Note 27a: Officers remuneration over £50k. The following bandings are incorrect: The band £50,000-£54,999 is 187 and should be 191 Band £55,000-£59,999 is 97 and should be 95, Band £60,000-£64,999 is 66 but should be 64 Band £90,000-£94,9999 should be 0 but is 1.	Management have agreed to adjust the financial statements	✓
Note 27c: Exit packages agreed in year. There is an officer in the '£100,001 and over' band that comes from Lewisham homes. This should be removed as this does not relate to the Council. The number of personnel in the following bands has also been misstated: Band £0-£20,000 should be 69 and not 68 Band £20,001-£40,000 should be 36 and not 35 Band £40,001-£60,000 should be 15 and not 16.	Management have agreed to adjust the financial statements	✓
Financial instruments disclosures. The following amendments are required: <ul style="list-style-type: none"> Note 12a, the amount of Short term debtors - Financial assets at amortised cost should be £37,318k instead of £33,080k. Note 12b, the amount of Short term debtors should be £37,318k for financial instrument and £33,297k for Non Financial Instrument. This will also change the total of Debtors - Financial instruments from £93,317k and to £97,555k and total of Debtors - Non - Financial instruments from £26,546k and to £33,297k. Note 12a, the amount of Short term creditors - Financial liabilities at amortised cost should be £87,448k instead of £88,819k. Note 12b, the amount of Short term debtors should be £87,448k for financial instrument and £58,698k for Non Financial Instrument. This will also change the total of creditor - Financial instruments and creditors - non financial instruments to these figures. Note 12c, the amount of Expected Credit Loss for Financial assets measured at amortised cost should be £3,314k instead of £3,926k. Note 12d, the carrying value of Financial Assets Held at Amortised Cost - Debtors - £97,555k and carrying value of Financial liabilities at amortised cost - Creditors - £87,448. Narrative below the table at note 12d page 63 refers to the Fair Value as being greater than the carrying value. The position has changed from 2021/22, but the narrative has not been updated to reflect this change 	Management have agreed to adjust the financial statements	✓

D. Audit Adjustments

Misclassification and disclosure changes continued

Disclosure/issue/Omission	Management response	Adjusted?
<p>Note 14 Debtors. There was a classification misstatement within the note. Central Government bodies has been amended from £11,662k to £11,044k and Housing Rents (inc PSL, B&B, Hostels, Commercial) has been amended from £10,991k to £11,609k.</p>	<p>Management have agreed to adjust the financial statements.</p>	✓
<p>Note 29 Dedicated Schools grant. A revised note has been provided in which has the following impact.</p> <ul style="list-style-type: none"> • Actual Central Expenditure was amended from £65,540k to £68,507k • Actual Individual Schools Budget deployed was amended from £217,969k to £214,501k • Local authority contribution has changed from £500k to 0 	<p>Management have agreed to adjust the financial statements</p>	✓

D. Audit Adjustments (continued)



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Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which had not been made within the final set of statements.

D. Audit Adjustments (continued)

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021/22 financial statements

Detail	CIES £'000	Balance Sheet £' 000	Reason for not adjusting
Our testing of Adult Social Care Creditors identified two items total value of £247k that were not valid creditors. The error extrapolated to £3,885k.	Cr Adult Social Care Expenditure 3,885	Dr creditors 3,885	This is an extrapolated misstatement and is not material.
In revising the IAS19 work the actuary Hymans Robertson has adjusted the Salary increase rate from 3.90% to 4.20% and increase in 0.3% which will add 1.5% to the liability (0.5% for every 0.1% increase as per the original PWC report). The Dewisham net liability is £584,415k so this adds £8,766k to the liability. Our view is that the salary assumption should not have been amended so the liability is overstated.	Cr Remeasurement of the net defined benefit liability 8,776	Dr Liability related to defined benefit pension scheme 8,776	This is an estimate of potential misstatement.
Total unadjusted misstatements including this Addendum on CIES.	12,661	12,661	

Note that the IAS19 adjustment would now have worked its way through in the 2022/23 assessment. We are satisfied all the assumptions in the IAS19 report are consistent with the PWC report so we don't have a similar issue in 2022-23.

E. Fees and non-audit services

We confirm below our final fees charged for the audit

Audit fees	Proposed fee. TBC
New scale fee	£170,039
Group	£2,630
Reduced materiality	£6,575
Use of expert	£9,994
Additional Requirements – Payroll Change of Circumstances (Information Provided by the Entity) IPE Testing	£500
Additional Requirements – Collection Fund Reliefs (Information Provided by the Entity) IPE Testing	£750
Value for Money audit – new NAO requirements	£20,000
ISA 540	£6,000
ISA 315	£5,000
Additional journals testing	£3,000
Infrastructure	£2,500
Quality review – response to FRC technical reviewer	£1,500
Triennial valuation work	£3,500
Other local factors – This will take account the likelihood of extra sampling, testing, new guidance plus the additional work we need to complete on the manual payments made earlier in the year.	£37,500
Total audit fees (excluding VAT)	£269,488

At this stage this is the proposed fee as set out in the Audit Plan. The final fee will be confirmed at the end of the audit once all the evidence requested has been obtained and remaining queries resolved. The fee is dependent on the audit work being completed by 3 November 2023.

E. Fees and non-audit services

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services eg Grant Claims	78,000	TBC

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The fees reconcile to the financial statements.

None of the above services were provided on a contingent fee basis. This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

G. Audit opinion

Independent auditor's report to the members of London Borough of Lewisham [DRAFT SUBJECT TO CONCLUSION OF AUDIT]

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of London Borough of Lewisham (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Comprehensive Income and Expenditure Account, Housing Revenue Account Movement in Reserves Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2023 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Executive Director for Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Executive Director for Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Executive Director for Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

G. Audit opinion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director for Corporate Resources' with respect to going concern are described in the relevant sections of this report

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon, and our auditor's report on the pension fund financial statements. The Executive Director for Corporate Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Executive Director for Corporate Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director for Corporate Resources. The Executive Director for Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director for Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

G. Audit opinion

In preparing the financial statements, the Executive Director for Corporate Resources is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks [the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003], Local Government Act 1972, Local Government and Housing Act 1989 and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and Local Government Finance Act 2012).

We enquired of management and the Audit and Risk committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit and Risk Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk management override of controls. We determined that the principal risks were in relation to:

- journal entries posted which met a range of criteria determined during the course of the audit, in particular those posted around the reporting date which had an impact on the Comprehensive Income and Expenditure Statement, and
- accounting estimates made in respect of the valuation of assets and liabilities in the Balance Sheet

Our audit procedures involved:

- evaluation of the design effectiveness of controls that the Executive Director for Corporate Resources has in place to prevent and detect fraud;
- journal entry testing, with a focus on entries meeting the risk criteria determined by the audit team;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings including council dwellings, and the valuation of the defined benefit pensions asset valuations;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

G. Audit opinion

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including potential for fraud in revenue and expenditure recognition and significant accounting estimates related to property, plant and equipment and accruals. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector in which the group and Authority operates
- understanding of the legal and regulatory requirements specific to the Authority and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

G. Audit opinion

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

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Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of London Borough of Lewisham for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Brown, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date:

The Audit Findings Report Addendum for the London Borough of Lewisham

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Year ended 31 March 2023

November 2023



Audit Adjustments

Since the Audit and Risk Committee meeting on 1 November 2023, we have identified the following adjusted misstatements in the Council's financial statements which we are required to report to you.

Detail	CIES £'000	Balance Sheet £' 000	Total impact on expenditure
<p>Note 16 Creditors. The client has proposed the following amendments to collection fund creditors.</p> <ul style="list-style-type: none"> NDR from £4,467k to £4,836k. Central Government bodies from £28,791k to £29,049k. Other Local Authorities from £13,374k to £14,232k. <p>Total increase = £1,285k</p>	Dr expenditure 1,285	Cr Creditors 1,285	Total impact reduced expenditure by £1,285k
<p>Note 17. The following Collection Fund Debtors required amending:</p> <ul style="list-style-type: none"> Council Tax Payers reduced from £38,450k to £36,450k Non Tax Payers reduced from £2,724k to £2,598k <p>Total £2,082k reduction in debtors</p>	Dr Income 2,082	Cr Debtors 2,082	Total impact reduced income by £2,082k.
<p>Note 10b. The client has proposed the following amendments to Other land and Buildings. The client for Broadway Theatre completed revaluation movements without taking into consideration the capital expenditure during the year. This results in a reduction of the Net Book Value by £6,457k.</p>	Dr Revaluation reserve 6,457	Cr Other Land and Buildings 6,457	No impact on expenditure
Total adjustments from the Audit Findings Report	22,405	36,369	
Total	32,229	43,193	

Unadjusted misstatements

Since submitting the Audit Findings Report to the Audit and Risk Committee, we have identified the following unadjusted misstatements in the Council's financial statements which we are required to report to you. Note that there were no unadjusted misstatements identified in the Audit Findings Report.

Detail	CIES £'000	Balance Sheet £' 000	Reason for not adjusting
We have identified two errors in our completeness testing of bank receipts. Testing identified income that related to 2022-23 that was not correctly accrued for and coded to 2023-24. The total value of incorrectly accrued income was £842k and the total extrapolation is £2,525,972	Cr Income 2,526	Dr Debtors 2,526	Misstatement is not material and is an estimate.
In our creditors sample testing we have identified one failed sample of sample amount £137k (overstatement of creditors as paid in-year). This misstatement extrapolates to £1,163k.	Cr expenditure 1,163	Dr creditors 1,163	Misstatement is not material and is an estimate.
Unadjusted Total	Improves the Council's position by 3,689	Improves the Council's position by 3,689	

Disclosure Amendments

Since submitting the Audit Findings Report to the Audit and Risk Committee, we have identified the following additional disclosure misstatements in the Council's financial statements which we are required to report to you. The Council has agreed to adjust the accounts for each of these.

Disclosure / misclassification	Disclosure amendment	Adjustment agreed?
Disclosure	Loss on disposals of £48,091k in the Comprehensive Income and Expenditure statement did not reconcile to the disposal in Property Plant and Equipment note 10b and reported capital receipt.	✓
Disclosure	A transfer between asset categories has been recorded as a disposal and an addition in note 10b. In addition, two assets which have been classified as disposals are not true disposals. The assets have been split into various different assets as the asset as they have been re-developed into flats for housing. These should be accounted for as re-classifications.	✓
Disclosure	Note 12. The balance described as investment of £90,963k is cash equivalents on the balance sheet so is not consistent. Bank overdraft of £0.592k is netted off cash balance. Cash balances should be shown gross.	✓
Disclosure	Note 12c. The prior year comparator balances need to be corrected back to the 2021-22 audited financial statements. The expected credit loss line was deleted as no credit loss.	✓
Disclosure	Note 13 d. The note incorrectly stated all of the Council's financial instrument assets are held at amortised cost as £90.9m are held at Fair Value Through Profit and Loss. The expected credit loss does not apply to assets that are measured at fair value. The expected credit loss disclosed of £0.025m does not make clear that additional impairment of £68m reported in note 14c, some of this is in the scope of IFRS 9.	✓
Disclosure	Note 13e. The maturity analysis for PWLB and LOBO borrowing is inconsistent with carry values reported at note 12d	✓

Disclosure Amendments continued

Disclosure / misclassification	Disclosure amendment	Adjustment agreed?
Disclosure	Narrative report page 11 - Capital Budget outlook was updated to agree to the report that went to Mayor and Cabinet in July . Figures updated from £208.9m to £190.7m.	✓
Disclosure	<p>Note 27c: Exit packages agreed in year. There is a member in the '£100,001 and over' band that comes from Lewisham Homes. This should be removed as this does not relate to the Council. The number of personnel in the following bands has also been misstated:</p> <p>Band £0-£20,000 should be 62 and not 68 Band £20,001-£40,000 should be 37 and not 35 Band £40,001-£60,000 should be 22 and not 16. £60,001 to £80,000 should be 5 and not 4.</p> <p>The total number of exit packages should be 130 and not 128. (Before removing the Lewisham Homes and a GLL member)</p> <p>The total cost of Exit packages has also been incorrectly stated for the same bands as stated below:</p> <p>£0-£20,000 should be £575k and not £634k £20,001-£40,000 should be £1001k and not £968k £40,001-£60,000 should be £1,084k and not £795k. £60,001-£80,000 should be £333k and not £267k £100,001 and over should be £568k and not £707k.</p> <p>The total cost of exit packages should be £3,560k and not £3,371. (Before removing the Lewisham Homes and GLL member)</p>	✓
Disclosure	Note 35 – The Capital commitments disclosure note required updating by the Council so that only expenditure that is contractually committed is disclosed within the note.	✓

Disclosure Amendments continued

Disclosure / misclassification	Disclosure amendment	Adjustment agreed?
Disclosure	£25m of Lender Option Borrower Option Loans (LOBO) classified as Long Term Borrowing have now been repaid in 2023-24. These should therefore have been classified as short term.	✓

A. Action plan – Audit of Financial Statements

In addition to the recommendations reported in the Audit Findings Report, we have identified a further recommendation. We have agreed our recommendation with management. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>Our testing of related party interest identified two Members that were directors in companies that had not disclosed this interests in their declaration form.</p> <p>The Members did not control either the Council or the companies so no disclosure in the financial statements was required.</p>	<p>The Council need to undertake their own testing to ensure the completeness and accuracy of Members related party interest disclosures.</p>

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Controls

- High - Significant effect on financial statements
- Medium - Limited Effect on financial statements
- Low - Best practice

The Audit Findings Report for London Borough of Lewisham Pension Fund

Year ended 31 March 2023

October 2023

UPDATE PAPER FOR COMMITTEE ON 1 NOVEMBER
2023 WHICH WILL BE FINALISED ON CONCLUSION
OF THE AUDIT



Contents



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This Audit Findings [DRAFT] presents the observations arising from the audit to date that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit and Risk Committee on 1 November 2023 and finalised thereafter on conclusion of the outstanding audit work.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of London Borough of Lewisham Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

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Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed on site and remotely during September–October. Our findings are summarised on pages 3 to 17. We have identified 1 adjustments to the financial statements that has resulted in a £1.152m adjustment to the Pension Fund's reported financial position. During the testing we found one disclosure error in level 2 Investments, we noted a difference £120m as per Fund Manager and Northern Trust reports which had been split between level 1 as £2.8m and level 2 as £117m in the Pension fund Accounts, whereas this whole balance of £120m should be classified as level 2. This has been amended by the pension fund. Audit adjustments are detailed in Appendix B

Our work is in progress, at the time of issuing the report we found no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- Pending queries on variance noted in Investments
- Outstanding SOC reports and bridging letters for level 3 investments
- Outstanding investments statements and audited accounts
- Pending queries on classification of Investments under financial instruments
- Pending queries on variance in Annual report
- Audit team to complete testing of Journals sample
- Confirmation response from Council's legal officer
- Receipt of management representation letter; and
- Review of the final set of financial statements.

The other information comprises the Annual report which includes AGS, and narrative report included in the other than the Pension Fund's financial statements and our auditor's report thereon. We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/about-time/)

We would like to thank everyone at the Pension Fund for their support in working with us. During the audit we encountered some difficulties in obtaining timely responses from the you which delayed the progress, as a result, we had to allocate additional resources to ensure that the audit is completed within the agreed deadline. This caused a temporary increase in the budgeted hours for the pension fund audit, which has had some cost implications to us. Overall, we feel the audit and client teams have worked constructively together to resolve any audit queries and we aim to complete the audit by the end of November 2023.

Local context - triennial valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by Hymans Robertson, and showed that Lewisham Pension Fund is 97% funded at 31 March 2022. The results of the latest triennial valuation are reflected in the financial statements. These valuations also provide updated information for the net pension liability on employer balance sheets.

We have performed testing of the completeness and accuracy of triennial valuation source data. This was to support our work by providing assurances to auditors of employer bodies. As part of this work, we tested a sample and found the source data to be complete and accurate. This additional testing is only required after each triennial review, rather than annually.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ("the Code"). Its contents will be discussed with management and the Audit Panel.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For London Borough of Lewisham Pension Fund, the Audit and Risk Committee fulfil the role of those charged with governance.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and was risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.
- Significant risks - those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- a. Presumed risk of fraud in revenue recognition (rebutted)
- b. Management over-ride of controls
- c. Valuation of level 3 investments

We have also reported on other risks identified in our audit plan which were

- valuation of Level 2 Investments
- contributions
- pension Benefits Payable
- actuarial present value of promised retirement benefits
- actuarial valuation of the fund as at 31 March 2022

We have not had to amend our audit plan, as communicated to you in June 2023 at the Audit and Risk Committee meeting.

Further to this, we cannot give our opinion on the accounts until we have completed the audit of London Borough of Lewisham.

Conclusion

Our work is in progress, at the time of issuing the report we found no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- Pending queries on variance noted in Investments
- Pending queries on classification of Investments
- Pending queries on variance in Annual report
- Testing of Journals sample
- Testing of Transfers In sample
- Confirmation response from Council's legal officer
- Receipt of management representation letter; and
- Review of the final set of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

Our proposed fee communicated in our audit plan was £49,056, as highlighted in Appendix C – Final Audit Fees is TBC.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to the disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on June 2023

We set out in this table our determination of materiality for the Pension Fund.

We had determined materiality for this audit during our risk assessment and planning is determined based on the level of risk associated with the financial statement assertions. That was based on 21-22 financial results, there has been no material change year on year to investments assets portfolio and fund expenditure for 22-23, it suggests that the risks associated with the financial statement assertions have remained constant. Therefore, we have continued to use materiality assessed at planning stage for 22-23 full audit of pension fund financial statements.

Pension Fund Amount (£) Qualitative factors considered

Materiality for the financial statements	17,750,000	Headline Materiality is approximately 1% of your Investment Assets for the year 21/22 rounded to £17,750,000
Performance materiality	11,537,500	Performance Materiality is 65% of the Headline materiality £11,537,500
Trivial matters	887,000	Triviality 5% of Headline materiality is £887,000
Materiality for fund account	5,400,000	This benchmark is determined as a percentage of the Funds expenditure, which has been determined at approximately 8%
Trivial matters for Fund account	270,000	Triviality is set at 5% of Headline materiality.



2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Fund faces external scrutiny, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>During the audit, we undertook the following work:</p> <ul style="list-style-type: none"> ▪ evaluated the design effectiveness of management controls over journals ▪ analysed the journals listing and determine the criteria for selecting high risk unusual journals ▪ identified and tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration ▪ gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence ▪ evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our work over journals is not yet complete, at the time of issuing this report our audit work has not identified any issues in respect of management override of controls.</p>
<p>The revenue cycle includes fraudulent transactions (rebutted)</p> <p>Under ISA(UK)240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p>	<p>Under ISA(UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the Pension Fund revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition. • Revenue is largely in the form of employee and employers' contributions from the Council and Admitted and Scheduled bodies plus investment income from the fund managers so is relatively easy to predict. Opportunities to manipulate revenue recognition are very limited. • The culture and ethical frameworks of local authorities, including London Borough of Lewisham, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk at for the London Borough of Lewisham Pension Fund.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of Level 3 investments

The Fund value its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.

By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£151 million at 31 March 2022) and the sensitivity of this estimate to changes in key assumptions.

Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.

Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2023.

Commentary

We have:

- evaluated management's processes for valuing Level 3 investments
- reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met
- independently requested year-end confirmations from investment managers and the custodian
- for all investments, tested the valuation by obtaining and reviewing the audited accounts (where available), at the latest date for individual investments and agreed these to the fund manager reports at that date. Reconciled those values to the values at 31 March 2023 with reference to known movements in the intervening period.
- evaluated the completeness, capabilities and objectivity of the valuation expert
- reviewed investment manager service auditor report on design and operating effectiveness of internal controls.

Our work over level 3 investment is ongoing. At the time of issuing this report our audit work has not identified any issues in respect of the valuation of Level 3 investments.

2. Financial Statements: Other risks

Risks identified

Commentary

Valuation of Level 2 Investments

While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.

We therefore identified the valuation of the Fund's Level 2 investments as a risk of material misstatement.

We:

- gained an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls;
- reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments;
- reviewed the reconciliation of information provided by the individual fund manager's custodian and the Pension Scheme's own records and sought explanations for variances;
- independently requested year-end confirmations from investment managers and custodian; and
- reviewed investment manager service auditor report on design effectiveness of internal controls.

Our work over level 2 investment is ongoing. At the time of issuing this report our audit work has not identified any issues in respect of the valuation of Level 2 investments.

Contributions

Contributions from employers and employees' represents a significant percentage of the Fund's revenue.

We therefore identified the completeness and accuracy of the transfer of contributions as a risk of material misstatement.

We:

- evaluated the Fund's accounting policy for recognition of contributions for appropriateness;
- gained an understanding of the Fund's system for accounting for contribution income and evaluate the design effectiveness of the associated controls;
- tested a sample of contributions to source data to gain assurance over their accuracy and occurrence; and
- tested relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in member body payrolls and the number of contributing employees to ensure that any unusual trends are satisfactorily explained.

Our audit work did not identify any issues in respect of Contributions.

2. Financial Statements: Other risks

Risks identified	Commentary
<p>Pension Benefits Payable</p> <p>Pension benefits payable represents a significant percentage of the Fund's expenditure. We therefore identified the completeness, accuracy and occurrence of the transfer of pension benefits payable as a risk of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness; gained an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls; tested a sample of lump sums and associated individual pensions in payment by reference to member files; and tested relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained. <p>Our audit work at the time of writing the report did not identify any issues in respect of the benefits payable.</p>
<p>Actuarial Present Value of Promised Retirement Benefits</p> <p>The Fund discloses the Actuarial Present Value of Promised Retirement Benefits within its Notes to the Accounts. This represents a significant estimate in the financial statements.</p> <p>The Actuarial Present Value of Promised Retirement Benefits is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Fund as a risk of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Fund's Actuarial Present Value of Promised Retirement Benefits is not materially misstated and evaluate the design of the associated controls; evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation; assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; tested the consistency of disclosures with the actuarial report from the actuary; and undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. <p>Our audit work did not identify any issues in respect of the Actuarial Present Value of Promised Retirement Benefits.</p>

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Level 3 Investments (£353.99million)</p> <p>By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p>	<p>The Pension Fund has investments in pooled investment (£76.617 million) and venture capital (£277.373) that are valued on the net assets statement as at 31 March 2023. The Fund revalues its investments to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management rely on the valuation provided by the Fund Manager.</p>	<p>The valuation of the Level 3 Investments is reasonable.</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious, as we have considered all evidence obtained during the audit, including both corroborative and contradictory audit evidence, when evaluating the appropriateness of these accounting estimates.</p>	<p>● [Light Purple]</p>
<p>Level 2 Investments (excluding Direct Property) – £270.358 million</p>	<p>The Pension Fund have investments majorly in Pooled Investment Vehicles (£152.742 million) and Pooled property investment (£117.586) that are valued on the Net Asset Statement as at 31 March 2023.</p> <p>Whilst these investments themselves are not actively traded on an open market, the underlying investments are and the valuations of these investments are based on the value of these underlying investments at 31 March 2023.</p>	<p>The valuation of the Level 2 Investments is reasonable.</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious, as we have validated the sources of information used by management, management's point estimate and disclosures relating to this accounting estimate.</p>	<p>● [Light Purple]</p>

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	ITGC control area rating				Related significant risks/other risks
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Oracle	ITGC assessment (design and implementation effectiveness only)	●	●	●	●	Management override of controls
Pension Administration System – Altair	ITGC assessment (design and implementation effectiveness only)	●	●	●	●	Valuation of Level 3 and level 2 investments

Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

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Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and risk Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Pension Fund , which is included in appendix E.
Audit evidence and explanations	The client provided a comprehensive set of Pension Fund Financial Statements and were responsive to audit queries raised. All information and explanations requested from management was provided, although there was delay in receiving sufficient audit evidence from Investment manager.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to all of the Pension Fund Investment Managers. This permission was granted and all of these requests were returned with positive confirmation. We requested management to send letters to those solicitors who worked with the Pension Fund during the year. We have requested management to follow up the outstanding responses from the Investment Fund Managers.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.

2. Financial Statements: other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

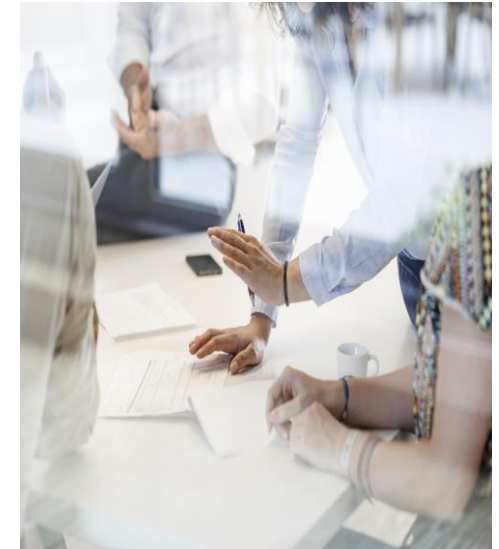
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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Pension Fund and the environment in which it operates the Pension Fund's financial reporting framework the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>The Pension Fund is administered by London Borough of Lewisham Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified but have been adequately rectified by management. We plan to issue an unmodified opinion in this respect – refer to Appendix F [subject to conclusion of the o/s testing listed]</p>
Matters on which we report by exception	<p>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.</p> <p>We propose to issue our 'consistency' opinion on the Pension Funds Annual Report on the same day we give our audit opinion, subject to review of the final version of this report.</p> <p>We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.</p>

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3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers).

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

3. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Pension Fund that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Pension Fund held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Pension Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Pension Fund
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Pension Fund's board, senior management or staff that would exceed the threshold set in the Ethical Standard.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Audit Adjustments
- C. Fees and non-audit services
- D. Auditing developments
- E. Management Letter of Representation
- F. Audit opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
Statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net assets for the year ending 31 March 2023.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000
We also noted a difference of £1,152,099.97 which identified when agreeing auditors recalculated valuation balance at year-end for HarbourVest Global Equity Fund to the Accounts Note 13c. Management understated their assets by £1,151,009.97 which means that the net assets value in financial statement was lower. Management has agreed to amend their Accounts to agree with Fund Manager reports.	1,152	1,152	1,152
Net increase/(decrease)	£1,152	£1,152	£1,152

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
There were a few minor disclosure issues that management adjusted for following our review of the draft statement of accounts. This reflected the comprehensive set of accounts that management produced for audit.	We requested management to amend for these errors they were minor in nature	✓
During the testing we found one disclosure error in level 2 Investments, we noted a difference £120m as per Fund Manager and Northern Trust reports which had been split between level 1 as £2.8m and level 2 as £117m in the Pension fund Accounts, whereas this whole balance of £120m should be classified as level 2. This has been amended by the pension fund.	We requested management to amend for these errors, and management have agreed to adjust for these	✓

C. Fees and non-audit services

We confirm below our Proposed fees charged for the audit.

Audit fees	Proposed fee
Scale Fee for 2022-23	22,420
Valuation of investments	5,036
Additional requirement – payroll change of circumstances	500
Impact of ISA 540	3,600
Impact of ISA 315	3,000
Journals testing	2,000
Other Local factors such as extra sampling, testing and new guidance	12,500
Proposed Pension Fund Audit Fee	49,056
Total Final Audit Fees (excluding VAT)	TBC

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D. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

E. Management Letter of Representation

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION} DRAFT SUBJECT TO CONCLUSION OF AUDIT

Dear Sirs

London Borough of Lewisham Pension Fund - Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of London Borough of Lewisham Pension Fund for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- Page 397
- i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
 - ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
 - iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
 - iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
 - v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of level 3 investments. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. Except as disclosed in the financial statements:
 - a) there are no unrecorded liabilities, actual or contingent
 - B) none of the assets of the Fund has been assigned, pledged or mortgaged
 - C) there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that :
 - a) the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b) the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - C) the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

E. Management Letter of Representation

Information Provided

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>xii. We have provided you with:</p> <p style="margin-left: 20px;">a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;</p> <p style="margin-left: 20px;">b) additional information that you have requested from us for the purpose of your audit; and</p> <p style="margin-left: 20px;">c) access to persons within the Fund via remote arrangements from whom you determined it necessary to obtain audit evidence.</p> | <p>Approval</p> <p>The approval of this letter of representation was minuted by the Audit and Risk Committee.</p> <p>Yours faithfully</p> <p>Name.....</p> <p>Position.....</p> <p>Date.....</p> |
| <p>xiii. We have communicated to you all deficiencies in internal control of which management is aware.</p> | <p>Name.....</p> <p>Position.....</p> <p>Date.....</p> |
| <p>xiv. All transactions have been recorded in the accounting records and are reflected in the financial statements.</p> | <p>Name.....</p> <p>Position.....</p> <p>Date.....</p> |
| <p>xv. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.</p> | <p>Name.....</p> <p>Position.....</p> <p>Date.....</p> |
| <p>xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.</p> | <p>Signed on behalf of the Fund</p> |
| <p>xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.</p> | |
| <p>xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:</p> <p style="margin-left: 20px;">a) management;</p> <p style="margin-left: 20px;">b) employees who have significant roles in internal control; or</p> <p style="margin-left: 20px;">c) others where the fraud could have a material effect on the financial statements.</p> | |
| <p>xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.</p> | |
| <p>xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.</p> | |
| <p>xxi. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.</p> | |
| <p>xxii. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.</p> | |
| <p>xxiii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.</p> | |
| <p>xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.</p> | |

F. Audit opinion

Independent auditor's report to the members of London Borough of Lewisham on the pension fund financial statements of London Borough of Lewisham Pension Fund **DRAFT ONLY**
SUBJECT TO CONCLUSION OF THE AUDIT

Opinion on financial statements

We have audited the financial statements of **London Borough of Lewisham Pension Fund** (the 'Pension Fund') administered by **London Borough of Lewisham** (the 'Authority') for the year ended 31 March 2023, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Executive Director of Corporate Resource's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Executive Director of Corporate Resource's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period. In auditing the

financial statements, we have concluded that the Corporate Director Finance's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Corporate Resource with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's and group's financial statements. The Executive Director of Corporate Resource is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

F. Audit opinion

Responsibilities of the Authority and the Executive Director of Corporate Resource

As explained more fully in the Statement of Responsibilities set out on page xx, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Corporate Resource. The Executive Director of Corporate Resource is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Corporate Resource determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Executive Director of Corporate Resource is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Audit and Risk Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management and the Audit and Risk Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for

manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to the valuation of Level 2 and 3 Investments. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on year-end journals,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of Level 2 and 3 Investments,
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including [add details of risks]. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government pensions sector
- understanding of the legal and regulatory requirements specific to the Pension Fund including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

F. Audit opinion

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Brown, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London
Date: November 2023



The Audit Findings Report Addendum for London Borough of Lewisham Pension Fund

Year ended 31 March 2023

UPDATED AS AT 13 November 2023

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Financial statements

Our work is in progress, at the time of issuing the report we found no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- outstanding SOC reports and bridging letters for level 3 investment LCIV Renewable
- letter of instructions/ engagement from LCIV PEPPA and HarbourVest
- updated final annual report
- receipt of management representation letter; and
- review of the final set of financial statements.

Our anticipated opinion on the financial statements will be unmodified.

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Disclosure Amendments

Since submitting the Audit Findings Report to the Audit Panel, There were minor disclosure errors that were amended by the management. The table below provides details of all the material misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

The Council has agreed to adjust the accounts for each of these.

Disclosure / misclassification	Disclosure amendment	Adjustment agreed?
Note 13C	<p>Note 13c - Classification</p> <p>During our audit testing of Schrodgers - Pooled Property Investments, we found that the pension fund had erroneously included £2,823,361 in level 1 investments while it should have been classified as level 2.</p> <p>This issue has been communicated to the management and they have agreed to make amendments.</p>	✓
Note 13C	<p>During the audit of Level 1 investments, we have noted that all of the Pooled investments that were classified as level 1 were not liquid and not actively traded and because of the nature of being pooled and they were required to be classified under level 2, the pension fund amended the £967million of pooled investments from level 1 to level 2. This included investments at LCIV PEPPA, HarbourVest, Storebrand Global, Storebrand EM and Blackrock.</p> <p>This issue has been communicated to the management and they have agreed to make amendments.</p>	✓

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}

Dear Grant Thornton UK LLP

**London Borough of Lewisham
Financial Statements for the year ended 31 March 2023**

This representation letter is provided in connection with the audit of the financial statements London Borough of Lewisham and its subsidiary undertakings, Lewisham Homes Limited and Catford Regeneration Partnership Limited for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the group and Council financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include Property, Plant and Equipment revaluations and the valuation of Pensions Liabilities. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Council financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the [group and]Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

- xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xvi. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

- xvii. The Council continue to follow government guidelines in relation to identifying any buildings that contain Reinforced Autoclaved Aerated Concrete (RAAC) at this stage there is no evidence of material impairment of assets due to RAAC.

Information Provided

- xviii. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- xix. We have communicated to you all deficiencies in internal control of which management is aware.
- xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
- a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxv. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the full Council at its meeting on 22 November 2023.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

[Date] – [TO BE DATED SAME DATE AS DATE OF AUDIT OPINION]

Dear Sirs

**Lewisham Pension Fund
Financial Statements for the year ended 31 March 2023**

This representation letter is provided in connection with the audit of the financial statements of Lewisham Pension Fund for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of Level 3 and level 2 investments. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Fund has been assigned, pledged or mortgaged

- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Fund and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that :
 - a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Fund via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.

- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.
- xxii. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
- xxiii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the full Council at its meeting on 22 November 2023.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Fund

Auditor's Annual Report on London Borough of Lewisham Council

2022/23
November 2023
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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below. Overall the Council has progressed recommendations from the prior year and these are responded to either, partially, or in full. The rating remains 'amber' for 2022/23 as the Council has made changes to its arrangements in year and therefore new improvement recommendations have been raised to aid the Council in ensuring these demonstrate best practice, we have continued to observe that arrangements are robust across all areas and have not identified weaknesses.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but improvement recommendation made to support the Council in improving arrangements.	A No significant weaknesses in arrangements identified. Improvement recommendations were made which have been responded to.	↔
Governance	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but improvement recommendation made to support the Council in improving arrangements.	A No significant weaknesses in arrangements identified. Improvement recommendations were made which have been responded to.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but improvement recommendation made to support the Council in improving arrangements.	A No significant weaknesses in arrangements identified. Improvement recommendations were made which have been responded to.	↔

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- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

The financial environment with which the Council is operating continues to be challenging. The cost of living crisis and inflation continue to be pressures in the sector and the Council is experiencing increased demand on certain services, such as temporary accommodation, which is also impacted by high costs of private provision. Pressures continue to be felt in Adult and Childrens Social Care as complexity of needs increases, as well as costs from inflationary impacts.

These pressures caused the Council to initially produce an outturn position, against a breakeven budget, of £22m deficit. However due to the Council's approach to budget setting pre-determined contingencies that were set aside ahead of the financial year were able to reduce this to a £7m deficit. This has been managed via the unplanned use of reserves, and represents pressures such as pay and non-pay inflation over and above estimates included within contingencies. The Council has a comparatively strong reserves position, particularly against other London Boroughs, and as a temporary measure has been able to support this position without the need to negatively impact services or projects reserves were earmarked for.

The financial position has been impacted by under-delivery on the Council's savings programme. Savings have been rolled forward for several years in some cases and therefore our recommendations focus on the need to refresh the existing savings programme to ensure it remained realistic.

The Council has set a balanced budget for 23/24 which includes realistic assumptions based on known information at the time it was set. The budget monitoring process is effective in enabling the Council to update assumptions should risks emerge. The Council has also updated its Medium Term Financial Strategy in both 2023/24 and 2024/25 at the time of writing. Due to the review of assumptions as new information has emerged the Council has been able to significantly reduce its medium-term budget gap, this sits at £15m for 4 years from 2024/25 is manageable within the Council's reserves as a last resort. We are aware that Council is not planning to be reliant on reserves to balance the budget and is working with serviced to develop budget reductions and savings for future years to ensure their reserves remain available to sustain the Council longer term and support the projects they were set aside for.

Like many Council's with responsibilities for education service the Council is experiencing a cumulative deficit in relation to its Dedicated Schools Grant which funds pupil placements across all categories of education. The Council is developing a mitigation plan and working closely with the Department for Education to control costs and reduce the deficit. Cost drivers have been pinpointed to placements within the High Needs Block due to escalating complexity of cases and the requirement of additional resources to support these pupils. Linked to this subsection of pupils is the need for home to school transport which continues to be a pressure for the Council. Working to place students closer to home is included within the mitigation plan.

The Council declared a Climate Emergency in 2019 and has developed a strategy to respond to this by becoming carbon neutral by 2030. The Council has considered the early stages of this plan effectively within its current financial plans, and so understands the cost impact of its objectives to date. The strategy is long term in nature and so currently in its infancy, and therefore not currently fully costed. Progress is well monitored and positive to date.

Although we have raised some improvement recommendations in our work we have not identified any weaknesses in the Council's arrangements for securing financial sustainability.



Executive summary (continued)



Governance

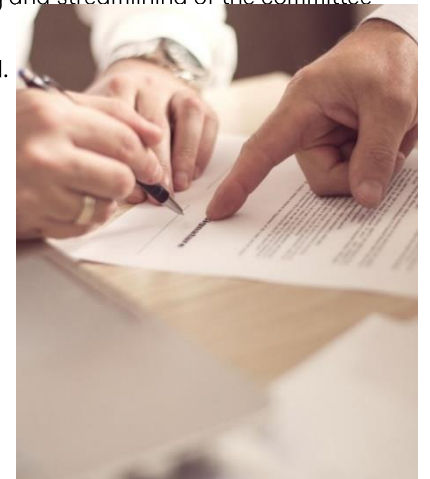
The Council reviewed and refreshed its Risk Management Strategy in 2022/23 and the Strategy, covering 2023-27. This has resulted in changes in how the Council identifies and monitors risks within its risk register. This has been implemented from quarter 4 of 2022/23 and is expected to evolve over 2023/24 as the process becomes embedded. Notably the Council has acquired bespoke risk management software to improve the information being captured and provided to decision makers.

The Council continues to be well supported by its Internal Audit function who completed 50 reviews in year, 19 of which related to 2021/22 and effectively cleared a backlog of reviews from the prior year. The Internal Audit Plan is heavily weighted towards assurances in relation to individual schools however, given a good track record of performance in this area, the Council may wish to ensure it gains assurance from a wider range of Council services. The function has experienced some capacity issues in 2022/23 that has resulted in 6 reviews being deferred. These will be carried out in 2023/24 and so no gaps in assurance have been identified. The Internal Audit function supported the prior year external assessment of its arrangements against required standards by undertaking a self-assessment during 2022/23. This confirmed that the service has addressed all of the small number of improvement matters noted in the 2021/22 external assessment.

In order to ensure standards are maintained, and action taken where this isn't the case, the Council continues to monitor complaints. It sets itself a target of responding within 10 days, it performing marginally outside of this expectation with most having been answered in 11 days. The Local Government and Social Care Ombudsman acts as a point of escalation for complainants not satisfied with the Council's remedy. The Council has received a letter from the Ombudsman in year with concerns around the timeliness of its response to its recommendations.

The Council has updated its Constitution in year, which underpins how decisions are made. The approved changes relate to a strengthening and streamlining of the committee structure. This has achieved efficiency whilst maintaining a strong governance culture.

Governance arrangements at the Council continue to be effective and minor improvements have been raised, no weaknesses were identified.



Executive summary (continued)



Improving economy, efficiency and effectiveness

The Council has fundamentally reviewed how it monitors its non-financial performance in 2022/23 by developing a centralised online dashboard for monitoring these metrics. This is made available publicly via the website in order ensure performance is transparent and easy to challenge. There is a clear link between the performance indicators being reported on and the Council's priorities within the Corporate Strategy and therefore means the Council are proactively monitoring the actions and targets that impact on their objectives. The information included in the dashboard is approved, and scrutinised, by members prior to publication publicly. The reliability of decisions that can be made based on this data depend on its accuracy and relevance. Currently there is a significant time-lag between the reporting date and the period the data relates so and this could be improved to aid decision makers.

KPI reporting highlights that the Council is behind target in 18% of its metrics, the most significant variance is within the provision of homes. The Council is taking steps to positively impact this metric which includes bringing back Lewisham Homes, the Council's wholly owned subsidiary responsible for the maintaining and building of homes in the borough. The transfer began in 2022/23 and completed 1 October 2023. A phased approach has been taken to ensure lessons can be learned and applied via iterative improvements. As such there is evidence it has been well managed to date, although arrangements are yet to fully embed. The transfer aims to provide more control over the monitoring of housing related activity and therefore if activities are managed effectively there is the opportunity for the housing related metrics to improve. Given the timing of the transfer this has yet to take place.

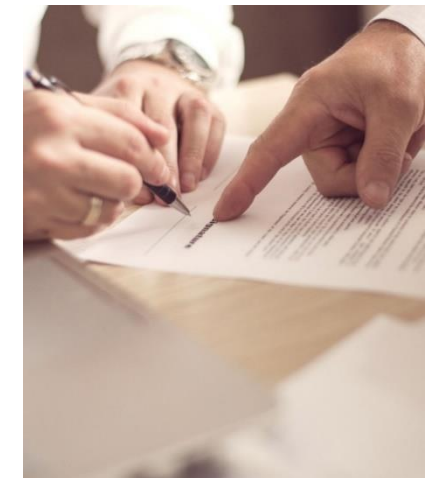
The Council has received a 'no assurance' rated report from Internal Audit in the 2022/23 year which has found poor arrangements at all stages of the IT Asset Management process. The Council has taken immediate action, with many of the recommendations addressed between the draft and final report. The issues relate to a lack of documentation of arrangements and inconsistent application of controls. The IT physical asset portfolio at the Council is not significant in context of the estate and no such issues have been highlighted outside of IT specific assets. The rating was isolated and did not cause Internal Audit to modify their year end opinion of controls and process at the Council which remains a view of positive assurance.

Ofsted undertook a focused visit of Lewisham's Childrens Services and reported on these in 2021. This was a follow up from a 2019 inspection of the service which 'required improvement to be rated good'. The re-visit noted improved and strengthened services for children in care and noted 5 further improvements. The Council is expecting a full re-inspection imminently, and have taken extensive measures to prepare and respond to previous findings. A detailed self assessment suggests that the Council are confident that they are now providing good services to children, young people and families. Newly developed and implemented strategies to support improvements have been consistently monitored via the Corporate Parenting Board.

In its aim to increase the supply of affordable housing in the borough the council engaged Caledonian Modular Ltd (CML) in 2020 to build bespoke modular homes. Projects of this nature, with the same company, had been undertaken by other organisations in the public sector and although using modern methods of construction was riskier than a traditional approach members assess risks associated with the project and approved this following due diligence review of the company. The Company went into administration in March 2022 as a result of high inflation and sub-contractor issues and this has highlighted some improvements that could be made to the due diligence processes. Following a detailed options appraisal, including extensive cost analysis, it has been agreed that the project should be terminated and cost recovery maximized. This is the option with which the Council incurs the least financial loss. Due to the bespoke nature of the design cost recovery is proving challenging and as such we have made improvement recommendations that the Council may consider reviewing its procurement and contract management policies to strengthen how risks are considered in these processes and ensure lessons are learned from the outcome of this project.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by Council officers with whom we have engaged during the course of our review.



Use of auditor's powers

We bring the following matters to your attention:

	2022/23
<p>Statutory recommendations</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.</p>	<p>We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p>
<p>Public Interest Report</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p>	<p>We did not issue a public interest report.</p>
<p>Application to the Court</p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p>	<p>We did not make an application to the Court.</p>
<p>Advisory notice</p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful. 	<p>We did not issue any advisory notices.</p>
<p>Judicial review</p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p>	<p>We did not make an application for judicial review.</p>

Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 12 to 41.

The current LG landscape



National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well as creating supply chain fragility risks.

The Government announced the Provisional Local Government Finance Settlement for 2023/24 in December 2022, with the Final Settlement confirmed in February 2023. The Settlement distributes a range of grants and business rate income allocations to local authorities, and these should be included in the annual budget. The Final Settlement for 2023/24 distributed £17.1bn of funding to local authorities, a 4.8% increase in cash terms from 2022/23. The Settlement also provides the Core Spending Power for local authorities, which is the level of resources assumed available to fund the net budget. Core Spending Power includes the levels of government grant for the coming year, for example revenue support grant, new homes bonus and social care grants. It also includes assumed levels of business rate income.

Core Spending Power includes the assumption that local authorities will increase council tax up to the referendum limit, which for 2023/24 is 3% plus an additional 2% for upper tier authorities who provide adult social care services. District Councils can increase council tax by £5 or 3%, whichever is higher.

The Government will undertake Spending Reviews that set out government departmental budgets over a period of 3 years, including local government. These reviews are different to, but inform, the annual Local Government Finance Settlement.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

The current LG landscape



National context



Cost of Living Crisis

The rising costs of fuel, food and other essentials are combining with existing disadvantage and vulnerability and putting many households at greater risk of both immediate hardship and reduced opportunity and wellbeing.

Councils and local partners continue to do what they can to protect people against higher costs, targeting help at those facing the most complex challenges.

Councils' range of front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households long-term financial resilience.

The dramatic increase in inflation alongside increases to the National Living Wage, have added £2.4 billion in extra costs onto the budgets of Councils in 2022/23. In 2023/24 Councils are facing a funding gap of 3.4 billion, with a funding gap of £4.5 billion the following year.

To support its most vulnerable residents through the cost-of-living crisis, Councils face additional cost-pressures which will need to be addressed to avoid further cuts to vital frontline services.



Housing

Local Authorities work closely with registered providers for social housing to deliver England's social housing supply. Their work is regulated by the Regulator of Social Housing, using value for money as a key regulatory standard.

The housing sector faces significant economic challenge. In 2022, the Regulator estimated that half of housing providers' headline costs related to major repairs. Where Local Authorities have borrowed to finance housing, the margin for paying rising interest rates and setting aside repayment funds is becoming more difficult to achieve.

Managing trade-offs is difficult. Members need to have a clear understanding of their organization's performance, and decisions need to be transparent for stakeholders. Local Authorities need to get the best out of the resources they have available for delivering safe, well-maintained homes. This means using effective procurement and contract management arrangements; adopting rolling plans of service reviews, supported by strong performance indicator reporting; recruiting and retaining staff with the right skills; and maintaining physical control over assets.



Carbon reduction

The UK government has a target of 100% reduction in 1990 greenhouse gas emissions by 2050. Many of the carbon budgets set by the government are relevant to Local Authorities. By June 2022, more than 250 English Local Authorities in England had declared Climate Change Emergencies and set carbon reduction targets of their own.

To deliver value for money whilst also implementing carbon reduction, Local Authorities need strong processes. Carbon reduction costs need to be reflected within medium-term financial plans; funding needs to be consistent with other strategic priorities; costs need to be accurately recorded and monitored; and the relative costs of acting versus not acting need to be evaluated on an ongoing basis.

Climate change is often already reflected on Local Authority risk registers and where Local Authorities set themselves strategic goals around carbon reduction, effective processes for monitoring progress against those goals is needed. Training should be kept up to date both for executives and for members overseeing climate change and carbon reduction risk and performance. As legal requirements are evolving and new sources of funding and grants continue to come forward, horizon scanning for new duties and opportunities will also need to be vigilant.

The current LG landscape



National context



Dedicated Schools Grant Deficits

On 12th December 2022, the UK Government announced that it would be extending statutory override for the Dedicated Schools Grant (DSG) in England for the next 3 years, from 2023-24 to 2025-26. By the time this period elapses, the statutory override will have been in place for six years.

Recent estimates put the total national deficit for local authorities in tens of billions by March 2023. Whilst statutory override remains in place, there is no requirement to make provision from general reserves for repaying the deficit. Reforms and savings targets have been agreed with those local authorities with the biggest deficits. However, all local authorities need to focus on managing (and reducing) their deficits – because how these will crystalize as liabilities in 2026 is not clear.

Within DSG, the High Needs Block has proved particularly problematic. The Block is there to support children with special educational needs (SEN), which means providing more teaching staff and resources. However, there is often a significant gap between funding granted per child and the actual cost of the teaching and other resources needed.

Every parent has the right to apply for support for their child. An expensive appeal process also exists. There are significant regional differences in numbers of plans granted by local authorities and cost management on those plans once they are granted. Managing (and reducing) the growing DSG deficits that arise as a result will be a challenge both for financial sustainability and for maintaining the overall quality and effectiveness of service provision.



Children and Young People - Social Care

Single tier councils and county councils spent £12.2 billion in 2021/22 and have increased their budget to £12.7 billion in 2023/24 as demand for children's social care services have increased.

Councils have a statutory duty to safeguard and promote the welfare of children at risk. A range of services can be provided including support to families as well as keeping children safe from harm and providing services for those children who are 'looked after' by the council.

In recent years there has been an increase in demand with an increase in the number of child protection places and looked after children, as well as an increase in complexity of the needs of the children.

The increase in demand and complexity has resulted in an increase in the cost of individual residential placements which are often not local and outside the Council's geographical locality as well as private and agency foster carers.

Many councils have failed to model and anticipate the increase in demand and as a result lack sufficient local quality provision and are now actively trying to meet this challenge.



Workforce

Local government faces multiple workforce challenges including skill shortage in areas like social work and planning and the lessening attractiveness of local government as a career choice when staff can be paid more for less stressful work in other sectors.

The need for future workforce planning to ensure the Council has the appropriate staff, with the right skills, at the right time to deliver sustainable council services is therefore clear.

To achieve this aim, councils need to develop a workforce plan or strategy which not only sets out aims and aspirations but also a roadmap with numerical targets against which outcomes can be measured and assessed

The workforce strategy needs to be clearly linked with strategic objectives and financial planning.

Without a corporate workforce plan, Councils cannot take a strategic view of how the needs of the council in terms of human resources will develop over the medium term and appropriate development through training and recruitment may not be undertaken

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2022/23 Financial Performance

Members approved the 22/23 budget and medium-term financial plan (MTFP) in February 2022. For 2022/23, in line with legislation, the Council set a balanced budget which was made up of a General Fund budget expenditure requirement of £248.610m matched with funding from a variety of expected sources. Our work in the prior year confirmed this position was affordable.

The forecast outturn position is monitored by the Finance Team and reported to members via Mayor and Cabinet quarterly. The year end outturn position was initially an overspend of £22m against the net general fund revenue budget. The Council sets aside a series of provisions within each budget as contingency to fund unexpected costs. These provisions, alongside legacy Covid-19 grant funding, were utilised to minimise the use of the Council's reserves by reducing the remaining deficit to £7m. This £7m deficit was then funded from the Council's General Fund and earmarked reserves and represents pressures in excess of estimates initially made and included within contingencies within the budget.

The drivers of the deficit position include higher than expected energy costs and pay award, which were estimated at the time the budget was set, for which specific contingencies were set aside and so could be mitigated. The most significant remaining pressures which were funded from reserves, or offset by overspends in other services, relate to childrens' social care, education services and strategic housing which are all demand led services and common sources of pressure across the sector, as such not evidence of a lack of control specifically attributable to the Council. These services have also felt pressure from pay and non-pay inflation leading to the overspends, as well as demand factors. We have noted extensive actions being taken to respond to the issues within education (3E's section) and childrens' social care (Finance – Savings section). The strategic housing pressure is a result of increasing demand for temporary accommodation, with demand outweighing supply the Council are being forced to fund expensive private provision to meet its statutory duties. The service is actively seeking to reduce numbers accommodated and is set to embark on the purchase of up to 300 new units for this type of accommodation following the award of Greater London Authority (RTB) grant and Mayor and Cabinet approval. This will potentially reduce the numbers accommodated in expensive nightly paid accommodation. This seeks to address both the cost and supply challenges associated with the service but does not impact demand.

Increasing demand for homelessness related services, such as temporary accommodation, is increasing across the sector and therefore the Council may benefit from learning from other organisations who have also successfully responded to the demand side challenge via prevention strategies. Examples of Early Intervention Services have been identified at other Council's which include within their remit research into homelessness and community based officers working with people at risk of homelessness before this occurs. [Recommendation 1].

2023/24 Budget and Assumptions

The Council approved its 2023/24 budget at the Council meeting held on 1 March 2023, ahead of the 23/24 financial year. The Council's spending power is predominantly determined by the Local Government Settlement, made up of a business rates baseline funding figure and revenue support grant (RSG), which is announced annually and provides funding to the Council on a one-year basis. The provisional settlement for 23/24 was published on 19 December 22 with the final settlement announced 6 February 23. As such the MTFP and budget was based on the provisional figures. The Council's quarterly budget monitoring does allow for revisions to the budget should significant new information become available and no changes were made in the final settlement affecting the Council's budget.

The Council set a balanced budget for 23/24 which matched net expenditure of £263.7m (£248.6m in 2022/23) matched to available funding. The Council's Medium-Term Financial Strategy and 23/24 budget continues to rely on 3 key sources of funding, in addition to the Local Government Settlement, common place across Councils - council tax, retained business rates in addition to the baseline and government grants.

The Council continues to use a roll forward approach when setting its budget each year, using the prior year as a starting point. In the prior year there was uncertainty, in particular, around expenditure assumptions such as energy costs, pay costs as a result of the pay award and non-pay inflation and the Council set aside contingency to fund these should these costs arise in excess of the pressures already funded within the budget. As noted the Council made use of these contingencies and therefore we would expect these assumptions to be reviewed again within the 23/24 budget to ensure they remain realistic.

Financial sustainability (continued)

Key assumptions in relation to sources of income have been reviewed as part of the budget and do remain realistic, grants income is determined by government allocation notifications and therefore no estimates or assumptions are required in 23/24. The council tax threshold has been set at the maximum allowable before a referendum is triggered of 4.99% (including the social care precept) in order to maximise this stable form of income, demonstrating positive budget management. The revenue that the Council can rely on from this source is also dependent on collection rates. The Council has assumed within the budget that collection rates will be 94% but sets itself a target above this of 96% to encourage stretch and maximise the benefit to the Council's overall budget. This accounts for and adjusts the budget for optimism bias and demonstrates strong budgetary control. The 22/23 outturn confirms that 92.8% of council tax due had been collected compared to the 95% assumption for 22/23. This does suggest that a reduction in the assumption for 23/24 was appropriate based on the information available at the time of setting the budget, and also accounts for the emerging risks associated with current high levels of inflation and cost of living crisis that impact collection rates.

Reforms in the Business rates system were expected to be imminent, originally planned for 2020, but have been delayed over recent years. The reset of the business rates system was not addressed as part of this Spending Review for 2023/24 (which also provided information for 24/25). However, Government has reaffirmed its commitment to do this in the next Parliament. The Council has assumed that the Business Rates Retention (BRR) consultations will be announced in 2025/26 at the earliest and so has retained current assumptions for 23/24 and 24/25. The risk of a redistribution of business rates away from the Council still exists but with no information as to the changes under the reforms it is appropriate to assume no further growth after 2024/25 within the MTFS. The risk has been recognised within the budget documentation and so can be monitored as it emerges through the budget monitoring process in year and budget setting process annually.

The Council also generates income from fees and charges, each charge has been reviewed and clear rationale provided for each. Services are expected to increase fees in line with inflation and this is, again, demonstrative of maximising a key revenue stream and robust financial management in respect of income. Where a general inflation figure is being used the Council assumes in the region of 10% which is in line with CPI inflation rates between September 22 and March 23 when the budget setting process was taking place. Inflation has begun to reduce in 23/24 (6.7% in August 23) however this is not evidence over-prudence in the assumptions as the estimate was based on the available information at the time. In addition the Council tends to use specific inflation rates for individual fees and charges based on the cost drivers of each service, as opposed to a general rate, these assumptions are related to the nature of each service and can be considered realistic. There is the caveat that increases in charges can lead to reductions in demand or usage but the budget monitoring has not identified significant pressures coming from services which attract fees and charges.

In relation to expenditure assumptions, at the point of updating the MTFS in July 2022, the Council assumed increases of 3% for the pay award and 2.5% for non-pay inflation for 2023/24.

The Council uses the budget setting process to update assumptions as new information becomes available and this led to a revision of the inflation assumption uplifted by approximately 5%, from the initial assumptions.

Following a period of rising inflation in 2022/23 inflation has begun to decrease from a high of 10.5% in December 2022 to 6.7% in August 2023. The Bank of England expects inflation to be at 5% by the end of 2023 and keep falling towards the target of 2% in 2024. Therefore, although the initial estimate seemed optimistic, the forecasts render the assumption appropriate within the year and demonstrate the forward looking nature of the budget.

Regarding assumptions in relation to the pay award for the 2023/24 budget in February 2023, the national employers made a "full and final" 3.5% offer to council chiefs on their basic salary for 2023/24, this was less than the 3.88% being requested. Council staff generally have been offered a pay rise of at least £1,925 for 2023/24, equating to between 3.88% and 9.42% depending on their pay grade and this has been reflected in the budget and therefore the assumption appropriately accounts for differences due to pay grades.

Budget Risk

The budget is structured around:

- Budget assumptions, including: Budget Reductions, Council Tax, and Inflation;
- Budget pressures to be funded; and
- Risks and other potential budget pressures to be managed

Budget reduction for 2023/24 relate to the £20.3m of savings required to balance the budget (including prior year savings). Budget pressures are those risks that the Council has been able to identify, quantify and fully fund within the balanced budget position set, these total £43.8m for 2023/24. The most significant risks identified are salary inflation (£7m), short fall in salary inflation for 22/23 (£4m) and non-pay Inflation (£5m) where we have determined that the assumptions are realistic and therefore supports that these are funded at an appropriate amount.

The budget also includes consideration of risks which have not been funded, due to insufficient funding to do so, and/or are difficult to quantify with any certainty. Officers continue to undertake work to fully assess and monitor these risks, have contingency included within the budget to respond as they emerge and have sufficient reserves (see Reserves section). The risks identified are in line with sector wide risks that apply to Lewisham. Emerging pressures noted from the 2022/23 outturn and 2023/24 budget monitoring to date are childrens' social care and temporary accommodation within the strategic housing service, the Council are also in the process of bringing Lewisham Homes Ltd services back in house.

Financial sustainability (continued)

We would suggest each of these areas carry potential unanticipated costs and therefore are additional risks to the budget. The Council should therefore continue to keep risks under review to ensure completeness of risks being considered, and mitigated, incorporating these emerging areas into financial plans as they arise (Recommendation 2).

Regular engagement has occurred between the S151 Officer, Executive Management Team and the Senior Leadership Team regarding the level of financial risk across the Council and the importance stressed of everyone being accountable to deliver effective services within the financial envelope available. Financial risks have also been clearly communicated to members via an all member away day in October 2022, with two lunchtime roundtable sessions in January 23 and via an all member briefing in January 2023. As such we are satisfied that risks to the budget are clearly understood by decision makers.

MTFS

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The 2023/24 Medium Term Financial Strategy (MTFS) that was reviewed by Mayor and Cabinet in July 2022 and identified a £9.9m gap in 2023/24 and a £25.9m gap between 2024/25 and 2026/27, including approved savings already identified. The Council has focused the period between July 22 and March 23 on balancing the 23/24 budget, successfully, via identification of a series of budget reductions approved by members. It has recently begun to review and update the 2024/25 MTFS based on the emerging financial position in its commitment to reduce the medium term budget gap. These efforts have been fruitful and there has been a significant reduction in the gap which now stands at £15.3m for the total MTFS. The main improvements are a result of assumed increased income from council tax and business rates. The 23/24 council tax guidance also covers 24/25 and the assumptions have appropriately been updated to reflect this. The Council have assumed increased collectability rates, compared to 23/24 assumptions (96% in the first 3 years of the MTFS and 97% in the final year). High inflation is reducing in the 2023/24 year to date and therefore it is sensible to assume that collection rates will increase in the medium term as the two are inextricably linked. At month 4 of 2023/24 collection is 1.3% adrift of the targeted level, although inflation has recently begun to reduce and a lag is expected before this impacts residents individual spending power. The Council is drawing on experience and best practice of high performing councils to ensure that our performance can improve to those levels forecast.

Business rates retention and top up assumptions have been updated based on the 2023/24 actuals which were not known at the time of setting the prior year MTFS, these figures used to estimate future years to ensure that the assumptions remain robust. The Council continues to assume contribution to collection fund deficits due to collectability being impacted by pandemic recovery, crucially in the final year of the updated MTFS this assumption ceases. We believe this to be appropriate as this would be 8 years post pandemic which is seen as sufficient time for recovery to take place.

For the 2024/25 MTFS the base case model indicates a balanced budget for 2024/25 and therefore a budget reduction process, required in the prior year, is not required and therefore the Council are able to focus on the medium term years of the MTFS alongside refining the 24/25 budget by undertaking a targeted internal budget process focusing on high volume / high value services, including benchmarking activity data to review current levels of expenditure to ensure that the 2023/24 budget can be stabilised and remain balanced in 2024/25. This is a more positive outlook than at the same time in the prior year and afford the Council time to develop robust plans to address the medium term gap.

DSG

The Council's expenditure on schools is funded primarily by the Dedicated Schools' Grant (DSG) provided by the Department for Education (DfE). The DSG is ring-fenced and can only be used to meet expenditure as defined in the School Finance (England) Regulations 2011. The ringfenced status was introduced in 2020 by statutory override and means the DSG deficits are separated from the wider finances, therefore the Council does not need to use its own usable reserves to cover the DSG deficits. The statutory override was due to end at the end of 2022/23 but has recently been extended. The extension of the override expected to remain for a further 3 year period, but is not permanent. After this point there is a strong possibility that the ringfenced status could cease. This would provide wider challenges for the Council's overall financial position in the latter years of the MTFP as the deficit would then need to be met from the Council's base budget and/or its usable reserves. It should be noted that Lewisham is not alone in this challenge, however it is imperative that the Council plan ahead for this issue in the medium term planning process.

At the end of 2022/23 the Council had a cumulative deficit of £13.1m against, and the latest forecast position for 2023/24 to date demonstrates a continued pressure with £5m further deficit forecast for the year.

	£'000	£'000	£'000	£'000
	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
DSG In Year Deficit	551	2,375	6,491	4,225
Cumulative Deficit (Unusable Reserve Position)	0	2,375	8,866	13,091

Financial sustainability (continued)

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). The deficit and pressure is almost entirely as a result of overspends in the High Needs Block which funds Special Education Needs and Disability (SEND) pupils in special schools and units. The issue is being caused by an increase both in demand and inflationary pressures, these pupils also require home to school transport which is an added pressure within the Education Service.

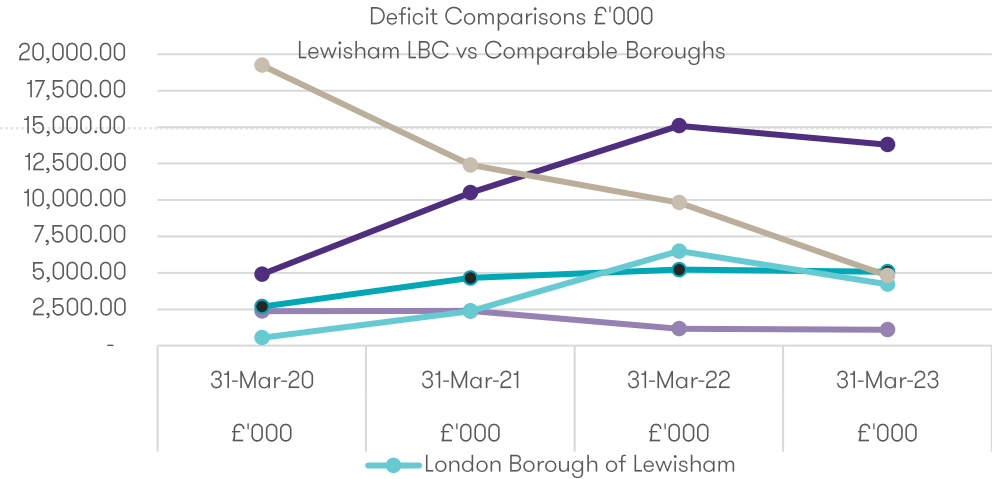
The Council is already taking extensive actions to respond to the emerging challenge which include:

- liaising with the Children and Young People directorate, Schools Forum and Head Teacher and Officer Working Group to develop a detailed mitigation plan,
- continually liaising with Schools Forum and DfE to secure one-off funding,
- increasing capacity and places at several schools,
- ensuring the dedicated Schools Finance Team continue to implement Deficit Prevention Plans which enable schools to work effectively towards a 3-year balanced budget position

Working effectively with the DfE to support those schools from the DfE funded School Resources Management Advisers Programme (SRMA) initiative. In 2022/23, 6 schools were supported as part of this initiative with a further 5 schools planned over the next 6 months

DfE has developed two initiatives to assist a number of Council's in tackling their DSG deficits. The Council is part of the Delivering Better Value Initiative which commenced in the summer of 2023 and will further support the current mitigation strategy, it is expected this will also positively impact the overspends in education services related to home to school transport by placing students closer to home. The initiative supports 55 Councils and has 3 tranches prioritised based on size of the deficit, Lewisham is in the third tranche. Council's with the largest deficits are part of more enhanced initiatives including "safety valve" for which Lewisham does not qualify.

The year on year DSG deficit has remained relatively stable at the Council and is therefore not indicative of a significant lack of budgetary control, rather the impact of demand (£6.5m, £4.2m and £5m in 21/22-23/24 to date). When comparing Lewisham to 5 similar London Boroughs they also perform comparatively with regards to the year on year deficit figures, being the 2nd lowest deficit of the sample in 22/23. Comparative performance and the range of extensive actions being taken far ahead of the expected changes to the statutory override suggest that the Council has effective arrangements in place, currently, to respond to the risk.



Savings

In 2022/23, there were £25.8m of savings to be delivered included in the budget in order to breakeven, including £5.6m as yet undelivered from 2020/21, £8.4m undelivered from 2021/22 and £11.8m new savings for 2022/23. Due to the fact that savings are continually rolled forwards into each year's budget, with many undelivered for several years, the Council should would benefit from a wholesale refresh of the savings programme as part of the 2024/25 budget process to ensure the programme is realistic in its delivery expectation and based on the current operational environment. Given the track record of under-delivery against target it may be useful to include explicit optimism bias adjustment when developing a new savings programme to ensure it is realistic in its requirements [Recommendation 3]

At the end of 2022/23, £7.6m of savings remained undelivered, £6m of which were from prior years and £0.2m were written off as undeliverable. This has contributed to the £7m deficit position at year end that required the unplanned use of reserves. Two directorates account for the majority of the under-delivery, Children and Young People and Community Services, driven by pressures specifically in Childrens Social Care and Adult Social Care which is consistent with the prior year and the sector as a whole.

The 2023/24 budget requires savings, from budget reductions and income generation, of £12.8m to be delivered, in addition to undelivered savings from prior years carried forwards, giving a total of £20.3m savings required to breakeven. At month 4 of 2023/24 a similar challenging picture is apparent, with only £16m of savings expected to be delivered by year end due to continual challenges in Childrens Social Care.

Financial sustainability (continued)

The majority of prior year savings have been addressed with the exception of £2.5m, which again is within Childrens Social Care.

The Council has a detailed understanding of the causal factors associated with the pressures in Childrens Social Care and undertook a deep dive into the challenges, which was presented to members via the Public Accounts Select Committee in March 23, with supporting analysis. This information is useful to help members and officers in understanding the drivers of cost and demand, but to maximise the benefit of this work the Council should seek to develop a detailed action plan which is monitored with the support of service heads and members [Recommendation 4].

The report confirms that historically the pressures have been due to increasing demand, with rising numbers of referrals to the service. The Council have been working towards more intervention and support strategies to reduce the number of looked after children. To date actions have had a positive impact on reducing demand with a 6.3% reduction in the number of looked after children being supported by the Council at March 23 compared to the prior year, this has been maintained in 2023/24. However the Council has observed that despite the numbers reducing the complexity of the needs of the children in placements is increasing which carry a higher unit cost due to ratios of staff required. The Council is continuing to seek cost reductions via improved commissioning work with the PAN London Commissioning Alliance to secure more favourable rates, creating alternative capacity through in house provision, setting a 3-4 month target on finding alternative placements for those in high cost care (targeting local placements and extended family) and seeking to secure funding from partner organisations. These are all positive steps that are expected to take some time to embed, however there is commitment to a long term improvement journey in this service.

The deep dive approach to investigating the causal factors of the pressures in Childrens Social Care has been effective in clearly identifying where the Council should target its actions to address continued overspend and savings under-delivery. In 2022/23 and 2023/24 to date the Council has also experience significant overspends in Adults Social Care, Education Services and Strategic Housing and therefore may benefit from a similar investigative report, and supporting action plan, to address pressures in these services too [Recommendation 4].

Following on from the update of the 2024/25 MTFS work will now be focused on identifying at least £20m of savings for the period 2025/26 – 2027/28, as 2024/25 is currently a balanced budget. The level of savings targeted is greater than the forecast budget gap of £15m to enable robust option appraisal to take place by services and members, as well as providing a contingency of savings that could be mobilised should selected schemes not deliver as expected. This is a positive risk mitigation strategy and a direct response to the savings challenges being experienced.

The process of savings identification going forwards is being amended and will be a targeted approach to developing savings from strategic service changes over more than one year rather than one off non-recurrent savings or setting a fixed percentage target which can place pressure on future years' financial planning as they do not have a multi-year benefit.

This demonstrates an improved process in terms of savings that has not been present in the setting of the 2023/24 budget or prior years.

Reserves

The Council was able to develop a 2022/23 breakeven budget position without the use of its general fund and earmarked reserves, due to its approach of setting aside provisions and corporate budgets for specific risks identified in the budget setting process. The initial 2022/23 outturn was a £22m deficit position but the use of these contingencies reduced this to £7m which was an unplanned call on reserves.

At the end of 2022/23 the Council held £20m of un-earmarked general fund reserves and £78.5m of specific earmarked reserves, set aside to fund initiatives, projects and to manage risks to the organisation, This is the position following the unplanned use to fund the outturn deficit position.

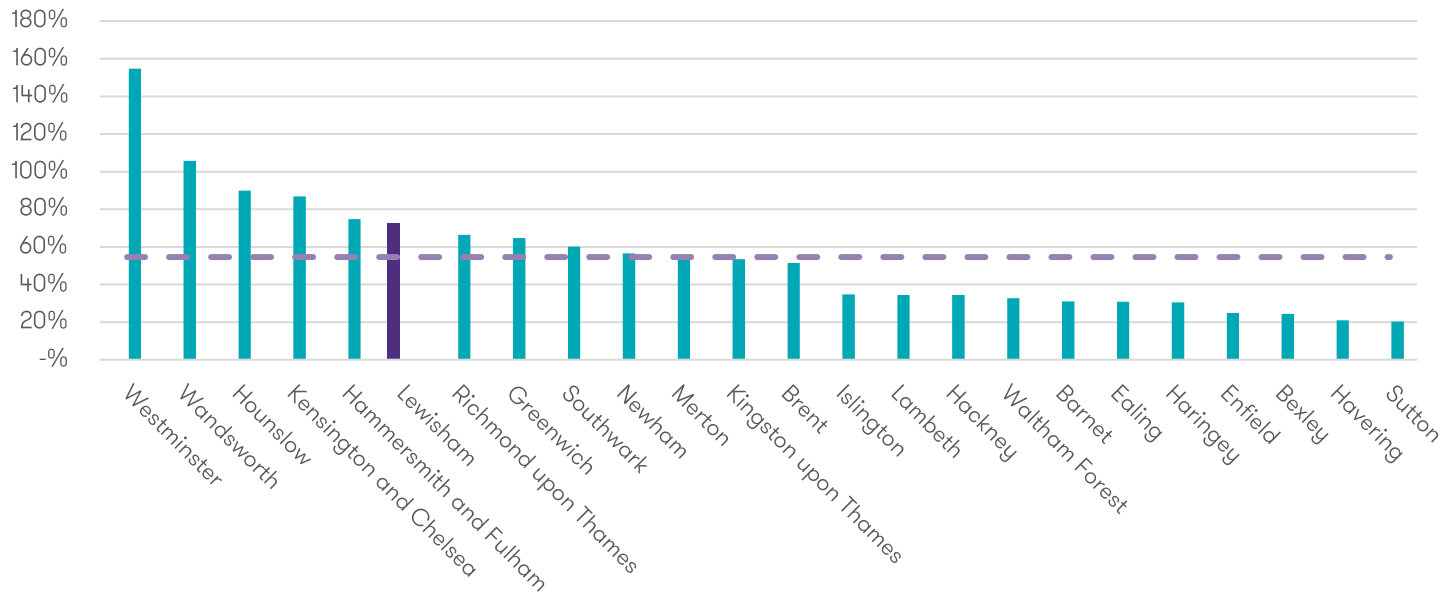
The Council, has once again, set a balanced budget for 2023/24 without the planned use of these general fund and earmarked reserves which demonstrates its commitment to protecting its reserves to support the future sustainability of the Council and enable it to fulfil its objectives. This has been achieved via identifying £20.3m of savings to be achieved, £43.8m of quantifiable risks funded via available resources in the budget and £26.3m of corporate provisions set aside for emerging risks. £10m of these provisions have already been committed to fund the emerging 2023/24 deficit at month 4, reducing the forecast deficit to £13.5m, Should this position remain stable the Council has sufficient contingency in place to support this. This is dependent on the current forecast of £16m savings being achieved, should this not be successful then the Council would need to use its earmarked reserves to fund any resulting deficit. In addition the MTFS includes a medium term budget gap of £15m, which unless mitigated in full by the impending savings identification process could also need to be funded from reserves as a last resort.

The Council has sufficient reserves, as a temporary measure, to support both the emerging outturn position for 2023/24 and the MTFS gap. However this would divert these resources away from the specific purposes they were set aside for, they continue to be a finite resource which once used need to be replenished to support the future aspirations of the Council. Finance regularly communicate with members on the importance of protecting reserves for unplanned usage and the approved budget and MTFS reflects this commitment.

Each year when setting the budget the S151 Officer is required to make a statement confirming whether the reserves of the Council are adequate, the statement for 2023/24 budget and MTFS is positive in this confirmation.

Financial sustainability (continued)

General fund and non-schools earmarked general fund reserves as a percentage of net service revenue expenditure (%)



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The strength of reserves is evidenced via benchmarking against other London Boroughs which compares all usable reserves (including sinking funds, capital reserves, insurance and ringfenced reserves which are not as flexible/liquid by their nature but are considered usable in the accounts). This demonstrates a comparatively strong position with the Council being rated 6th out of 24 Councils. The robustness is further supported by a Grant Thornton paper entitled ‘Lessons from recent Public Interest reports’ which includes a strong emphasis on the importance of maintaining an adequate level of reserves. There is no formal definition as to what constitutes adequate, but Grant Thornton’s view is that reserves should be a minimum of 5% of net spending and preferably be somewhere between 5% and 10%. £98.5m of earmarked and un-earmarked reserves is 37% of the 2023/24 budget and therefore the Council is above the threshold and therefore has sufficient headroom to support the medium term position forecast.

Financial sustainability (continued)

Environmental Considerations

In 2019, the UK Government passed legislation to bring all greenhouse gas emissions to Net Zero by 2050. This was to align with the commitments in the Paris Agreement to limit global warming to 1.5 degrees. The Council declared a Climate Emergency in 2019 and pledged to be Carbon Neutral by 2030 in response to this legislation. A Climate Emergency Action Plan was approved by Mayor and Cabinet on 11 March 2020, which sets out how the Council plans to achieve this pledge, and implemented with immediate effect. Since then, the Council has also signed up to the UK100 “Net Zero Local Leadership Pledge”, alongside over 40 other local leaders, to reach zero carbon before national government.

Although the priorities within the strategy would be considered operational they will ultimately have a financial impact on the Council and therefore we would expect these to be effectively planned for in the budget and medium term planning so the Council is clear that these are affordable. Within the 2023/24 budget there is consideration of climate change and environmental implications, particularly in agreeing budget reductions, although this resulted in limited changes to the budget. There is specific budget set aside allocated to the Cleaner and Greener Corporate Priority of £1.650m for 2023/24 specifically to support the Council’s commitment to be carbon neutral by 2030. It includes investment in waste services, emissions based controlled parking and fly tipping. As such the Council has adequately considered the financial impact of what are relatively new initiatives when rolling forward prior year budgets. The same considerations were taken when developing the 2022/23 budget and the outturn reporting does not evidence any financial deficits resulting from climate change specific issues, as such the initiatives to date are not a source of financial pressure to the Council and are being managed within the available budget,

With the aim of limiting the financial burden to the Council it has developed a scheme which aims to share the cost of climate change with the community via the first Lewisham Climate Action Investment. This aims to raise £1m in order to boost investment in projects which help reduce carbon emissions and tackle the Climate Emergency. The scheme is a type of Community Municipal Investment – an investment model which allows residents to invest their money in projects that benefit the local community and receive a return on their investment. The minimum investment is £5 and investors can earn a return of 4.3% interest a year, fixed for the whole five year term. At August 2023 £659,957 has been funded from 612 investors compared to the £1m aim and therefore does show a positive uptake from residents. The investment scheme is managed by Abundance Investment, who have supported other councils with similar initiatives, and so ensures that the Council is supported in a new venture such as this. The money raised will be used to finance projects aimed at increasing the use of sustainable transport and therefore has a specific purpose and aim.

The 143 actions in the March 2020 Action Plan are divided across 5 themes - Leading by Example; Sustainable Housing; Decarbonised Transport; Greener Adaptive Lewisham; Inspiring, Learning and Lobbying. Progress on the action plan is reviewed annually by Executive Management Team and through scrutiny committee process including reporting annually to the Mayor and Cabinet on progress. A public update is published once a year setting out what has been done in that year and updating a clear set of actions going forward. Detailed commentary is provided to aid decision makers in judging whether stage of completion is sufficient and each is assessed as either: ‘Achieved’, ‘Not Achieved’ or ‘Ongoing’ as well as being RAG rated. 66% are ‘Achieved’ and 71% ‘Green’ rated at the end of 2022/23 which is deemed to be positive performance to date.

Alongside reporting on progress against this plan the Council also produces annual carbon emissions reports on the current level and source of carbon emissions to monitor this. It is noted that these currently show council-wide only emissions, with the ambition to ultimately report on borough-wide emissions as well and therefore demonstrate a commitment to tackling climate change on a wider scale. This alongside membership of UK100 “Net Zero Local Leadership Pledge offers future opportunities to work with partner to impact climate change on a larger scale than Lewisham.

The Council’s Corporate Plan 2022-26 identifies the climate emergency, formalising this as a council priority, the Council’s budget, KPI monitoring and risk management are all centred around achieving these priorities and so this does put climate change at the forefront of the Council’s objectives.

In 2022/23 Internal Audit undertook a review on the Council’s Air Quality Action Plan 2022-27 with the aim is to assess whether the Council had appropriate arrangements in place to monitor, report and deliver the plan. The review was given Limited Assurance rating reporting that air quality monitoring data is incorrectly or inadequately reported to senior management and members for action. 9 actions were classed as important and 3 as routine. All were agreed in principle at the exit meeting in April 2023. Although this rating is behind where the Council would wish to be this is one element of a much larger climate change strategy and so is not indicative of failing in said strategy.

Overall, due to the comprehensive actions in place, the Council has adequate arrangements to ensure that it monitors and complies with any legislative changes relating to climate change/net zero.

Financial governance

Budget Setting and Monitoring

The approach to setting the budget has remained largely consistent with the prior year. The process began immediately following the 2022/23 year end with the update to the Medium Term Financial Strategy, informed by the outturn position, presented to members for scrutiny in June 2022. As quarterly budget monitoring continued, and informed all stages of the budget, the Council developed its proposed budget reductions for 2023/24 in December 2022, with the aim of producing a balanced budget and reducing the medium term financial gap within the updated MTFS. These proposals, plus the provisional Local Government Settlement were used to develop the draft budget for 2023/24, this was finalised and recommended for approval by Mayor and Cabinet 8 February 23 before approval by Full Council 1 March 2023. It is clear that the process follows multiple stages and there is the opportunity for input and challenge at each stage from members via multiple committees (including scrutiny), officers, service users and directorates at each stage.

As the Council uses the 'roll forward' approach to budget setting the budget assumptions are initially based on those made in the prior year, which are then reviewed to ensure they remain relevant or updated for new trends/changes present within the organisation (i.e. reducing business rate core team) or external factors (i.e. cost of living crisis or rising inflation). Where relevant trends are used to determine key assumptions. The quarterly budget monitoring process then provides the opportunity to update these assumptions should this be required as new information becomes available.

As required under the CIPFA Financial Management Code of Practice, the Council must demonstrate how its budget is aligned to its corporate priorities. Therefore the Council includes a detailed appendix to its budget report where the proposed budget is allocated against its corporate priorities, as set out in the Corporate Strategy, and therefore explicitly meets the CIPFA requirement. This clearly demonstrates how much money the Council is spending on each priority, we would not expect there to be an equal allocation as services have different numbers of users, unit costs and other drivers of this allocation. The allocation is adaptable and the Council refine this alongside the CIPFA Code of Practice requirements more generally as the activities in support of the new Corporate Strategy evolve and develop.

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 collectively agreed on a lower savings target and that a number of risks would be managed by services directly.

The MTFS makes use of "optimistic" and "pessimistic" scenarios, as well as the assumed main case, on a line by line basis. This is beneficial to members in making information future decisions as they are able to understand the underlying risk being faced and can therefore make judgements as to whether additional risks can be tolerated. Sensitivity analysis also takes place on an informal basis by finance to ensure that the financial impact of small movements in key assumptions is well understood in developing the budget and MTFS. As such the budget setting process is deemed to be robust.

Ambitions to move to a manager self-service approach to budget forecasts were hampered due to recruitment challenges to the Council's Systems Accountant position, alongside a number of significant challenges experienced by the team during 2022/23. Although it is unlikely the Council will be able to move towards this approach during 2023/24, ongoing discussions are being held with the Council's software provider to discuss potential system adaptations during next financial year. No issues have been noted in relation to the level of engagement between services, finance and members despite the delays in this change of approach.

Financial performance continues to be presented on a quarterly basis to Mayor & Cabinet and remains sufficient based on the risk profile of the Council. Prior to the meeting of the Mayor and Cabinet performance is sighted by EMT and Public Accounts Select Committee to ensure that there is a good level of scrutiny and discussion and key issues highlighted to decision makers

We would expect budget monitoring to be presented to decision makers within 1-2 months the period being reviewed to ensure that information is up to date, allowing for reliable decisions to be based upon it. For the most part time frame is adhered to, 2 months being the time-lag observed, with the exception of the year-end outturn position which was presented 3 months after year-end. This has not had a negative impact on decision making as budget monitoring takes place monthly between the finance team and services informally, and the budget monitoring and outturn information is reviewed by EMT and the Public Accounts Select Committee prior to being received by Mayor and Cabinet, therefore there is a detailed level of scrutiny with multiple layers within the 1-2 month time frame.

The monitoring of financial performance against budget, and the forecast outturn, is presented at individual directorate level at each meeting. The reporting also includes capital and Housing Revenue Account (HRA) performance to ensure members have a full suite of performance information, across all elements of the Council's operations, with which to make decisions. The reporting includes extensive commentary to explain the reasons behind the performance within each directorate, pinpointing the drivers at individual service level where relevant, and therefore ensuring that members are well-informed of the causal factors behind the financial position.

Financial governance (continued)

The commentary within the budget monitoring focusses on those sub-services where there are overspends and includes greater detail weighted towards those that are most significant in value, such as Children's Social Care. This is appropriate so as not to overwhelm decision makers with information on all services and allows them to focus their discussion on those services where more significant input is required to generate an improved financial position. In the prior year we observed commentary was focused on the causes of financial under-performance, with limited information on actions being taken to address these casual factors. We raised a recommendation encouraging a shift in the narrative towards the forward look and actions to be taken to respond. Reporting in relation to risk within the budget monitoring has been updated to include actions being taken to control and mitigate these, whether quantified or unquantified, as a direct response to this recommendation.

Capital Monitoring

The Capital and Region Contract Delivery Board are responsible for approving and reporting on each project the Council undertakes, reporting includes metrics detailing the time and cost of project delivery. At the end of each project a project closure report is produced which allows lessons to be learned for future capital projects and is an element of good practice. The Board signs this report off to ensure they are consistently produced for each project.

Formal monitoring of the capital programme, in totality, is undertaken quarterly. Capital monitoring statements are completed by budget holders providing information on progress to date and identified slippage. Regeneration boards also monitor large projects, as an added layer of scrutiny for more complex projects, accounting for the most significant expenditure in the programme. This is an added layer of protection for public money on arguably riskier schemes and represents robust governance arrangements.

Monitoring of the Capital Programme is included within the budget monitoring reporting that is reviewed by Mayor and Cabinet every quarter. Once a budget has been set for a capital project, if amendments are proposed, they must be approved Mayor and Cabinet. This has been put in place as a route to controlling overspends.

The programme was refreshed in full in July 2022, to ensure that it remained affordable and realistic in its expected delivery. The General Fund Capital Programme spend is £33.8m or 70% compared to a revised budget of £48.1m (agreed in March 2023) and the HRA Capital Programme spend is £112.4m or 75% compared to a revised budget of £150.5m (agreed in March 2023). Therefore, whilst the Council has not overspent, due to the measures in place, it also risks not being able to fully meet its objectives by under-delivering on projects which benefit residents. The unspent budget is largely due to delays, with the budget transferred into 2023/24, therefore projects have not been cancelled and benefits are still expected to deliver, albeit later than anticipated. The Council has also had to cancel the modular build project in 2023/24 (see 3E's section) which will result in the cost of the project to date being written off. A full reprofiling exercise is currently underway to ensure that the assumptions within the programme are appropriate, particularly in relation to phasing, in order to address the observed under-delivery and recently cancelled project.

The Capital Programme was developed for 2023/24 to 2026/27 alongside the MTFS to ensure that the revenue impact of capital decisions can be considered at the same time, ensuring that the programme is affordable in the medium term within the Council's anticipated budget. Key risks to the Capital programme are outlined within these proposals and are considered when both monitoring existing schemes, considering new schemes or if schemes should require termination.

A topical issue impacting the sector is the use of reinforced autoclaved aerated concrete (RAAC) in public buildings which has seen partial failures of buildings occurring, predominantly across schools and hospitals. To date Lewisham have identified one school impacted which makes use of the material in two small areas, these have been taken out of action with no impact on teaching. To date no further issues have been noted in the Council's estate and surveys remain ongoing. As such this is not expected to have a material impact on the capital programme based on available information, however the Council should be vigilant to this prospect.

Treasury Management

The Treasury Management Strategy determines how the Council will manage its cash, borrowings and investments in order to meet its objectives and fund its capital programme whilst remaining affordable within the revenue budget each year. The strategy is updated annually as part of the budget setting process, the Council has not made any material changes to the strategy since the prior year and it remains prudent in its level of risk. There are no internal or external factors we are aware of that would lead us to expect any significant changes to the Council's approach to treasury management.

The Council manages its treasury activity within its risk appetite by therefore placing several limits on borrowing such as interest rate exposures, amount of time borrowing can be taken out for, limits on long term borrowing amounts, total operational boundary and authorised limits. Simultaneously the Council's investment priorities are security first, liquidity second, and return last. Therefore it is effectively balancing risk and reward with this approach in order to act cautiously with public funds. The Council has a credit worthiness policy to support its investment approach which has stringent credit criteria, time limits and monetary limits applying to institutions or investment vehicles, which again limits risk exposure.

The Council's treasury advisers have indicated that they expect investment returns to remain high during 2023/24, rates are expected to fall in 2024/25 as the inflation rate is falling. In light of these predictions for high returns and the uncertainty in the markets the Council plans to continue to invest in fixed term deposits of 3 to 12 month duration, which is deemed to be appropriate based on expert advice and maximises the returns based on current information.

Financial governance (continued)

While rates are higher the Council is considering investing in longer term instruments at these fixed rates. The Council has already noted that it will assess, with support from its advisors, other investments for 2-3 years to benefit from these rate of return.

For 2023/24 the Council has set its operational borrowing limit at £607.6m and analysis demonstrates that the borrowing requirements for the capital programme are fully affordable within this. The Council did not breach its Prudential Indicators in 2022/23 and there is no indication of this in the 2023/24 strategy. The Council sets limits in terms of its borrowing such that fixed rate instruments are encouraged, an upper limit of 100% of debt can be from this source, whilst riskier variable rates are not relied upon with the upper limit set at 15%. This seeks to reduce the exposure the Council faces, particularly given the the more recent trend of rising interest rates.

The Council's external debt as at 31 March 2023, gross borrowing plus long term liabilities, was expected to be £464.34m. Per the accounts it is less than this at £406.5m. The majority of the Council's borrowing is at fixed rates with the £92m with the Public Works Loans Board (PWLB) and £120m of LOBO loans at nominal value as at 31 March 2023. £83m of these are fixed rates and £37m have a stepped rate, therefore exposing the Council to some risk of variable rates. £35m will be in their call period in 2023/24 and have a break clause at every biannual interest payment date, £5m have a break clause every three years, and £80m every five years. In the current interest rate environment, the Council feel it is unlikely that the lenders will exercise their options to request early repayment of these LOBOs. 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. The Council works with their treasury advisers to formulate a view on interest rates in order to aid in developing their treasury strategy with regards to interest rate exposure and the constitution of their portfolio.

Mayor and Cabinet receive information on treasury performance twice a year via the Treasury Management Strategy, which includes performance data, and a mid-year performance report each October. This frequency is in line with other councils and is reflective of the low risk associated with treasury activity at the Council. The Council has substantial cash balances at £94m cash and cash equivalents and £218m of short term investments, all of which could be realised quickly should they be required. These are strong balances and it is clear the Council has sufficient cash available with which to support its day to day provision of services as this is greater than the full net expenditure requirement for 23/24 budget.

The latest performance information at January 23 confirms that the Council's portfolio performance is ahead of the overall benchmarking group, as well as a wider group of 22 London boroughs, using information available via the Council's membership of a treasury benchmarking group.

The Treasury Management Strategy for 2023/24 incorporates the capital plans of the Council, which for 2023/24 are £193m and reduce to £166m and £105m in the two following years. The Council plans to fund the majority of this with prudential borrowing of £108m in 23/24 and reducing in the latter years, the remainder being financed from Capital Reserves and Grants. This demonstrates a desire to reduce reliance on borrowing in the medium term and is sufficiently diversified.

The Council's borrowing need is calculated using the CFR (Capital Financing Requirement), 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 so its underlying borrowing need. The Council in 2023/24, and beyond, plans to keep an under-borrowed position, therefore is looking to only borrow as the need arises to limit exposure to credit and interest rate risks, this is prudent treasury management ensuring that the Council is not over exposed unnecessarily. The borrowing position is below both the operational boundary and the authorised limit and therefore does provide some headroom to borrow more should this be required, however the CFR is greater than both of these and therefore the Council is aware that must utilise other sources of funding such as grants. Cash supporting the Council's reserves, balances and cash flow has been used as an alternative funding measure, and as noted the Council has substantial cash balanced built up over a period of time to facilitate this. In the current economic climate this strategy is considered prudent while investment returns are low and counterparty risk remains an issue to be considered by the Council.

Pension Fund

Lewisham is the administering authority for the Lewisham Pension Fund, which is part of the national Local Government Pension Scheme (LGPS). The Council have both a Pensions Board and a Pensions Investment Committee to assist members in making decisions in relation to the pension fund, together they ensure that relevant information and assurances can be provided in relation to the Fund.

The constitution of the Pension Board consists of 2 employer representatives, and 2 scheme member representatives, all of them appointed in accordance with the Pension Board detailed Terms of Reference. Terms were reviewed and approved by the Board in March 23 and therefore are considered up to date.

The purpose of the Pension Board is to ensure the Council is complying with relevant legislation in it's administration of the fund and that there is efficient and effective governance arrangements in place. Ahead of the 2022/23 year clear workplan for the Board was set which committed to quarterly meetings and specific reports to ensure that the Board was effective in its duties. Meetings of the Board were observed as being fairly sporadic in the prior year, with a meeting held in October 2020 and then not again until March 22, and so the Board did not apply the same rigour in carrying out its role as we might expect. This has improved in 2022/23, with 6 meetings held between June 22 and September 23, and therefore there is an appropriate level of oversight taking place and evidence of adherence to the formalized workplan.

The Pensions Investment Committee (PIC) is an additional layer of assurance which mitigates some of the risk of the Pensions Bard not meeting regularly in 2021/22, as they met 5 times in that year.

Financial governance (continued)

This group regularly discussed fund performance, ways to ensure low carbon equities were considered in the investment portfolio and general updates. These items are sufficient for members to understand the performance of the fund and make decisions accordingly.

The Board review a training log and a breach log to ensure that the Council are effectively managing the fund and there is no evidence of breaches in 2022/23 observed from this information.

Formal responsibility for investment management of the Pension Fund is delegated to the Council's Pensions Investment Committee (PIC), which appoints and monitors external investment managers. Each investment manager has an individual performance target and benchmark tailored to balance the risk and return appropriate to the element of the Fund they manage. Managers are answerable to the Committee and The Treasury and Pensions Team within Strategic Finance at the Council, who look after the day to day running of the fund.

The Pensions Investment Committee meets quarterly, deemed sufficient based on the risk profile of the fund, and its focus is on discussion of investment performance reports, the register and other notable reports such as the results of the triennial valuation, investment strategy statement and funding strategy statements as well as opportunities to meet fund managers associated with investments where they can be questioned and held to account. We believe the agenda's for this committee to be effective and the direct contact with the actuary and individual fund managers represents strong monitoring arrangements.

We have noted in 2023/24 that there have been ad-hoc reports related to Climate Risk Analysis and the Net Zero Pathway and therefore demonstrates that the Council is also ensuring that its pension fund investments reflect its own priorities. The investment managers also consider the Committee's views on environmental, social and governance (ESG) factors. Details of the ESG factors are contained in the Investment Strategy Statement and published online.

The fund has a statement of investment beliefs which includes guidance on what investments the fund is allowed to make, aligned to the Council and fund priorities. This includes guidelines which encourage investment in climate change principles. Climate is clearly a key principle in the investment of the fund, their investment strategy is focused on diversifying the fund away from fossil fuels to low-carbon mandates.

Hymans Robertson continue to be the Council actuary and report on fund performance to the committee. The Council worked with the actuary to prepare a Funding Strategy Statement which is effective from 1 April 2023, having been approved by the Pension Investment Committee in February 2023. This sets out how money will be collected from employers to meet the Fund's obligations. Contributions, assets and other income are then invested according to the strategy and so ensures that the Council is taking a forward look when managing the fund.

At the end of 2022/23 the fund's assets returned 3.6% over the quarter, slightly less than the benchmark return of 3.9%. However the fund continues to perform broadly in line with its strategic benchmark over longer periods, with relative outperformance over the 1- and 3-year periods, and just behind its benchmark performance of 7.2% per annum since inception. This is suggestive of good performance and therefore would not impact the Council's ability to deliver its services. The annualised return of the Fund's investments over the last 12 months was -4.61%, which does demonstrate recovery in rates of return by the last quarter of the year. This annual performance was still 0.21% above the benchmark return. Over the last five years, the Fund's absolute return on its investments is 7.29%, which is approximately 0.66% above the benchmark return of 6.64%, therefore demonstrating this improved performance on a longer term basis.

The Pension Fund's value decreased over the year by £95m (5%), £1.750bn to £1.655bn. The Fund value of the fund decreased due to the changes in global markets mainly caused by the war in Ukraine. The quarterly reporting does demonstrate that the value of the Fund's assets increased by c. £57.2m over the final quarter of the financial year and are now £1,653.9m and this has continued in 2023/24, demonstrating recovery suggestive of effective management of the fund. The fund is not exposed to Russian markets, which would have been considered a potential risk in year, and operates a diversified portfolio that is aimed to ensure they are not overly exposed to any one area.

Overall, for 2022/23 the Actuarial Present Value of Promised Retirement Benefits is a net liability position of £141m. This is the value of assets when compared with what the fund expects to pay out, and is essentially a net loss position. This is a prediction, which has improved from a prior year predicted £620m deficit position. In context the current funding position has improved from 90% to 97% fully funded and is therefore a positive trajectory.

The net liability prediction is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on fund assets. Given this is present value calculation based on assumptions, rather than actuals, there has been an improvement from prior year and currently there are sufficient assets to fund liabilities arrangements are adequate. There was an increase in assets in the prior year and as such currently this is seen as a one year impact of market conditions and will be reviewed again next year.

Conclusion

Overall, although we have identified areas for improvement in arrangements, these represent actions to be taken to ensure best practice in ensuring financial sustainability and do not represent a weakness in current arrangements. The Council's financial arrangements remain fit for purpose and improvements have been evidence since the prior year, therefore demonstrating a positive direction of travel.

Improvement recommendations – Financial Sustainability

Improvement Recommendation 1

Increasing demand for homelessness related services, such as temporary accommodation, is increasing across the sector and therefore the Council may benefit from learning from other organisations who have also successfully responded to the demand side challenge via prevention strategies

Summary findings

The largest overspends in 2022/23 relate to childrens' social care, education services and strategic housing which are all demand led services and common sources of pressure across the sector, as such not evidence of a lack of control specifically attributable to the Council. We have noted extensive actions being taken to respond to the issues within education and childrens' social care and the cost drivers are well understood. The strategic housing pressure is a result of increasing demand for temporary accommodation, with demand outweighing supply the Council are being forced to fund expensive private provision to meet its statutory duties. The service is actively seeking to reduce numbers accommodated and is set to embark on the purchase of up to 300 new units for this type of accommodation. This will potentially reduce the numbers accommodated in expensive nightly paid accommodation. This seeks to address both the cost and supply challenges associated with the service but does not impact demand.

Management comments

XXX

Improvement Recommendation 2

The Council should keep risks under review within the budget to ensure they are complete, and fully mitigated, incorporating emerging risks into financial plans as they arise

Summary findings

The budget includes consideration of risks which have not been funded, due to insufficient funding to do so, and/or are difficult to quantify with any certainty. Officers continue to undertake work to fully assess and monitor these risks, have contingency included within the budget to respond as they emerge and have sufficient reserves. The risks identified are in line with sector wide risks that apply to Lewisham. Emerging pressures noted from the 2022/23 outturn and 2023/24 budget monitoring to date are childrens' social care and temporary accommodation within the strategic housing service, the Council are also in the process of bringing Lewisham Homes Ltd services back in house, we would suggest each of these areas carry potential unanticipated costs and therefore are additional risks to the budget.

Management comments

XXX

Improvement recommendations – Financial Sustainability

Improvement Recommendation 3

Given the track record of under-delivery against target the Council should review the approach to savings identification process by moving away from the roll forward approach to savings each year, towards a full refresh of the savings programme. Given the trend of savings under delivery each year consideration should be given to including an optimism bias adjustment to ensure it is realistic in its requirements.

Summary findings

In 2022/23, there were £25.8m of savings to be delivered included in the budget in order to breakeven, including £5.6m as yet undelivered from 2020/21, £8.4m undelivered from 2021/22 and £11.8m new savings for 2022/23. Savings are continually rolled forwards into each year's budget, with many undelivered for several years.

Management comments

XXX

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Improvement Recommendation 4

To maximise the benefit of the 'deep dive' exercise into the pressures within childrens' social care the Council should seek to develop a detailed action plan which is monitored sufficiently regularly with the support of service heads and members. The Council should extend the deep dive process to cover other services with significant overspends.

Summary findings

The Council has a detailed understanding of the causal factors associated with the pressures in Childrens Social Care and undertook a deep dive into the challenges, which was presented to members via the Public Accounts Select Committee in March 23. This information is useful to help members and officers in understanding the drivers of cost and demand, but no action plan to address the findings has been observed.

The deep dive approach to investigating the causal factors of the pressures in Childrens Social Care has been effective in clearly identifying where the Council should target its actions to address continued overspend and savings under-delivery. In 2022/23 and 2023/24 to date the Council has also experience significant overspends in Adults Social Care, Education Services and Strategic Housing for which deep dives have not yet taken place.

Management comments

XXX

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Risk Management

The Council reviewed and refreshed its Risk Management Strategy in 2022/23. The Strategy, covering 2023-27, was approved by the Council's Executive Management Team in late November 2022 and subsequently presented to the Audit Panel in March 2023. As such it has not been in place for the majority of the 2022/23 year, but has been applied to the quarter 4 reporting processes. The first three quarters of the year risk was managed under the previous strategy .

We would expect policies of this nature to be refreshed within a 3-5 year period, although the wholesale refresh was delayed it did take place by 2022 and the strategy in its old format 2017-22 edition was last seen by the Panel in June 2021. As such this refresh has accordingly met this recommended timeframe required to ensure it remains fit for purpose.

The strategy itself is clear, concise and guides users through all elements of the process we would expect to see (identification, evaluation, response, monitoring and reporting), with useful examples at each stage. To guide staff in identifying and evaluating risks a web form has been developed which is used for collecting information about new risks being identified. This standardized approach ensures consistency across services and ensures efficiency when collating information, this is an area of good practice that successfully streamlines the process which the strategy update sets out to achieve.

Alongside the strategy the Council has acquired a new bespoke Risk Management software, this was installed in May 2023 and seeks to digitise the process. This again achieves standardisation of approach and recording of risks across the Council and adds to the efficiency of the process. We note that the updated strategy was brought into effect prior to the acquisition of the software, the software is underpinned by the framework in the strategy, however there is no additional guidance (or link to additional guidance) within the Risk Management Strategy related to applying the strategy in practical terms within the new tool (Recommendation 5).

The Council's Audit Panel (now the Audit and Risk Committee) continues to receive quarterly reports on strategic risk management from the Executive Management Team, including the Risk Register for review. The format of the register is very much informed by the strategy and the new software and therefore there has been a notable change in the reporting for the final quarter in 2022/23. Although this position is very much an interim style, as the new software is 'built out' to maximise its full capability and functionality. While the software is being updated the Council are reporting risks in the previous tabular format as well as a summary from the software itself. During the transition period this ensures that members have an understanding of the changes and do not lose any information upon transition.

Risks continue to use a well established and understood. A 5x5 matrix scoring system is utilized and risks are RAG rated. However the new framework, and software, includes a broader range of risk categories compared to the previous strategy (which included high, medium and low risk only). This ensures that specific approaches can be applied based on a more accurate reflection of the nature of each risk, this is particularly important for HILL (High Impact Low Likelihood) which, unlike other risk, are typically large-scale risks managed through business continuity and resilience approaches as opposed to risk reduction techniques. Other improvements as a result of the new strategy and software include assigning each risk to a specific individual to increase accountability and including a specific response approach aligned to the 4T's within the new framework (tolerate, transfer, treat, terminate). Details of controls and assurances and linking risks directly to corporate priorities is not yet complete, nor does the tool include the direction of travel for each risk. These features would give more oversight and transparency to members with a brief statement explaining the reasons why risks is increasing, decreasing or remaining static. This would be best practice and as such the Council may consider these areas as it continually reviews and updates the new tool. (Recommendation 5)

Governance (continued)

From quarter 4 the Council include, alongside the risk register, details of changes in risks since the last report. This is useful to demonstrate to decision makers the impact that external factors, or Council implemented responses. Therefore, it would be beneficial to consistently include this information in reports going forwards [Recommendation 5].

As at year end 28 risks were identified on the corporate risk register. We would expect the number of risks, that is deemed manageable but also reflective of the size of a Council such as Lewisham, is between 15 and 30 based on our experience and that we see at other similar Councils, therefore being within this threshold the number of risks are manageable. All risks are strategic in nature, rather than operational, therefore ensuring the register is effective in its aim of managing risks to achieving the corporate objectives of the Council. Overall, the risks included pertain to the objectives and services the Council provides. Two potential emerging risks that we would expect to see are the risks associated with the in-house transfer of Lewisham Homes and the impact of the imminently expected Ofsted re-inspection of Childrens Services. The Council has acknowledged the Lewisham Homes risk within the quarter 4 reporting and this is expected to be included in a later iteration, we would encourage this ongoing review of risks to continue to consider areas such as Ofsted [Recommendation 5].

The new strategy formalises that the Council will commission, at least once during this strategy's lifespan, an independent internal review on its operational effectiveness, as well as actively seeking feedback from users, ranging from operational staff managing and identifying risks to Senior Leaders. This will ensure that the strategy can continually evolve, this and remains fit for purpose.

Internal Audit's opinion, for 2022/23, is that the risk management arrangements at the Council for the year ended are effective and provide satisfactory assurance. In 2021/22 time was taken to develop the Council's risk approach to include its reporting, content and integration with wider decision making. Whilst there has been considerable progress during the year as a result of the new strategy, further development is needed. We have observed this taking place consistently with changes to the reporting of risks and use of the software since Internal Audit's year end reporting was produced.

Internal Audit

The audit service continues to be delivered by an in-house team of auditors complemented by support from PWC and TIAA. Despite changes in senior leadership and the Head of Internal Audit being relatively new to the Council, in post since January 2022, we have observed a good level of communication between Internal Audit and those officers. The Council is well supported by their Internal Audit function.

Internal Audit develop their plan ahead of each financial year based on risk assessment and discussion with officers and members to ensure it has sufficient coverage of the Council's operations and high-risk services. The 2022/23 Internal Audit Plan was approved by the Audit Panel in March 22 and accounted for a total of 770 days across 31 audits.

Of the 31 audits 15 related to individual schools as opposed to council-wide services. There are no significant Ofsted concerns regarding schools associated with the Council, there is a good track record of Internal Audit ratings from these audits and there are no significant risks in the risk register related to schools as a whole or individually. As such it could be suggested that the Plan is not sufficiently targeted based on risk and therefore there is opportunity for the Audit and Risk Committee to liaise with Internal Audit to ensure a diversified Plan going forwards [Recommendation 5].

The Internal Audit team experienced capacity issues in the prior year and as such entered 2022/23 with a backlog of assurance reviews to complete. At the end of 2022/23 the Internal Audit team was able to clear this backlog and completed 19 2021/22 reviews alongside 31 2022/23 engagements. At the year end there were 8 reviews which had not yet been reported, however fieldwork for each had been completed and a draft report provided to management for comment, as such these do not represent any gaps in assurance. The Internal Audit team did remove 15 reviews from the original plan, 6 due to lack of capacity in the Internal Audit team and others due to service restructures or delays by individual schools being reviewed. The removals are across a range of services and therefore do not represent gaps in assurance as there is sufficient coverage across the Council.

Overall, of the 50 reviews completed in 22/23 3 received 'limited' or 'no' assurance (6%), fewer than the prior year when there were 4 'limited' assurance reviews, and therefore does not suggest a pervasive control issue across the Council. The reports with these ratings cover air quality, contract management and IT asset management with no common themes suggesting systemic issues.

The removed audit reviews and 'limited' and 'no' assurance reports have not had a negative impact on the overall Head of Internal Audit opinion, which remains positive in its assurances of the control environment of the Council.

The annual Internal Audit report confirms that all internal audit work was taken in accordance with the Public Sector Internal Audit Standards. The required External Quality Assessment was carried out in 2021/22. This review is required every 5 years by the standards and so the Council has been compliant in undertaking this in the expected timeline. The assessment concluded that Lewisham generally conforms to the Standards. This is the top of a three-point scale that also includes 'partially conforms' and 'does not conform' as possible outcomes.

Governance (continued)

Noting that external assessments are only required every fifth year, in 2022/23 Internal Audit supported the conclusion by undertaking a self-assessment that was reported to the Audit Panel during 2022/23. This confirmed that the service has addressed all of the improvement matters noted in the 2021/22 external assessment.

Compliance and Complaints

The Council's Constitution and Codes of Conduct set out the standards of behaviour expected of officers and members in undertaking their roles. Discussion with the Council's Monitoring Officer confirmed that, while there are instances of trivial non-compliance each year, there have been no significant instances in 2022/23 which have required escalation nor cause concern over the Council's governance.

The Council has a Standards Committee in place who met twice during 2022/23, with the overriding purpose of monitoring whether the expected behaviors of Council members and employees are being complied with. In 2022/23 this has predominantly been achieved by the monitoring of complaints at Council-wide level. Three meetings of this committee were cancelled in 2022/23 and this is reflective of the low level, and risk, as a result of complaints levels at the Council. The committee has two sub-committees to consider specific cases in detail as they arise and therefore supports the overarching committee between its meetings, therefore mitigating any risk associated of less frequent meetings taken place. It is clear that upholding appropriate standards of behaviour is taken seriously by the Council.

The Council has clear and transparent processes in place for the lodging and monitoring of complaints. Where standards are not felt to be being complied with it is important that the Council respond in a robust and timely manner to ensure these do not escalate and have a wider impact on the ability to meet objectives. An annual complains report is presented to Mayor and Cabinet, following review by the Executive Management Team and the Standards Committee, to ensure that those at the top-tier of the organisation are sighted and can take action should this be required. The report sets out complaints and casework performance in 2022/23 as well as the measures being put in place to improve complaint handling, performance and service delivery. The report for 2022/23 shows that performance was at 74% for complaints answered within 10 days against a target of 90% and has improved by 1% compared to last year despite a significant increase of complaints by 20%. It is also worth noting that 98% of all complaints received were completed in 11 days (just 1 day outside of the Council's target of 10 days) and therefore is not indicative of serious challenges in this area. The Council has recognised improvements that could be made and have begun to progress these. This has included ensuring that the Corporate Complaints team meet on a monthly basis with several teams that either have relatively high volume of complaints, and/or poor performance. The Council has invested in complaints software iCasework to generate efficiencies and developing Complaints Handling Induction courses.

Complaints can be escalated to the Local Government and Social Care Ombudsman where they are considered to be serious in nature or have not been dealt with effectively by the Council.

A total of 31 investigations for the period between 1 April 2022 to 31 March 2023 were undertaken by the Ombudsman, of which 68% were upheld, meaning action was required to resolve the complaints following investigation that was not initially identified as required or addressed by the Council's own processes. This compared favorably to 77% average nationally, but only 14% of those cases had satisfactory remedies already issued by the Council. In 100% of cases the Ombudsman were satisfied the Council had successfully implemented recommendations following their work. The number of cases is small, however if the number of upheld decisions continues to rise, as there has been small increases year on year, the Council may need to consider improving its own internal processes to respond (Recommendation 6).

The Ombudsman's work resulted in a total of 16 compliance outcomes but have raised concerns via a letter to the Council that in 4/16 of the cases recommendations were not completed within the agreed timescales, delays in apologies being provided to complainants and lack of explanations for all cases where there were delays. This was the third time the Ombudsman had to raise such concerns with the Council. Therefore the Council should review its arrangements for liaising with the Ombudsman to ensure responses are on time and to consider how it might reduce delays in complying with agreed recommendations (Recommendation 6).

Ongoing training is a key mechanism by which the Council ensures that quality and standards in decision making are upheld. Mandatory training compliance is considered to be a priority under the current Chief Executive, which is necessary to increase due to staff turnover that has taken place over recent years. An area of good practice noted is internally developed software which builds in a 'countdown' for each piece of mandatory training, if the target date is not complied with the user is locked out of all systems. This measure is aimed at improving training culture with immediate effect.

On 27 March 23, the Council was served with an Enforcement Notice by the ICO (Information Commissioner's Office) for its poor performance in responding to Freedom of Information requests (FOIs) within the statutory time limit of 20 working days, specifically relating to the backlog of requests that has built up. The enforcement order required the Council to publish an action plan within 35 days and close the backlog of FOIs within six months. We confirmed an action plan has been agreed with the ICO and all teams are working together to clear the historical backlog. The action plan is also published on the Council's website. Confirmation from the Monitoring officer indicated that the Council has complied with the ICO's FOI Enforcement Notice and as a result of the actions taken to date there are no historic FOI responses outstanding. An updated improvement plan will be published on the Council's website imminently and will continue to be reviewed by the Monitoring Officer who, in turn, updates members informally, regularly, and updates Mayor & Cabinet periodically.

Governance (continued)

The Council has an Anti-Fraud and Corruption Team (A-FACT) dedicated to the deterrence, prevention, detection and investigation of any fraud or irregularities within Council proceedings. The A-FACT investigates all fraud and irregularity reported to the Council. Their annual report for 2022/23 highlights the fraud activity undertaken in the year. A reduction in Covid-related workload has allowed for resumption of more preventative and governance work, including fraud awareness training and developing a revised counter fraud policy. The percentage of new cases of special investigations increased by 67% in 2022/23 (67 cases in 21/22 to 112 in 22/23). The team have reviewed the increase and confirmed that there is no strong evidence that this represents an increase in the underlying level or vulnerability to fraud. This is viewed as an expected rebound to 'routine' referrals in line with a more general return to regular business. Given the significant staff base at the Council this is not considered to be a high number of cases. At the same time the Council has seen a reduction in heavy response workload allowing the service to look more long-term to strengthen the Council's counter fraud response, including expanding the capacity of the team.

Page 410 Policies, Constitution and Committees

It is important that the Council keep key policies under review, we would expect this to take place every 3-5 years, in order that they remain fit for purpose within the evolving internal and external environment. In 21/22 we confirmed that a revised Whistleblowing Policy was in development pending the completion of internal consultation and approval. In 2022/23 it has been reviewed by Senior Officers at the Assurance Board and presented to the internal staff Change Network on 26 October 2022. However the Council still retains the October 2017 policy per its website which is outdated and outside of our expected timeframe for review. We are aware the updates have taken place and therefore the Council will need to ensure the latest version is made available and easily accessible to all staff to ensure policy is followed consistently (Recommendation 7).

The Council reviewed and updated its Anti-Fraud and Corruption Policy in September 2023, this is updated on an annual basis, and approved by the Audit Panel/Audit and Risk Committee. The policy has clear roles and responsibilities and sets out the Council's commitment to embedding an established anti-fraud culture. The policy sets out the standards and requirements from all Members, Officers, Agency Workers, Consultants and Contractors and therefore ensures responding to fraud risk is the responsibility of all people involved in Council services.

The Constitution underpins all decision making at the Council and is a key governance tool. The Constitution is kept under review regularly by the Council and was last revised in May 2023, pending completion of a full review which is ongoing. Constitutional changes were reported to Full Council in March 23 for their approval and therefore the rules set out within it have been agreed by the leaders of the Council. The changes made predominantly relate to a strengthening of the committee structure including changing the name of the Audit Panel to the Audit and Risk Committee and expanding its remit, reducing 4 planning committees to 2 and simplifying the Overview and Scrutiny structure from a three tier to a two tier system. This has achieved efficiency through streamlining whilst maintaining a strong governance structure. There is an ongoing Scrutiny Task & Finish Group looking at the effectiveness of the Council's scrutiny arrangements to ensure that as the changes embed they remain effective.

In October 2022 the Redmond Review was published, which is CIPFA's published guidance on the role of Audit Committees in local authorities. The Audit Panel's March meeting included a report on this guidance and its implications for the role and work of Lewisham's Audit Panel (now Audit and Risk Committee). Overall, based on self assessment, the Council committee 'materially conforms' with CIPFA's expectations. However the opportunity has been taken to review arrangements despite this level of compliance and in line with the guidance the committee agreed that 3 independent members would be appropriate, 2 as the minimum, as they can be very useful in this area and that recruitment should be a priority. This is evidence of the Council's ongoing drive to improve its governance arrangements.

Conclusion

Overall, although we have identified areas for improvement in arrangements, these represent actions to be taken to ensure best practice in ensuring robust governance and do not represent a weakness in current arrangements. The Council's governance arrangements, where unchanged from prior year, remain fit for purpose and improvements have been evidenced since the prior year, therefore demonstrating a positive direction of travel.

Improvement recommendations – Governance

Improvement Recommendation 5

The Council should continue its iterative improvement journey in relation to risk management by specifically:

- including additional guidance (or link to additional guidance) within the Risk Management Strategy to assist users in applying the strategy in practical terms within the new software tool the Council has implemented
- linking risks to corporate objectives, completing the approach to responding to each risk within the risk register. Ensuring gaps in information are completed, there is a direction of travel of each risk and ensuring completeness of controls and assurances information
- consistently including details of changes in risks since the prior period within each report to Audit and Risk Committee to allow members to understand the impact actions are having on the risk profile of the Council
- ongoing review of the risk register to ensure completeness of risks, ensuring emerging risks are captured.
- liaising with Internal Audit to ensure that their Audit Plan is sufficiently diversified and reflective of risks in the risk register

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The Council reviewed and refreshed its Risk Management Strategy in 2022/23 and the Strategy, covering 2023-27, was approved by the Council's Executive Management Team in late November 2022 and subsequently presented to the Audit Panel in March 23. This was implemented before the Council acquired its new risk management software in May 2023.

Updates have been made to the format of the risk register to include responses aligned to the 4T's within the new framework (tolerate, transfer, treat, terminate). Details of controls and assurances and linking risks directly to corporate priorities is not yet complete, nor does the tool include the direction of travel for each risk. This would give more oversight and transparency to members with a brief statement explaining the reasons why risks is increasing, decreasing or remaining static. While the new risk management software is being updated the Council are reporting risks in the previous tabular format as well as a summary from the software itself, the summary format does not present all of the key information members require with which to understand and make decisions based on risk.

Summary findings

From quarter 4 the Council included, alongside the risk register, details of changes in risks since the last report. This is useful to demonstrate to decision makers the impact external factors, or Council implemented responses are having.

Two potential emerging risks that we may expect to see are the risks associated with the in-house transfer of Lewisham Homes and the impact of the imminently expected Ofsted re-inspection of Childrens Services. The Council has acknowledged the Lewisham Homes risk within the quarter 4 reporting and this is expected to be included in a later iteration

Of the 31 internal audits 15 related to individual schools as opposed to council-wide services. There are no significant Ofsted concerns regarding schools associated with the Council, there is a good track record of Internal Audit ratings from these audits and there are no significant risks in the risk register related to schools as a whole or individually.

Management comments

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Improvement recommendations – Governance

Improvement Recommendation 6

The Council should ensure that internal processes to respond to complaints are effective therefore limiting the need for input by the Local Government and Social Care Ombudsman. Where complaints are raised to the Ombudsman the Council should review its arrangements for liaising with them to ensure responses to their recommendations are timely.

Summary findings

A total of 31 investigations for complaints in the period between 1 April 2022 to 31 March 2023 were undertaken by the Ombudsman, of which 68% were upheld, meaning action was required to resolve the complaints following investigation that was not initially identified as required or addressed by the Council's own processes.

The Ombudsman's work resulted in a total of 16 compliance outcomes. They have raised concerns via a letter to the Council that in 4/16 of the cases recommendations were not completed within the agreed timescales, delays in apologies being provided to complainants and lack of explanations for all cases where there were delays. This was the third time the Ombudsman had to raise such concerns with the Council. The Council should review its arrangements for liaising with the Ombudsman to ensure responses are on time and comply with the agreed recommendations

Management comments

xxx

Improvement Recommendation 7

The Council should ensure that the most up to date versions of key policies and procedures, such as the Whistleblowing Policy, are available and easily accessible to staff to ensure they can be followed consistently across the Council.

Summary findings

In 21/22 we confirmed that a revised Whistleblowing Policy was in development pending the completion of internal consultation and approval. In 2022/23 it has been reviewed by Senior Officers at the Assurance Board and presented to the internal staff Change Network on 26 October 2022. However the Council still retains the October 2017 policy per its website which is outdated and outside of our expected timeframe for review.

Management comments

xxx

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives where it commissions or procures services assesses whether it is realising the expected benefits.

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Performance Reporting

Since the prior year the Council has updated the way it monitors its financial performance. The Council has moved away from reliance on Key Performance Indicator (KPI) reports to members outside of Mayor and Cabinet meetings and Directorate Management Reports also monitored at informal directorate meetings and Executive Management Team Meetings. This approach was not presenting performance in a transparent way and focused predominantly on high-rated risks. In 2022/23 the Council developed a centralised online dashboard for monitoring these metrics and this is made available publicly via the website in order to address the transparency issue. The data on the website is made available through the Power Bi data platform which makes the data more visually immersive for the public to view and is easy to understand. There are 69 KPIs overall and each is linked directly to a priority in the Corporate Strategy and therefore means the Council are proactively monitoring the actions and targets that would impact whether they can meet their key objectives. At the time of undertaking our review in October 2023 quarter 3 data for performance was being reported externally and therefore a 10 month time-lag, within this some information for individual targets is also outdated and from 202/21 and 2021/22 in some instances. This reduces the benefit of the information as decisions cannot be reliably be based on out of date information. Quarter 4 data has been collated and presented to Mayor and Cabinet in September 2023, it was approved and expected to be uploaded into the public dashboard imminently. Although the time-lag is reducing this still limits the benefit of the data to decision makers. The tool is very much a work in progress and is being updated iteratively. The Council should maximize the benefit the tool can provide by including a target to gauge performance against (there are currently gaps) and a clear owner for each KPI could be identified to aid accountability(Recommendation 8).

The fact that the KPI reporting from the dashboard has been made available to Mayor and Cabinet prior to publication on the website is a direct response to our prior year findings and should be continued to allow effective scrutiny of the performance in a formal setting.

There is also benefits to be realized by presenting this information at the same timeline as financial reporting so that the impact of financial decisions on operational performance, and vice versa, can be considered.

No significant changes are expected to the tool in 2023/24, however it is kept under review with members, a further metric related to debt exposure has been proposed informally as well as a commitment to reduce the time lag in the data.

Individual directorates continue to have their own performance management metrics, which are reported in the Directorate Management Reports internally, but these are not necessarily linked to corporate priorities as the Council-wide KPIs are. We would recommend that a process takes place to ensure that directorate metrics are consistent with and work towards the Council-wide priorities and KPIs. Discussion with officers have confirmed that the directorate KPIs will now be mapped to corporate strategy and developed into an annual report. This work has started and will compliment the KPI reporting at Council level (Recommendation 8).

The Corporate Strategy, spanning 2022-26, aims to entirely revamp the way performance is measured and managed. As evidenced, action are well underway to achieve this. Future performance monitoring will culminate in an annual report to Full Council, where progress against external and internal priorities will be reported on. Therefore it is clear that the Council is on an iterative improvement journey in relation to non-financial reporting.

Improving economy, efficiency and effectiveness (continued)

Benchmarking Analysis

Using Grant Thornton internal benchmarking tools, which makes use of the annual RA data (budget) return forms sent by each council nationally to Department for Levelling Up, Homes and Communities (DLUHC), we have compared the budget of Council services with all other London Boroughs. This is a tool designed to highlight high level potential opportunities for savings where budgets are comparatively high, with the caveat that the information does not account for variances between boroughs in demographics or differences in the categorisation and completion of the underlying RA returns by different councils. This analysis has identified those services with very high comparative budgets.

Lewisham is relatively well funded in terms of DSG allocation, with the exception of the High Needs Block where Lewisham, as with most other Councils in both London and nationally is facing pressures. The data is showing higher than average levels of per pupil funding, which (with the exception of the High Needs Block) has in part been the driver for the majority of Lewisham schools being able to set a balanced budget and not operate with a deficit. The overall schools position is a surplus of £19m, down from a surplus of £26m in 2021/22. However, there are still some schools running a deficit position within this. At the end of 2022/23 21 schools are now in a deficit position. The dedicated Schools Finance Team continues to work closely with Schools to support where this is possible. All schools in deficits are required to progress a deficit recovery plan where one is not already in place.

Within the Council's year end outturn reporting and budget monitoring for 2023/24 to date it is clear that the cost and demand pressures in this service are well known, which are predominantly related to pupils within the High Needs Block funding. The schools element of the budget has performed on target and continues to do so. However pressures within Education Services are being caused by:

- increased costs and demand in home to school transport for those pupils who are looked after children or have complex needs,
- direct additional costs for increasing numbers of children with complex needs as a result of the additional ratios of staff to pupils required
- the need for more Education Psychologists due to the continued increasing numbers of education, health and care plans (EHCP's).

As noted within Financial Sustainability, as part of the response to the DSG deficit, the Education Service is currently working towards a mitigation plan with the Department for Education (DfE) as part of the Delivering Better Value support package, to focus on reducing costs whilst maintaining service quality. This is in development, there is an expected time lag before the actions are fully embedded and able to impact the current high costs. The Council should consider ensuring there is regular oversight of the action plan, as a stand alone item or via inclusion within the newly developed KPI reporting, to ensure that the embedding of actions can be progressed (Recommendation 9).

As measured by the Council's own KPIs for quarter 4 of 2022/23, quality of education related services is good with school related metrics performing well or close to target level. The metrics demonstrate that overall pupils have high levels of attendance, achieve the grades expected and are not excluded in significant numbers. There is the caveat that some of this data is outdated due to Department for Education publishing delays and therefore we are unaware of the impact of the current high unit cost on all metrics for 2022/23.

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Service	Total Cost 22/23 £000	Units (per head/per dwelling)	Unit Costs £	Unit Cost Score
Primary schools	186,723	21,703	8,603.56	Very High
Secondary schools	108,204	9,790	11,052.50	Very High
Special schools and alternative provision	60,796	52,273	1,118.38	Very High

Improving economy, efficiency and effectiveness (continued)

Currently, the KPIs focus on education outcomes, which are important, however the cost drivers are not considered. Given the overspends and DSG deficit the Council should consider, when reviewing their KPI reporting, including metrics which focus on these cost drivers so that specific actions to target them can be discussed (Recommendation 9).

Service Quality

The Council's own performance monitoring is a key mechanism by which the council can judge the overall quality and effectiveness of its services. At the end of 2022/23 13 of the Council's 71 KPI's were rated as 'working to improve' meaning they were behind target performance, this is around 18% and shows the majority of metrics are performing positively as a result of council actions. The below target metrics are across a range of issues such as Freedom of Information (FOI) and Subject Access Request (SAR) response rates, agency staff page, numbers of homes being delivered, ethnic diversity, flu vaccinations and HIV status statistics and therefore not indicative of any systemic quality problems as these are diverse in nature. The reporting includes the actions being taken in all cases and as such demonstrates immediate response by the Council.

The metric which would be considered the furthest behind target is number of net additional homes delivered which is at 599 compared to a target of 1,385 (56.7% below target). The Council are progressing home construction, with a capital programme weighted towards projects in this area, and are bringing Lewisham Homes back in house to ensure greater control over delivery. In addition, New Homes England statistics confirm that house building delays and supply issues caused by the pandemic started to recover from 21/22, as such the Council should start to see an improvement in the metric from its own actions and external factors. The data in the KPI reporting is from 2021/22 and therefore the impact is yet to be seen.

Internal Audit provide individual reports on services for which they have undertaken reviews, as well as an overall year end opinion on the effectiveness of controls at the Council, informed by its individual reviews. The lowest level of assurance that Internal Audit provide is a rating of 'no assurance' and is indicative of controls that are not operating effectively, they have the potential to impact the standard of service/s being provided. Internal Audit gave rated IT asset management processes within this 'no assurance bracket for 2022/23. The review highlighted that it found failures due to a lack of documentation and varying application of processes at each stage of the IT process from procurement, management and disposal of these assets.

11 actions were put in place, classed as high severity, and an action plan has been developed, assigned responsible owners. Internal Audit were informed between the draft report being issued to management and it being finalized that a number of actions had already been completed and therefore shows a timely response to the concerns raised. The findings relate to one area of the Council's estate, therefore the issues are not deemed to be pervasive, nor are physical IT assets a material element of the Council's substantial estate. This is supported by the fact that the year end opinion from the Head of Internal Audit is one of positive assurance as quality issues are not more widespread from their remaining reviews. Internal Audit plan to follow up the actions, and their impact.

External Reviews

Ofsted undertook a focused visit of Lewisham's Childrens Services in 2021. This was a follow up from a 2019 inspection of the service which 'required improvement to be rated good'. The re-visit noted improved and strengthened services for children in care and noted 5 further improvements.

The Council is expecting a full re-inspection imminently, although this has yet to be announced. The Council have ensured they are prepared for this re-inspection via a detailed self assessment which suggests that the Council are confident that they are now providing good services to children, young people and families. In responding to Ofsted's previous findings the Council have taken a forward looking approach by developing a series of formal strategies including those for addressing workforce issues in the department (Workforce Strategy) and care placement and budget issues (Sufficiency Strategy). Progress of these is monitored via the Corporate Parenting Board. The Council has also taken a retrospective look at the service via a 'deep dive' report taken to the Public Accounts Select Committee in March 23 which used detailed analysis to identify key cost drivers of the service with aim of taking targeted action going forwards to address these specifically.

Improving economy, efficiency and effectiveness (continued)

Ofsted's input is not limited to the Children's service at the Council but also spans schools under the Council's control and any partnerships it is part of that deliver services to children. The Council ensure that they are working towards high standards of children's care via these routes and specifically measure themselves against the expectations of Ofsted between inspections. The Council's KPIs within the performance dashboard include those in relation to the rating of schools against Ofsted principles. In quarter 4 of 2022/23 the Council has assessed that 97% of schools in the borough would be rated good or outstanding against a target of 96%. This ranks the borough 9th out of 162 authorities and demonstrates strong performance in this area.

In November 2022, a joint targeted unannounced inspection of Lewisham's Safeguarding Children Partnership (LSCP) which is a Council related partnership. The review was carried out by inspectors from Ofsted, the Care Quality Commission (CQC) and His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The review found that the partnership's arrangements were well established and are becoming increasingly effective. It recognised the significant efforts that services have made to improve whilst working together to respond to the needs of children and families in the borough. It stated that "The partners know their services well and have an accurate understanding of the collective local and national challenges they face." This is deemed to be a positive reflection of the services being provided, of which the Council contributes to. The report was presented to the Children and Young People Select Committee of the Council in June 2023 and the committee were informed of the 8 key areas of improvements that were found across the partner agencies. As a result an agreed action plan was developed with the partner agencies to drive improvement.

The Local Authority's own actions will be monitored to ensure quality and timeliness, monthly in the Director's Management meeting and responsibility for the overarching partnership actions is with the Local Safeguarding Children's Partnership (LSCP) Executive which meets bi-monthly. A review of the action plan indicates that all are all areas are on track with 3/26 areas having already been completed and therefore progress to date is positive.

The Council took part in the Local Government Association (LGA) Peer Review which was reported in Nov 2021, we recommended in the prior year that developing an action plan from the findings of the review would be beneficial to monitor success of the response to the recommendations, with oversight from a relevant committee or Mayor and Cabinet. There is evidence that an action plan has been developed and is published publicly on the Council website. Each action within this plan has been allocated a Director or Executive Director to lead and so has accountability built into it.

The Council has recorded progress against this action plan, and this has been shared with senior staff and Members internally, as well as with the LGA Peer Challenge Team. The LGA Peer Challenge Team re-visited Lewisham Council in January 2023, for a review of the progress made against the action plan. In their final feedback to the Council they stated "that the Council continues to be reflective and open to feedback" and "the Council has taken the peer team's recommendations from the full report seriously and made real progress in a number of areas. Therefore the Council has used the review positively to improve arrangements.

Modular Homes

The Council launched the Building for Lewisham (BfL) programme in January 2020 building on the previous New Homes Program and Lewisham Homes were the Council's direct delivery partner building new Council homes. The BfL programme adopted a mixture of construction methods to deliver the new homes. Based on the success of the award-winning temporary PLACE/Ladywell scheme the Council considered whether additional homes could be delivered through modern methods of construction (MMC), namely homes being built in a factory and then transported and assembled on site. Projects at Home Park in Lower Sydenham and Edward Street in Deptford were identified as appropriate sites for this type of build and a project for 65 homes via this method was initiated at an expected total project cost of £34m (including on costs and construction costs).

Following a competitive process, Caledonian Modular Ltd (CML) were selected as the main contractor for both projects in August 2020. Officers and members understood the contractor to be well established within the sector, and experts in this type of building method as the largest supplier of such homes in the UK. There was also evidence that the company had been used by other public sector bodies such as Her Majesty's Prisons (HMP) and the Ministry of Justice (MOJ).

Improving economy, efficiency and effectiveness (continued)

Work began on the project immediately, however in March 2022, when the project was 90% complete, CML announced they had been placed into administration and informed the Council works would not continue. Prior to the award of the contract the Council had undertaken due diligence arrangements including credit checks, but the information had not highlighted any issues at that stage. The company has cited issues at the sub-contractor level which impacted on the completion of the project and escalating costs. This suggests that the Council's due diligence arrangements should be reviewed and strengthened to ensure they capture information in relation to sub-contractors as well as the main contractor. In addition, ongoing financial and credit checks would have been beneficial in this instance to enable the Council to take action at an earlier stage of the contract, with the caveat that the ability to do so would be dependent on break clauses and penalties in the contract [Recommendation 10].

High inflation and interest rates have also been highlighted as a causal factor and recent government statistics show there were over 2,000 company insolvencies in March 2023 – a 6% rise on the prior year, this is an issue that has impacted the sector as a whole and is not Lewisham specific.

At the approval stage of the contract risks were identified and considered by members, this included the risk of contractor insolvency. It has been noted from the evidence and discussion with officers that the nature of the project, including modern building method with a relatively new market, was considered riskier than a traditional home building approach. In response to this the Council included a performance bond within the contract which could be reclaimed in this instance. The value of the bond is £2.8m, which is approximately 8% of the total project cost. This seems comparatively low to the total build cost, particularly for a project noted as carrying a higher risk. As such the Council may seek to review its procurement and contract guidance to ensure that performance bonds are set at an appropriate level in each contract, reflective of the risk being entered into [Recommendation 10].

Following CML being placed into administration the Council have developed an action plan and undertaken regular briefings with members, as such the issue and ongoing work to respond has been well communicated to decision makers. These communications resulted in an options appraisal exercise which was presented to members in July 23. This explored options to terminate the project and write off costs to date, proceed with the project under the company taking over CML operations or proceed with a new contractor following another tender exercise.

The appraisal included cost benefit analysis, which confirmed that all would result in a loss or additional cost to the Council but officers recommended the option to terminate the project which was the option of least financial loss. Although all options have a negative impact it is felt that the option selected protects further use of public funding.

31 social homes on the Home Park site were to be funded within the HRA and 34 social/temporary accommodation homes on the Edward Street site within the General Fund, as such the termination of this project will impact both. The written off costs will be funded from general fund reserves and the HRA funding set aside for the project at its outset. The Council, as noted previously, does have a strong reserve position and can support this without significant detriment to services. However, this would not be sustainable, as reserves are finite in their use.

The Council is now seeking, in terminating the project, to explore methods of cost recovery which involve selling or repurposing the homes in their current state. To date this has had limited success, and the Council is incurring costs of storage in the current financial year. As such the Council has set a cut-off date at which it will dispose of the homes rather than continue to incur these costs. The final design of the modular homes included bespoke elements as approved by members, however these bespoke design choices have made selling the homes challenging as there is little to no market for them. We would recommend, to avoid future issues caused by bespoke designs, that the Council consider ways it can update its existing contract and procurement rules to deter decisions away from this type of designs where there is a risk these may hinder the Council's ability to recover costs should the project fail [Recommendation 10].

The Council has been working on a solution to the issues generated, as a result of this specific project, throughout 2022/23 and into 2023/24. Although there are no further modular build projects in the capital programme there are similarities in the processes of any capital, procurement and contract management exercise and therefore lessons could be learned, with the aim of not repeating any unavoidable factors that lead to the failure of this project. At the end of each project a project closure report is produced which allows lessons to be learned for future capital projects and is an element of good practice. We expect that this will be undertaken for this project once it is deemed complete, which will be when the homes are sold, repurposed or destroyed. This is expected by the end of 2023.

In summary, the Council approved a project that was riskier than its traditional housing development programme at a time when the economy was challenging, as such the risk of contractor insolvency was higher than usual. Although this was recognised the Council and planned for this was not sufficient. The inclusion of bespoke elements to the design also added additional risk associated with the exit strategy, now being observed.

Improving economy, efficiency and effectiveness (continued)

Due to the Council's strong reserves position to respond to the financial impact of the project failure, and the fact that there is no evidence to date of other such projects in the Council's portfolio there does not seem to be a systemic issue. However, the failure and the inability to maximise cost recovery of the scheme should serve as a warning to strengthen the consideration of risk within capital, contract and procurement decision making (Recommendation 10).

Lewisham Homes Transfer

Lewisham Council formally took over responsibility for managing and maintaining more than 19,000 homes across the borough, following the transfer of staff and services from Lewisham Homes, its wholly owned subsidiary, from the 1st October 2023. Initial options appraisal was considered by Mayor and Cabinet in July 2022, followed by extensive consultation with tenants between August and October 2022, before the final decision was approved in December 2022. Appropriate options appraisal, member approval and public consultation for the users of the service has been observed prior to bringing the service back. This included a cost benefit analysis of the options which showed that returning the service to the Council to be directly managed will save the HRA money after two years the savings would facilitate improvements to the housing services provided.

Prior to the decision being approved it had been noted, via a recent stock condition survey, that 2,400 homes within the Council's stock portfolio have been identified as suffering from some degree of damp or disrepair and therefore highlighting challenges by the company in fulfilling its role in maintaining properties to an appropriate quality. The aim of bringing housing management back into the Council is to improve it for residents by providing a more joined-up service, linking housing and other Council services that residents rely on. This was an outcome of the change in Government regulation following the Grenfell fire tragedy for Housing Arms Length Management Organisations (ALMOs) with new regulations in force which the Council is legally responsible for fulfilling. As such, there is a clear rationale for the decision to bring the company services back in house linked to achieving improvements in quality, cost savings and ensuring legal compliance.

With regards to the issues of damp and disrepair a Repairs Implementation Plan was developed between the Council and Lewisham Homes prior to transfer where the company committed to undertake a target of 1,000 MOT reviews to identify work needing completion to improve the condition of the housing stock. This was previously been monitored and measured by Lewisham Homes, but upon transition the plan remained in place. We have not observed this being reviewed or challenged via the Council governance arrangements due to the focus on transitional arrangements.

It is expected that the newly established Housing Transformation Board will revisit the plan to monitor performance shortly after the full transfer of services has been achieved. This should be a priority to ensure that quality issues that the plan is seeking to address do not 'fall through the cracks'. (Recommendation 11).

The Council has ensured that it is well prepared for the transfer of services and set up required governance arrangements in advance, immediately following the approval of the decision in December 2022. This has included setting up the new Place and Housing directorate and ensuring it includes the remit of Lewisham Homes activities. Budget setting and monitoring is undertaken at directorate level internally and this ensures that the Council's existing financial governance arrangements cover the newly transferred services. There is evidence of this directorate being monitored via budget monitoring reports at period 2 and 4 to date and our review of budget monitoring arrangements has shown they are effective. As such the Council already has greater oversight and control over financial performance of Lewisham Homes' activities compared to prior year where it relied on the company to provide this.

In terms of non-financial performance the Council has the newly developed Corporate Performance Report which includes KPIs under the Quality Housing priority. KPIs under this priority focus on housing delivery, planning applications and temporary accommodation numbers less focus on quality related metrics. Due to the fact that the Council has inherited challenges with damp and disrepair to address upon transfer we might expect KPIs to be related to housing quality metrics, in addition to the current performance information (Recommendation 11).

Communication is a vital element in ensuring a smooth transition of staff and services, and an area the Council has demonstrated extensive and robust arrangements in relation to, both pre-transition, during and post-transition. The level, frequency and engagement observed in the process has allowed for multiple opportunities for challenge and scrutiny of the process. Pre-transition there has been clear involvement and updates to tenants, members via Mayor and Cabinet and Full Council and the Housing Select Committee. During transition arrangements were managed by the newly created Housing Future Programme Board, in place from March 2023, to ensure that there are the right resources and plans in place to enable the transfer to move at the required pace and meet the pre-agreed milestones for completion, as a phased approach has been taken. A clear governance structure of the Board was developed to ensure that resources were appropriately allocated to specific workstreams required to effectively bring different services and associated staff over from the company.

Improving economy, efficiency and effectiveness (continued)

In order for the Council to be able to absorb the housing services functions Mayor and Cabinet approved the establishment of up to five new Council posts to help deliver the project, as a result of the work of the Board. This Board has been supported by a steering group which has been able to feedback on challenges and successes to be incorporated at each phase of the transition.

The Board have effectively managed the transition via a specific risk register, a highlight report on RAG rated progress of each workstream and an actions and decisions log. By June 2023 none of the 6 workstreams were rated as red and all workstreams related to finance and communications were rated green as completed. The reporting, overall, shows that the transfer of Finance ahead of other services was successful and therefore appropriate to use as guidance for the remainder of transferring services.

The Housing Transformation Board (HTB) has been in place since the integration took place on 1st October and ensures there is a clear split of responsibilities, between transition and integration, and therefore has a different remit from the Housing Futures Board. The HTB had its first meeting upon completion of the transfer on 12th October and so the arrangements that were set up were able to be mobilised and effective immediately. It will be the responsibility of this Board collate performance information from housing directors of the service and feedback to the chair (Chief Executive) to ensure that there is sufficient focus on this area of operations, a direct response to the challenges faced previously.

The Council has demonstrated commitment to consistently identifying and applying lessons learned throughout the process. It planned a phased approach to the transfer with the Development Service being the first team to transfer in February 2023, followed by Finance in May 2023 and the remainder of teams by October 2023. This has allowed various touch points with which to assess success and make iterative adaptations as required, as well as using the newly transferred team to support those transferring at a later date and assisting with the embedding of Council processes. Training has been provided before, during and after transferring which has been well supported by a specific communication work strand within HR to ensure the transition is managed seamlessly. The Housing Futures Programme Board has been key in managing the process by receiving project reports from each project manager responsible for each workstream every two weeks, these included lesson learned. In addition, following the transition of the Finance team in May 2023 a formal exercise was undertaken to capture lesson learned in totality.

Overall there is evidence of strong governance structures and adequate resources in place to manage this transition. Implementation plans were developed and tested and lessons learned exercise helped shaped the next phase. The transformation phase is in its infancy and therefore there is limited evidence to assess how well the new arrangements have embedded, this will be a focus for 2023/24.

Conclusion

Overall, although we have identified areas for improvement in arrangements, these represent actions to be taken to ensure best practice in ensuring resources are managed effectively and do not represent a weakness in current arrangements. However the collapse of a housing contractor working with the Council should serve as a warning to strengthen procurement and contract management processes, particularly in considering potential risk, to avoid future situations of this nature. The Council's arrangements, where unchanged from prior year, remain fit for purpose and improvements have been evidenced since the prior year, therefore demonstrating a positive direction of travel.

Improvement recommendations – Improving economy, efficiency and effectiveness

Improvement
Recommendation 8
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The Council continue its ongoing commitment to improving non-financial performance reporting via the Corporate Performance Report and dashboard by:

- where within the Council’s control’ ensuring each KPI has a target to gauge performance against
- reducing the time lag in information being reported to ensure reliable decisions can be made using the information
- ensuring a clear owner for each KPI is identified to aid accountability where performance is below target
- continuing to present the information formally to members and consider doing so alongside financial reporting so that decisions in relation to non-financial performance can the financial impact assessed concurrently
- ensuring consistency of directorate level metrics with the council wide priorities and KPIs to ensure directorate level activity contributes to council wide improvement and objectives as opposed to working in silo

In 2022/23 the Council has developed a centralised online dashboard for monitoring non-financial performance metrics and this is made available publicly via the website, after oversight and approval by members. The tool is in continual development and is expected to evolve, as such the current version is not a finished product and provides the opportunity for further refinement.

Summary findings

At the time of undertaking our review in October 2023 quarter 3 data for performance was being reported externally and therefore a 10 month time-lag, within this some information for individual targets is also outdated and from 202/21 and 2021/22 in some instances. Quarter 4 data has been collated and presented to Mayor and Cabinet in September 2023, it was approved and expected to be uploaded into the public dashboard imminently. Although the time-lag is reducing this still limits the benefit of the data to decision makers. Observation of the tool has also noted that not all metrics include a target level or a clear owner for each KPI which could aid accountability.

Individual directorates continue to have their own performance management metrics, which are reported in the Directorate Management Reports internally, but these are not necessarily linked to corporate priorities as the Council-wide KPIs are.

Management comments

xxx

Improvement recommendations – Improving economy, efficiency and effectiveness

Improvement Recommendation 9

The Council should ensure there is regular oversight by members of the mitigation plan, currently in development, to respond to the overspends in Education Services and the DSG deficit, as a stand lone item or via inclusion within the newly developed KPI reporting, to ensure that the embedding of actions can be progressed. In order to ensure KPI reporting within the Corporate Performance Report is most effective in monitoring the cost drivers within Education Services the Council should consider including metrics focus on these as well as education outcomes.

Summary findings

The Education Service is currently working towards a mitigation plan with the Department for Education (DfE) as part of the Delivering Better Value support package, to focus on reducing costs whilst maintaining service quality. This is in development and time lag is expected before the actions are fully embedded and able to impact the current high costs effectively.

Currently, the KPIs within the Corporate Performance Report focus on education outcomes, which are important, however the cost drivers are not considered.

Management comments

xxx

Improvement recommendations – Improving economy, efficiency and effectiveness

The recent failure of the modular home project at Home Park and Edward Street the Council should serve as a warning for the Council to strengthen the consideration of risk within capital, contract and procurement decision making, specifically the Council should:

- Review and strengthen due diligence arrangements at the initial stages of contract procurement to ensure they capture information in relation to key sub-contractors as well as the main contractor.
- Ensure ongoing financial and credit checks take place at key points in the contract to enable the Council to take action at an earlier stage of the contract should there be evidence of financial difficulty of a contractor, with the caveat that the ability to do so would be dependent on break clauses and penalties in the contract.
- Review procurement and contract guidance to ensure that performance bonds, or other forms of security, penalty or remediation, are set at an appropriate level in each contract, reflective of the risk being entered into.
- Review its existing contract and procurement procedures such that the consideration of bespoke designs is made alongside the wider considerations of contingencies in the event that the project were to fail and the Council need to act to recover costs/remediate.

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Improvement
Recommendation 10

Summary findings

Following a competitive process, Caledonian Modular Ltd (CML) were selected as the main contractor for the modular build projects at Home Park and Edward Street in August 2020. The homes used modern construction methods and were seen to carry a higher level of risk than traditional builds due to this being a developing market. Members approved the plans based on due diligence, including credit checks, and evidence of similar builds under the same company at other public sector bodies. The decision was made, and the project initiated, during a time of economic downturn and financial challenge nationally as a result of the pandemic. As such the contractor was placed into administration in March 2022 due to the impact of rising interest rates, inflation and sub-contractor issues. The Council has undertaken option appraisal to determine the next steps for the project, which was 90% complete when the failure occurred. Analysis and consultation with officers has determined the preferred course of action to be to terminate the project, write off the costs to date and recover costs, where possible. To date recovering costs has been unsuccessful as the Council has been unable to sell or repurpose the homes due to their bespoke design. The Council is currently storing the homes, at a cost, and therefore should they be unsuccessful in selling or repurposing the homes they will be disposed of by the end of 2023 to limit the ongoing additional costs to the Council.

Management
comments

XXX

Improvement recommendations – Improving economy, efficiency and effectiveness

Improvement Recommendation 11

Upon the transfer back in-house of housing management and maintenance services from Lewisham Homes Ltd the Council should ensure that it has adequate arrangements in place to respond to and monitor issues that it will be inheriting upon transfer, relating to the 2,400 homes considered to have damp and disrepair issues. Specifically the Council will need to ensure that the legacy Repairs Implementation Plan is effectively monitored through relevant governance arrangements, such as the Housing Transformation Board, and that the Council's KPI's within the Corporate Performance Report and Dashboard are reviewed to include metrics relevant to required repairs.

Summary findings

Prior to the decision to transfer Lewisham Homes services in-house being approved it had been noted, via a recent stock condition survey, that 2,400 homes within the Council's stock portfolio have been identified as suffering from some degree of damp or disrepair. A Repairs Implementation Plan was developed between the Council and Lewisham Homes prior to transfer where the company committed to undertake a target of 1,000 MOT reviews to identify work needing completion to improve the condition of the housing stock. This was previously been monitored and measured by Lewisham Homes but upon transition the plan remained in place but we have not observed this being reviewed or challenged via the Council governance arrangements due to the focus on transitional arrangements. It is expected that the newly established Housing Transformation Board will revisit the plan to monitor performance shortly after the full transfer of services has been achieved.

Management comments

xxx

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
1 Financial Sustainability - Budget monitoring reports should clearly articulate the underlying causes for the under delivery of savings plans. Actions taken to address under delivery or proposed alternative plans should also be detailed within the report.	20/21	Improvement	Budget monitoring includes an appendix on savings which includes each scheme RAG rated with comments. Section 5 of each report also focuses on savings by directorate and service, this includes detailed narrative, focussed on under delivering services, as to the causal factors. There is limited information on actions taken and the Director of Finance plans to revise the reporting of savings in 2023/24 to focus more on actions taken on the savings schemes in year and move away from a focus on prior year savings undelivered.	Yes	No
2 Financial Sustainability - Given the uncertainty of the pandemic and current economic environment a routine re-profiling of the capital programme would be required. This needs to be complemented by detailed reporting on a scheme by scheme basis with detailed explanations explaining slippage that will assist with holding delivery managers to account for meeting project timescales.	20/21	Improvement	This has been undertaken in July 23 as confirmed in the Period 2 and Period 4 23/24 budget monitoring.	Yes	No

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
<p>3</p> <p>Financial Sustainability - In the continued efforts to improve savings performance against target the Council should explore ways to:</p> <p>1. encourage focused discussion by the Public Accounts Select Committee (PASC) on specifically under delivering savings schemes in 22/23</p> <p>2. undertake public consultation on the savings programme</p> <p>3. learn from successfully delivered schemes via post implementation reviews.</p> <p>4. savings under-delivery historically has been attributed to the Communities Directorate Adult Social Care Team and therefore Finance Officers should work directly with that team, in a targeted and collaborative manner, to focus on specific savings that can be generated from high unit cost services within this directorate that are not currently being addressed</p> <p>5. focus on identifying recurring savings which can impact each of the 4 years of the medium-term financial plan</p>	21/22	Improvement	<p>1. March 2023 paper to PASC focussed on Childrens' Social Care via a deep dive exercise into the causes of overspends and savings under-delivery. This deep dive approach is a positive improvement that the Council may wish to extend to Adult Social Care and Temporary Accommodation, which are the most significantly overspending areas in 2022/23</p> <p>2. There is still limited saving specific information included within the public consultation on the budget, however the format is more open in questioning to allow for comments as required. The detailed savings and budget for 2023/24 were submitted for pre-scrutiny in public meetings in December and January before being moved for decision and therefore do provide the opportunity for public questions. More could be done to gain specific feedback on savings proposal. Given the continual roll forward nature of undelivered savings, a new approach which includes service user input may be of benefit.</p> <p>3. Progress with delivery of savings is included in the monthly monitoring to Executive Management Team (EMT) and quarterly to members. This includes key performance data for cost drivers. The narrative on exceptions in the monitoring is also changing to include an assessment of risk and planned actions but this has yet to be achieved in 2022/23</p> <p>4. Service planning for 2023/24, which commenced in March and April 23, focusses on relevant benchmarks and performance indicators to track planned actions. This was not achieved in 2022/23.</p> <p>5. The MTFP for 2023/24 and 2024/25 still include identified savings predominantly for the first year of the MTFP with some in the second, none for the remainder. We are aware from the 2024/25 documentation that, due to the fact that 2024/25 is currently a balanced budget, that attention is now being turned to multi-year savings</p>	Yes	Superseded by recommendations 2 and 3

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
<p>4</p> <p>Financial Sustainability - The Council should develop a Workforce Plan or Strategy covering all aspects of the future workforce required for the Council to fulfil its priorities and that the Council align this framework to the existing 22/23 budget, future budgets and MTFP to ensure they're complementary of one another. This will ensure that the future establishment is affordable and Council priorities are met within budget constraints.</p>	21/22	Improvement	<p>The Service Planning template has been updated and the guidance for managers has been strengthened to include reference to workforce. Strategic HR Business Partners have been meeting with service directors to support this aspect of their planning using workforce metrics aligned to budgetary position/savings targets. This is informal and a step in the right direction. However, a formalised workforce strategy and supporting plan would be beneficial to plan the medium term outlook of the establishment based on planned service delivery and determine that it is affordable, decisions can therefore be made in advance of need in an area that represents one of the largest costs to the Council</p> <p>Discussion with the Chief Executive has also confirmed that the Council, in 2023/24, is aiming to develop a live staff directory which will improve the accuracy of the information held on the people within the organisation, enabling decisions to be made in relation to workforce more reliably.</p>	Yes	No – being addressed in 23/24.
<p>5</p> <p>Financial Sustainability - Overall the Council's arrangements to secure financial sustainability are appropriate, the Council may wish explore ways that it can make iterative improvements to demonstrate best practice financial arrangements. These could include developing actions that could be taken, at a high level, to respond should that 'worst case' scenario included in the MTFP should it occur and communicating this to members. This will ensure that the Council can respond in a timely manner should any aspects of that scenario materialise.</p>	21/22	Improvement	<p>The Council has continued to update the MTFS and this includes planning for 3 scenarios, including a worst case. The budget gap under the main case has improved between 2023/24 MTFS and 2024/25 MTFS which demonstrates the ongoing work to tackle medium term pressures. Risks, quantified and unquantifiable, are included in the budget and monitored via the budget monitoring reports to assess if they are emerging. The Council has not specifically detailed the actions taken against the worst case scenario, but risks to the budget are made clear in the documentation and the actions being taken to respond to them are having the desired impact.</p>	Yes	No

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
<p>6 Governance - Overall the Council's governance arrangements are strong and operating consistently in line with Council policies. The Council may wish to explore ways that it can make iterative improvements to demonstrate best practice governance arrangements. These could include:</p> <p>1. Updating financial monitoring reports to include details of actions being taken on overspending services throughout the year.</p> <p>2. Ensuring that presentation of financial performance to Mayor and Cabinet is sufficiently regular</p> <p>3. Undertaking effectiveness reviews of their committees to ensure that they are performing effectively against their terms of reference</p> <p>4. Incorporating assessments of financial performance into the appraisals of budget holders</p> <p>5. Investigating ways of increasing feedback response to consultations exercises</p> <p>6. Ensuring that Members are sighted in the lessons learned from the Financial Software IT Critical Incident.</p>	22/23	Improvement	<p>1. Reporting of risks has improved within the budget monitoring reports to demonstrate actions being taken to control them, whether quantified or unquantified. In addition 'deep dive' work has been done in Childrens' Social Care. This is focussed on causes rather than actions.</p> <p>2. Performance is presented on a quarterly basis to Mayor and Cabinet and this is deemed sufficient based on common practice in the sector. Prior to the meeting of the Mayor and Cabinet performance is sighted by EMT and Public Accounts Select Committee to ensure that there is a good level of scrutiny and discussion. There is also more informal discussion at Budget Review Meetings between the Director of Finance and Directorate leads, which take place monthly.</p> <p>3. There is no evidence of these having taken place in 2022/23</p> <p>4. Staff appraisal forms now include fields for identifying actions being taken and potential improvements that could be made in meeting key objectives. Management agreed to review the guidance to assess the benefit of being more specific on financial management, to supplement the detailed expectations set out in the financial regulations and procedures. The 2023/24 appraisal cycle is therefore going to include fields to capture people management and finance & equalities (where applicable). The appraisal guidance and training will be updated to make clear expectations. Therefore, the recommendation has not been responded to in the 2022/23 year, however this was made in December 2022 therefore allowing for limited time with which to action this in 2022/23.</p>	Partially	To be reviewed again in 2024/25 by incoming auditors

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
6 Governance recommendation 6 (continued)	22/23	Improvement	<p>5. The Council promotes e-Participation through its online engagement system, which provides a platform for citizens to respond to online consultations, as well as e-Petitions. This ensures easy access to respond to consultations. Each consultation advertised also includes contact details should online consultations not be accessible for residents. Consultations in year cover a range of areas from budget to childrens' services to Borough of Culture exit. Therefore, there are multiple areas and opportunities for people to have their say. There is limited data with which to judge the actual response rates.</p> <p>6. Per our prior year work the incident occurred in the 2022/23 year, Oracle temporarily removing the service they provided from the 6th May 22. There was ongoing informal communication with members until resolution of the incident in June 2022. However no formal communication, or lessons learned information, has been presented to members via relevant committees in 2022/23 to ensure that similar incidents do not reoccur, therefore the recommendation has not been addressed.</p>		
7 Governance - The Council should continually review its risk management procedures to ensure they remain effective and fit for purpose. This could include:				Yes	No
<p>1. Ensuring that there is a greater level of oversight of the strategic risks impacting the Council by Mayor and Cabinet</p> <p>2. Updating the format of the strategic risk register</p> <p>3. Working collaboratively with Internal Audit to ensure that the 2022/23 audit plan is achievable within the time and resource available</p> <p>4. Tracking progress against the Quality Improvement Plan developed by Internal Audit</p>	21/22	Improvement	<p>The Council has implemented a new Risk Management Strategy for 2023-2027 which has changed the way risks are reported, changes have come into place from quarter 4 and are continuing to be made iteratively, therefore ongoing review is expected.</p> <p>1. The newly updated strategy does include the provision that there is biannual reporting to the Mayor and Cabinet of the highest risks, this is an additional layer of review compared to prior year. Strategy was taken to Audit Panel in March 23 and therefore was not in place throughout 2022/23, it was initially approved by Executive Management Team in November 22.</p>		

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
7			<p>2. Quarters 1-3 risk register was presented to the Audit Panel in the old format with quarter 4 using an interim format. The Council has invested in bespoke risk management software which is currently being 'built out' to maximise its benefit to decision makers. In the meantime the Council is presenting both formats of risk register to limit gaps in data as this takes place. We have reviewed the latest risk registers and have made more specific recommendations compared to prior year, but do note improvements in the information and capabilities of the new software.</p> <p>3. Internal Audit completed 50 reviews in 2022/23, of which 19 related to 2021/22 and effectively cleared the backlog of their unachieved plan from the prior year. 8 reviews were outstanding at the point of releasing the year end Head of Internal Audit Opinion and Annual Report for 2022/23 but all had been released to management in draft form and were awaiting comments, being finalised in June 23. 15 reviews were removed from the plan, 6 due to Internal Audit capacity. However, performance is significantly improved and sufficient assurance available for Internal Audit to provide their year end opinion.</p> <p>4. No evidence of this being reported as part of progress reports and therefore could still be improved as long as the plan remains in place. However, as noted, improvements have been made in terms of plan delivery and so actions are clearly being taken and having a positive impact.</p>		
Governance recommendation 7 (continued)	22/23	Improvement			
8			<p>3E's - The Council should explore ways to ensure the maximum benefit is achieved from the non-financial reporting of the Council's directorates. This could be achieved via increased oversight of the non-financial KPI performance of the Council's services and directorates by Members and introducing benchmarking into all directorate KPI reports. The Council would benefit from a Council wide benchmarking strategy as opposed to an ad-hoc approach.</p>	Partially	To be reviewed again in 2024/25 by incoming auditors
	21/22	Improvement	<p>The Council have developed an interactive Power BI dashboard to monitor KPIs linked to corporate priorities. In June 2023 the quarter 3 2022 performance information was published and quarter 4 in September 2023, following approval by Mayor and Cabinet.</p> <p>There is still no benchmarking included within this reporting or dashboard and therefore in later iterations this could be considered.</p>		

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
<p>9 3E's - Overall the Council's arrangements for securing economy, effectiveness and efficiency are positive. The Council may wish to explore ways that it can make iterative improvements to demonstrate best practice in these arrangements. These could include:</p> <ol style="list-style-type: none"> 1. Developing an action plan from the findings of the LGA Peer Review to monitor success of the response to the recommendations with oversight from a relevant committee or Mayor and Cabinet. There may be scope to incorporate the finding into existing KPI reporting as those structures are already in place 2. Ensuring that a data policy is finalised as soon as possible. 3. Identifying how the existing governance arrangements can support delivery of the digital programme, once the 2023 Digital Strategy is developed and released. 4. Exploring ways that equal attention could be paid to monitoring the performance of both its key subsidiaries. 	21/22	Improvement	<p>1. An action plan has been developed and is published publicly on the Council website. Each action within this plan has been allocated a Director or Executive Director to lead. The Council has recorded progress against this action plan, and this has been shared with senior staff and Members internally, as well as with the LGA Peer Challenge Team. The LGA Peer Challenge Team re-visited Lewisham Council in January 2023, for a review of the progress made against the action plan. In their final feedback to the Council they stated "that the Council continues to be reflective and open to feedback" and "the Council has taken the peer team's recommendations from the full report seriously and made real progress in a number of areas." The final summary letter from the LGA Peer Challenge Team has been published on the Council website for transparency. Progress against the action plan will continue to be monitored.</p> <p>2. The Council is currently working on a draft Data Policy that seeks to embed the principles of data accuracy, integrity and ownership across the Council; the principle aim being effective use of data to inform better decision making. At present, the Data and Insights team have led a series of data workshops over the last 6/7 weeks to feed into the development of the Data Strategy, working with analysts, directors across the different services across the Council.</p>	Partially	To be reviewed again in 2024/25 by incoming auditors

Follow-up of previous recommendations

Recommendation	Year	Type of recommendation	Progress to date	Addressed?	Further action?
<p>9</p> <p>3E's recommendation 9 (continued)</p>	21/22	Improvement	<p>3. The strategy is yet to launch but when launched is the Council's intention that delivery will be reported through the Strategic Change Board, chaired by the Chief Executive which monitors the delivery of key projects across the Council. The IT & Digital Team have already set up a Technical Design Authority (TDA) that reviews, assesses and critically challenges new IT & Digital projects across the Council to ensure the solution proposed is the best approach for the service and the requirements can't be met by existing digital solutions in place. The TDA comprises of Shared Technology Service, leads from Applications, Digital and Information Governance. These have not yet been able to be evidenced as the strategy has not yet launched but the planned approach is deemed to be robust</p> <p>4. The Council will be insourcing Lewisham Homes, transfer to be complete by 1 October 2023, with some functions being brought back into the Council in advance of that date. The development function was transferred in February 2023, and offers opportunities to reduce duplication of tasks. Lewisham Homes performance monitoring in its current state is superseded as a result and the financial performance will be subsumed into the Council's existing budget and budget monitoring as it becomes part of the Council's functions. In terms of non-financial performance, the newly created KPI dashboard does include KPIs under the Quality Housing priority. Metrics include net additional quality homes provided and temporary accommodation numbers, which are relevant to the services being brought back in house, as such we feel existing arrangements are suitable to ensure ongoing performance review of the service once transferred.</p> <p>Catford Regeneration Partnership performance as a company is not included in the same way as Lewisham Homes but there are Catford specific capital projects included in the capital monitoring and therefore demonstrates the company is providing sufficient information for the Council to monitor progress within their own reporting structure.</p>		

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

We anticipate issuing an unqualified opinion on the Council's financial statements in November 2023.

Audit Findings Report

More detailed findings can be found in our AFR, which will be reported to the Council's Audit and Standards Committee in November 2023.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Council's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office. This work will be completed following the audit of the financial statements.



Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

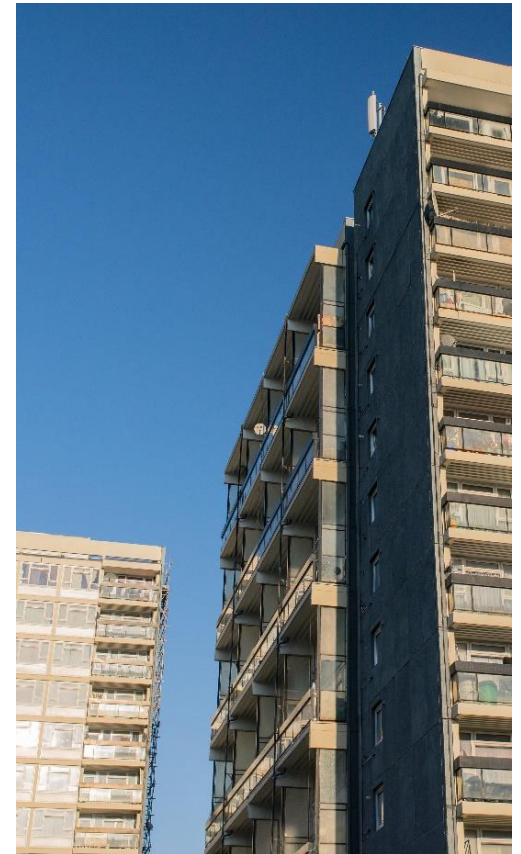
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

Local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	See relevant sections proceeding Financial Sustainability, Governance and 3E's narrative



Council

Adopting amendments to the Lewisham Standing Advisory Council on Religious Education (SACRE) Constitution

Date: 22 November 2023

Key decision: No.

Class: Part 1.

Ward(s) affected: All

Contributors: SIO RE and Community Cohesion

Outline and recommendations

That Council notes and approves the revisions to the SACRE Constitution proposed by Lewisham Standing Advisory Council on Religious Education (Lewisham SACRE) and instructs the Monitoring Officer to amend the Constitution to reflect the changes.

Timeline of engagement and decision-making

Appendix 6 of the Lewisham Constitution master:

<https://lewisham.gov.uk/mayorandcouncil/aboutthecouncil/how-council-is-run/our-constitution> indicates the current SACRE constitution was approved by Lewisham Council in November 2019.

The date of the Council meeting was [27 November 2019](#). At that time changes were made to Group C of SACRE to reflect the amalgamation of the teacher unions the NUT and the ATL to become the NEU.

1. Summary

- 1.1. SACREs are legally constituted bodies, appointed by the local authority to perform statutory functions. Every SACRE needs a constitution to ensure it operates efficiently and fulfils its statutory duties. The constitution provides a structure for its work and ensures SACRE meetings are held in a way that is publicly accountable.
- 1.2. This report requests the amendments to the Lewisham SACRE constitution as indicated and highlighted in Appendix 1 and explained on the background section below.

2. Recommendations

- 2.1. Full Council are recommended to accept the amendments to the Lewisham SACRE constitution as indicated and highlighted in Appendix 1

3. Policy Context

- 3.1. The report is consistent with the priority for Children and Young People identified in the 2022-2026 Corporate Strategy listed below.

“We will continue the fantastic work of the last four years, supporting our schools to improve and increasing the opportunities for young people in Lewisham. We will relentlessly focus on pupil achievement, working with our schools and communities to build on our inclusive and high achieving system of local comprehensive schools.”

4. Background

- 4.1. Group A of a SACRE is required by law to include “Such Christian denominations and other religious denominations as, in the opinion of the Authority, will approximately reflect the principal religious traditions in the area.” In respect of Group A, section 390(6) Education Act 1996 states: The number of representative members appointed to any representative group under subsection (4)(a) [referred to as Group A] to represent each denomination or religion required to be represented shall, so far as consistent with the efficient discharge of the group’s functions, reflect broadly the proportionate strength of that denomination or religion in the area.
- 4.2. The decision of which groups to include in Group A is a matter for the council but it is within

the remit of SACRE to make recommendations on this matter as it sees fit.

- 4.3. The publication of the 2021 census on 29th November 2022 provided a useful source of information for SACRE. It allowed members to consider where the demographic in relation to different religions varied from the previous census. The 2021 census also provided information about the size of some of the smaller faith groups, allowing members to consider whether to recommend to the local authority that new members be included in Group A to ensure that SACRE was representative of the faiths and beliefs in the borough.
- 4.4. In February 2023 SACRE received a report at their meeting on the data released for Lewisham borough and concluded that the religious demographics had not changed enough for them to request changes to Committee A.
- 4.5. SACRE members did indicate that they wished to request the changes highlighted in the draft revised constitution attached at the end of this report. These provide for the option of SACRE to hold meetings online where necessary, as they did successfully during the Covid pandemic and to request their ability to ask members of the public to withdraw during items where confidential or sensitive information about individual schools and their statutory provision for RE and collective worship would be discussed.
- 4.6. Finally, as the South London Multi Faith and Multi-cultural resource centre ceased to exist when the Lewisham Professional Development Centre was closed in 2011, the SACRE wish to amend their support for that body to instead support the redistribution of the final resources from that Centre
- 4.7. These final amends were agreed by SACRE at their quorate meeting held on 28th September.
- 4.8. Appendix A, page 6 onwards highlights the amendments in yellow being requested to the constitution.
- 4.9. Appendix B, page 15 provides the background paper and census data analysis and report referenced above.

5. Financial implications

- 5.1. There are no financial implications arising from this report.

6. Legal implications

- 6.1. Every local authority has a duty under section 390 of the Education 1996 to establish a Standing Advisory Council on Religious Education. The constitution sets out how the SACRE will operate. The Constitution must be approved by Council.

7. Equalities implications

- 7.1. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation
- 7.2. 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.

- 7.3. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation, or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed at 9.2 above.
- 7.4. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the decision maker, bearing in mind the issues of relevance and proportionality. The decision maker 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.
- 7.5. The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

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

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

- 7.6. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- [The essential guide to the public sector equality duty](#)
- [Meeting the equality duty in policy and decision-making](#)
- [Engagement and the equality duty: A guide for public authorities](#)
- [Objectives and the equality duty. A guide for public authorities](#)
- [Equality Information and the Equality Duty: A Guide for Public Authorities](#)

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. Climate change and environmental implications

- 8.1. There are no specific climate change and environmental implications arising from this report

9. Crime and disorder implications

9.1. There are no specific crime and disorder implications arising from this report

10. Health and wellbeing implications

10.1. There are no specific health and wellbeing implications arising from this report

11. Appendices

Appendix A

Appendix B

12. Background papers

12.1. Appendix B - Report on the census data on faiths and beliefs

13. Report author and contact

13.1. Denise Chaplin , SIO RE and Community Cohesion, [denise.chaplin @lewisham.gov.uk](mailto:denise.chaplin@lewisham.gov.uk)

LEWISHAM STANDING ADVISORY COUNCIL ON RELIGIOUS EDUCATION

Constitution

The Standing Advisory Council shall be called the Lewisham SACRE (Standing Advisory Council on Religious Education). It is established under Section 3.90 – 3.97 of the Education Act 1996 as amended.

Interpretation

In this Constitution

'Local Authority' means Lewisham Council acting either independently or through the Education Lead Member and Children and Young People's Directorate.

'The council' means Lewisham's SACRE.

'Member' means a member of SACRE and includes a substitute or co-opted member.

'Elected member' means an elected member of the Lewisham Council sitting on Committee D as a SACRE member

All questions of Interpretation are governed by the "Interpretation Act" 1978 as may be subsequently amended.

Role and functions

- (i) To advise the Local Authority (Lewisham Council) on the religious education to be given in its schools in accordance with an Agreed Syllabus. In particular, the SACRE can offer advice on methods of teachings, the choice of materials and the provision of training for teachers.
- (ii) To advise the Local Authority on matters pertaining to school worship in its schools.

With regard to (i) and (ii), the Local Authority may refer matters to the SACRE, which the latter must then consider and advise on. The SACRE may also take the initiative and make recommendations to the Local Authority on these matters.

- (iii) To receive, determine and review applications from Head Teachers as to whether the requirement for collective worship that is wholly or mainly of a Christian character may not apply. This application to vary the legal requirement for collective worship may be for the whole school or for groups of pupils.

- (iv) To require the LA to set up a Statutory Agreed Syllabus Conference to review the Agreed Syllabus if, in the opinion of SACRE, this becomes necessary.

- (v) To produce an annual report on its work which will, inter alia:
 - a) describe the work that SACRE has undertaken
 - b) specify matters in respect of which the SACRE has given advice to the Local Authority;
 - c) broadly describe the nature of the advice given and the response given by the LA;
 - d) where any such matters were not referred to the SACRE by the Local Authority, provide the SACRE's reasons for offering advice on the matter.

Copies of the report will be made available to schools and the public on the SACRE and/or other appropriate website.

In partnership with the Local Authority, in order to fulfil its responsibilities, the SACRE will:

- (a) monitor the provision of Religious Education in order to inform its advice and reporting;
- (b) monitor the provision of collective worship in order to inform its advice and reporting;
- (c) be involved in Complaints Procedures.
- (d) support the final distribution of the last remaining resources from the South London Multifaith and Multicultural Resources Centre as a continuing means of promoting effective religious and multicultural education within the LA

Officers

The SACRE will have an elected Chair and an elected Vice Chair.

In the absence of the Chair or Vice-Chair at any meeting the Council can elect one of its members to act as the Chair for that meeting.

Membership

A list of those members deemed appropriate for the Lewisham SACRE under the legal framework is in the Appendix 1.

All members shall be delegates who are interested in education in general and religious education in particular.

Delegates as members shall remain until such time as they will have resigned or have been removed from under the rules dictated by their sponsorship group, Governing Body of that class of

Members or for any reason stated therein.

Members will work within the SACRE's agreed Code of Conduct (Appendix 2).

Terms of Office of Members

Termination of SACRE membership by reason of non-attendance:

If a SACRE member is absent for 2 or more consecutive meetings without apology or for any reason not acceptable to the SACRE, the clerk will write to the member concerned to check whether their membership has lapsed and whether they would like to nominate a substitute or to refer their membership back to their sponsoring body.

Should they be absent from the next meeting without apologies or for any reason not acceptable to the SACRE there shall be deemed to be a vacated place to be filled by the sponsorship group / governing body for that class of members. The SACRE clerk will write to the lapsed member informing them of the decision and then write to the sponsoring body requesting a new member be nominated.

Vacancies

The Clerk, working on behalf of the LA and the Officers will approach sponsoring bodies for new delegates as soon as a vacancy arises.

Deputies / Substitute members

There can be a substitute member nominated by the absent member and notice of this substitution should be notified to the clerk of SACRE at least 6 hours in advance of the meeting.

Procedure for electing Chair and Vice Chair

The Chair and Vice-Chair of the Council shall be chosen from Members of the SACRE and shall be elected at the first meeting in each education (academic) year.

Nominees for these positions should have served on the SACRE for at least twelve months so that members would have developed a relationship with that person and have confidence to nominate them to such an important position.

Co-options

Co-option – SACRE has the power to co-opt members as agreed by the majority of its members.

Quorum

A meeting will only be quorate if the following numbers of representative/s of the respective groups are present: -

Group A - minimum of 2 representatives (1 Christian and 1 non-Christian)

Group B - minimum of 1 representative

Group C - minimum of 1 representative

Group D - minimum of 1 representative

Meetings

Frequency of meetings

There will be a minimum of 5 SACRE meetings per year. These will be normally 2 in the Autumn and Summer terms and one in the Spring term

An Extraordinary meeting may also be called or convened to deal with urgent matters of national or local importance.

Meetings should be open to the public. Where confidential items related to individual schools or persons are discussed, members of the public will be asked to withdraw.

Notice of meetings

The dates of the main meetings will be decided at the first meeting in the education (academic) year and circulated by the clerk to all members.

Where necessary SACRE meetings may be held online or as hybrid meetings with notification made public.

Sub-Committees

Occasional sub committees or working parties will be convened for specific pieces of work. These will report back to the full SACRE meeting for the duration of their work.

Agendas

Matters or items for the Agenda of any meeting shall be sent to the clerk / RE Professional at least 21 days in advance of the meeting. The Agenda shall be distributed to reach members at least 7 working days in advance of the next listed meeting.

Voting

All members are entitled to speak and vote on any issue as invited by the Chair but substitute or

Co-opted members may speak but not vote at any meeting. SACRE will always seek to reach decisions on a consensus basis but when voting is to be exercised only one vote is allowed from each Group A, B, C or D as mentioned above.

In the event of an equality of votes on any issue the Chair may exercise a casting vote.

Minutes

Minutes will be taken by the clerk and cleared by the Officers. The draft minutes of meetings shall be circulated to members within one month of the meeting taking place where possible or at the latest with the next set of meeting papers

Availability of papers to the public

Papers for each meeting will be made available on the Lewisham Council website

..... (Chair) on behalf of Lewisham SACRE

Dated:

APPENDIX 1 - MEMBERSHIP

Committee A Other Christian denominations and other faiths and beliefs represented in the LA

African-Caribbean Churches	1 representative
Pentecostal churches	1 representative
Baha'i	1 representative
Buddhism	1 representative
Free Churches	3 representatives
Hinduism	1 representative
Humanism	1 representative
Islam	2 representatives
Judaism	1 representative
Roman Catholicism	1 representative
Sikhism	1 representative

Committee B The Church of England

Southwark Diocese	5 representatives
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Committee C Teachers' Professional Associations

NEU	3 representative
NASUWT	1 representative
Lewisham Heads and Deputies	1 representative
Academies	1 representative

Committee D The Local Authority

Elected Members	3 representatives
Representative of the Executive Director	1 representative

Secondary school Governors	1 representative
Primary school Governors	1 representative
Also	
The Lewisham Young Mayor's Team	1 representative (non – voting)
Clerk to the SACRE	(non-voting)
RE Adviser to SACRE	(non-voting)
Co-optees	(non-voting)

APPENDIX 2 - LEWISHAM SACRE and Agreed Syllabus Conference

Code of conduct

Please note- where an Agreed Syllabus is currently working, references to SACRE also relate to the Agreed Syllabus Conference, its work, members and its Chair.

All representatives should:

- be nominated by a respected professional body and / or faith and belief community and have the support of their nominating body behind them;
- regularly attend the meetings of SACRE and take part in the deliberations and work of SACRE;
- where attendance is difficult, aim to ensure a substitute member is nominated who can attend;
- ensure apologies are submitted when attendance is not possible;
- demonstrate respect to the work of the SACRE and its Chair;
- participate in and share the work of SACRE for the benefit of the whole community;
- actively challenge and resist stereotyping;
- work with all other members of SACRE, in the spirit of trust and collaboration where all are concerned with the best interests of SACRE and its work;
- state views and opinions honestly, whilst respecting and listening to each other's contributions, not denigrating each other's views or beliefs;
- respect the rights of other members to disagree with your point of view;
- express differing points of view in a spirit of respectful disagreement;
- understand that it is not the place of RE to challenge the beliefs of any member of the school community or to attempt to change those beliefs;
- have respect for the work of SACRE, believing that the RE and collective worship that all students are legally entitled to experience should be of the highest quality.

Belief group representatives should:

- ensure that they have sufficient knowledge, skills and understanding to represent authentically their belief, community or sponsoring body
- be able to explain how they intend to inform and consult with their belief community
- feel a sense of responsibility not only to the children coming from their own belief but also to all the children of Lewisham
- provide expertise, or assist in providing access to such expertise, in matters of tradition, theology and practice relating to their own belief for the benefit of the whole school population
- represent to SACRE the interests and concerns of their own belief community

- endeavour to represent fairly the views and interests of the widest possible range of belief positions within their community (*this is particularly relevant if they are the sole representative on SACRE for their belief.*)
- recognise that stating a belief or religious tenet is not the same as advancing an argument for or against any proposal, although it may well be an overriding consideration
- inform members of their belief community of the work of SACRE

Teacher and teacher association representatives should:

- provide information and expertise in relation to teaching and the school environment
- where appropriate provide information and expertise in relation to the teaching of religious education and the delivery of collective worship in schools
- represent the interests and concerns of teachers, pupils and schools
- consult with teaching colleagues and students
- keep colleagues informed about the work of SACRE
- ensure that the welfare and education, particularly religious education, of all the children in Lewisham is the primary focus of SACRE

LA representatives should:

- represent the wider public interest or the interest of the school communities
- provide information and expertise to SACRE in their capacity as an elected member of Lewisham Council or a school Governor
- inform SACRE of concerns or issues known to Lewisham Council relating to education and in particular the provision for SMSC (spiritual, moral, social and cultural development), teaching of religious education and the delivery of collective worship in schools
- support the work of SACRE by representing its interests in Lewisham Council and to school Governing bodies
- endeavour to ensure that SACRE and the ASC are adequately resourced, funded and supported
- ensure that the legal requirements for the conduct of SACRE are observed, particularly in relation to the suitability and qualifications required to be a member of SACRE

Members who do not work within the code of conduct will be reminded courteously of the relevant elements of this code that they are ignoring by the Chair.

Repeated examples of working in conflict with the code and therefore disrespectfully or in conflict with the effective work of either body will result in the issue being taken up with their sponsoring body and ultimately to a request for a replacement representative.

APPENDIX B

Background Papers

A report on responses to the religion question of the 2021 Census

Executive Summary

The publication of the 2021 census on 29th November 2022 provides a useful source of information for SACRE. It allows members to consider whether or not the Agreed Syllabus is sufficiently flexible to meet the needs of schools serving both religious and non-religious families and where the demographic in relation to different religions varies. The 2021 census also provides a information about the size of some of the smaller groups, allowing members to consider whether to recommend to the local authority that new members be included in Committee A.

1. Introduction and Background

Group A of SACRE is required by law to include, "Such Christian denominations and other religious denominations as, in the opinion of the Authority, will approximately reflect the principal religious traditions in the area. In respect of Group A, section 390(6) Education Act 1996 states: The number of representative members appointed to any representative group under subsection (4)(a) [referred to as Group A] to represent each denomination or religion required to be represented shall, so far as consistent with the efficient discharge of the group's functions, reflect broadly the proportionate strength of that denomination or religion in the area.

The decision of which groups to include in committee A is a matter for the council but it is within the remit of SACRE to make recommendations on this matter as it sees fit.

The Equality Act 2010 makes it illegal to discriminate against someone because they are of a particular religion, and the guidance published by the Equality and Human Rights Commission makes it clear this applies to smaller religions like Paganism:

<https://www.equalityhumanrights.com/en/advice-and-guidance/religion-or-belief-discrimination>

Main points – From the Office for National Statistics with additional commentary in relation to Lewisham

For the first time in a census of England and Wales, less than half of the population (46.2%, 27.5 million people) described themselves as "Christian", a 13.1 percentage point decrease from 59.3% (33.3 million) in 2011; despite this decrease, "Christian" remained the most common response to the religion question.

Please note that the methodology for collecting this data means that religious and non-religious traditions other than Christianity, Buddhism, Judaism, Sikhism, Hinduism and Islam are not treated equally. For example, to record that your religion is Christian, you can tick a box. However, to record that you are a Pagan or a Humanist, you must write the name of that tradition in a text box. This will almost certainly lead to under reporting of this second group.

- In Lewisham the proportion of the population responding 'Christian' fell by a slightly smaller margin than in England as a whole and the proportion of the population affiliating with Christianity (43.80%) is close to the national average (46.32%).
- "No religion" was the second most common response, increasing by more than 48%, from around 13m to almost 21m between 2011 and 2021
- In Lewisham 'No religion' was the second most common response (After Christian) and increased by just over 34.96%
- Nationally there were increases in the number of people who described themselves as "Muslim" (3.9 million, 6.5% in 2021, up from 2.7 million, 4.9% in 2011) and "Hindu" (1.0 million, 1.7% in 2021, up from 818,000, 1.5% in 2011).
- The Muslim population in Lewisham is the second largest single religious group representing 7.4 %. This figure has not grown at the same the rate as in the country as a whole – increasing by around 14.96% as opposed to over 34.1% nationally.
- Lewisham has small communities of many world faiths. Small changes in these communities can show as large percentage changes. The Hindu population of Lewisham, which represents 2.10% of Lewisham as a whole for example has decreased slightly (-11.71.%) with the Jewish population(0.3c%v of Lewisham responses) decreasing by almost 43%. The proportion of Sikhs and Buddhists in the community has increased slightly mirroring how their share if the national population has grown.
- London remains the most religiously diverse region of England in 2021, with over a quarter (25.3%) of all usual residents reporting a religion other than "Christian"; the North East and South West are the least religiously diverse regions, with 4.2% and 3.2%, respectively, selecting a religion other than "Christian".
- In Lewisham the proportion of residents responding that they had a religion (55.64%) is fractionally lower than the national average (57.31%).
- Although this data indicates that there are fewer Pagan and Humanist residents in Lewisham than in 2011, these figures should be discounted because of the issue of inequality mentioned at the start of this report.

Regional data can be found here which demonstrates that some areas of Lewisham are far more religiously diverse than others.

<https://www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/religion/bulletins/religionenglandandwales/census2021>



Council

Motions

Date: 22 November 2023

Class: Part 1

Contributors: Head of Governance and Committee Services

Outline and recommendation

To receive motions from Members of the Council.

Motion: Support calls for a full statutory public enquiry into maternity safety in England, and provide greater support and scrutiny to our healthcare partners in Lewisham.

Proposer: Cllr Ese Erheriene

Seconder: Cllr Carol Webley-Brown

This council:

a. notes that:

1. Maternity care in England is in a very challenging situation.
2. Last year in its State of Care report, the Care Quality Commission said it had “ongoing concerns about the safety of maternity services”. In October, the CQC rated 10% of maternity services as Inadequate (up from 6% last year) and rated 39% of maternity services as Requiring Improvement (up from 33% last year). The number of services rated as Good fell to 47% from 56% year-on-year, and the number rated as Outstanding fell from just 4% to 3% in the same time period. A Nuffield Trust report in August said infant mortality was higher for black women with 6.6 deaths per 1000 live births — more than double the infant mortality rate for white ethnic groups.
2. However, despite the fact there have been several reports into maternity services and the surrounding health inequalities, the picture continues to worsen. And last

year, £2.6 billion was paid out to families in compensation because of maternity harm.

4. Now, the Maternity Safety Alliance — a campaigning group of bereaved families — is calling for a full statutory public enquiry into maternity services to address these ongoing concerns.
5. According to 2021 census data, 48.5% of Lewisham’s population identify as coming from a global majority ethnic group — with 26.8% identifying as "Black, Black British, Black Welsh, Caribbean or African". Women account for 52.5% of Lewisham’s population. Lewisham also has a young population, with around 25% of childbearing age.
6. While Lewisham and Greenwich NHS Trust is a positive outlier in maternity health. Its services in this area are rated Good, compared to two thirds of health trusts rated Inadequate or Requiring Improvement. But the most recent data is not publicly broken down for global majority women and historically the data shows that health inequalities continue to exist.

(b) believes that:

1. Black and global majority women should have the freedom to give birth safely and should be provided improved levels of care by maternity healthcare providers in Lewisham and across the country.
2. The Council, as outlined in its joint Lewisham, Lambeth, and Southwark sexual and reproductive health strategy vision for 2024, should work with partners to reduce reproductive health inequalities.

(c) resolves to:

1. Publicly join the Maternity Safety Alliance’s calls for a full statutory public enquiry into maternity safety in England e.g. through the release of a press release.
2. Write to the Department of Health and Social Care asking it to support the official campaign to offering a full statutory public inquiry into maternity safety in England.
3. Undertake a review of maternity outcomes for black and global majority women at key health providers in the borough (e.g. Lewisham Hospital), and publicise the findings.
4. Support our local health partners to improve maternity outcomes for black and global majority women.