

Overview and Scrutiny



Public Accounts Select Committee Agenda

7.00 pm, Thursday, 30 November 2023
Civic Suite, Lewisham Town Hall, London SE6 4RU

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This meeting is an open meeting and all items on the agenda may be audio recorded and/or filmed.

Part 1

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Public Accounts Select Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Thursday, 30 November 2023.

Jeremy Chambers, Monitoring Officer
Wednesday, 22 November 2023

<p>Members</p> <p>Councillor James Rathbone</p> <p>Councillor Billy Harding</p> <p>Councillor Mark Ingleby</p> <p>Councillor Eva Kestner</p> <p>Councillor Aisha Malik-Smith</p> <p>Councillor Joan Millbank</p> <p>Councillor Susan Wise</p> <p>Councillor Rudi Schmidt (ex-Officio)</p> <p>Councillor Ese Erheriene (ex-Officio)</p>	
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MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Thursday, 21 September 2023 at 7.00 pm

In attendance: Councillors Billy Harding, Mark Ingleby, Eva Kestner and Joan Millbank

Also joining the meeting virtually: Councillor James Rathbone

Apologies: Councillors Aisha Malik-Smith and Susan Wise

Also present: Timothy Andrew (Scrutiny Manager), David Austin (Acting Executive Director for Corporate Resources), Patrick Dubeck (Director of Inclusive Regeneration) and Katharine Nidd (Acting Director of Finance)

Also present virtually: Councillor Ese Erheriene and Kplom Lotsu (Head of Property, Estates and Capital Programmes)

NB: Those Councillors listed as joining virtually were not in attendance for the purposes of the meeting being quorate, any decisions taken or to satisfy the requirements of s85 Local Government Act 1972

1. Minutes of the meeting held on 28 June 2023

1.1 **Resolved:** that (subject to a minor correction) the minutes of the meeting held on 28 June be agreed as an accurate record.

2. Declarations of interest

2.1 There were none.

3. Responses from Mayor and Cabinet

3.1 There were none.

4. Financial forecasts

4.1 Katharine Nidd (Acting Director of Finance) introduced the report. Katharine noted the Council's worsening financial position against the approved budget as well as highlighting specific areas of overspending and cost pressures. It was also noted that this overspending was broadly consistent with other local authorities - which were also experiencing pressures in temporary accommodation and children's social care.

4.2 Katharine Nidd and David Austin (Acting Executive Director for Corporate Resources) responded to questions from the Committee – the following key points were noted:

- There was a risk that the financial position would continue to worsen. Temporary accommodation was of particular concern - due to the lack of long-term accommodation and the impact of costs and inflation in the housing market.
- For next year, work was already taking place to control and manage anticipated pressures.

- For the savings that had not been delivered (set out in the tracker in the appendix to the report) the activity to deliver the saving had taken place but sustained pressures (demand and inflation) had negated the anticipated financial benefit.
- There were also some savings where services had not been able to deliver anticipated changes.
- There were increased demand and cost pressures facing a number of services – this was particularly acute in the placements market for children’s social care.
- In future reports there would be an enhanced focus on present and future delivery of services and savings (as opposed to looking backwards – to a time when the financial climate was different)
- Work was taking place to ensure that savings that had been agreed could be delivered.
- Further consideration may need to be given alongside the setting of the 2024-25 budget to making further savings. Work was taking place to update the assumptions in the medium-term financial strategy.
- Additional modelling would be carried out to understand how the level of demand in children’s social care would change in the coming years. Children’s social care budgets were very susceptible to fluctuations due to the high (and variable) costs of individual placements.
- There was more funding available from health services for adult social care than there was for children’s social care. There were also pressures in children’s services as a result of academisation (and the availability of funding from the dedicated schools grant)
- The expectation was that the costs associated from legal services would be limited. There were additional costs this year as a result of the insourcing of Lewisham Homes. There were also plans to increase the provision of in-house legal services.
- There were varied and sustained pressures on the availability of housing – a number of measures were in place to control these costs.

4.3 **Resolved:** that the report be noted.

5. Capital programme management and delivery

5.1 Patrick Dubeck (Director of Inclusive Regeneration) introduced the report. Patrick noted the key elements of the report – highlighting the distinction between the general fund programme and the housing revenue account capital programme. It was also noted that the programmes were dynamic – and subject to regular adjustment.

5.2 Patrick Dubeck, David Austin and Kplom Lotsu (Head of Property, Estates and Capital Programmes) responded to questions from the Committee – the following key points were noted:

- Inflation in the construction industry had been increasing for a sustained period. This made the viability of some schemes challenging. There were some means of combatting this – including by acquiring assets rather than developing them.

- Work was also taking place to managed procurement in multiple stages and to move decision making closer to the supply chain to fully understand and control costs.
- Partnerships were also being developed with those already working in housing delivery (such as registered providers) which were able to achieve greater economies of scale.
- A decision had been taken to outsource some of the repairs and maintenance of the new stock that had been acquired – there were also steps in place to ensure that the Council was only acquiring good quality (and energy efficient) stock.
- Acquiring stock was a strategy with both opportunities and challenges.
- Capital planning assumed a longer horizon than the medium-term financial strategy.
- Work was taking place on the development of an asset management strategy. This would join a number of different pieces of work related to assets and building on the requirements of services across the Council.
- The development of the east section of Beckenham Place Park was a key part of the capital programme.
- Prudential borrowing in the capital programme would be from the public works loans board – and would be in line with the requirements of the prudential code. Funding of the borrowing was incorporated into the long-term risk and viability assessment of the different schemes.
- There was 90m of borrowing (subject to minimum revenue provision criteria) for the general fund capital programme – and 217m of funding for the housing revenue account (which was not subject to minimum revenue provisions).
- Reprofitting took place during the year – in line with committed and projected spending.
- Decent homes funding was spent on the areas with the most pressing need.
- Lewisham Homes' programme for repairs and maintenance was built on a measured plan. There were some remaining risks associated with estate regeneration and the delivery of new legislative requirements.
- No properties had been identified with prefabricated concrete (in reference to the recent issue identified in school buildings) – but emerging risks were kept under review.
- There was a considerable revenue budget for delivering repairs and maintenance.
- Recent figures indicated that there had been an increase in insolvency of contractors in the construction sector. There were various reasons for this.
- The Council had limited means to protect against the collapse of contractors.

5.3 **Resolved:** that the report be noted.

6. Treasury management strategy (mid-year review)

6.1 Katharine Nidd (Acting Director of Finance) introduced the report – highlighting the process for agreeing the treasury management strategy –

setting out the key elements of the report and providing a summary of the context in which the report was set.

6.2 Katharine Nidd and David Austin responded to questions from the Committee – the following key points were noted:

- The Council held its cash balances intentionally – with consideration of the need for the availability of funding over different timeframes. Funds that were available on an immediate basis attracted very low rates of return. Plans were in place to make best use of funding to achieve the highest rates of return (whilst maintaining a hierarchy of security, liquidity, and return)
- The Council was not currently anticipating any equal pay claims. The Council remained alert to emerging risks and challenges.
- Provision was made in the accounts to deal with issues and claims as they were identified.

6.3 **Resolved:** that the report be noted.

7. **Select Committee work programme**

7.1 Members discussed the work programme – including the agenda for the meeting on 30 November 2023.

7.2 **Resolved:** that the agenda for the meeting on 30 November be agreed.

The meeting ended at 20:40

Chair:

Date:



Public Accounts Select Committee

Declarations of Interest

Date: 2023-24

Key decision: No

Class: Part 1 (not restricted)

Ward(s) affected: All (none specific)

Contributor: Jeremy Chambers (Director of Law and Corporate Governance)

Outline and recommendations

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

1. Summary

1.1. Members must declare any personal interest they have in any item on the agenda. 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.

1.2. Further information on these is provided in the body of this report.

2. Recommendation

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

3. Disclosable pecuniary interests

3.1 These 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.

4. Other registerable interests

4.1 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.

5. Non registerable interests

- 5.1. 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).

6. Declaration and impact of interest on members' participation

- 6.1. 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**
- 6.2. 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 6.3 below applies.
- 6.3. 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.
- 6.4. 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.
- 6.5. 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.

7. Sensitive information

- 7.1. 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.

8. Exempt categories

8.1. 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).

9. Report author and contact

9.1. Jeremy Chambers, Director of Law and Corporate Governance - [Jeremy Chambers@lewisham.gov.uk](mailto:Jeremy.Chambers@lewisham.gov.uk), 020 83147648



Mayor and Cabinet

Social Value Impact Report 2022-2023

Date: 20th September 2023

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Jordan Knights, Social Value Officer; John Bennett, Head of Economy, Jobs and Skills; Katharine Nidd, Interim Director of Finance

Outline and recommendations

This is the first edition of the council's annual Social Value Impact Report, documenting both an overview of the social value activities undertaken by the council's contractors and developers in Lewisham in the financial year April 2022-March 2023, as well as some of the wider social value achieved from engagement with Lewisham businesses and partnerships.

Timeline of engagement and decision-making

The London Borough of Lewisham's latest Social Value Policy was approved by Mayor and Cabinet on 4th October 2022. The first edition of this report begins to document some of the impact of the policy, as well as the legacy of the previous policy, providing a baseline to capture future impact and progress.

1. Summary

- 1.1. This is the first edition of the council's annual Social Value Impact Report, documenting an overview of the social value activities undertaken by the council's contractors and developers working in the borough in the financial year April 2022-March 2023.
- 1.2. The report enables us to showcase the benefits that have been delivered to the

borough and our residents, demonstrating value for money in how we procure good, works and services as well as some of the wider social value achieved from engagement with Lewisham businesses and partnerships. As the first iteration, the annual report provides us with a baseline to understand the impact of our Social Value Policy 2022, the legacy of our previous Social Value Policy, as well as where we are doing well in terms of enabling social value and where there is room for improvement.

2. Recommendations

- 2.1. Mayor and Cabinet are recommended to note the contents of the report and the Social Value Impact Report appended, including how the latest social value policy is having an impact, as well as the future ambitions for social value reporting and practice.

3. Policy Context

- 3.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):

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

- 3.2. In particular, this report is closely aligned to the priority of a Strong Local Economy, because it details the outcome of our mechanisms for securing benefits for Lewisham residents and the local economy, such as jobs and skills and business opportunities. It is also closely aligned to the Cleaner and Greener priority as it details benefits secured that improve the environment in Lewisham. It also closely aligns with the priorities of Safer Communities, and Open Lewisham, as it details benefits secured to make Lewisham more inclusive through activities like volunteering, support for the VCSE sector, and opportunities for refugees and disadvantaged residents. It also closely aligns with Children and Young people, as social value is also securing benefits directly for children and young people, in schools and in routes to the labour market respectively. Lastly, it also closely aligns with the Health and Wellbeing Priority, as a number of the social value themes contribute to better health and wellbeing for Lewisham residents.

4. Background

- 4.1. The Public Services (Social Value) Act 2012 came into force on 1st January 2013. It

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- requires those who commission public services to think about how they can also secure wider social, economic and environmental benefits.
- 4.2. The Act is a tool to help commissioners get wider value for money from procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems. In February 2019, Mayor and Cabinet approved the London Borough of Lewisham's first Social Value Policy.
 - 4.3. In partnership with the Lewisham Deal members, an annual Social Value Report was produced which documented the activities undertaken through the partnership's working groups. There was partial focus within the report on the procurement activities of the partnership, but not an explicit focus on social value delivered through procurement, as defined in the Public Services (Social Value) Act 2012.
 - 4.4. In October 2022, Mayor and Cabinet approved the London Borough of Lewisham's second Social Value Policy. The refreshed policy was written to support the Council's Sustainable Procurement Strategy 2021-2025 and to align the key performance indicators with the Corporate Strategy 2022-2026.
 - 4.5. In July 2022, the Mayor of Lewisham convened the Lewisham Strategic Partnership, bringing organisations together to build on closer partnership working developed through the Lewisham Deal, Goldsmiths Civic University Agreement, and the pandemic response. In October 2022, partners agreed on set of shared interim priorities and a new governance arrangement, which brought the previous Lewisham Deal arrangement under the LSP structure.
 - 4.6. Due to the new arrangements, it was decided to pause the continuation of the Lewisham Deal Social Value Report while new reporting mechanisms for the partnership are developed, as well as awaiting the new priorities laid out in the upcoming partnership strategies: Lewisham 2030 Community Action Plan and the Economic Development Strategy.
 - 4.7. The new annual Social Value Impact Report will allow us to focus explicitly on reporting our own performance in regard to social value activities that the council has enabled through its procurement processes and subsequent contracts with suppliers, as well as through Section 106 agreements with developers through the Local Labour and Business Scheme.

5. Summary of the Report

- 5.1. Social Value refers to the return on investment in our communities, our places, our economy, and our environment that creates wellbeing on a wider scale. This investment can be time, money, materials, or ways of doing things. It is calibrating the wider social impact and economic feasibility to create the most impact in how we do

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- things. The end goal is to create long term positive changes from investment.
- 5.2. Whilst social value is part of the fabric of the Council's interaction with its residents and businesses, one of the most tangible tools for delivering social value is through the benefits achieved via our procurement of goods, works and services. This is enshrined in the Public Services (Social Value) Act (2012). For public sector authorities, social value is the additional economic, social and environmental benefits that can be created when the organisation purchases goods, works or services from outside the organisation. Social value can also be created through developers' contributions in Section 106 agreements and our Local Labour and Business Scheme (LLBS). Social value should have wider community or public benefit that increases the wellbeing of residents.
 - 5.3. The data for this report was collected from contract managers, suppliers and developers. We received information from 81 of the council's contracts and from 5 developers. It is focused on social value and developers contributions delivered in the financial year April 2022 to April 2023.
 - 5.4. The data collected is based upon required reporting information and information voluntarily returned and is a broad overview of social value activities that happened within the year. The data begins to document the impact of the council's Social Value Policy 2022-2026, the previous Social Value Policy, and social value activities in legacy contracts from before the council's first policy. The data collection therefore reflects the different social value practices and attempts to bring these together in a uniform way of measurement. Whilst it is a strong picture of social value delivered, the report does not claim to comprehensively cover all contracts and activities. Thus, the impact will be even greater than what has been recorded.
 - 5.5. The key takeaways are: Social value is being directed to the causes most in need; Social value creates investment and opportunities in Lewisham; Social value helps us to tackle inequalities in Lewisham; The total impact will be greater than reported; Impact reporting provides us with a baseline to grow and improve.
 - 5.6. The data recorded has been themed under our social value KPI headings: Core Commitments; Employment and Skills; Economy and Growth; and Environment, Community and Place.
 - 5.7. Core Commitments:
 - 5.8. 99% of contractors pay the London Living Wage. 71% of contractors had a modern slavery statement in place (not all contractors are required by legislation to have one). 97% reported on equalities data. 188 Core Commitments were recorded from our contractors, which included carbon emergency actions, good working and business practices, and public health activities.

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- 5.9. Employment and Skills:
- 5.10. A total of 824 Lewisham residents were recorded as being employed through our contracts, including 38 apprenticeships. This equates to £18 million in wages to Lewisham residents. A range of job fair activities, specialist employment support for targeted groups, and sector specific career events were also recorded. The LLBS secured 15 new apprenticeships, 28 work experience or trainee opportunities, and 31 job starts.
- 5.11. Economy and Growth:
- 5.12. Tussell and LocalGov recently placed us top in the country in the Local Government Procurement index for our local (London region) spend, at 82% of our total spend (including Lewisham Homes). We spent around £74 million pounds in the borough through our contracts. 25% of our total live contract value within the year was with local suppliers. A range of other activities were also recorded including ad-hoc spending in the local economy, such as in local café's and use of local taxi's; subcontracting by developers; donations of materials to VCSE organisations, such as wood chips and plants and hi-viz jackets; workspace for local startups at Downham Leisure Centre; and donations of devices and digital inclusion activities for employment.
- 5.13. Environment Community and Place
- 5.14. 160 Community benefit activities were recorded, including:
- 5.15. Greening activities such as the installation of cycle racks and the creation of community gardens in our Supported Living Contracts, the installation of Smart Meter's and heat saving systems in our Schools Contracts, the decommissioning of petrol equipment and switch to electrical equipment in our Parks and Green Spaces Contract.
- 5.16. Volunteering and social inclusion activities such as voluntary health support advocacy, and volunteering from developers, as well volunteering in our Supported Living Services, and specialist social inclusion activities.
- 5.17. Donations of goods and materials such as sports equipment an interactive whiteboard and laptops to schools, timber and a shed to an allotment, a hand football table to a youth clubs and the donations of laptops to community groups.
- 5.18. A total of £80,000 of community donations were recorded. This went to schools, support for the cost-of-living crises, Lewisham People's Day and community grants.

6. Financial implications

- 6.1. There are no specific financial implications arising as a direct result of this report. The cost of delivering both the Council's procurement activity and social value monitoring are contained within existing revenue budgets.
- 6.2. The content of the report is a demonstration of how our procurement processes and our Social Value Policy are designed to ensure that the Most Economically

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Advantageous Tender (MEAT) is successful through an effective and transparent evaluation of cost and quality of delivery. The report shows the impact, both qualitative and quantitative, these decisions are having and their resultant positive impacts for Lewisham residents. These will help to inform future evidence based decision making in the allocation of resources by the council.

7. Legal implications

- 7.1. Under the Public Services (Social Value) Act 2012, the Council as a commissioner of public services must consider in any pre-procurement process how it can secure wider social value, economic and environmental benefits in its area.
- 7.2. The Council must carry out its procurement function in accordance with both current procurement legislation, the Council's Contract Procedure Rules as set out in the Constitution (7.1) and the Council's policies. The Council must base the award of contracts on the most economically advantageous tender. Regulation 67(3) of the Public Contracts Regulations 2015 permits the Council to consider relevant and proportionate social and environmental criteria as part of its assessment of the most economically advantageous tender.
- 7.3. The Council must also comply with Procurement Policy Note 05/21 which requires all contracting authorities to familiarise themselves with the contents of the National Procurement Policy Statement and to consider the following national priority outcomes alongside any local priorities: creating new businesses, jobs and skills; tackling climate change and reducing waste; and improving supplier diversity, innovation and resilience. This obligation is only necessary where the national priorities are relevant to the subject matter of the contract and proportionate.
- 7.4. The Council has a duty to obtain best value in the procurement of works, services and supplies and to secure continuous improvement in the way functions are carried out, having regard to a combination of economy, efficiency and effectiveness (Local Government Act 1999). This means that when procuring contracts the Council must, on a case by case basis, weigh up the costs of the contract against the benefits of the particular relevant issue including social value issues.
- 7.5. The Council is bound by the Modern Slavery Act 2015. Section 54 states that a commercial organisation must prepare a slavery and human trafficking statement for each financial year.
- 7.6. Social Value is integrated into the planning system. Any social value to be delivered through section 106 obligations must be necessary to make the development acceptable in planning terms; directly related to the development; and fairly and reasonably related in scale and kind (Regulation 122, Community Infrastructure Levy Regulations 2010).

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8. Equalities implications

- 8.1. There are no direct equalities implications arising as a result of this report. However, the activities detailed within this report are designed to benefit those with the most need in order to address inequalities in Lewisham. In the process of commissioning services, the council carries out Equalities Analysis Assessments to understand how changes to service design and delivery, including providers, may have an effect on service users and the wider Lewisham population. The social value activities delivered by contractors should be designed with the appropriate equalities evidence in order to create the greatest impact and deliver the best value for money through their contracts. Contract managers within the council guide contractors in this regard and our social value KPIs are designed with an integrated equalities lens. Developers who provide social value activities should do so through an equalities impact lens in order to offset any disturbance to communities affected by regeneration and development work, and this should be particularly designed in a way to limit impacts to those most likely to be negatively affected.

9. Climate change and environmental implications

- 9.1. There are no direct climate or environmental implications arising specifically as a consequence of this report. However, the social value requirements, as well as the broader procurement mechanisms that the council employs are designed to encourage and/or enforce reflection and action on the operational effects of contractors business practices in the delivery of good, works and services to the council. Some tender invitations will have specific requirements within their procurement process that detail the necessity of reducing emissions and waste in order to successfully win contract awards. Other tender invitations may invite the supplier to voluntarily commit to other emissions and waste reducing practices, which will increase their likelihood of winning the contract award. These processes are designed to help us achieve our carbon neutral commitments.

10. Crime and disorder implications

- 10.1. There are no direct crime and disorder implications arising directly from this report. However, a number of the priorities embedded within the social value key performance indicators are factors that contribute towards a likely reduction in crime and disorderly behavior. This includes jobs and skills support, volunteering and community support activities, as well as bespoke targeted schemes, which are appropriate to specific contractor activities, geographical output areas or communities with specific needs.

11. Health and wellbeing implications

- 11.1. There are no direct health and wellbeing implications arising from this report. However,

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the details of the social value activities described in this report demonstrate that their impacts are contributing towards improving the wider determinants of health for Lewisham residents. These include activities such as improving the environment, creating employment pathways, improving community integration and the social economy and targeting inequalities, which often have a health dimension.

12. Background papers

12.1. [Social Value Policy for Procurement 2022-2026.](#)

13. Glossary

Term	Definition
LLBS	Local Labour and Business Scheme.
Most Economically Advantageous Tender (MEAT)	The tender that will bring the greatest benefit to the council. Most economically advantageous award criteria may embrace aspects of the tender submission other than just price.
Procurement	The buying, leasing, renting of goods, services and works required by an organisation.
Social Value	Social value is formally defined through the Public Services (Social Value) Act (2012), which required public authorities to have regard to economic, social and environmental well-being in connection with public services contracts. The act came into force in 2013.
Tender Process	The official process of advertising a contract, inviting organisations to tender, evaluation of tender submissions and subsequent award of a contract.
VCSE	Voluntary, Community and Social Enterprise sector.

14. Report author(s) and contact

- 14.1. Jordan Knights, Social Value Officer, 020 8314 3677, jordan.knights@lewisham.gov.uk; John Bennett, Head of Economy Jobs and Partnerships, 020 8314 7791, John.Bennett1@lewisham.gov.uk; Katharine Nidd, Interim Director of Finance, Katharine.Nidd@lewisham.gov.uk
- 14.2. Comments for and on behalf of the Executive Director for Corporate Resources
- 14.3. Katharine Nidd, Interim Director of Finance
- 14.4. Provide the name of the author of the financial implications.
- 14.5. Comments for and on behalf of the Director of Law and Corporate Governance
- 14.6. Melanie Dawson, Principal Lawyer – Place, melanie.dawson@lewisham.gov.uk

Is this report easy to understand?

Please give us feedback so we can improve.

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15. Appendices

- *Appendix A – Lewisham Council Social Value Impact Report 2022-2023*

Is this report easy to understand?

Please give us feedback so we can improve.

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Social Value Impact Report 2022–2023 Lewisham Council



Image: Lewisham Local
Recipient of Deptford
Community Fund



Foreword from Cllr Amanda de Ryk

Cabinet Member for Finance and Strategy

I am very proud to introduce Lewisham Council's Social Value Impact Report for 2022-23. The report shows how we, as a Council, strive to ensure deeper, longer lasting benefits for our local community from every Lewisham pound we spend. It is a Council-wide effort, across every service – either through procuring goods, works and services or engaging with businesses and providers inside and outside the borough. We also recognise the contribution our Local Strategic Partners and our Voluntary, Community, Faith and Social Enterprise sector make to this valuable work. Thirteen years of austerity funding has seen the Council's capacity severely cut back, so it is right that we work in partnership across every sector to secure the support our residents need.

In the wake of the pandemic and amid a cost-of-living crisis, the need to build wealth in the community and target support to our most vulnerable households has never been more critical. Twenty-five per cent of Lewisham households are estimated to be vulnerable to rising living costs and the number of households living with enduring negative budgets has doubled between 2022 and 2023. This report shows that our determination to underpin economic resilience through sustainable procurement and focus on local suppliers is paying off, and we can help support our vulnerable residents. We've spent £74m on local contracts, creating 824 jobs for local residents, which means £18m in wages for local people.

We recognise there is still more to do to capture the breadth and depth of the social value we create. Going forward, our goal is an annual report with cumulative totals of value over time. We are also paying particular attention to the way we work – ensuring that we understand current best practice in the public and private sectors and use accurate data to target help to those most in need. The Lewisham Community Exchange is a new initiative, hosted by Lewisham Local, that will ensure businesses are signposted to the places and projects that need support.

We are proud of our local businesses and suppliers that we have worked with, who have demonstrated their commitment to ethical practices to support the community. We have seen significant workplace obligations such as providing mental health support in the workplace, subsidised gym and leisure memberships; public health initiatives such as healthy cafes, the water refill campaign, and community toilet access; and climate emergency commitments such as the reduction of CO2 and vehicle emissions and waste.

Crucially, our work is helping to bring down the barriers into employment specifically felt by the disadvantaged and disabled. We are promoting the upskilling of employees and forging a pathway towards progression into sustainable and fairly paid jobs for every Lewisham resident. We are also working with our local businesses to ensure that apprenticeships and work experience opportunities are as widely available as possible.

I want to thank all the teams across the Council who have contributed to this significant work. Our determination to secure the benefits of social value for Lewisham is a call to arms for existing and potential suppliers. It is the cornerstone of how we will work together to underpin Lewisham Council's work to ensure equality of opportunity and outcome, and to maximise prosperity and wellbeing for everyone across the borough.

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Our approach to Social Value

Social Value refers to the return on investment in our communities, our places, our economy, and our environment that creates wellbeing on a wider scale. This investment can be time, money, materials, or ways of doing things. It is calibrating the wider social impact and economic feasibility to create the most impact in how we do things. The end goal is to create long term positive changes from investment.

Social Value is what we do every day in Lewisham as a borough. Our services and operations, both statutory and non-statutory, seek to drive social value for the borough and beyond. We create social value through our placemaking activity in making Lewisham a welcoming, healthy and equitable place to live. We consider social value as a key pillar of investing in Lewisham to build community wealth. We understand that social value is the active practice of economic placemaking in Lewisham. It is how we support our businesses, work to provide opportunities for residents, improve our environment, and shape a future that enables all residents to maximise their wellbeing. Our approach to social value is therefore shaped by the priorities of our Corporate Strategy and our communities.

While social value is part of the fabric of the Council's interaction with its residents and businesses, one of the most tangible tools for delivering social value is through the benefits achieved via our procurement of goods, works and services. This is enshrined in the Public Services (Social Value) Act (2012). For public sector authorities, social value is the additional economic, social, and environmental benefits that can be created when the organisation purchases goods, works or services from outside the organisation. Social value should have wider community or public benefit that increases the wellbeing of residents.

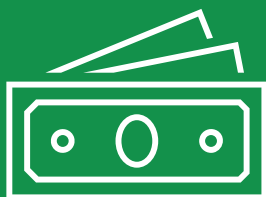
Through our procurement, we work with our partner businesses to build sustainable, diverse, and ethical supply chains. This is led by our sustainable procurement approach of good work practices, addressing the climate emergency, and championing our local economy. Through our social value programme in Lewisham, we promote a dynamic culture of social value across the organisation and in commercial activities. We work with suppliers who share these values as part of their business to become partners in our community.

Social value can also be created through developers' contributions in Section 106 agreements, which are a mechanism for mitigating against the impact of development. We seek to use the social value generated via procurement and in developers' agreements to influence the local economies, places, and markets in which we operate. We want to strengthen and develop assets already held in our communities, empower the social economy, and keep wealth local, circular, and inclusive. We intend to build an inclusive local economy that addresses inequalities and inequities within the community. We see our small and medium enterprises (SME) as the lifeblood and vital to our ambition to build a strong local economy. Social value is a key tool in achieving this.

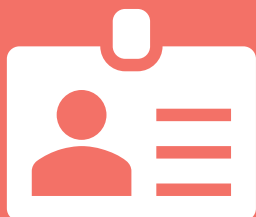
In our [Sustainable Procurement Strategy](#), we made a commitment to grow the Lewisham Pound. We are using social value to create impactful social returns on investment through facilitating new opportunities and collaborations for Lewisham's businesses and communities with our suppliers. We are partnering with our local businesses and the Voluntary, Community, Faith and Social Enterprise (VCFSE) sector as vital assets in our local economy to generate social value in our communities.

Social value is about impact. We achieve this both through the investment we bring into Lewisham from our partner businesses in the wider economy as well as the assets within Lewisham itself.

Impact Summary



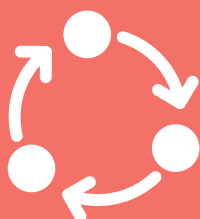
£18 million in wages to
Lewisham residents



824 residents employed
through our contracts



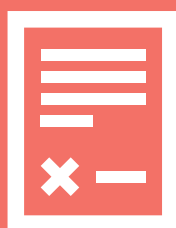
82% of in-year spend within
the London region



£74 million spent in
Lewisham supply chains



23 contracts for local VCSE
organisations



50 contracts held by local
businesses

Key Takeaways

Social Value is being directed to the causes most in need

- We work with partner businesses to be led by insight, community knowledge and service expertise when planning social value activities

Social Value creates investment and opportunities in Lewisham

- Partner businesses contribute by adding value to our communities through their specialisms and unique business activities

Social Value helps us to tackle inequalities in Lewisham

- We are intersectional in our analysis and specific in using social value to benefit those who are most disadvantaged

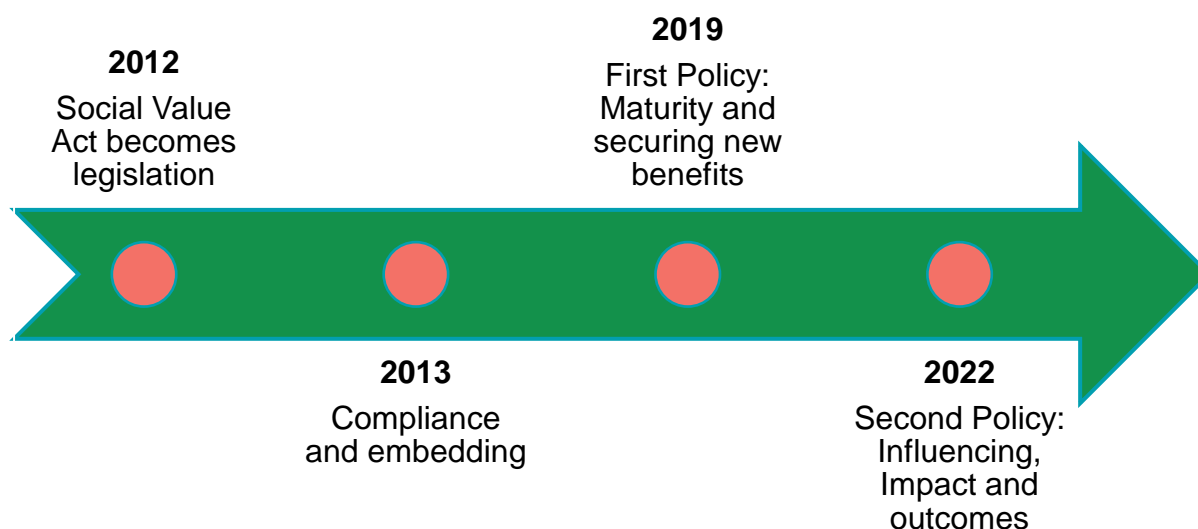
The total impact will be greater than reported

- Not all social value activities have been captured, meaning that the total benefits delivered will be greater than what is reported

Impact reporting provides us with a baseline to grow and improve

- We want to showcase the benefits being realised for Lewisham – impact reporting helps us to identify what we are doing well and where we could improve

Our Social Value Policy development



Social value is formally defined through the Public Services (Social Value) Act (2012), which required public authorities to have regard to economic, social and environmental well-being in connection with public services contracts. The act came into force in 2013.

From 2013 to 2019, the Council was compliant with the Social Value Act, encouraging suppliers and our procurement practices to have due regard to the wider implications of our commercial activity. During these years, social value practice was developing across the public and private sector. Lewisham's practices were beginning to influence our supply chains and gaining some additional benefits for Lewisham residents.

Lewisham's first social value policy was published in early 2019. The new policy introduced significant improvements to the Council's work in this area by emphasising that the Council placed significant weight on social value both at the point of procurement but also throughout the life of each contract. The policy was built on best practice from other areas and established Key Performance Indicators (KPIs) that represented outcomes the Council wanted to achieve through social value. Additionally, this policy also mandated that all procurement evaluations should allocate at least five per cent weighting to social value, where relevant.

Social Value Policy 2022

In October 2022, an updated version of the Social Value Policy was published, reflecting the priorities of the latest Corporate Strategy. This increased the minimum evaluation weighting for social value to up to 10% across all relevant council contracts, which intended to secure more benefits for the borough and is targeted particularly at those most disadvantaged. The policy also set out a refreshed set of four key themes and KPIs that the Council would be seeking through its contracts to support our strategic aims to deliver for the needs of the borough.

Theme 1 is our Core Commitments, which is focused on using our leverage to drive improvements and resilience in our supply chains through influencing good business practices. Theme 2 is Employment and Skills, which is aimed at reducing inequalities in the local labour market and increasing opportunities. Theme 3 is Economy and Growth, which

seeks to improve and diversify our local economy through promoting innovation and entrepreneurialism and thus build more local wealth. Theme 4 is Environment, Community, and Place, which aims to protect, strengthen, and empower Lewisham as a place and the resilience of its communities.

The Council procures over £300m of goods, works and services annually, with an average duration of contracts being circa two to four years. This means that there are still live contracts in place in the Council which commenced before the introduction of the initial Social Value policy in 2019. Therefore, while the annual reporting of social value provides a strong evidence base of the levels of additionality achieved via procurement, the full benefits of the 2022 Social Value policy are yet to be captured. Through our annual Social Value Impact Report, the Council will be able to demonstrate the cumulative value added back to its residents, businesses, and communities.

Sustainable Procurement Strategy

Our Social Value Policy works in tandem with our Sustainable Procurement Strategy 2021-2025, which outlines our ambitions to grow the Lewisham Pound, confront Modern Day Slavery, and tackle the Climate Emergency. Within this strategy, we are committed to using procurement to retain wealth in the borough, for example through the inclusion of at least one local supplier for all tenders below threshold of £50,000 and as a first point of market engagement, where possible.

Modern Slavery

In 2022, Lewisham Council published its third Modern Slavery and Human Trafficking Statement, continuing to demonstrate our opposition to these exploitative practices. The Council has demonstrated its duty towards this commitment by, in previous years, writing and publishing a Modern Slavery and Human Trafficking Protocol and signing up to the Co-operative Party Charter Against Modern Slavery. The charter makes necessary a number of actions from the council, which were first considered and addressed within our 2018-2019 statement.

The Co-operative Party Charter Against Modern Slavery

1. Train its corporate procurement team to understand modern slavery through the Chartered Institute of Procurement and Supply's (CIPS) online course on Ethical Procurement and Supply.
2. Require its contractors to comply fully with the Modern Slavery Act 2015, wherever it applies, with contract termination as a potential sanction for non-compliance.
3. Challenge any abnormally low-cost tenders to ensure they do not rely upon the potential contractor practising modern slavery.
4. Highlight to its suppliers that contracted workers are free to join a trade union and are not to be treated unfairly for belonging to one.
5. Publicise its whistle-blowing system for staff to blow the whistle on any suspected examples of modern slavery.
6. Require its tendered contractors to adopt a whistle-blowing policy which enables their staff to blow the whistle on any suspected examples of modern slavery.
7. Review its contractual spending regularly to identify any potential issues with modern slavery.
8. Highlight for its suppliers any risks identified concerning modern slavery and refer them to the relevant agencies to be addressed.
9. Refer for investigation via the National Crime Agency's national referral mechanism any of its contractors identified as a cause for concern regarding modern slavery.
10. Report publicly on the implementation of this policy annually.

Electronics Watch

In 2019, Lewisham Council became the second local authority in the UK to become affiliated with Electronics Watch to protect the rights of workers in our electronics supply chains.

We work with Electronics Watch to verify that all IT and digital equipment we purchase is modern slavery free. We conduct financial due diligence checks and run CreditSafe reports on bidders and successful suppliers, which allows us to identify any potential risks and implement mitigation strategies if necessary. This provides assurance that we work with legally formed entities.

Local Labour and Business Scheme

In tandem with securing social value through procurement, the Council also secures benefits for Lewisham residents and businesses through Section 106 planning agreements. These requirements are outlined in the Planning Obligations Supplementary Planning Document (SPD) and managed through the Local Labour and Business Scheme (LLBS).

The aims of the LLBS are to:

- Increase the number of Lewisham residents securing apprenticeships.
- Increase the number of Lewisham residents securing full and part time jobs.
- Provide the opportunity for Lewisham residents to access work experience placements (age 14-16 and 16 and over) / mentoring.
- Upskill Lewisham residents by providing access to accredited and non-accredited training.
- Encourage referrals to community involvement activities, for example, work with schools, youth and adult groups involving them in industry processes and raising awareness of opportunities available within the construction and other industries.
- Delivering Lewisham's annual Job Fair. The job fair provides opportunities for internal and external partners to deliver on their agreement to engage with local residents. These events also serve to ensure that our residents are given the opportunity to meet employers of local people, from a variety of sectors, face to face.
- Work in partnership with Lewisham's business support service provider to ensure that local businesses are able to access procurement processes and contract opportunities. Partnership working will include being involved in supply chain workshops, contractors' workshops and other business events.

Federation of Small Businesses (FSB) Local Leadership Partner

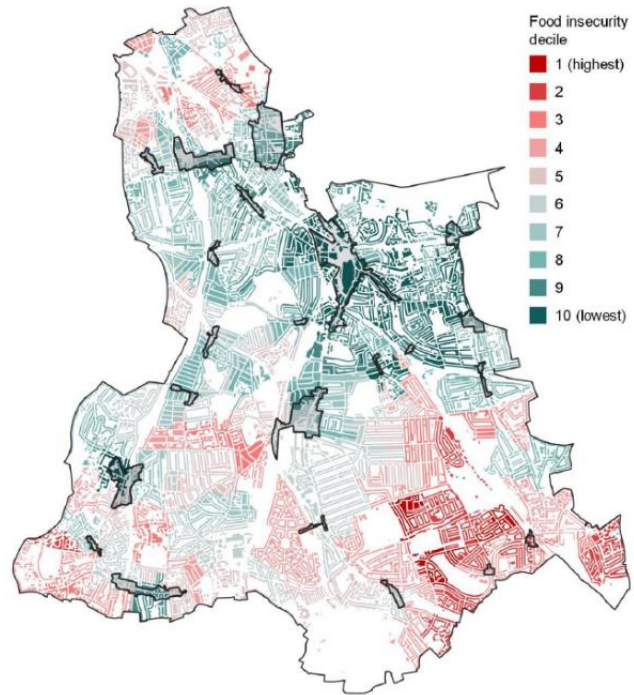
In May 2023, Lewisham Council officially became an FSB Local Leadership Partner. Becoming a partner demonstrates that the council is committed to empowering small businesses and the self-employed to continue to deliver growth, prosperity, and jobs within the borough. Lewisham is the second London Borough to sign up to deliver on the FBS's '5 Asks' of London Boroughs:

1. Give parity of esteem between residents and business.
2. Ensure consultations with businesses are clear, simple and well communicated in good time.
3. Visit businesses – face to face contact is important for building a trusting relationship with small businesses.
4. Talk to and share information with neighbouring London Boroughs.
5. Have a dedicated Councillor and Single Point of Contact acting as a small business champion.

Responding to Local Needs in Social Value

Recent years have been particularly turbulent across the world and the effects on Lewisham have been in common with elsewhere whilst also reflecting our own unique circumstances. The Covid-19 pandemic has had lasting effects, while also exacerbating and exposing already existing inequalities. The continuing cost-of-living crisis is aggravating these inequalities and pushing those that were just about managing into new forms of hardship.

Around a quarter (31,000) of Lewisham households are estimated to be vulnerable to rising living costs through being low-income. Borough-level estimates by Experian that have been shared with the GLA estimate that 640 Lewisham Households were in a negative budget in 2022 and 1200 are likely to be in 2023. Financially distressed households continue to rise.



Food insecurity decile, where red is more food insecure, and green is less food insecure (Source: Consumer data research Centre)

Our social value requirements when working with partner businesses are therefore tailored to the specific needs of the borough. This includes income maximisation through employment support, and a minimum expectation of paying the London Living Wage when providing good and services to the council through our contracts. We also target support for the VCSE sector and our small businesses who are pivotal in keeping the local economy resilient and supporting our communities.

Top five cost of living issues

Time series for Lewisham

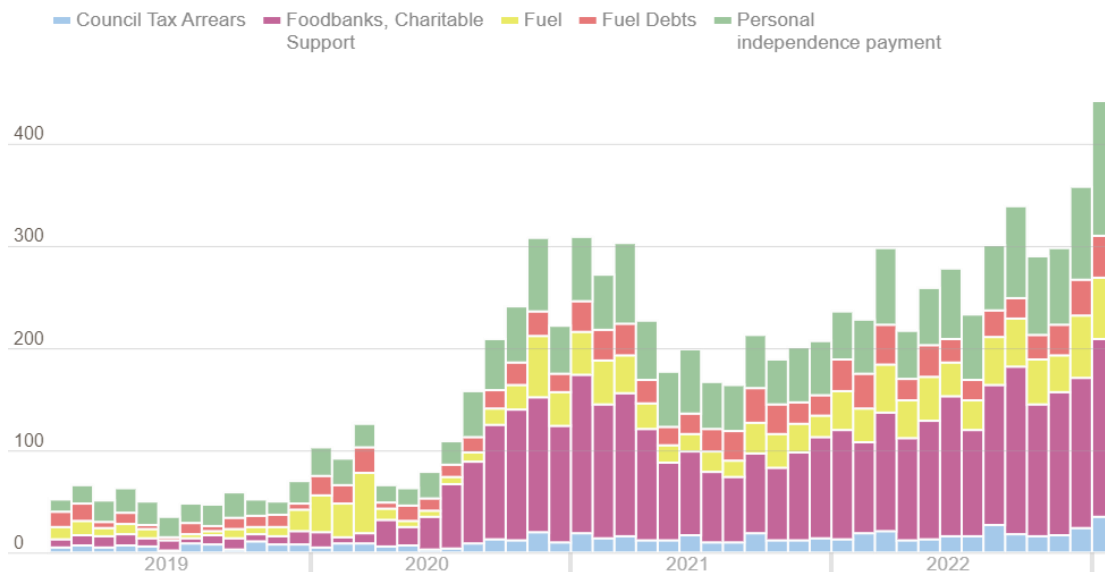
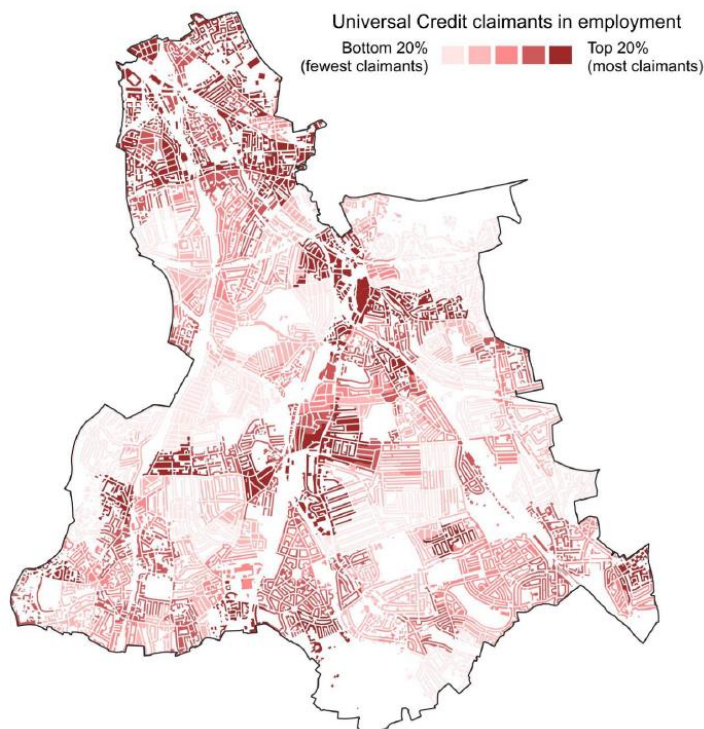


Image: Citizens Advice

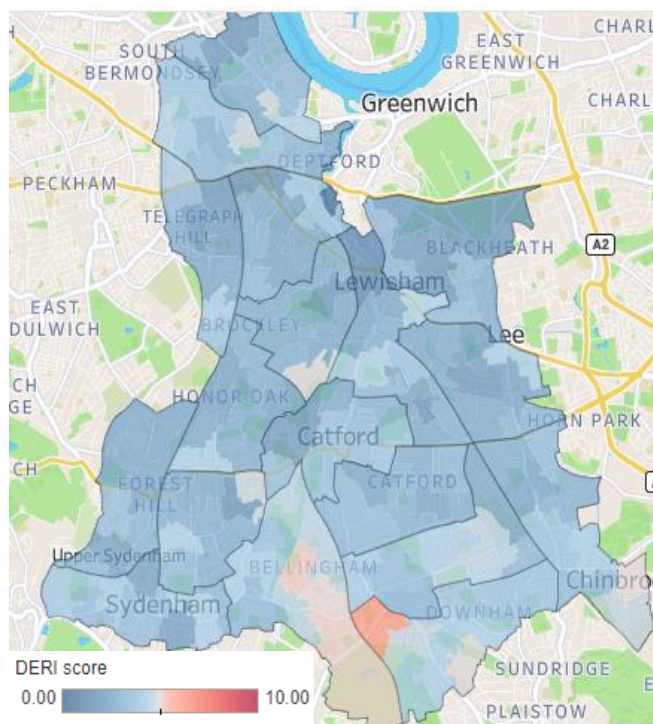
While economic hardship is a particularly difficult challenge for many, it is not the only way that residents experience inequality. In fact, these experiences often intersect with other issues to create multiple disadvantages, which compound and create new and further challenges for people. For example, someone that does not have access to the internet, or does not know how to use a digital device may experience increased challenges with accessing job sites, or booking a GP appointment, due to these services being online. This can therefore result in multiple forms of disadvantage causing a bigger issue for the person.

In our last residents survey, which was held in 2021, it was found that while internet usage is prevalent among residents, a quarter (26%) indicated that their lack of skills with the internet or technology made it difficult for them to access services or support during the pandemic. This proportion increases further amongst the Financially Stretched and those over 75 years of age.¹

Analysing how multiple social characteristics and experiences intersect to create systems of discrimination or disadvantage is a key method in how we carry out equalities impact and needs assessments. This is known as intersectionality and combines with our use of evidence to ensure we procure goods and services in a way which maximises social value.



Source: DWP Stat-Xplore



Digital Exclusion Risk Index in Lewisham (Source: Greater Manchester Combined Authority)

¹ Financially stretched is a definition used by ACORN data to segment the UK population, which was used in the analysis for our Resident Survey by MEL Research.

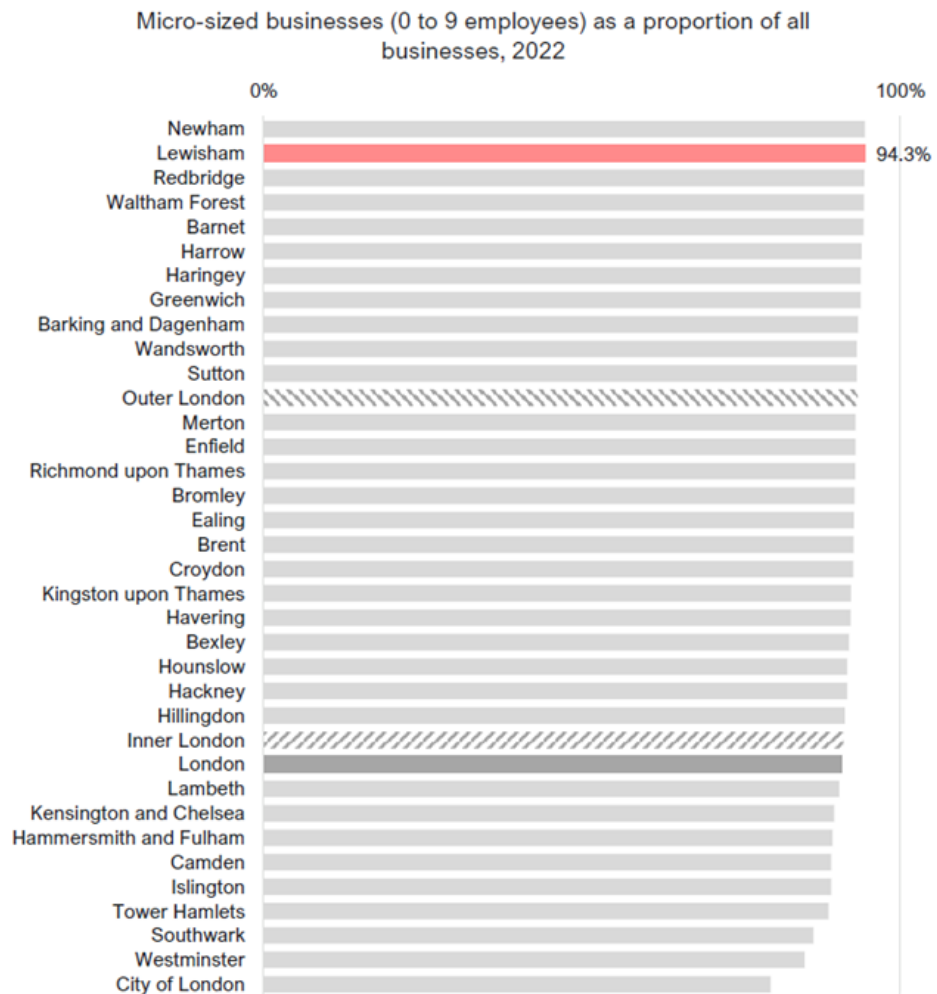
The Lewisham Business Base and Economy

Lewisham has a relatively unique position as an inner London borough, being highly residential with a small proportion of large businesses. Lewisham is also the London borough with the second highest proportion of micro businesses (zero to nine employees) of its total business base - at 94.3%. The total number of businesses in Lewisham is around 9,950.

Lewisham Council’s annual headcount and survey of independent high street businesses found that between 2021 and 2023 the number of independent businesses on Lewisham’s high streets increased from 62% to 65% and the number of high street businesses that were black, Asian or minority ethnic (BAME) owned remained constant at around 65%.

However, Lewisham also has one of the lowest job densities in the country – there are around three people for every one job. The claimant count in Lewisham, which is the amount of people claiming benefits principally for the reason of being unemployed, is around 5.8% of the population, which is higher than both the London and England average.²

14.6% of Lewisham residents in the 2021 Census reported having no qualifications.³ This is less than the England and Wales average and London average but varies significantly by ward. Over 20% of residents in Downham reported having no qualifications, while only around 10% did in Lewisham Central.



Source: UK business: activity, size and location, ONS

² Claimant Count, Office for National Statistics, May 2023.

³ Census 2021, Office for National Statistics, 2022.

2022-23 Social Value Impact

We are pleased to publish and report the outcomes in Lewisham Council's first Social Value Impact Report, which shows that our business partnerships are delivering benefits directly to Lewisham residents and the borough. Our partnerships, both local and far, show that these relationships create new opportunities in Lewisham that are responding directly to the needs of the borough and the current economic climate. Through our partnerships, we have generated social value that draws upon embedded community knowledge, while also leveraging skills and expertise into the borough. These collaborations have created mutually beneficial outcomes that unlock social value for suppliers and for Lewisham.

The information in this report is based upon data collected from 81 of the council's contracts that were live during the financial year April 2022 to March 2023. We also received information from five developers in the borough. The Council is ambitious to achieve full reporting that captures all social value achievements and the new Social Value Policy, KPIs and approach are already demonstrating this impact. Some legacy contracts' social value is more bespoke and harder to measure when not necessarily aligning with present KPIs. Therefore, the data within this report does not represent the full impact of all the social value that has been delivered through contracts but is a snapshot of the benefits we are securing for Lewisham, which will be greater than what is reported. We are committed to providing cumulative reporting that builds on the excellent work reported in 2022-23 and to improve our expertise in measuring social value.

Social value has typically been about identifying, unlocking and measuring 'hidden benefits'. While we do not believe we have measured all the social value unlocked for Lewisham, we are pleased with our improved ability to identify the forms of value which are more easily felt than measured. This is exciting because we know that there are still more benefits to celebrate. The insight we have found on impact shows that we are working with responsible business partners who are making a difference to the lives of our residents with the most timely and urgent needs and crises, including:

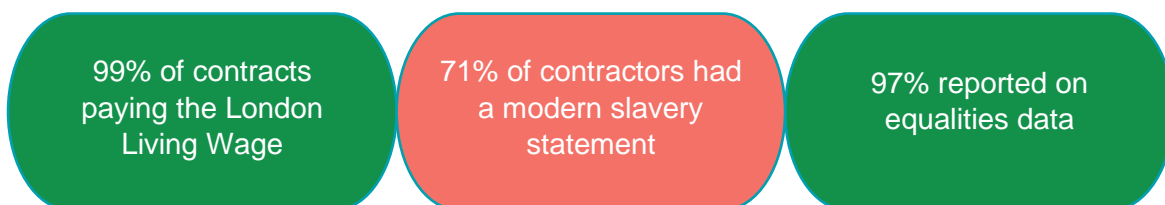
- The cost-of-living crisis
- Sustaining local businesses and the community sector in times of economic uncertainty
- Overcoming barriers to work, good employment and access to developing industries
- Food justice
- Social isolation
- Digital exclusion
- The climate emergency

Core Commitments

Our core commitments focus on influencing our supply chains to encourage better work practices in the market. When we updated our Social Value Policy in December 2022, we also included a number of new KPI's that suppliers could commit to as part of their social value offer. These include commitments to Carbon Net-Zero, publishing a Modern Day Slavery Statement, Mental Health Tick Accreditation, Fair Tax Mark Accreditation and Living Wage Accreditation. All our contractors are expected to pay the London Living Wage to their directly employed staff and their contractors. These commitments are working to assert the minimum standards we expect from businesses who seek to win contract awards with us.

Our core commitments are helping us to work with sustainable businesses who maintain ethical business practices. This means working with businesses and organisations who see the opportunity to provide goods and services to Lewisham as a partnership in maximising value delivered to Lewisham, rather than as an opportunity to extract wealth from the borough and wider society.

In our annual compliance questionnaire of our suppliers:



As the new social value KPIs would not have affected the majority of contracts, the impact of the core commitments will not have been fully realised yet. The contracts which monitored these new commitments include the following figures:



- 27 had a carbon net-zero commitment
- 22 had commitments to measurable CO2 reductions
- 14 committed to using local and sustainable resources
- 12 committed to a measurable reduction in waste sent to landfill
- 6 were Mental Health Tick accredited
- 14 were accredited with the Living Wage Foundation
- 12 committed to supporting good working practices by challenging low pay and insecure working conditions in their supply chains
- 39 committed to wellbeing practices for employees
- 16 were promoting health initiatives, such as SugarSmart
- 14 had commitments to change champion initiatives
- 12 committed to consolidating deliveries

Core Commitments – Notable activities

To demonstrate their commitment to good working and ethical business practices our suppliers did the following:

Working Practices and staff wellbeing:

- **Glendale** demonstrated their commitment to supporting mental health conditions in the workplace by holding Able Futures consultations and providing mental health first aiders.
- **BNP Paribas** promoted employee wellbeing by providing workspace meditation sessions, as well as subsidised gym and leisure memberships.
- **One Health Lewisham** maintain ethical working practices by paying the London Living Wage, providing NHS pensions and generous sick leave provisions to ensure their staff achieve an appropriate work-life balance with a focus on their mental and physical wellbeing.

Public Health Initiatives:

- **Greenwich Leisure Limited** supported healthy communities by providing sugar match signage, enabling healthy living referrals and support, and providing healthy options in their cafés.
- **Lewisham Local** support the Sugar Smart campaign, run the Water Refill Campaign, promote community toilet access and are a breastfeeding hub.
- **JC Decaux** supported the Childhood Obesity Trailblazer initiative through Lewisham's on-street advertising screens, promoting co-produced health focused advertisements.
- **St Mungo's** have trained staff to deliver stop smoking services, sexual health advice in our supported living service.

Climate Emergency actions:

- **1Life** committed to a five per cent measurable reduction of CO2 annually as well as a 10% annual reduction in vehicle journeys.
- **PAM** have had a 73% reduction in total CO2 emissions since 2019.
- **Eleanor Care** clusters their wellbeing workers into zones within walking distance of service user's locations. This helps to reduce emissions that would otherwise be emitted if they were having to travel by vehicles.

Case Study: Reducing carbon emissions through commissioning: Textile Collection Bring Bank Service – LMB

Our Textile collection service saves 6117.62kg of CO2e from being produced per tonne of clothing collected. The average emissions from the production of new clothing is estimated to be 22,310kg CO2e per tonne, while the cost of this going to landfill is 552kg CO2e. By diverting clothes to a second use, reprocessing into cloth as a substitute to single use paper wipes, and diverting from landfill, LMB prevents these emissions from going into our atmosphere. LMB's waste is collected and handled by their partners First Mile who have a Zero to Landfill promise and operates an electric fleet in the UK. Collections are coincided with deliveries ensuring no empty vehicle mileage. LMB offer all staff a bike2work scheme and have secure parking facilities for bikes. Their site is located close to public transport links and our staff are encouraged to use this as opposed to driving.

Core Commitments: Outcome Based Commissioning - Maximising Wellbeing at Home and Proud to Care



Procurement is one tool of the local authority to drive innovation and social value in service delivery to contribute to our strategic aims. As a major commissioner of social care services, we have taken an approach to drive up standards and combat challenges in the sector. This is with the intention to create a more sustainable social care workforce, increase improved outcomes for clients and change perceptions of the sector, as well as enable us to secure better employment for local people, reduce car use and CO2 emissions in service delivery, and drive sustainable wealth in our communities.

Maximising wellbeing is the key outcome of the service, which has therefore been commissioned to shape the market in this direction. Rather than referring to the service as domiciliary care, this approach demonstrates what the council seek to achieve through the service and how wellbeing workers contribute to this greater purpose. Lewisham's championing of the Proud to Care campaign and our commitment to UNISON's Ethical Care Charter within the recruitment of wellbeing workers asks our partner businesses to share our public value priorities. As such, we ask them to share a three-step approach to the recruitment of Wellbeing Workers:

Step 1 – Recruitment into our Proud to Care Lewisham Family pool of wellbeing workers through a values-based approach. This step is coordinated by our Proud to Care Lewisham apprentices in collaboration with Lewisham Works and includes a pool of interviewers drawn from registered managers based locally, unpaid carers and people with lived experience, putting service users and practitioners at the heart of service delivery. Values based recruitment is an approach which attracts and recruits Wellbeing Workers on the basis that their individual values and behaviours align with the values of Lewisham Council and the NHS Constitution.

Step 2 – Each Maximising Wellbeing at Home organisation based in Lewisham can advertise vacancies to all candidates in the Proud to Care Lewisham Family. Each organisation must ensure their recruitment approach is fully compliant with CQC regulations and the UNISON Ethical Care Charter. Compliance with the Charter ensures all Wellbeing Workers are enabled to:

- Maximise wellbeing of clients, provide appropriate support and time to talk.
- Ensure they are not forced to rush their time with clients or leave early to get to the next client on time through ownership of their rotas.

- Work in Wellbeing Teams enabling clients to be allocated the same Wellbeing Workers.
- Have confidence in raising concerns about their clients' wellbeing through robust local provider procedures.
- Develop professionally and provide high quality care through access to the Proud to Care Lewisham training programme.
- Develop individually and within their wellbeing team through regular meetings with team and co-workers to share best practice and limit their isolation. Each Wellbeing Team will be allocated an internal coach by their employer to support ongoing development of the team.
- Receive sustainable pay at the Living Wage Foundation's Living Wage, terms and conditions and access to training.
- Be covered by an occupational sick pay scheme to ensure they do not feel pressured to work when they are ill in order to protect their welfare and that of their vulnerable clients.
- Be paid for their travel time and costs, and other necessary expenses such as mobile phones.

Step 3 – Supporting the Maximising Wellbeing at Home pool of Wellbeing Workers. If Wellbeing Workers do not feel that the role they are currently employed in is meeting their needs, they can resign from that organisation and re-enter the Proud to Care Lewisham pool where they will be matched to another Maximising Wellbeing at Home provider.

[Watch our video about our celebrating wellbeing workers event.](#)

Employment and Skills

Lewisham has one of the lowest job densities in the country – three people for every one job. We use our procurement contracts and construction schemes in Lewisham to require partner businesses to recruit residents from Lewisham as part of their workforce as much as possible. This helps us to provide jobs and avoid unemployment, provide skills and training for our residents to help keep them competitive in the workforce, and keeps wealth generated in the borough circular, through wages staying local and being spent in the local economy.

Local challenges we are addressing through Social Value

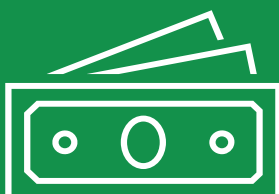
- Addressing barriers into employment and progression into sustainable and fairly paid jobs for communities who face disadvantage in the labour market, such as young people not in education, employment, or training; young offenders; disabled residents; carers and those requiring specialist supervision.
- Inequalities in the labour market that affect our diverse communities, our younger (18 - 24) and older (50+) working age residents, as well as geographical inequalities in the borough.
- Skills and qualifications for those without appropriate education, contemporary skills for emerging sectors and skills to enhance diversity in traditional sectors.

824



residents employed through our
contracts

(Including apprenticeships)



£18 million in wages to
Lewisham residents

Employment and Skills – Notable Activities

EMPLOYMENT AND SKILL SUPPORT	NUMBER OF PEOPLE
Local Employment	786
New Apprenticeships	38
Work Experience	61

Across the 81 contracts from which we received information, there were 786 Lewisham residents who were directly employed within the 2022-23 financial year. This includes both part time and full-time roles, of which we expect to be for a minimum of 26 weeks, or for the duration of the contract if shorter and to pay at least the London Living Wage. A ‘full time equivalent’ (FTYE) estimate would equate to 425 full time jobs.⁴ Using a Lewisham median salary of £33,000 per annum (2021) this equates to c.£18 million in total gross annual wages.^{5 6}

There will be more residents employed through contracts we have not captured, as well as it being likely that there will be more employed through the sub-contracting opportunities and in the supply chains of our contractors.

Case Study: Green Spaces Management and Maintenance Contract

Our employment and skills KPIs are targeted especially at disadvantaged Lewisham residents. **Glendale**, who manage our Parks and Green Spaces contract have provided employment opportunities for two rehabilitated young offenders, 12 refugees and disabled residents and seven NEETs (16 – 24 year olds not in education, employment or training). They have also employed an apprentice, provided work experience to four refugees / 14–16 year old students and three others requiring specialist supervision. They have also provided job support to 22 individuals.

Work Experience Case study: Lewisham Film Office

Management of filming and photographic permissions in the borough by **The Film Office** has secured creative access opportunities for Lewisham residents. This includes paid dailies as marshals on the production of ‘You and Me’, ‘Dreamland’ and ‘Slow Horses’.

Job Fairs: Greenwich Leisure Limited

Our Leisure contractor, **Greenwich Leisure Limited** is a social enterprise which is committed to reinvesting back into the services within Lewisham and to benefit the whole population of the borough. They have attended multiple job fairs in Lewisham to talk about careers in the leisure industry, including Goldsmiths Career Fair; Lewisham College Jobs, Apprenticeships and Training Fair; as well as events at Job Centres.

⁴ HCA guidelines (on job densities, 2014) suggests that there are roughly two part time workers per one full time worker once a commercial scheme or business is operational. This is reflected in Labour Market statistics which reported 24.59M people working full-time and 8.46M working part time as of May 2023; EMP01 SA: Full-time, part-time and temporary workers, ONS, 11 July 2023.

⁵ Lewisham Median Income, Annual Survey of Hours and Earnings, ONS, 26 October 2022.

⁶ HCA, Employment Densities guide, 3rd ed, 2015. [SOCIAL VALUE IMPACT REPORT 2022-2023](#) | [Lewisham Council](#)

Employment and Skills – LLBS

Our Local Labour and Business Scheme means we are working in partnership with developers to ensure that developments in the borough are inclusively designed and maximise opportunities for Lewisham residents.

LOCAL EMPLOYMENT	NUMBER OF PEOPLE
New Apprenticeships	15
Continued Apprenticeships	2
Work Experience or Traineeship	28
Jobs Advertised through LLBS	76
Job Starts - Lewisham residents securing work through project	31
UPSKILLING THE LOCAL WORKFORCE	
Accredited Training for Lewisham Residents (incl. standards/frameworks)	34
Training Other (Project or sector-specific training)	145
Community Involvement Activities	54

Notable Activities:

- Two volunteers from **Mulalley** attended Pinsent Mason Offices in London to present to a group of students from Lewisham schools about careers in construction. This was arranged by the **Construction Youth Trust**.
- Developer **Lendlease** attended 30 school events to highlight future careers in construction.
- **Mulalley's** Site Manager of the Frankham Street development attending event at Lewisham College to speak to students about his role, experience in the industry and to talk about work experience and apprenticeship opportunities on site.
- Four members of the **Balfour Beatty's** Lewisham Gateway team hosted a careers talk for Barnardo's at a local Academy for 20 (16 -18 year old) students.
- A Quantity Surveyor and Senior Quantity Surveyor from **Balfour Beatty** attended two sessions with St Matthew Academy on 'Math Quantity Surveyor' and 'Math Measuring in 3D'.

Employment and Skills – Developer contributions

Job Support: Lendlease



Image: Lendlease

As part of their developer contributions, in October 2022, Lendlease donated £10,000 to Construction Youth Trust to deliver a Building Future Skills programme in Lewisham. The programme was designed to give local young people opportunities to meet professionals working in STEM, immerse themselves in the world-of-work through fun activities such as site visits and team challenges, and develop the skills being sought by modern employers.

The programme engaged 14 young people recruited from two Lewisham schools, Sedgehill Academy and Sydenham & Forest Hill Sixth Form. The programme was hosted by Lendlease at their local Lewisham site, Deptford Landings. It was supported by 17 industry volunteers from six different companies, who gave over 30 hours of time. The programme drew a diverse group of participants, helping to support future diversity in STEM careers:

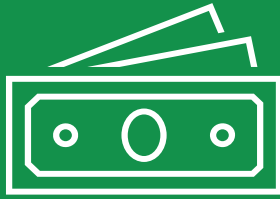
- 50% of programme participants identified as BAME.
- 57% of programme participants identified as female.
- 43% of programme participants identified as male.

“I really enjoyed going around the construction site and seeing all the people working together, as it’s not something that I and many others have had the opportunity of doing” –
Building Future Skills Participant

Feedback from the programme reported the following:

- 92% of young people reported improvements in indicators related to their professional skills (for example, CV writing and teamwork).
- 83% reported that they understand what skills employers are looking for, with 67% reporting improvements.
- 75% reported feeling positive about their future after the programme.
- 92% of young people reported improvements in indicators related to their knowledge and interest in Construction & Built Environment sector.
- 95% of volunteers reported that the programme made them feel more confident encouraging a young person to pursue a career in STEM.

Employment and Skills - Lewisham Works



£400,000 developers' contributions towards the service through S106

Lewisham Works, our in-house, employment support service is a free service for unemployed Lewisham residents seeking support to gain new skills and get a job. Support includes careers advice, CV development, application and interview skills support, access to training and funds to support with the transition in to work. The service provides pathways into a range of jobs in various sectors. Residents can benefit from local employer relationships and opportunities, including those gained through our social value and S106 schemes. The team continue to support residents after they have started work, helping to overcome any challenges and ensure long term success. The following results are a snapshot of what the team have achieved:

- 190 residents securing 'good' work
- 27 Apprenticeships within the Council
- 23 external Apprenticeship opportunities
- 31 Construction Jobs for residents
- 207 job outcomes through core partners and commissioned programmes
- 375 residents supported with soft skills training
- 153 residents accessing vocational training
- 37 residents achieving a 'basic' skills outcome

Employment and skills - Kay's Story:

"I'm a single mum and have been struggling to find work that fits around childcare for over a year".

Kay initially met a Connecting Communities Advisor from City of London in April 2022. Upon a recommendation from the Lewisham Council Benefit Cap team, Kay requested to transfer to the local team, where she met her advisor Sian. Kay had been with other employment support programmes before but felt a difference with the Lewisham Works team: *"I have been with a few programmes and never got anywhere. This is the only programme I have been with actually helping you look for work. Others feel like they ring you cos it's something they have to do, rather than helping you look for work. With Sian I felt like I was getting somewhere."*

Sian could see how motivated Kay was, but she was lacking in confidence and needed some support on how to find suitable roles. Kay disclosed to Sian that she felt like she didn't look smart in work clothes as she didn't have suitable clothing that fit. Sian knew a local specialist fitting service and the Lewisham Works team got her the items she needed to feel confident.

Next, they looked at suitable roles in the local area: *"Sian's been supporting me through looking for jobs that suit my time and the person I am. We have been working around my daughter's time and nursery. Sian gave me training on what to say in interviews. She gave me the extra confidence I needed. She made me believe in myself."*

Sian engaged with a local employer in Catford and discussed vacancies they may have. She told him about Kay's skills, experience and current circumstances. He trusted her recommendation and booked in an interview with Kay.

Kay had no childcare to attend the interview, so Sian attended the interview and kept entertained Kay's daughter so Kay could speak to the employer: *"This is the first job I have found that fits round my childcare hours. Even at the interview, the employer was happy for me to come with my daughter."*

A job offer soon followed. Sian and the team coordinated and paid for Kay to complete the Food Hygiene Training prior to her starting work.

Childcare and nursery was the next challenge. Sian looped Kay in with the local children's centre who provided some information about her entitlement for free childcare hours. Kay chose a nursery close to home who had the hours to take her daughter, and Lewisham Works was able to support Kay's daughter's nursery bill to enable her to start work.

Kay is feeling the benefit of being back in work in her life: *"Working makes a difference to me - to my mental health. Being at home as a single mum all day is not nice. You have nothing to do. Working has helped me with my mental health, and the people I work with are really friendly, which is a bonus."*

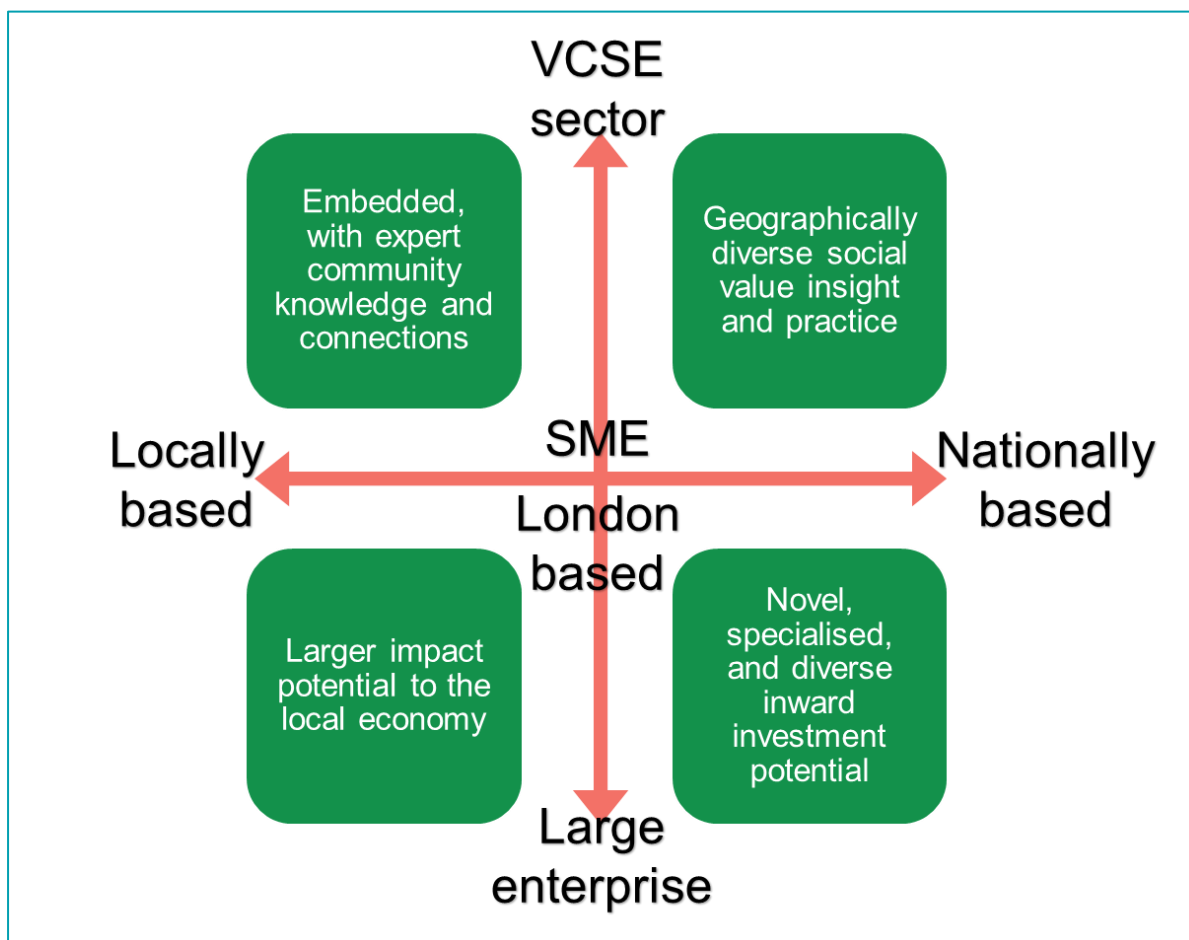
Sian says *"Supporting Kay on this journey has been challenging and rewarding. I have really enjoyed getting to know her and giving her bespoke support. When I checked in on Kay at work, her employer was really happy with the placement. I wish Kay every success in the future."*

Economy and Growth

Lewisham has a relatively unique position as an inner London borough, being highly residential with a small proportion of large businesses. With a high density of micro businesses, it is important that we facilitate opportunities within our supply chains to attract investment into our communities and keep the Lewisham economy resilient. Our suppliers and developers contribute towards our economy through sub-contracting opportunities, redirecting their spending and resources into Lewisham and encouraging employees to spend locally. However, as much as we value attracting external investment into our communities, we also see procuring with local organisations as having high social value. Particularly where spend is with locally owned businesses and VCSE sector organisations who are embedded in our communities, this spend is likely to go further in our local communities - the multiplier effect, which is a key pillar of community wealth building. Particularly where an organisation has a triple bottom line, we know that the organisation's activity is accountable to social, environmental and economics aims, which are concurrent with our own objectives and therefore have a high social return on investment.

Local Challenges we are addressing through Social Value

- The cost-of-living crisis
- The strain on our local businesses and voluntary and community sector as operational costs have increased and the economy has experienced turbulence
- Increased need on our voluntary and community sector organisations in supporting the local economy, particularly in relation to food security



Economy and Growth - Spend Analysis

We have analysed our procurement spend to understand how we interact with the local assets in our community and the markets in which we engage. Our spend with local businesses and organisations means that we are a key partner within the ecosystem of the local economy. Our long-term engagement as a buyer of goods and services can have an impact in the sustainability and resilience of the local economy, especially during times of economic hardship. This also means that we can create new opportunities for businesses in the borough to scale and grow as well as providing lead markets for services.

In terms of our wider spend within the London economy, we recently came top in the Local Government Procurement Index for regional spend, a collaborative piece of analysis between Tussell and LocalGov. They reported our spend within the London economy as being 82% of our total spend. This included Lewisham Homes, our Arm's Length Management Organisation (ALMO), showing that our combined spend has a key impact on the region.⁷ This underscores the importance of how we both contribute to and benefit from the London economy. Tussell further claimed that of the total spend, 22% went to SMEs or VCSEs.

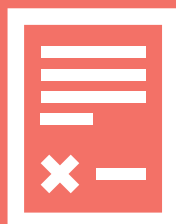
The Council seeks to further understand the more local impact of spend within the borough rather than simply at a London level, and so has determined that in the financial year, 2022-23, we spent around £74m in the borough through our contracts. One quarter of our total live contract value within the year was with local suppliers. Of these contracts around 60% were with SME's and around 30% were with the VCSE sector or other public sector and anchor organisations. Eighty-four contracts were held by businesses with a local postcode.



£74 million spent in
Lewisham supply chains



82% of in-year spend within
the London region



84 contracts held by local
businesses

⁷ The housing management and landlord services provided through Lewisham Homes as an Arm's Length Management Organisation will be returning to Lewisham Council on 2nd October 2023. From then on, Lewisham Homes will cease to exist as a legal entity.

Economy and Growth – Notable Activities

Ad-hoc spending in the local economy

- Through our Healthy Walks programme, run by **Enable**, walk participants spend money at local community venues after walks have finished, such as at St Christophers Hospice in Crystal Palace, where walkers use the local café for refreshments, Chinbrook Meadows who use the WG Grace Community Centre for refreshments, and Lewisham Park walkers who use the pensioners forum group at St Mauritius House for teas and coffees.
- Many of our Supported Living contracts use local taxi companies for appointments and transportation for when their service users move on.

Sub-contracting for local businesses

- Through their Lewisham Gateway development, **Balfour Beatty** has ensured that £1,436,000 worth of contracting opportunities have gone to Lewisham based businesses.
- **St Mungo's** contracts The Felix Project within their service delivery. They also contract a local business for massage therapy sessions.

Donations of materials to local VCSEs

- **Glendale** have donated plants and mulch to local voluntary groups as part of our Parks and Green Spaces contract. Glendale have given away approximately 10 van loads of wood chip. This has gone to places such as Rushey Green School, Chinbrook Orchard and the Community Garden at Forster Park. Glendale have also taken away wood chip from the British Legion to help them with costs. They have also given plants to the two local bowls clubs and have also donated bulbs to Brookmill Park and Friendly Gardens.
- **MCL** donated 250 hi-vis vests to Lewisham Local.
- **Cfield** provided Lewisham homes with 500 hi-vis vests for their volunteers for the London Borough of Culture 2022 events.

Workspace for local start-ups and the VCSE sector

- Hire spaces have been provided to local businesses and business support as part of our Downham Health and Leisure Centre Contract with **1Life**.

Digital Inclusion activities to support employment and skills

- Our supported living contractor **Marsha Phoenix**, **One Housing**, and **Equinox** have ensured Wi-Fi is available in all their premises and have provided computers for service users to access job sites, Jobcentre support and apply for jobs.
- **One Housing** received mobile phones and tablets from Hubbub, which were issued to service users to enhance their opportunities to engage with remote learning.
- **St Mungo's** have a digital recovery college where residents can do various ETE courses remotely. The college loans residents laptops and gives basic training on IT. They had a 'move on volunteer' who ran workshops with residents focussed on a range of life skills. This included digital skills and using software to write CV's. An employment specialist also provided one to one support once a week for residents, which included using IT for job applications or finding vacancies.

Environment, Community and Place

We want to make Lewisham a place for everyone. Our partners businesses can contribute to this by making Lewisham a more sustainable, and inclusive place with a strong social economy. Our suppliers create social value in this regard when they contribute their skills, expertise, resources or equipment to local community groups, or infrastructure improvements. This can also include activities such as finding more innovative and sustainable models of service delivery through workshops and co-production with service users and the local community. They also add capacity to local agencies, community groups, schools and the VCSE sector by providing specialist support.

Local challenges we are addressing through Social Value:

- Enhancing the social economy to maximise social investment.
- Addressing the climate emergency.
- Developing our communities and creating an inclusive Lewisham.
- Protecting and enhancing our natural assets and urban infrastructure.



Community Donations



163 Community benefit activities

Environment, Community and Place – Notable Activities

Environment

- **Equinox** installed a cycle rack in their garden to encourage staff to cycle to work.
- **One Housing** improved the front garden of the service premises with support from the community (neighbours and the local gym). Plants were donated by B&Q. Services users also created vegetable garden at back of building as a social inclusion project. They have also allowed section of green space to grow longer to promote a healthier environment for local bees and other insect life.
- **ByEd** Lewisham installed an electric vehicle charging point at Greenvale school. They also install Smart Meter's across the schools within their contract, amounting to £9,400. A Nano Tech System was also installed at the pool at Greenvale, which will capture 20 - 23% of lost heat in the swimming pool to save energy.
- **Glendale** reviewed the equipment used in the maintenance of Lewisham's parks and open spaces. Several petrol machines have been swapped out for newer, cleaner electrical equipment. They have also introduced electric vehicles as part of the contract. One way in which this is beneficial is that the reduction in noise pollution will decrease the disturbance caused to wildlife that reside in the parks.

Volunteering

- **Your Voice in Health and Social Care** donated 810 hours volunteering time to support health complaints advocacy for Lewisham residents.
- **Enable**, who run our healthy walks programme upskilled and supported 46 volunteers to lead programmes in Lewisham.
- **St Mungo's** have four volunteers working at LARC providing additional support for their residents. They run a walking group, gardening sessions, arts and crafts sessions and cooking sessions. They also have 10 service users volunteering at the service and two volunteering in the local community.
- **Thames Reach's** Intensive Housing and Support Service (IHASS) provided floating support service in Lewisham. They recruit local digital skills volunteer who provide support and assistance to individuals who wish to improve their skills using new technology to bid on properties on council websites, pay bills online and be more confident on a computer. Thames Reach are also part of the North Lewisham Forum, which is a space for the PCN to collaborate with the community and focus on 'doing with, not to' when looking at addressing Health Inequalities.
- Volunteers from **Mulalley** litter pick at the pocket park by Frankham Street for five hours per week.
- Eight volunteers from **Balfour Beatty** spent the day at the Felix Project in Deptford helping to sort, organise and package food that has been donated from hundreds of suppliers.

Social Inclusion

- **One Housing** regularly receive donations of phones and tablets which they offer customers to enable them to access appointments, educational classes, financial education, and pharmacy information. They also have social inclusion clubs on cooking fresh healthier meals alongside peer discussions and posters on the benefits of healthier nutritional meals in relation to lifestyle.

- **Community Fibre** have provided open access to their [Affordable Tariff Scheme \(Essential\)](#) for any Lewisham residents who applies through their website. Their social broadband tariff, Essential, is unlike other social tariffs because it's made available to anyone who financially needs it. That means, there is no eligibility checks or requirements.
- **Community Fibre** have also offered to provision **40** free connection installation and a free ongoing 1Gbps broadband service to an agreed list of community spaces. This is to be allocated, with the further 39 to be claimed and agreed.
- **Hyperoptic** provided a code for their Affordable Tariff Scheme, which offers social housing residents a discounted broadband package using their services.

Donations of Goods, Materials and Services

- **Mulalley** donated wood and a shed from a welfare site to Pepys Estate Allotments, as well as timber, crates and cable drums to Tidemill School.
- **Balfour Beatty** donated a hand football table to Grove Park Youth Club.
- **Microsoft** have provided a range of additional digital activities as part of their contract with the council. They are helping to improve our Starter, Mover and Leavers process to make it more efficient when employees join and leave the council. They have also provided free digital skills and certification for Council employees via Microsoft Enterprise Skills Initiative, as well as tailored Government learning courses for initiatives such as digital transformation. These benefits will help to make the Council more efficient and effective for residents.

Devices Donated

- Lewisham Council worked collaboratively with **Catbytes** to clean and refurbish old laptops and donate them to community groups. Beneficiaries included Rastafari Movement UK, Kinarra, 360 Lifestyle Support Network CIC, Lewisham COMMUNITY, Lewisham Local, Torrindon Primary School, Rushey Green Primary School, Stansted Lodge Senior Club, Sydenham Arts and even to a primary school in Sierra Leone via The Heavenly Cake Company! 40 Laptops were donated in total.
- Developer **Lendlease** donated £2,000 in laptop donations to Catbytes and 2000 Community Action Centre.
- **ByEd** Lewisham donated an interactive whiteboard for Prendergast Ladywell Fields College. They also facilitated a donation of Laptops to Forest Hill School from Infra-Red.

Monetary

- Developer **Lendlease** donated £3,600 towards Lewisham People's Day. They have also donated £5,000 to 2000 Community Action Centre Food Bank.
- **ByEd** Lewisham donated £500 to Forest Hill School's Community Fund for a charity of the school's choice.
- **Balfour Beatty** donated £10,000 for the sponsorship of JR Sports Stars, run by England Rugby legend Jason Robinson OBE, to work with Downderry Primary School, located in the one of the most deprived area in Lewisham, to provide a programme of coaching for pupils to support mental health, active minds and confidence to 'be the best they can be'.

Community Arts Projects

Mulalley facilitated a community arts project by facilitating an innovative women's art project display on the hoardings at Frankham Street, led by group Procreate. Procreate is supported by the Mayor of Lewisham and is a pioneering grassroots arts organisation supporting the professional development of women and non-binary artists who are mothers/parents. Procreate Project creates radical models and platforms that suit women's experience, referencing and facilitating systemic change in the arts. In response to the ongoing crisis, isolation and invisibility of unpaid care work, the space is thought for mothers and primary caregivers to re-occupy public spaces.



Image credits: Mulalley

Balfour Beatty – JR Sports Stars Programme at Downderry Primary School



Image: Balfour Beatty

As part of their developers' contributions, **Balfour Beatty** provided the JR Sports Stars 12-week sports training programme at Downderry Primary School for all classes years one to six. The programme was funded by Balfour Beatty in partnership with MUSE, who are responsible for the Lewisham Gateway development.

JR Sports Stars is a charity with a purpose to get children moving, to help them grow in confidence and to teach them the importance of teamwork, co-operation, and leadership to develop character, resilience, spiritual, moral and social skills. The programme provides motivational and sports engagement support through experience with new sports and physical activity. In total, 360 children benefited from the sports coaching sessions.

The programme donated sports equipment to the children at Downderry Primary School for playing rugby, cricket, netball and hockey.

To conclude the programme, Former England World Cup rugby winner, Jason Robinson headed an assembly with Lewisham's Young Mayor, to tell his inspiration story of sporting success. Jason showed his World Cup, MBE and OBE medals and took part in the PE lesson with the children, challenging the pupils to a race off. The children had a great day, with one child saying that the day had been "the best day of my life".

[Watch the video about the day here.](#)

Our Partnership with the VCFSE Sector

The role of the VCFSE sector during the Covid pandemic was fundamental in protecting the local community and continues to play a leadership role in supporting people through the cost-of-living crises. The sector's embedded nature in our communities and their social relationships means they have on the ground experience of community needs. The sector is a key partner in how we work with and create impact for diverse communities in Lewisham and our partnership with the sector is something we continue to value and strengthen.

The sector provides a number of our frontline services, including:

- Supported Living for Adults with Learning Disabilities
- Lewisham Dementia Hub
- Supported Housing
- Increasing awareness and uptake of PrEP in underrepresented communities
- Mental Health Support
- Autism Support
- Addictions Service
- Adventure Playgrounds
- Food Justice
- Cost-of-Living Support
- Care Leavers Support
- Leisure Centres
- Youth Services
- Homecare



23 contracts for local VCSE organisations

Case Study: Adventure Playgrounds – London Play



Image: London Play

London Play, a London based charity, was awarded the contract for the management and maintenance of our Adventure Playgrounds in the borough. They run a scheme where probationers and corporate volunteers provide one day a week's work for the maintenance of the five adventure playgrounds across the borough. They help to repair old wooden frames, maintain mature tree, carry out weeding, mowing, and painting. This has resulted in thousands of hours maintenance work, saving between £150,000 - £200,000 of the lifetime of the contract, as well as facilitating opportunity to give back to the community.

Case Study: Youth First – Riverside Youth Club



Riverside Youth Club is an iconic and much-loved centre in one of Lewisham's most disadvantaged areas. The club was opened in May 1969 by the legendary boxer Henry Cooper. Generations of young people have grown up playing sport, taking part in activities, and learning life skills at what has for many been like a second home. In recent years the building has become extremely dilapidated and was at risk of closing within five years.

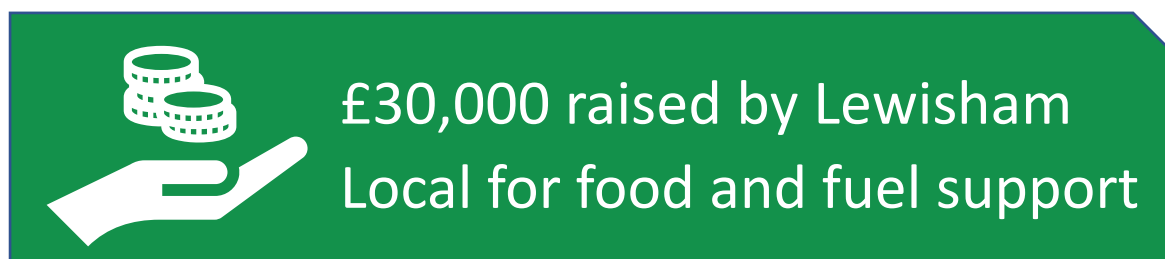
The club welcomes some of Lewisham's most disadvantaged young people on the Evelyn Estate, which is in the 10% most deprived wards in the UK. Obesity levels in the area are high and physical activity is low. Last year, the Club provided youth work sessions, including sports, to 321 local young people. 78% of attendees were BAME, compared to 48.9% of the Lewisham population.

Through our partnership with **Youth First**, a London based charity who provide our Youth Services contract, we partnered with Millwall Community Trust to secure a £745,000 grant from the Premier League, the FA and the Government's Football Foundation to revitalise and expand Riverside Youth Club in Deptford. Youth First led the public campaign which resulted in substantial donations from private donors and local trusts and foundations to secure the award.

Youth First estimate that with the revitalised centre they will be able to work with up to 1,000 young people a year, making a significant impact to the area and its residents.

[Read about the campaign here.](#)

Case Study: Food Justice and cost-of-living support:



Lewisham Local (LL) have been commissioned by The Council to distribute community food justice grants across local organisations who can deliver hyper-local initiatives to improve and increase sustainable food aid across the borough. They are also commissioned to deliver our Food Network Coordination and Support Service, Good Food Lewisham. Lewisham Local have directed offers and donations to projects in the food network through Lewisham Community Exchange, including:

- 400 catering plates from the Cloth Workers Foundation to two local food projects
- 50 sheets, 30 duvets, 20 towels, 10 pillows, seven beds and 30 tea towels.
- Handknitted items: 16 hats, seven scarves, one blanket, 10 hot water bottle covers and gloves.
- Directed CIS Security to at least two local food projects.

They have also secured social value from community minded businesses through the Lewisham Local Card scheme, Local Giving work and Good Food Lewisham:

- **Regular Cleaning** have provided cleaning equipment and donations of food for LL's weekly community meal. They have supported various events and are trialling Lewisham Exchange platform.
- **Nonki Café** and shop in Hither Green recently signed up to LL's Good Food Business Charter as they offer fairtrade products and are breastfeeding friendly.
- **Elsewhere**, in Crofton Park agreed to offer 20% off for LL Card holders.
- **Ignition Brewery** offer a discount for LL Card holders, have provided LL with a space free of charge for our Good Food Lewisham network meetings, are a community toilet and refill station, and employ people with learning disabilities at London Living Wage. They were one of the first places to become a Warm Welcome to support people over the winter.
- **Ed the Baker** provided bread for the quarterly Good Food Lewisham meeting and is a campaigner for good food: [Sourdough September: Meet Ed the Baker](#). He offers a discount to LL Card holders and signed up to LL's Good Food Business Charter.
- **Homestead Café** offered 20% off for LL Card, is signed up to Refill, and has Joined the Good Food Lewisham Business network.
- **Mont 58 Coffee** is a LL Card Member Business, is signed the Good Food Business charter and pays London Living Wage.
- **Found Hope Café** donates surplus veg to LL's community meal and cooks a weekly meal for the Irish Centre's food delivery service.
- **The Fellowship Inn**, having come under new management, was looking for ways to connect with the community. LL connected them at a local Interagency meeting and secured the following outcomes: became a Lewisham Refill site, joined The Lewisham Community Toilet scheme, signed up as a LL Card business, joined the Warm Welcomes scheme and linked up to Street Trees for Living to plant trees around the pub.

The VCSE sector working with businesses to secure benefits for the areas that benefit most



Lendlease worked in partnership with **Lewisham Local** to provide funding to deliver a small grants programme to support community regeneration in Deptford. These were additional funds to their Social Value legal commitments. They agreed to provide a package which enabled Lewisham Local to pay residents to be part of the process to decide which projects are funded as part of a participatory grant making process. Funded projects included:

- Establishing a sustainable food-growing initiative in the local area, through edible windowsills, local foraging, creating a designated space for food growing and skills development.
- Funding for a new and inclusive women and non-binary football team.
- A digital access scheme to help residents to develop digital and professional skills, provide cost of living advice and wellbeing support.
- Football coaching for young people between the ages of 11 and 25.
- A healthy weekly luncheon club for members of the Vietnamese community.
- An art exhibition by a group providing a safe and creative space for the LGBTQ+ community.

[Sustainable food growing and inclusive football team among projects to receive share of new £20,000 Deptford community fund - Lewisham Local](#)



Image: Lewisham Local

Case Study: Warm Welcomes – Lewisham Local



11,355 hours over 3 months offered as warm spaces

In the context of the extraordinary rise of energy costs, **Lewisham Local** were commissioned to co-ordinate commercial and VCFSE organisations to offer their spaces as 'warm welcomes' over the winter. These were welcoming warm shelters the community could access for free, with many organisations offering complementary support, activities, and hospitality. Twenty-five spaces were able to access small grants to extend their offer, but over 50 stepped up voluntarily with no additional funding, including pubs, cafés and gyms. This amounted to 11,355 hours of time donated over the three months as warm spaces, or the equivalent of £31,000 worth of heating!

Some of the businesses and organisations that supported the cost-of-living response and offered their spaces as Warm Welcomes included:

- 2000 Community Action Centre
- Age Exchange
- Better
- Brockley Community Church
- Corbett Community Library
- Crofton Park Baptist Church
- Crofton Park Community Library
- Ewart Community Hall
- Fellowship Inn
- Forest Hill Community Church
- Glass Mill Leisure Centre
- Goldsmiths Community Centre
- Goldsmiths UoL
- Grove Centre Church
- Honor Oak Community Centre
- Horniman Museum and Gardens
- Ignition Brewery
- King's Church Downham
- LandSec
- Lee Green Lives
- Lewisham Irish Centre
- Manor House Library
- Millwall Football Club
- New Cross Learning
- Pepys Community Hub
- Phoenix Community Housing
- Rastafari Movement UK
- St George's Church
- St Luke's Church
- St Mark's Church
- St Mildred's Church
- St Peter's Church
- Sydenham Arts
- Telegraph Hill Centre
- Telegraph Hill Playclub
- ThamesReach
- The Field
- The House of Bread
- The Salvation Army Catford
- WG Grace Centre



Lewisham Community Exchange

In partnership with Lewisham Council, Lewisham Local have developed a new platform to host volunteering opportunities, a community organisation directory, and a community marketplace for the exchange of good and services between businesses and community group requests. The Platform will enable asset sharing within the Lewisham community to better facilitate the fulfilment of community groups' needs.

This will be a benefit to both Lewisham Council and the local community as it enhances our ability to connect our suppliers with opportunities in the local community, to fulfil their social value obligations. Our suppliers and contractors consistently inform us that a key challenge they face is being able to reach those most in need directly, particularly when businesses may not have a deep knowledge of the social economy in Lewisham and of community needs. This will also help contract managers to support their suppliers in the ease of delivery of their commitments, rather than having to source the opportunity for them, particularly when their core focus is on the direct delivery of services to our residents. When we are working with smaller organisations and businesses with a strain on resources, there has been a challenge in terms of finding the capacity to fulfil these obligations. The introduction of the platform will be instrumental in removing the need for the council to broker opportunities, increase the speed and efficiency of the process and will deliver tangible benefits where the needs is greatest and most clearly articulated.

[You can access Lewisham Community Exchange here.](#)

Business Support

Lewisham Council is committed to supporting local businesses to grow and thrive. The Council has a range of initiatives underway to support this.

Lewisham Council is a signatory to the Small Business Friendly Concordat. This is a voluntary and non-statutory concordat, which confirms our commitment to small and medium-sized enterprises (SMEs). The concordat requires local authorities to encourage a mixed range of suppliers in order to help develop and stimulate a varied and competitive marketplace. It sets out the actions local authorities should take to make their contracts more accessible to SMEs and is in line with the Council's strategy of engaging with SMEs and local suppliers.

In 2022, Lewisham Council won the Covid-19 Support and Recovery category at the Federation of Small Businesses (FSB) Local Government Awards. Judges said they were very impressed by the Council's work to help the local small business community by the establishment of 'Lewisham Backs Business', a partnership of key stakeholders which helped shape and deliver support to over 21,000 businesses visited by Council teams to promote grants available, plus the introduction of a fortnightly business e-newsletter which now has over 4,000 subscribers. A huge 14,000 grants were administered totalling £76m to borough businesses. A discretionary grants scheme was adapted to support home-based and freelance businesses, and a further grants scheme helped to establish a network of 60 local businesses deemed integral to Lewisham borough's future growth.

More recently, the Council became the first local authority in South London to become a Local Leadership Partner with the FSB. Becoming a partner demonstrates that the Council is recognised as committing to empowering small businesses and the self-employed to continue to deliver growth, prosperity and jobs within the borough.

To better understand the needs and diversity of businesses in the borough, the Council has also conducted an annual headcount and survey of businesses in our 10 biggest town centres and high streets. This showed that 70% of businesses on our high streets are independently owned, and that two-thirds are led by a Black, Asian or Minority Ethnic business owner. As a result of the findings of the survey the Council commissioned targeted business support for Black-led businesses and has established a new business network for Black and female business owners.

This is all alongside other business support programmes including the annual Mayor's Business Awards, one to one business advice support and a new Business Centre in Catford Library.

Ready to Supply

Ready to Supply was a pilot programme commissioned by Lewisham Council to understand what assistance is needed for SMEs in Lewisham to build their capacity to bid on contracts and works order for the Public, Private, Construction and Healthcare sectors. This yielded a total number of 44 Lewisham-based businesses registered, with 18 of these receiving full business support and a total of £100,000 of contract wins being achieved. Eight capacity-building workshops were undertaken, together with a combination of five Meet-the-Buyer, Networking and Ready to Supply events. Sixty-nine SMEs attended the Meet the Buyer related events. This has informed our understanding of the needs of businesses in the borough and will inform the future commissioning of support services.

The Wider Partnerships of Lewisham based businesses and organisations

The Lewisham Strategic Partnership

The Lewisham Strategic Partnership was launched in 2022 and superseded what was previously the Lewisham Deal. Our previous Social Value Reports were a commitment of the Lewisham Deal and reported on a range of activities that the local anchor institutions were doing in Lewisham to respond to economic challenges in the borough. The Lewisham Deal started in 2018 in response to [Lewisham Poverty Commission's](#) recommendations which highlighted the crucial role that major anchor institutions can play in tackling modern poverty.

The Deal began with four key pillars of co-ordination between the partners:

- Apprenticeships – as employers, providing high quality apprenticeship opportunities.
- Procurement – ensuring that local businesses have the opportunity to secure contracts with Lewisham Deal partners.
- Living Wage – Ensuring employees and contractors receive a fair wage.
- Information, Advice and Guidance – to support residents to progress.

Two additional pillars were then added:

- Progression for Black, Asian and Minority Ethnic Staff, and
- Responding to the climate emergency.

These pillars were reported on through our previous social value report. These pillars have now become integrated with the working groups under the Lewisham deal, including:

- Cost-of-living
- Opportunity and investment
- Climate emergency
- Race and equality

Going forward, the Lewisham Strategic Partnership will establish its own mechanisms for reporting on its objectives. This has therefore given Lewisham council scope to explicitly report on its own social value activities.

Learning and our Future Ambitions for Social Value

Future Impact Reports

We are ambitious in our commitment to tell the stories of our businesses and communities and how they are realising social value. We will continue to publish an annual social value report and endeavour to learn and improve our understanding and practices around capturing, quantifying, and documenting social value. We will continue to track year-on-year progress to demonstrate the incremental and cumulative benefit across the years and understanding the impact of our updated social value policy.

For our next report we aim to:

- Increase the value we achieve from our relationships with partner businesses – our increased tender weighting makes social value an even more significant element of our procurement process, and ultimately the resultant contracts. We will seek meaningful social value benefits from our partners and in turn we will tell the community about their impact and achievements. We will also look at other ways the council facilitates social value through our upcoming economic strategy.
- Better capture the impact of social value through enhanced data capture – better understand the amount of volunteering activities and support for the VCSE sector, the amount of money reinvested in the local economy through sub-contracting and donations, and to capture who the recipients of social value activities are, and wherever possible, at ward level information.
- Learn to improve – track progress and demonstrate incremental and cumulative impact. We will analyse our own practices to see where we are securing significant return on investment and where we are not. Understand which strengths particular sectors have and work constructively with partners. Knowledge share and benchmark with other public sector organisations and the private sector to stay attuned to best practice.

Learning and our Future Ambitions for Social Value

Supporting local, diverse suppliers and small businesses

We will continue to support our small businesses, VCSE sector and ensure our supply chains are diverse and resilient. We will create opportunities for these businesses through ready to supply programmes, meet the buyer events and networking opportunities, and through procuring locally, where possible.

Influencing standards and practices in our markets and supply chains

We will continue to champion good practices and improved standards in the markets in which we operate and in our supply chains. The publication of our Modern Slavery Statement 2022-23 underscores the importance of our commitments to ethical trade, whilst our Sustainable Procurement Strategy outlines our vision for achieving this. We will continue to build upon this work and ensure that our partner businesses are champions for the same good practice.

Improved guidance on social value

We will produce a Social Value toolkit for suppliers and contract managers in the council to assist in delivering social value. We will support this with better internal networking, communication of community needs and create more uniformity across our reporting mechanisms to ensure all opportunities are exploited fully.

Championing community needs and connection through Lewisham Exchange

Community need is understood best by grassroots organisations who are embedded in complex community networks. We will continue to work closely with Lewisham Local to better understand the needs of voluntary, charity, faith and community sector organisations. We will unlock the value of community connections using Lewisham Exchange to broker supply and demand within the community economy.

Appendix

Data quality, methodology and analysis

To collect the data for this survey we conducted mixed method research across our contracts by surveying and requesting information from contract managers in the council to submit themselves or with their suppliers. The data requested was both qualitative and quantitative information on social value activities undertaken in the period April 2022 to March 2023. This returned data on 81 contracts. To verify and explicate the data, cross referencing against ITT method statements and social value monitoring documents was undertaken alongside exchanges with contract managers. To enrich the data and develop case studies, interviews and digital exchanges were undertaken with select contract managers and contractors.

Data from developers was collected from monitoring reports and through discussions and interviews.

Our quantitative data on financial spend is based upon the council's payments data and was verified as contracted spend through data matching against our contract register, which is hosted on Proactis. This was conducted by matching against company names and registered addresses.

Data on suppliers paying the living wage and having modern slavery statements was collected through our annual supplier compliance survey which was conducted in the summer of 2022.

Limitations of the data collection and analysis

The data doesn't capture the full extent and impact of social value delivered in 2022-23, and the Council has prioritised improved data collection for 2023-24. Our data does not cover all contracts and not all contracts would have captured the full extent of their social value activity. This is because not all contracts contain social value and because we are working with some suppliers to help them understand and develop their social value programmes. The actual extent of social value delivered by all suppliers and developers will therefore be greater than outlined in the report.

This data reported from our contractors and developers allows us to report on headline figures but not a detailed analysis of wider impact, such as assessing those indirectly impacted from social value initiatives, savings made to governmental, health and social systems and longer-term impacts on individuals and communities.

Data verification – The data captured covers commitments which have been made through legal obligations and contracts and all parties are aware of their obligations to submit accurate records of their activities. Outcomes are validated through documentation and discussions with S106 monitoring officers and contract managers.

Glossary

ALMO – Arm's Length Management Organisation is a not-for-profit organisation that provides housing services on behalf of a local authority.

Anchor Institution – An organisation which has an important presence in a place, usually through a combination of being large scale employers, the largest purchaser of goods and services in the locality, controlling large areas of lands and/or having relatively fixed assets; and are tied to a particular place by their mission, histories, physical assets and local relationships.

BAME – Black, Asian and Minority Ethnic is used as a collective acronym to contrast against the white population in the UK. This is not to suggest the groups within the acronym are homogenous, but rather is a common way of gathering and collating statistics. However, the term has come under criticism in recent years for disguising differences between groups, prioritising specific groups and being divisive for people.

Commissioning – The strategic activity of identifying need, allocating resources and procuring a provider to best meet that need, within available means.

Community Wealth Building – A people centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.

Developer – Property and land developers who have been granted planning permission, which is conditional upon commitments made to the community through Section 106 agreements.

ESG – Environmental, Social and Governance refers to corporate performance evaluation criteria that assess the robustness of a company's governance mechanisms and its ability to effectively manage its environmental and social impact.

Inclusive Economy – Economic placemaking which seeks to distribute benefits as broadly as possible and create more opportunities for those that are disproportionately disadvantaged in the current economy.

ITT – Invitation to Tender is a standardised documents when procuring a provider for a contract. The document outlines the requirements of the contract and what evidence the supplier will need to outline to successfully bid for the contract.

Lewisham Works – Lewisham Council's in-house employment support service.

Multiple Disadvantages – A term that refers to people who face multiple and intersecting barriers or inequalities that negatively affect their wellbeing and quality of life.

NEET – 16 to 24 year olds Not in Education, Employment or Training.

Procurement – Obtaining or purchasing goods or services for business purposes, usually in a manner where the terms are agreed through tendering and a competitive bidding process.

Social Economy – The part of the economy whose activity is focused on social missions, rather than purely by financial returns. This often includes charities and organisations typically referred to as social enterprises but is also inclusive of business activities which seek to balance social mission with economic viability.

SROI – Social Return on Investment is a method for measuring value generated that are not traditionally reflected in financial statements, including social, economic and environmental factors.

S106 Agreements - Section 106 Agreements are legal agreements between Local Authorities and developers, also known as planning obligations. They are drafted when it is deemed that a new development will have significant impact on a local area. They are used to ensure that pressures created by new developments will be moderated through improvements to the surrounding area and ensure the development will make positive contributions to the local area and community.

Social Value – The value generated in business activity which has benefits for people, place and community. This is defined through the Public Service (Social Value) Act (2012). The Act requires all public sector organisations and their suppliers to look beyond the financial costs of a contract to consider how the services they commission and procure can improve the economic social and environmental wellbeing of an area.

SME – Small and Medium Enterprises are organisations which have fewer than 250 employees and a turnover of less than €50 million or a balance sheet total less than €43 million.

Strategic Procurement – Procuring good and services in a way which creates additional benefits for organisations or places.

Triple bottom line – Organisations which have commitments to evaluate their performance according to the social, environmental and economic benefits they generate to create greater business value.

VCFSE – Voluntary, Community, Faith and Social Enterprise are organisations grouped together as a sector which often have different models of ownership, or ways of organising themselves, or alternative objectives than purely profit based activities, which often makes them unique in the way they are able to deliver services and activities.

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Public Accounts Select Committee

Financial Monitoring 2023/24

Date: Thursday 30th November 2023

Key decision: No

Class: Part 1

Ward(s) affected: None Specific

Contributors: Executive Director for Corporate Resources

Outline and recommendations

This report presents the financial monitoring position for the 2023/24 financial year, setting out the position as at 30 September 2023.

The report covers the latest position on the Council's General Fund, Dedicated Schools Grant, Housing Revenue Account, Collection Fund and Capital Programme. It also provides an update on the progress against savings delivery.

The Council-wide financial forecast for General Fund activities is showing a £18.2m overspend after the commitment of £10m from corporate provisions and reserves, consistent with the change in MTFS approach approved in July. On a like for like basis this is an adverse movement of £4.7m since Period 4, largely due to an increase in the number of and unit cost of Children with a high level of need as well as an increase in demand in Adult Social Care.

The extended leadership team are working on savings and cost avoidance measures to manage down the forecast overspend for the remainder of 2023/24 with ongoing cost avoidance measures being worked on for implementation in 2024/25. This to ensure the 2024/25 Medium Term Financial Strategy (MTFS) position holds. An updated MTFS, to include more recent inflation numbers is being presented to the committee at this meeting.

The Dedicated Schools Grant is expected to overspend by £3m on the High Needs block due to the level of demand exceeding the funding available.

The Housing Revenue Account is projecting an overspend of £6.6m due to the volume and value of repairs and maintenance works exceeding the budgeted level and a shortfall of income for major works charged to leaseholders.

The current capital expenditure profiles are £72.9m for the GF and £116.6m for the HRA. To date £7.2m or 10% of the GF expenditure and £26.4m or 23% of the HRA expenditure has been incurred as at the 30th September.

At the 30 September, 49.9% of council tax due had been collected which is (2.3% or £4.2m) below the targeted level, at the same date, 59.5% of business rates due had been collected which remains (3.5% or £1.9m) below the targeted level.

Financial monitoring will continue throughout the year and Executive Directors will work to manage down the reported budget pressure within their directorates in a drive to bring spend back into line with cash-limited budgets.

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Timeline of engagement and decision-making

8th November 2023 – Period 6 (September) Financial Monitoring 2023/24 to Executive Management Team

30th November 2023 – Period 6 (September) Financial Monitoring 2023/24 to Public Accounts Select Committee

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the financial forecasts for 2023/24 as at 30 September. The key areas to note are as follows:
- 1.2 The General Fund (GF) has a forecast overspend of £18.2m against the directorates' net general fund revenue budget, after utilising £2m of corporate funding set aside to fund costs arising from the Fair Cost of Care reform and £10m from corporate provisions and reserves, consistent with the change in MTFs approach approved in July. On a like for like basis this is an adverse movement of £4.7m since Period 4, largely in the areas of children and adults social care. This is set out in more detail in Section 4 and Sections 6-11 of the report.
- 1.3 The GF reported position assumes delivery of £7m of the £7.6m legacy savings from 2023/23 or earlier and that £9.5m of the £12.6m new savings for 2023/24 are delivered, if these savings cannot be delivered, this will worsen the reported position. With regards to savings not achieved to-date, services have been asked to find alternatives for this year to remain within the overall savings target. Where alternative savings have been found, services have been asked to ensure that sufficient action has been taken to ensure that savings are sustainable going forward. This is set out in more detail in Section 5 of the report.
- 1.4 A risk section has been prepared highlighting areas of concern that may become a financial pressures as the year continues, work is ongoing to monitor these risks for future iterations of the report. This is set out in more detail in section 12 of the report.
- 1.5 The dedicated schools grant (DSG) is projected to overspend by £3m on the high needs block, this is set out in more detail in section 14 of the report.
- 1.6 The Housing Revenue Account (HRA) is projected to overspend by £6.6m due to the volume and value of repairs and maintenance works exceeding the budgeted level and a shortfall of income for major works charged to leaseholders. This is set out in more detail in section 15 of the report.
- 1.7 The capital budgets have been reprofiled in July 2023. The current capital expenditure profiles are £72.9m for the GF and £116.6m for the HRA. To date £7.2m or 10% of the GF expenditure and £26.4m or 23% of the HRA expenditure has been incurred as at the 30th September. This is set out in more detail in section 16 of the report.
- 1.8 As at 30 September August, 49.9% of council tax due had been collected which remains (2.3% or £4.2m) adrift of the targeted level. At the same date, 59.5% of business rates due had been collected which remains (3.5% or £1.9m) adrift of the targeted level. This is set out in more detail in section 17 of the report.

2.0 PURPOSE AND RECOMMENDATIONS

- 2.1 The purpose of this report is to set out the financial forecasts for 2023/24 as at the end of September 2023, projected to the year-end, 31 March 2023.

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- 2.2 Members of the Public Accounts Select Committee are asked to: Note the current financial forecasts for the year ending 31 March 2024 and that Executive Directors will continue to work in bringing forward action plans to manage down budget pressures within their directorates.

3.0 POLICY CONTEXT

- 3.1 The Council's strategy and priorities drive the budget with changes in resource allocation determined in accordance with policies and strategy. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's Corporate Strategy (2022-2026):
- Cleaner and Greener
 - A Strong Local Economy
 - Quality Housing
 - Children and Young People
 - Safer Communities
 - Open Lewisham
 - Health and Wellbeing
- 3.2 This financial position demonstrates the impact of the very severe financial constraints which have been imposed on Council services with the cuts made year on year, despite the increasing demand to deliver services to the growing number of borough residents. The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy.
- 3.3 The Council's strong and resilient framework for prioritising action has served the organisation well in the face of austerity and on-going cuts to local government spending. This continues to mean, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone.
- 3.4 This joint endeavour helps work through complex challenges, such as the pressures faced by health and social care services, and to secure investment in the borough for new homes, school improvements, regenerating town centres, renewed leisure opportunities and improvement in the wider environment. This work has and continues to contribute much to improve life chances and life opportunities across the borough through improved education opportunities, skills development and employment. There is still much more that can be done to realise our ambitions for the future of the borough; ranging from our work to increase housing supply and business growth, through to our programmes of care and support to some of our most vulnerable and troubled families.
- 3.5 The pace, scope and scale of change has been immense: the current cost of living crisis is demanding agility, creativity, pace, leadership, organisational and personal resilience, strong communications and an unerring focus on the right priorities. The service and finance challenges following Covid are now blending with the wider economic implications of a decade of austerity and erosion of public services, the trading changes arising from Brexit, and the impacts from other global events (e.g. war in Ukraine and extreme climate events, etc..) on supply chains and inflation levels.
- 3.6 While we do not yet fully understand what all of the long-term implications of the above will mean for the borough, there have been many clear and visible impacts on our residents, Lewisham the place and also the Council. We know that coronavirus disproportionately affected certain population groups in Lewisham, matching patterns that have been identified nationally and internationally: older residents, residents born in the Americas & the Caribbean, Africa or the Middle East & Asia, and residents in the most deprived areas of the borough have considerably higher death rates. We know that more

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Lewisham residents are claiming unemployment benefits compared to the beginning of this year and that food insecurity has increased in the borough.

4.0 GENERAL FUND POSITION

4.1 The Council is reporting an overspend on general fund activities of £18.2m as shown in the table below:

Table 1 – General Fund Outturn Position for 2023/24

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£m	£m	£m	£m	£m
Children and Young People	75.2	89.7	14.5	11.4	3.1
Communities	85.5	87.5	2.0	1.0	1.0
Place	19.4	20.4	1.0	1.0	0.0
Housing	8.4	18.4	10.0	9.0	1.0
Corporate Resources	38.0	37.0	(1.0)	(0.8)	(0.2)
Chief Executive	11.2	12.9	1.7	1.9	(0.2)
Directorate Total	237.7	265.9	28.2	23.5	4.7
Corporate Items	26.0	26.0	0.0	0.0	0.0
Corporate Reserves	0.0	(10.0)	(10.0)	(10.0)	0.0
General Fund Total	263.7	281.9	18.2	13.5	4.7

4.2 The above positions assumes energy costs and the impact of the staff pay award can be managed within the funding set aside for these corporately, if this is not the case this will worsen the position reported above. £2m of Corporate funding held within corporate items is being utilised to bring down the Adult Social Care pressure as the funding has been held to meet the 2023/24 financial impact of the fair cost of care reform. A further £10m has been committed from corporate provisions and reserves, consistent with the change in MTFs approach approved in July. The reported position does not include the financial impact of any of the risks set out in Section 12 of this report.

4.3 There is a £4.7m adverse movement on the Directorate's monitoring position since Period 4, as detailed below:

Children and Young People: £2.6m adverse movement on Children's Social Care, including costs arising from a need to employ additional staff whilst newly Qualified Social Workers complete their induction training as part of the Workforce Strategy supporting the Sufficiency and Service Improvement Strategy. There is also additional placement costs due to the level of high needs placements in comparison to 2022/23. In addition there is a £0.5m adverse movement in the Education Services largely due to increased transport costs following the 2023/24 academic intake and their home to school transport needs being addressed.

- **Communities:** £1m increase in the forecast on Adult Social Care care package costs due to increases in demand for Residential care packages from Physical support clients, as well as increases in Learning Disabilities direct payments packages.
- **Housing:** £1m adverse movement due to the transfer of Milford Towers from the HRA to the GF.

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- **Corporate Resources:** £0.2m underspend within Facilities Management.
Chief Executive: £0.2m improvement due to vacant posts in Policy and Information Governance.

5.0 SAVINGS DELIVERY

- 5.1 At the start of 2023 there were £7.6m of savings from 2022/23 (and older) which remained undelivered, an assessment of the expected delivery of these savings has been made, it is assumed £4.5m can be delivered in 2023/24, this is reflected in the monitoring position. Of the remainder, £2.5m Children’s Social Care savings have been reviewed on a line by line basis and have been delivered, but the financial benefit has been negated by increased placements costs due to the reason set out in this report, meaning that these have been moved to green in the savings tracker. The remaining £0.6m delayed savings are within Adult Social care and the service still expect to deliver these in 2024/25, all of the above is reflected in the monitoring position.
- 5.2 In addition to these legacy savings, £12.6m of savings were agreed as part of the budget setting process. At this stage it is assumed that £9.5m of these will be achieved as part of the above budget monitoring position, should this not be the case then the reported pressure will worsen. These are shown in appendix A of this report.
- 5.3 The tables below show the savings per Directorate and the current projected saving delivery for 2023/24, which is part of the monitoring position detailed in Section 4.

Table 2 – Savings to be delivered in 2023/24

Savings to be delivered by Directorate	2022/23 (and Older)	2023/24	Totals
	£m	£m	£m
Children & Young People	2.5	2.3	4.8
Community Services	4.2	3.2	7.4
Place and Housing	0.1	3.3	3.4
Corporate Resources	0.8	0.3	1.1
Chief Executives	0.0	0.8	0.8
Corporate Items/All	0.0	2.8	2.8
Totals	7.6	12.6	20.2

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Table 3 – Savings Programme delivery status

Savings Programme by Directorate	Savings to be delivered	Expected Delivery	Shortfall
	£m	£m	£m
Children & Young People	4.8	3.5	1.3
Community Services	7.4	5.4	2.0
Place and Housing	3.4	3.2	0.2
Corporate Resources	1.1	1.1	0.0
Chief Executives	0.8	0.6	0.2
Corporate Items/All	2.8	2.8	0.0
Totals	20.2	16.5	3.7

6.0 CHILDREN AND YOUNG PEOPLE DIRECTORATE

6.1 **Children’s Social Care:** The Projected outturn for Children’s Social care in 2023/24 is £11.7m, an adverse movement of £2.6m since Period 4. The overspend is explained below:

- Workforce £1m overspend: There is a pressure on staff related costs due to agency costs arising from the development of new social workers as part of the services long term sufficiency strategy and implementing OFSTED recommendations in the Emergency Duty team from November 2022.
- Placements £8.9m overspend: The placements pressure in 2022/23 was £4.4m, the increase since then (despite the number of children supported being relatively stable) is due to the cost per child, as the service are supporting more children with high levels of need. There has been difficulty in finding appropriate placements due to challenges in the national residential market as identified in last year’s national review of Children’s Social Care, as such more bespoke placements have had to be created which can be very expensive. One of the key drivers for cost is staff ratios, negotiations with providers often lead to the provider mandating much higher staffing levels than we would recommend in order for them to accept the placement. If we do not agree to the ratios, we risk the placement being lost and alternatives are challenging to find and more costly.
- Remainder of the Service £1.8m overspend: This relates to other expenditure supporting Section 17, Non Recourse to Public Funds and Other expenditure and expenditure is in line with the level incurred during 2022/23.

6.2 The directorate have been working towards more intervention and support strategies, this involves improved commissioning work with the PAN London Commissioning Alliance to secure more favourable rates and work undertaken to create alternative capacity such as the Amersham and Northover in house provision as well as further support offered to parents and young people. Further opportunities similar to this are being sought, however these are medium to long term solutions.

6.3 As these actions embed, the expectation is for a stabilisation in placement numbers and costs with a focus in the longer term of working towards a reduction in the cost base. However, there is a risk this reduction will be offset by increased costs associated with early intervention and support work including staffing and section 17 intervention such as mental health, legal etc.

6.4 The service as part of the high cost panel review process, considers all young people with

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an endeavour to limit their stay in high cost provision and also where appropriate secure funding from partner organisations. The aim is to find alternative placements within a 3 to 4 month timeframe, however this is not always possible. Following amendments to the care planning placement and case review regulations, it has been illegal to place children under 16 years of age in unregulated placements. This ban came into force from the 9th September 2021, after a government consultation on the reform for unregulated provision. This is a significant driver behind the increased cost per child that the market are demanding and forecasting the expenditure on high cost (£7k a week plus) placements is extremely volatile, as there is huge uncertainty over their length of stay.

- 6.6 **Education Services:** £3.3m pressure at Period 6, £0.5m increase from Period 4. The cost pressure is due to the cost of home to school transport of £1.8m (after £1.5m of corporate pressures funding, added to the budget in 2023/24), there was a net increase of 50 children requiring home to school transport in September following the 2023/24 academic year intake. The remaining pressure is £1m pressure on Children with complex needs which has emerged as a pressure since the budget setting process for 2023/24 and £0.5m pressure on Education Psychologists due to the continued increasing numbers of Education, health and care plans (EHCP's).
- 6.7 **Family, Quality and Commissioning:** £0.5m underspend due to service redesign in relation to Children and Adolescent Mental Health Service (CAMHS) and additional grant funding in the Youth Offending Service. The service is currently undergoing a period of transition and transformation as it works towards the intervention and support model. The service has benefited from new government initiatives including the Family support grant.
- 6.8 The table below shows the reported position at Period 6 compared to Period 4:

Table 4 – Children and Young People’s Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Children's Social Care Services	53.6	65.3	11.7	9.1	2.6
Education Services	15.3	18.6	3.3	2.8	0.5
Schools	(2.5)	(2.5)	0.0	0.0	0.0
Families, Quality and Commissioning	8.3	7.8	(0.5)	(0.5)	0.0
Executive Director, Provisions & Reserves	0.5	0.5	0.0	0.0	0.0
Directorate Total	75.2	89.7	14.5	11.4	3.1

7.0 COMMUNITY SERVICES DIRECTORATE

- 7.1 **Adult Social Care and Commissioning:** £2.1m forecast overspend at Period 6, an adverse movement of £1.1m since Period 4. The adverse movement is due to increased demand for Residential care packages from Physical support clients, as well as increases in Learning Disabilities direct payments packages. The projected level of pressure on Adult Social Care is £4.1m, this takes into account anticipated health funding in 2023/24, as well as assumed delivery of the savings detailed in appendix A, as well as assumptions around inflation. There is £2m of corporate funding held to manage the financial impact of the Fair Cost of Care reform which brings the reported pressure down to £2.1m.

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- 7.2 This position assumes the achievement of £5m of the £7m savings programme for 2023/24, including those carried forward from previous years. The underlying reason for the overspend remains hospital discharges, which continue to show a post pandemic surge, with discharged clients being moved onto longer term packages and some requiring more complex support. The council is receiving funding from our Health partners (some of which is once off) to help mitigate this pressure and known funding has been assumed within the current projection.
- 7.3 There is a risk that the cost of children transitioning to adulthood exceeds the additional funding provided to cover these costs. The service is working with colleagues in Children's Social care to plan for children who are likely to require an adult care package in the future.
- 7.4 **Communities, Partnerships & Leisure:** An income overachievement of £0.1m within Bereavement services has emerged since Period 4.
- 7.5 The table below shows the reported position at Period 6 compared to Period 4:

Table 5 – Communities Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Adult Social Care & Commissioning	71.4	73.5	2.1	1.0	1.1
Public Health	0.0	0.0	0.0	0.0	0.0
Communities, Partnerships & Leisure	14.1	14.0	(0.1)	0.0	(0.1)
Culture, Learning & Libraries	0.0	0.0	0.0	0.0	0.0
Directorate Total	85.5	87.5	2.0	1.0	1.0

8.0 PLACE

- 8.1 **Public Realm:** There is a £0.7m pressure on Street Environmental Services due to operational costs in refuse collection and street management. The service is continuing to manage these costs down by reconfiguring services and anticipates this will be achieved by the start of next financial year, this is being largely mitigated in year by an income overachievement of £0.6m. Strategic Transport are forecasting an overspend of £0.1m due to ongoing consultancy costs.
- 8.2 **Planning:** There is a £0.6m pressure on the Planning division, as they continue to experience staffing pressures with costs increasing due to the demand for planning, urban design and conservation staff. The service is forecasting an overspend of £0.4m on the Planning Service, along with a £0.2m forecast overspend in Building Control which is due to a reduction in income levels.
- 8.3 **Regeneration:** £0.2m overspend due to unachievable savings relating to income generation.
- 8.4 The table below shows the reported position at Period 6 compared to Period 4:

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Table 6 – Place Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Public Realm	18.5	18.7	0.2	1.0	(0.8)
Planning	1.1	1.7	0.6	0.0	0.6
Inclusive Regeneration	(0.5)	(0.3)	0.2	0.0	0.2
Housing, Regeneration & Public Realm Reserves & Provisions	0.2	0.2	0.0	0.0	0.0
Directorate Total	19.4	20.4	1.0	1.0	0.0

9. HOUSING

- 9.1 **Strategic Housing:** £10m pressure reported at Period 6, £1.0m adverse movement from Period 4 due to the transfer of Milford Towers from the HRA to the GF. At September 2023 there are 1,101 people in nightly paid services compared to 764 in April 2021 and 985 in April 2022. In addition, people are staying longer in Temporary Accommodation (TA) as the service is unable to move them out due to the lack of suitable alternative accommodation. The reported pressure is after £3.5m additional budget allocated as part of the budget setting process for 2023/24 and reflects the continuing pressures in rental values.
- 9.2 The Housing Benefit (HB) limitation recharge and consequent forecast overspend is mainly related to the increase in the number of people accommodated in TA and more specifically in nightly paid accommodation which has risen from 745 at the start of April 2021 to 1,101 at the end of September 2023. The average number of people accommodated in 2022/23 was 1,026 (865 2021/22) and the average for 2023/24 is 1,109. This increase in numbers has put additional pressure on the service in terms of landlord payments and recharges for Housing Benefit payments which have exceeded the caps and limits (otherwise known as HB limitation recharges) and therefore not payable through the DWP Housing Benefit claim.
- 9.3 The forecast Limitation Recharge for the year is a total of £17.2m which is £6.2m more than the total for 2022/23 and £7.4m more than the budgeted level. This is a key contributor to the reported £9m pressure. The HB limitation recharge forecast total is based on an average increase of £0.3m per month until year end. However, it is unlikely that the full impact of the increase in numbers for 2022/23 to 2023/24 is reflected in the current forecast recharge which may be expected to fluctuate depending on the numbers of clients accommodated. As this is a demand lead service, variations in the numbers accommodated would see a corresponding decrease/increase in the recharge applied to the service.
- 9.4 Arrears on Nightly Paid rental income have increased by £0.6m since the start of the financial year, projecting using a straight-line method would show an increase in arrears of £1.6m for the year, and an impairment charge of £1.5m. This is based on current collection rates which currently stands at 93.9%, and is expected to improve as the year progresses, similar to the 2022/23 pattern of performance which recovered to a 95% collection rate. The current forecast includes an assumption that nightly paid bad debt impairment charged is based on a similar figure as 2022/23 and is set at £0.9m, £0.6m

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more than the budgeted level. This will be closely monitored and updated as the year progresses.

- 9.5 The remaining £1.0m pressure is due to £0.4m additional incentive payments over and above the budget level, payments are made to landlords with the aim of diverting clients away from the more expensive nightly paid accommodation. The remaining £0.6m is due to repairs on the Private Sector Landlord stock exceeding the budgeted level.
- 9.6 It should be noted that there continues to be pressure from nightly paid landlords with requests to increase or notifications to increase the current rental charge to off-set the increase in utilities and other costs. The IBAA rates which is a pan-London benchmark for target rents for nightly paid accommodation has increased by 10% and is putting pressure on the service via the HB limitation recharge as outlined above and has impacted the current forecast overspend.
- 9.7 The service is actively seeking to reduce numbers accommodated and is set to embark on the purchase of up to 300 new units for TA 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 (B&B) accommodation which receive the highest HB limitation recharge at 70% of the total. The service are seeking to minimise the use of the most expensive nightly paid provider as far as possible and when there is no alternative to using these properties, move people out as quickly as possible. Work is ongoing to maximise rent income collected and reduce arrears as well as working to place clients in accommodation that is more affordable and where the HB limitation recharge is either zero or lower than where we are currently placing clients. A reduction in numbers in nightly paid accommodation would see a reduction in the HB limitation recharge.
- 9.8 Moving tenants into long term accommodation has become more and more challenging over recent years, the average length of TA tenancies ending in the last year was 1.5 years however when we factor in TA tenants changing address, the average length of stay goes up to 2 years and when we factor in tenants who have been in TA for many years and not left, we estimate that the true average length of stay is closer to 3 years. It should be noted that the number of new tenancies has reduced significantly over recent years, from a high of c1100 in 2019, to 800 in 2021 and 600 in 2022, this suggests that the cost increase is driven by the length of stay and cost of housing as oppose to new entrants to the system.
- 9.9 There is a significant risk this will increase further as the year progresses, using the same percentage increase that was seen in the recharge for 2022/23 (which was a movement of 20% between the start and the end of the year), the current forecast would worsen by a further £0.6m.
- 9.11 The table below shows the reported position on the Housing directorate, with this section to be expanded over the coming months:

Table 7 – Housing Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Strategic Housing	8.4	18.4	10.0	9.0	1.0
Directorate Total	8.4	18.4	10.0	9.0	1.0

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10.0 CORPORATE RESOURCES DIRECTORATE

- 10.1 A £1m underspend is reported on the Corporate Resources directorate at Period 6, an improvement of £0.2m since Period 4.
- 10.2 **Resident and Business Services:** £0.4m underspend due to the reduction in supported accommodation costs and an underspend within Facilities Management.
- 10.3 **IT and Digital Services:** £0.1m underspend due to vacancies within the Programme Management Office.
- 10.3 **Assurance:** £0.1m underspend due to staff vacancies across the teams.
- 10.4 **Finance:** £0.1m overspend due to the level of audit fees.
- 10.5 **Concessionary Fares:** The concessionary fares budget is held within Corporate Resources but is shown on a separate line reflecting that this is not expenditure that the service can influence. The expenditure is based on the number of people travelling on public transport who are eligible for free or discounted travel. It is expected that the expenditure in 2023/24 will be £0.5m less than the budgeted level.
- 10.6 The table below shows the reported position at Period 6 compared to Period 4:

Table 8 – Corporate Resources Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Resident & Business Services	10.3	9.9	(0.4)	(0.2)	(0.2)
IT & Digital Services	11.1	11.0	(0.1)	0.0	(0.1)
Assurance	2.8	2.7	(0.1)	(0.1)	0.0
Finance	6.1	6.2	0.1	0.0	0.1
Concessionary Fares	8.4	7.9	(0.5)	(0.5)	0.0
Resources Reserve	(0.7)	(0.7)	0.0	0.0	0.0
Directorate Total	38.0	37.0	(1.0)	(0.8)	(0.2)

11. CHIEF EXECUTIVES DIRECTORATE

- 11.1 **Law and Governance:** At Period 6, Law and Governance are projecting expenditure of £1.7m over and above the budget, an improvement of £0.2m from Period 4. There is a £1.9m pressure in Legal Services due to agency and external expenditure to deliver Social Care legal work (there are challenges recruiting in this area) and the level of workload, there are also cost pressures on property legal as well the more complex Capital development schemes, this includes disputes, contract drafting, advice on grants/structuring/tax VAT/grant regimes. This is partially mitigated by a £0.2m underspend due to vacancies within Policy and Information Governance.
- 11.2 The table below shows the reported position at Period 6 compared to Period 4:

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Table 9 – Chief Executive Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Communications & Engagement	2.7	2.7	0.0	0.0	0.0
Law & Corporate Governance	5.8	7.5	1.7	1.9	(0.2)
People & Organisational Development	2.7	2.7	0.0	0.0	0.0
Directorate Total	11.2	12.9	1.7	1.9	(0.2)

12. GENERAL FUND RISKS

- 12.1 Below is a list of potential risks, some of which are being worked through and quantified for 2023/24.
- 12.2 **Council Tax (Council Wide):** Collection rates for Council Tax may be impacted due to the challenging economic times, especially if unemployment rises significantly. This would put income budgets under pressure, a 1% reduction in collection rates compared to the budgeted level of income is £1.5m.
- 12.3 **Temporary Accommodation:** The reported pressure is based on the current level of service users continuing for the remainder of 2023/24. A key contributor to the pressure is the increase in the limitation recharge due to the increase in nightly paid service users (21 between April and September 2023), using the same percentage increase that was seen for the final 8 months of 2022/23 (which was a movement of 20% between the start and the end of the year), there is a risk of a further £0.6m adverse movement.
- 12.4 **Energy Care Homes:** There is a risk of an increased ask from Care Homes for inflation in both Adults and Children’s Social Care due to the energy tariff price increases and wage increases across the sector, inflation requests for 2023/24 are still being worked through by the services.
- 12.5 **Collection Fund:** Collection rates for Business rates may be impacted due to the challenging economic times, which will put income budgets under pressure, especially if unemployment rises significantly.
- 12.6 **General inflationary costs:** The impact of general inflation (CPI currently 6.7% in September 2023) on the £200m of goods and services procured each year by the Council (revenue) and £200m planned capital programme spend. The known impact of this is reflected in the reported position above, however as costs continue to increase further pressures may emerge.
- 12.7 **Cost of capital programme slippage and inflation:** The impact of high inflation has been a slowdown in capital programme delivery and higher capital cost. The revenue impact of this is the inability to fully capitalise revenue costs with the risk that these then fall to revenue budgets. Furthermore, as schemes are being brought forward it’s important that the full revenue charges are levied for these, including the minimum revenue provision charge, and interest costs, either from external or internal borrowing and that these are properly accounted for and charged to the relevant schemes.
- 12.8 **Pension Fund:** The annual monitoring between valuations may poses a financial risk to the council, with fluctuations in the value of the funds assets and liabilities requiring an

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increase in the Council's employers contribution.

- 12.9 **Children's Social Care:** Volatility in the length of stay for children in high cost placements means the placements forecast which is based on the service placements tracker could significantly fluctuate. The tracker assumption is that for any current placements costing £17k per week, that they run for a maximum of 3 months (unless otherwise known), with the care package value then dropped down to £5k per week. This assumption is an estimate and subject to review, currently it would appear packages are lasting longer than 3 months due to lack of capacity in the market. The current forecast for Children's Social Care assumes £0.4m of new children (2 high cost children for 13 weeks) moving into high cost placements from January onwards and assumes all existing high costs placements have been stepped down to £5k a week packages by the middle of January. Five additional child for this period would cost £1m.

13. CORPORATE PROVISIONS and RESERVES

- 13.1 The tables below provide more detail on the Council's corporate provisions revenue budgets and earmarked reserves positions.
- 13.2 Collectively these are held for either specific service purposes, centrally held corporate expenditure or for corporate risks and pressures mitigation.

Table 10 – Corporate Provisions 2023/24

Corporate Items	£m
Working balances	3.9
Service pressures (Allocated)	6.1
Capital financing (Committed)	14.8
Pension strain (Cost of Restructures)	5.4
Levies (statutory)	2.8
Salary and energy inflation	10.6
Grant risk held centrally	(20.5)
Other risk & pressures	2.9
TOTAL	26.0

- 13.3 The majority of the budgets held are to either meet the Council's revenue cost of financing its capital programme and borrowing, or held for inflationary pressures. The service pressure budgets held centrally have been considered and included within the directorate reporting.
- 13.4 The 2023/24 opening balances for the Council's corporate earmarked reserves are in the table below:

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Table 11 – Earmarked Reserves Balances 2023/24

Name of Reserve	Opening Balance
	01/04/23 £m
Specific Revenue Earmarked – Corporate	38.1
Specific Revenue Earmarked - Collection Funds	15.0
Specific Revenue Earmarked - Corporate Resources	10.7
Specific Revenue Earmarked – Place	4.4
Specific Revenue Earmarked – Housing	1.7
Specific Revenue Earmarked – Communities	4.5
Specific Revenue Earmarked – CYP	3.0
Specific Revenue Earmarked - Chief Executive	1.1
S31 Covid Business Rates Grant	0.0
Covid Grants	0.5
Sinking Funds (incl PFI)	33.8
Insurance	14.4
Capital Reserves (incl S106)	59.5
Ringfenced Reserves	18.7
General Fund Reserves	205.4
Schools Reserves and External Funds	20.1
Total	225.5

13.5 The reserves balances are built up via contributions from revenue budgets, either planned or at year end via the carry forward process, or from specific grants or monies received. Unlike provisions these budgets do not recur each year and are therefore once off funding sources.

14. DEDICATED SCHOOLS GRANT

14.1 The 2023/24 Dedicated Schools Grant (DSG) grant allocation was advised by the Department for Education (DfE) in December 2022 and reported to Schools Forum at the January 2023 meeting. The information provided at that time was the gross figure before academy recoupement and high needs adjustment, the table below shows the projected outturn position for the DSG for 2023/24 against the funding available.

Table 12 – DSG projected outturn 2023/24

DSG Projected Outturn	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
Gross Budget	231.0	3.3	76.9	24.8	336.1
In Year Virement	(0.7)	0	0.7	0	0.0
ESFA Holdback	(47.5)	0.0	(0.4)	0.0	(48.0)
DSG Budget	182.8	3.3	77.1	24.8	288.1
Expenditure	182.5	3.3	80.1	24.8	290.8
Total Spend	182.5	3.3	80.1	24.8	290.8
Variance	(0.3)	0.0	3.0	0.0	2.7

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- 14.2 **Schools Block:** There is an underspend in the Growth fund of £0.3m, which will be carried forward, £0.7m has been agreed with schools forum to be transferred to support the high needs block and is shown as an in year virement.
- 14.3 **Central School Services Block:** A balanced position is shown however there has been a reduction in funding nationally over the past 3 years, the figure has been abated by 20% year on year.
- 14.4 **High Needs Block:** High Needs continues to show a pressure against the available funding. Lewisham has been progressing a mitigation plan and is now working with the DfE as part of the Delivering Better Value initiative. Schools forum has agreed a transfers of £0.7m from the schools block and a further £0.6m from the Early Years unused balance to support the pressure, however the increase both in demand and inflationary pressures continue to prove challenging. Increased places in many schools including Drumbeat, Watergate and Greenvale have been completed or are near completion, and will provide some welcomed capacity. The service will continue working to bring down the projected pressure of £3m. It should be noted that the £3m is an improvement from the previous forecast position of £5m, of which, £0.6m is the transfer of Early years funding.
- 14.5 **Early Years Block:** The DfE has confirmed the final numbers for 2022/23; there is a clawback of £0.8m leaving an unused balance of £0.8m. Schools forum has agreed to the proposal to support the high number of early year EHCP pressure on the high needs block £0.6m and additionally £0.2m to support the pressure on the Inclusion Fund. The high needs block forecast includes this income.
- 14.6 Overall the validation of the 2022/23 has noted a significant reduction in pupil numbers taking up the entitlement for the Early Years offer, circa 3% for 3 and 4 year olds and 10% for 2 year olds. This has been reflected in the funding for 2023/24, which has seen an overall reduction in funding of £1.4m, again this remains provisional until the Jan 2024 count. Assuming the position is as forecast, most of the reduction would be mitigated by lower allocations to providers, this will however have implications for budgets centrally managed by the LA, budgets for which are derived as a agreed percentages from actual take up. The financial impact of which is £0.1m.
- 14.7 The table below shows what the DSG deficit would be at the end of 2023/24, based on the projected outturn position at Period 6.

Table 13 – DSG Overall Position

DSG Overall	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
DSG Projected Outturn 2023/24	(0.3)	0.0	3.0	0.0	2.7
DSG Variance 2022/23	(0.1)	0.0	2.6	0.0	2.5
DSG Variance 2021/22	0.0	0.0	5.4	(1.3)	4.1
DSG Variance Prior Years	(0.3)	0.0	3.0	0.0	2.7
Deficit/(Surplus) at end of 2023/24	(0.7)	0.0	13.9	(1.3)	12.0

15.0 HOUSING REVENUE ACCOUNT

- 15.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2023/24. The reported overspend of £6.6m is due to the forecast level of repairs and maintenance for 2023/24 compared to the budget as well as an income shortfall on major works rechargeable to leaseholders.

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Table 14 – Housing Revenue Account

Housing Revenue Account	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£m	£m	£m	£m	£m
Housing, Regeneration and Public Realm – Housing	13.0	13.7	0.7	(0.3)	1.0
Lewisham Homes & Repairs & Maintenance	45.6	47.9	2.3	7.5	(5.2)
Resources	2.1	2.1	0.0	0.0	0.0
Centrally Managed Budgets	(60.7)	(57.1)	3.6	(0.8)	4.4
Total	0.0	6.6	6.6	6.4	0.2

- 15.2 There is a significant income target from the charging of major works at leaseholder properties of £12.0m, which is based on the General Capital programme allocation of £81.0m, as well as work undertaken in previous financial years. Work undertaken on a leaseholder property will move to billing in advance based on estimates later in the financial year once works are ready to start on site. As at the end of September 2023, a total of £3.5m of charges have been raised to leaseholders, there are ongoing discussions with Lewisham Homes to provide data relating to bills to be raised for prior year's works and ensure that they are raised in financial year 2023/24. Lewisham Homes have advised that there is currently an estimated total of £3.9m of charges to be raised for prior years work, with additional charges for the current years' programme being worked on. The forecast has been updated to reduce Major Works income to £6.8m, an underachievement of £5.2m on the current budgeted level.
- 15.3 Repairs & Maintenance (R&M) is currently forecast to exceed the budget level by £2.3m. Lewisham Homes have undertaken an analysis of the expenditure incurred so far this year to assess whether any of this is capital, this resulted in £2.3m being moved from revenue R&M to Capital this month, Lewisham Homes have advised that up to £10m could be recharged from revenue to capital this financial year, against an allocation of £5m, and have adjusted their forecasts accordingly. Lewisham Homes continue to advise of significant pressures on the R&M budget and Direct Labour Organisation (DLO) account and are in discussions with the authority to assess if any additional resources are available, there is a high risk this overspend worsens as the year progresses.
- 15.4 Whilst income from tenant's rents and service charges, garage rents and leaseholder service charges are being projected to budget, it would be expected that additional income may arise due in part to void levels being lower than the budgeted level and the completion of the leaseholder service charge audit in September 2023. This will continue to be monitored and reported later in the financial year once there is more certainty over the position. In addition, bad debt impairments charge to the HRA are forecast to be £1.0m lower than budgeted, based on the current levels of debt projected forward for the remainder of the financial year and is included in the forecast.
- 15.5 The current 30-year HRA financial model has been refreshed, with the final outturn for 2022/23 as well as the latest updates for the general capital programme, revised stock numbers and reserves allocations incorporated into the plans. Budgets will be updated shortly to reflect starting stock numbers from 1 April 2023, as well as incorporating the latest consolidation update for the new supply programme to reflect the latest position and

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the insourcing of Lewisham Homes. The revisions to the budgets will be agreed and processed and may push some of the planned capital and new supply expenditure into 2024/25 due to a re-programming of works and programme delays.

- 15.6 Lewisham Homes have produced a forecast of £77m for the capital programme costs, which include up to £10m of Capitalised repairs/void costs against the general capital allocations budget of £81m, this will be continually updated as the year progresses. Any underspends or slippage in the capital programme will be re-profiled to 2024/25. Lewisham Homes have also produced a forecast of £20.4m for the HRA element of the BfL programme against a budget allocation of £31.1m. This will be continually updated with any underspends or slippage in the HRA BfL programme re-profiled to 2024/25.
- 15.7 Following the December 2022 Mayor and Cabinet decision to bring Lewisham Homes into the Council, a phased approach to the re-integration has allowed the council to learn and be business ready for the final transition of services and 500+ staff in October 2023. This approach (as detailed in the Housing Futures Progress report to Mayor and Cabinet in June 2023) has also given a better understanding of costs that are incurred relating to the transition of services from Lewisham Homes to Lewisham Council, with existing revenue budgets utilised where available and reasonable to do so for non-transition / business as usual work.
- 15.8 It is proposed that up to £1.9m of the costs are met from existing reserves, with further transfer costs to be funded from HRA reserves if available or the use of General Fund reserves if not. The level of reserves should be restored through the delivery of a planned HRA savings programme so that the necessary prudent position to meet future unforeseen costs is restored at the earliest opportunity.

16.0 CAPITAL EXPENDITURE

- 16.1 The table below sets out the Capital Programme that was reported in the P4 Monitoring report.

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Table 15 – Capital Programme from P4 Monitoring Report

Capital Programme from P4 Monitoring Report						
	2023/24	2024/25	2025/26	2026/27	Future Years	Total
GF	£m	£m	£m	£m	£m	£m
Resources	0.6	0	0	0	0	0.6
Community	1	0	0	0	0	1
CYP	10.3	8.2	1.7	0	0	20.2
Place	27.3	21.3	44.6	6.6	2	101.8
GF Housing	33.6	61.2	64	20.2	7.3	186.3
Total GF	72.8	90.7	110.3	26.8	9.3	309.9
HRA	£m	£m	£m	£m	£m	£m
BfL – HRA	31.1	53.6	49.7	6	0	140.5
HRA Capital Programme	81.1	67	66.8	51.3	51.2	317.5
Other HRA	1.4	0.9	0	0	0	2.3
LBL Managed HRA Programme	0.0	8.4	3.1	3.2	0	14.8
Housing Management System	1.4	0	0	0	0	1.4
Total HRA	115	129.9	119.6	60.5	51.2	476.5

14.2 Since Period 4, there have been several projects that have been added to the programme or had changes to their budget. These have been reviewed and signed off at the Regen & Capital Programme Delivery Board (RCPDB). The below table details the changes to the Capital Programme:

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Table 16 – Capital Programme Changes

Capital Programme Changes						
	2023/24	2024/25	2025/26	2026/27	Future Years	Total
	£m	£m	£m	£m	£m	£m
LUF P1 - Market Regeneration	0.5	3.0	7.4			10.9
LUF P3 - High Street Regeneration	0.4	5.8	0.3			6.4
Other New Projects & Changes	0.7	0.5	1.1			2.3
Total	1.6	9.3	8.7	0.0	0.0	19.6

16.3 The paragraphs below summarise the scope of each of the new schemes above £0.5m:

- **LUF P1 – Market Regeneration:** This project seeks to design and deliver an upgraded market facility including new market canopy, upgraded service yard, high quality surface finishes, high quality street furniture, renovation of clock tower, improved public realm, footway and highways, improved walking and cycling infrastructure and greening.
- **LUF P3 – High Street Regeneration:** This project seeks to design and deliver improvements to Lewisham High Street, Station Road, Rennel Street, Lewis Grove, and parts of Molesworth Street and Limes Grove. The project seeks to deliver an improved public realm which will be attractive, welcoming, and safer for residents of all ages. To ensure longevity, the public realm will also be high quality, durable and maintainable. The scheme will introduce more greenery on the named streets with more places to sit, stop and enjoy the town centre.

16.4 To set both these projects in context. These are two of three separate but connected projects forming the Levelling Up Fund Project (the LUF). These projects are primarily funded through the councils £19m LUF grant award, plus around £5m of LBL match funding comprising of S106/CIL & receipts from a disposal.

16.5 The table below sets out the budget and profile over the MTFS period for the Capital Programme for 2023/24 as of 30th September 2023.

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Table 17 – Current Capital Programme

Current Capital Programme						
	2023/24	2024/25	2025/26	2026/27	Future Years	Total
GF	£m	£m	£m	£m	£m	£m
Resources	0.6	0.0	0.0	0.0	0.0	0.6
Community	1.0	0.0	0.0	0.0	0.0	1.0
CYP	9.9	9.1	1.7	0.0	0.0	20.7
Place	27.8	29.7	53.2	6.6	2.0	119.4
GF Housing	33.6	61.2	64.0	20.2	7.3	186.3
Total GF	72.9	100.0	118.9	26.8	9.4	328.0
HRA	£m	£m	£m	£m	£m	£m
BfL - HRA	32.6	53.6	49.7	6.0	0.0	141.9
HRA Capital Programme	81.1	67.0	66.8	51.3	51.2	317.5
Other HRA	1.4	0.9	0.0	0.0	0.0	2.3
LBL Managed HRA Programme	0.0	8.4	3.1	3.2	0.0	14.8
Housing Management System	1.4	0.0	0.0	0.0	0.0	1.4
Total HRA	116.6	130.0	119.7	60.6	51.2	478.0

- 16.6 The current Capital Programme totals £806.0m. This is split into £328.0m General Fund (GF) and £478.0 Housing Revenue Account (HRA).
- 16.7 For 2023/24 there is an allocation of £194.1m of which £72.7m is for GF & £121.4m is for HRA.
- 16.8 The Capital Programme is currently undergoing a mid-year re-profiling exercise, in which project managers have a chance to update the budget profiles of their schemes. This will also be an opportunity to identify any projects where the budget is no longer required & therefore there may be a potential to free up some funding within the capital programme. The re-profiled Capital Programme will be detailed in the upcoming 2024/25 Budget Report.
- 16.9 The main sources of financing the Capital programme over the MTFs period are laid out in the below table:

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Table 18 - Programme Financing

General Fund Financing Source	Funding Amount (£m)
Capital receipts	13.3
Capital reserves	7.1
CIL	2.7
Corporate reserves	20.8
Grants and contributions	127.1
Prudential borrowing	113.6
HRA Receipts	0.1
RTB Receipts	27.3
S106	15.8
Total GF	328.0
HRA Financing Source	Funding Amount (£m)
Major Repairs Allowance	107.8
Capital Receipts (GLA Grant, 1-4-1 Receipts etc)	93.1
HRA Revenue Contributions	15.8
Prudential Borrowing	261.3
Total HRA	478.0

- 16.10 Total Prudential Borrowing of £364.9m across the MTFs period, of which £113.6m is for GF projects & £261.3m is for HRA projects. Accurate borrowing forecasts are important for the council, and they link heavily with the TMS.
- 16.11 The financing profile of the Capital Programme is flexible and may change as the Council is constantly looking for external funding opportunities such as additional grants and contributions.

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Table 19 – P4 Spend Monitoring

Directorate	Project / Programme	Spend to 30 Sep 2023	2023/24 Budget
GF		£m	£m
Resources	ICT - Tech Refresh	0.0	0.6
Community	Safer Communities	0.2	0.5
Community	Parks, Sports and Leisure	0.2	0.6
CYP	CYP - Other	0.0	0.4
CYP	Education Services - School Places Programme	1.2	2.3
CYP	Education Services - School Minor Works Programme	1.5	4.3
CYP	Children's Social Care	0.0	1.9
CYP	Families, Quality and Commissioning - Youth Service	0.0	1.0
Place	Highways & Bridges – TfL	0.1	0.7
Place	Highways & Bridges – LBL	0.8	4.9
Place	Asset Management Programme	0.7	4.5
Place	Corporate Estates Maintenance Programme	0.8	4.8
Place	Lewisham Gateway	0.0	6.8
Place	Catford Programme	0.4	4.3
Place	Beckenham Place Park (Inc. Eastern Part)	0.2	1.2
Place	Planning	0.0	0.2
Place	Public Realm	0.0	0.1
Place	Climate Resilience	0.0	0.1
Place	General Fund Housing	0.8	31.1
Housing	Housing Services	0.4	2.5
	Total General Fund	7.2	72.9
HRA			
HRA	Building for Lewisham Programme - HRA	5.6	32.6
HRA	HRA Capital Programme (Inc. Decent Homes)	20.2	81.1
HRA	Housing Management System - HRA	0.4	1.4
HRA	Other HRA Schemes	0.2	1.4
	Total HRA	26.4	116.6

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- 16.12 The current in-year expenditure across all projects is 18%. If spend is consistent across the year, we would expect spend at Period 6 to be 50%. This pattern of low spend in the early periods of the year is expected for numerous reasons such as lag times on setting up purchase orders and receiving invoices from suppliers.
- 16.13 There are also certain projects with large current years budgets, where the spend is forecast to be spent in the latter half of the year. An example of this is the Housing Acquisition Programme which has an in-year budget of £22m yet current spend of £0m.
- 16.14 Despite the low current spend, the current forecast outturn for 2023/24 is £165.2m. This equates to 87% of the current budget.

17.0 COLLECTION FUND

Council Tax

- 17.1 As at 30th September, £90.8m of Council Tax has been collected representing 49.9% of the total amount due for the year. This is £4.2m below the 52.2% target required in order to reach 96% for the year.

Table 20 – Council Tax Collection

Council Tax	Cash Collected (cumulative)	Cash needed to meet 96% Profile	Difference between collected and 96% profile	Current Year Collection Rate%	Required Collection Rate to reach 96%	Difference
Apr-23	18,626,595	19,730,719	1,104,124	10.3%	10.8%	0.5%
May-23	33,178,784	34,874,205	1,695,421	18.3%	19.2%	0.9%
Jun-23	47,574,501	49,542,533	1,968,032	26.2%	27.2%	1.1%
Jul-23	62,414,655	64,708,338	2,293,683	34.3%	35.6%	1.3%
Aug-23	76,625,692	79,804,236	3,178,544	42.1%	43.9%	1.8%
Sep-23	90,782,444	94,935,251	4,152,807	49.9%	52.2%	2.3%

Business Rates

- 17.2 As at 31 August, £33.3m of Business Rates has been collected representing 59.5% of the total amount due for the year. This is £1.9m below the level required in order to reach 99% for the year.

Table 21 - Business Rate Collection

Business Rates	Cash Collected (cumulative)	Cash needed to meet 99% Profile	Difference between collected and 99% profile	Current Year Collection Rate%	Required Collection Rate to reach 99%	Difference
Apr-23	8,123,664	7,495,565	(628,099)	14.1%	13.0%	-1.1%
May-23	12,632,550	14,105,804	1,473,254	22.4%	25.0%	2.6%
Jun-23	16,716,746	19,674,889	2,958,143	29.7%	35.0%	5.3%
Jul-23	24,939,038	25,268,082	329,044	44.4%	45.0%	0.6%
Aug-23	29,266,569	30,270,968	1,004,399	52.2%	54.0%	1.8%
Sep-23	33,306,413	35,238,208	1,931,795	59.5%	63.0%	3.5%

- 17.3 Work is ongoing to review and clear the exceptions listing (suspense account) which is expected to reduce the gap between cash collected and cash need to meet the profiles

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above.

18.0 FINANCIAL IMPLICATIONS

- 18.1 This report concerns the projected financial outturn for 2022/23. Therefore, any financial implications are contained within the body of the report.

19.0 LEGAL IMPLICATIONS

- 19.1 The Council is under a duty to balance its budget and cannot knowingly budget for a deficit. It is imperative that there is diligent monitoring of the Council's spend and steps taken to bring it into balance.

20.0 CRIME AND DISORDER, CLIMATE AND ENVIRONMENT IMPLICATIONS

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

21.0 EQUALITIES IMPLICATIONS

- 21.1 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.
- 21.2 There are no equalities implications directly arising from this report.

Background Papers

Short Title of Report	Date	Location	Contact
Budget Report 2023/24	1 st March 2023 (Council)	1 st Floor Laurence House	David Austin

Report Author and Contact

Nick Penny, Head of Service Finance nick.penny@lewisham.gov.uk; or
David Austin, Director of Finance at david.austin@lewisham.gov.uk

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APPENDIX A – Savings to be delivered 2023/24

Reference	Directorate Budget	Title	Savings to be Delivered	Expected Delivery in 2023/24	Expected Savings Shortfall	Risk Rating of Saving in 2023/24	Comment
CYP_SAV_01	CYP	Review of Children's Centre Budgets	500	500	-		
CYP_SAV_02	CYP	Education - Vacant Post	12	12	-		
CYP_SAV_04	CYP	Youth Service Budget Review	200	200	-		
CYP_SAV_05	CYP	Youth Offending Service Review	100	100	-		
CYP_SAV_06	CYP	Short Breaks	200	200	-		
D-13	CYP	Review of commercial opportunities for nurseries within children's centres	9	9	-		
F-02	CYP	Children Social Care Demand management	1,000	-	1,000		Work has been undertaken to deliver these savings, however the financial impact has been negated by the increase in high cost placements.
F-03	CYP	Children Service reconfiguration - fostering	250	-	250		
Children and Young People's Subtotal			2,271	1,021	1,250		
COM_SAV_01	COM	Introduction of Electronic Call Monitoring	650	300	350		Delays in implementing ECM due to IT issues. Plus increase in demand

COM_SAV_02	COM	Delegation of Care Plan Budgets to Operation Managers	100	41	59		Slippages in Neighbourhood 4 with levels of authorisations to date higher than prior year
COM_SAV_03	COM	Care Plan Reassessment	1,000	-	1,000		ASC savings shortfall reported in the monitoring position, work is ongoing to fully deliver these savings.
COM_SAV_04	COM	Empowering Lewisham	1,000	1,000	-		
COM_SAV_05	COM	Review of Staffing Requirement in Supported Housing	55	55	-		
COM_SAV_06	COM	Reduction in Mental Health Homecare costs	50	50	-		
COM_SAV_08	COM	Reduction in opening hours at Libraries	90	90	-		
COM_SAV_09	COM	NHS Health Checks	15	15	-		
COM_SAV_10	COM	Sexual and Reproductive Health Services in Primary Care	46	46	-		
COM_SAV_11	COM	PH Weight management savings	13	13	-		
E-14	COM	Changes to leisure concessions for older people	95	95	-		

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A-02	COM	Hybrid roles - enforcement	13	13	-		
C-07	COM	Review Short breaks provision.	50	50	-		
Communities Subtotal			3,177	1,768	1,409		
HRPR_SAV_01	HRPR	Temporary Accommodation Cost Reduction	200	200	-		
HRPR_INC_01	P&H	Additional Yellow Box Junction Enforcement & Moving Traffic Contravention by CCTV	105	105	-		
HRPR_INC_02	P&H	Replacement Bin Charging	50	50	-		
HRPR_INC_03	P&H	Increase the charge for Bulky Waste collections	20	20	-		
HRPR_INC_04	P&H	Charge for mattress collections	25	25	-		
HRPR_INC_05	P&H	Increase the charge for fridge/freezer collections.	78	78	-		
HRPR_INC_06	P&H	Review of fees charged for Garages	130	130	-		
HRPR_SAV_02	P&H	Review of the Road Safety Service	70	70	-		
HRPR_SAV_03	P&H	Increased recharging of salary costs to capital	70	70	-		
HRPR_SAV_04	P&H	S106 utilisation for apprenticeships	17	17	-		
HRPR_SAV_05	P&H	Utilisation of UKSPF grant funding to reduce the general fund burden for the service.	100	100	-		
HRPR_INC_08	P&H	Housing Programme Commercial Units' Income Generation	75	-	75		Service are actively working towards delivering the saving
HRPR_SAV_06	P&H	Review of the Temporary Accommodation (TA) Service Level Agreement (SLA) with Lewisham Homes (LH)	162	162	-		
HRPR_SAV_07	P&H	Reducing general fund spend on private sector housing licensing and enforcement.	150	150	-		

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C-39	P&H	Aligning the Kickstart scheme with Government plans	25	25	-		
D-10	P&H	Commercial Estate Review	50	-	50		Service is actively working towards increasing income.
D-11	P&H	Business Rates revaluation of Council owned properties	50	-	50		Still waiting to conclude the revaluation review with Wilkes and Head
D-12	P&H	Asset Use Review and Regularisation	15	15	-		
E-12	P&H	Building Control Service Efficiency	30	30	-		Service is actively working towards increasing income, income levels remain low after covid
A-02	P&H	Hybrid roles - enforcement	38	38	-		
D-01	P&H	Generating greater value from Lewisham's asset base	500	500	-		
D-02	P&H	Business Rates Revaluation for the estate	20	20	-		Still waiting to conclude the revaluation review with Wilkes and Head
D-06	P&H	Catford Campus - Estate Consolidation	12	12	-		

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D-07	P&H	Meanwhile use - Temporary Accommodation	25	25	-		
E-02	P&H	Income from building control	20	20	-		Service is actively working towards increasing income, income levels remain low after covid
F-16	P&H	Environment - new waste strategy	250	250	-		
F-18	P&H	Controlled Parking Zone Extension	1,000	1,000	-		
Place and Housing Subtotal			3,287	3,112	175		
COR_SAV_03	COR	Reduction in utilities costs of the Catford Complex	150	150	-		
D-14	COR	Facilities Management	100	100	-		
C-08	COR	IT - mobile telephony review	10	10	-		
Corporate Resources Subtotal			260	260			
CEX_SAV_01	CEX	Review of Elections Budget	50	50	-		
CEX_SAV_03	CEX	Legal Invest to Save	233	-	233		Work is required to reduce external legal expenditure to deliver this saving.
ALL_SAV_02	CEX	Senior Management Reductions, Realignment and Restructures	500	500	-		
Chief Executive Subtotal			783	550	233		
COR_SAV_02	CORP ITEMS	Review of Corporate Budgets - interest	2,000	2,000	-		

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COR_INC_01	CORP ITEMS	Removal of 28 day empty property exemption for Council Tax	110	110	-		
Corporate Items Subtotal			2,110	2,110			
COR_SAV_01	ALL	Review of Corporate Budgets - triennial fund valuation	650	650	-		
A-03	ALL	Corporate Transport arrangements	50	50	-		
Council Wide Subtotal			700	700			
TOTAL			12,587	9,520	3,067		

Appendix B – Gross Budgets by Directorate

Directorate	Expenditure Budget	Expenditure Forecast	Variance	Income Budget	Income Forecast	Variance	Net Budget	Net Forecast	Variance
CYP	741.471	755.971	14.500	(666.230)	(666.230)	0.000	75.241	89.741	14.500
COMM	189.671	191.771	2.100	(104.270)	(104.370)	(0.100)	85.401	87.401	2.000
P&H	117.210	128.210	11.000	(89.469)	(89.469)	0.000	27.740	38.740	11.000
COR	209.462	208.962	(0.500)	(171.664)	(172.164)	(0.500)	37.797	36.797	(1.000)
CE	11.901	13.601	1.700	(0.672)	(0.672)	0.000	11.229	12.929	1.700
Total	1,269.715	1,298.515	28.800	(1,032.306)	(1,032.906)	(0.600)	237.409	265.609	28.200
COR Items	46.913	36.913	(10.000)	(20.643)	(20.643)	0.000	26.270	16.270	(10.000)
GF Total	1,316.628	1,335.428	18.800	(1,052.949)	(1,053.549)	(0.600)	263.679	281.879	18.200

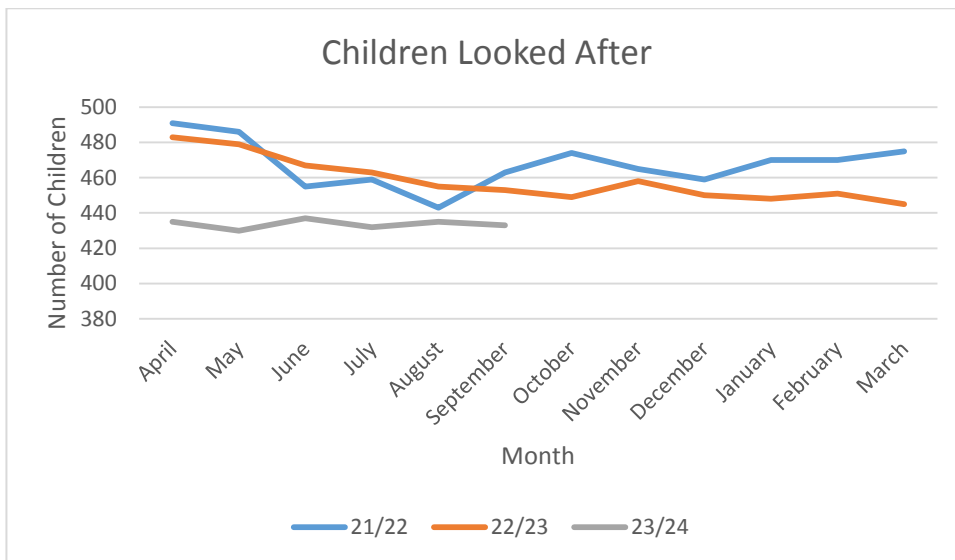
This table shows the gross expenditure and gross income budgets by directorate, this shows the overall expenditure the council incurs per directorate which is funded by income including specific government grants and other controllable income.

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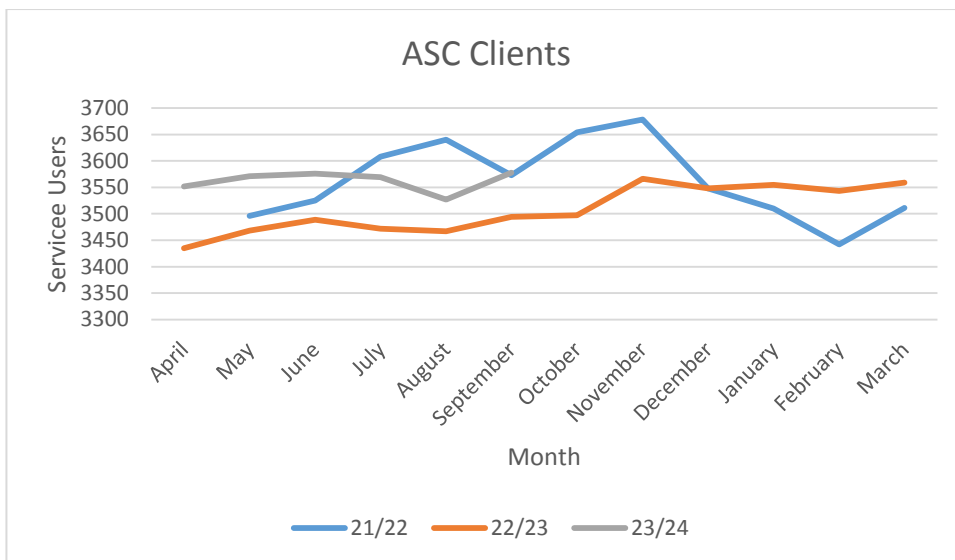
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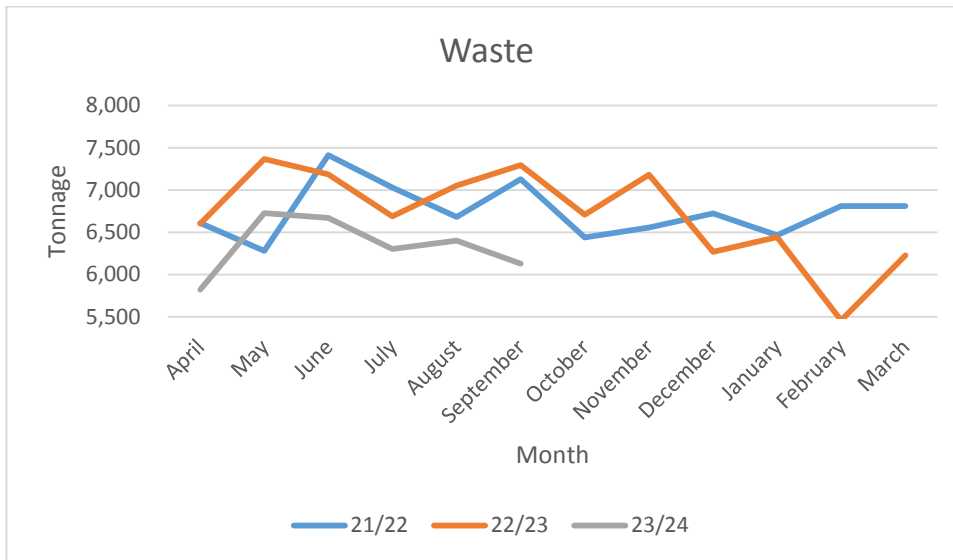
Appendix C – Key Performance Indicators



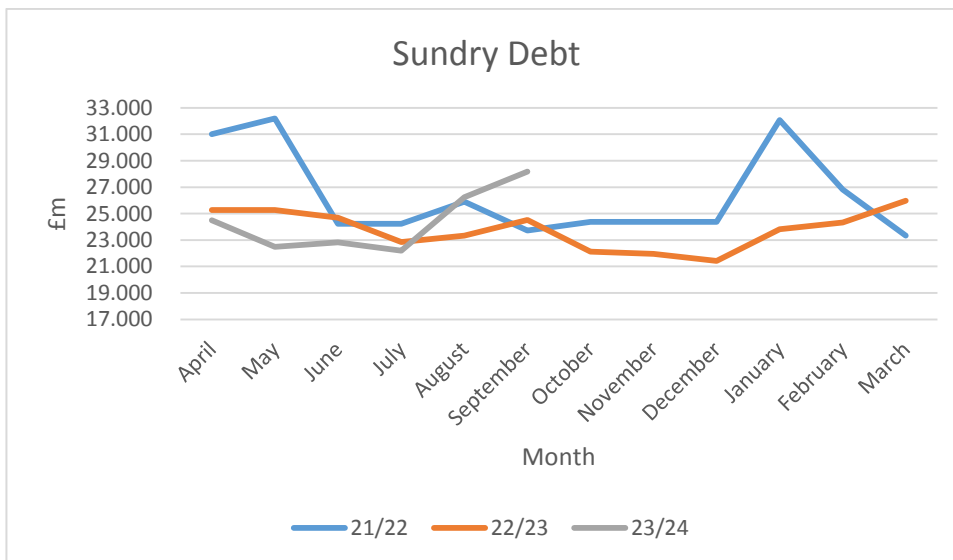
This graph shows the CLA’s from 21/22 onwards, this shows the trend that the number of CLA’s supported by the service is decreasing. The source document is the monthly performance report.



This graph shows the number of Adults supported from 21/22 onwards. The source document is the Controcc System.



This graph shows the wasted in tonnages from 21/22 onwards. The source document is a monthly SELCHP Waste Delivery File from Veolia.

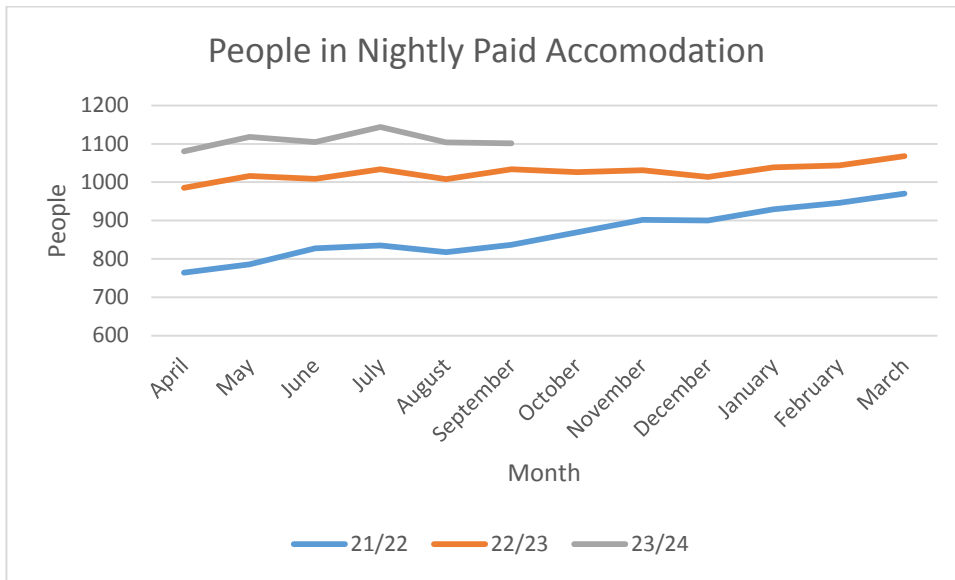


This graph shows the level of sundry debt from 21/22 onwards, the debt in May 2023, is at a lower level than in the comparable month in 21/22 and 22/23. The source document is the debt file produced from the oracle financial system. It should be noted c£5m one off debt has been raised in the past 2 months which has since been paid.

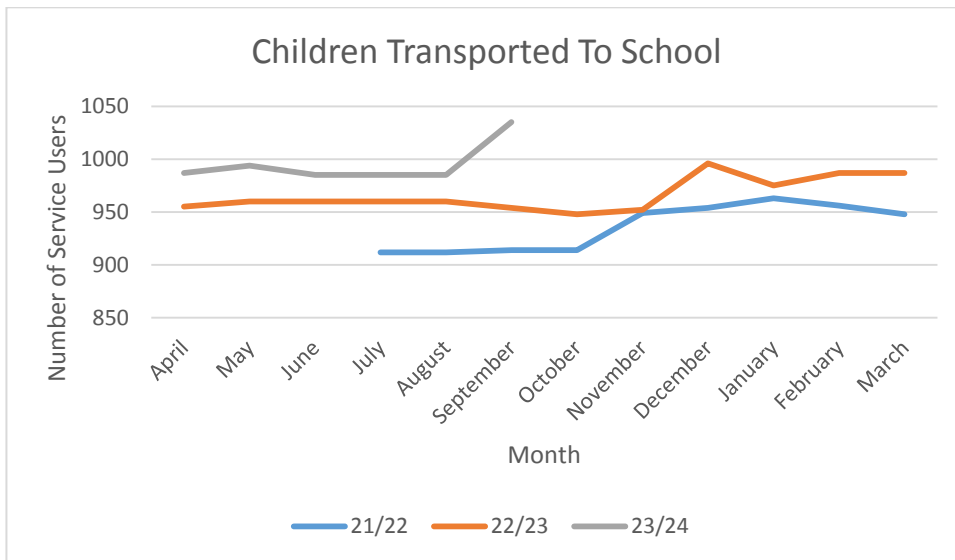
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This graph shows the number of people in nightly paid accommodation from 21/22 onwards, the level has increased from 786 in April 2021 to a high of 1,144 in July 2023. The data is sourced from the academy system.



This graph shows the number of children transported from home to school, the number of EHCP's continues to increase and approx. 1/3rd of children who have an EHCP require a transport package. The data source is Routewise.

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Appendix D – Audit Response: Recommendation extended to suggest Council to consider applying scenario planning to annual budget as well as MTFP

Scenario	Assumption	2023/24 Budget £m	Impact £'m
Pay award	5% pay award was budgeted for as part of budget setting 23/24. A pay award 1% above the 5% modelled has a financial impact of £1.4m.	7.1	1.4
Net non-pay inflation	4.8% was budgeted for as part of budget setting 23/24, this £2m impact is if inflation is awarded in line with recent CPI levels.	5	2
Increase in people requiring Support from ASC	Initial modelling undertaken as per census data, this is being further refined.	84	0.7
Average Children Looked After cost in CSC increasing	Children with a high level of need continue to increase. These children are often in high cost placements costing £17k per week for approx 13 weeks x 5 additional children	29	1.1
Increase in Nightly Paid Service Users	Numbers have continued to increase since the budget was set for 23/24. Other contributory factors included lengths of stay increasing as well as rents increasing by c20%	5.7	0.6

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<p>High Needs Block deficit becomes a general fund pressure (currently ringfenced to the Dedicated Schools Grant).</p>	<p>The current deficit is £13m however there is a risk of a further pressure of £3m for 23/24 (as reported above). There is a risk the DSG override may be removed in April 26 as per the current legislation.</p>	<p>289.9</p>	<p>3</p>
<p>Schools Academisation</p>	<p>There is a risk of schools moving to academies</p>	<p>0</p>	<p>TBC</p>
<p>Children's and Young People's ofsted inspection</p>	<p>The ofsted inspection leading to additional service requirements which there is no budget for.</p>	<p>0</p>	<p>TBC</p>

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Public Accounts Committee

Medium Term Financial Strategy Update

Date: 30 November 2023

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Acting Executive Director for Corporate Resources, Acting Director of Finance

Outline and recommendations

The purpose of this report is an update of the medium term financial position for the Council over the next four years. The Medium Term Financial Strategy was agreed by Mayor and Cabinet on the 19 July 2023, and has now been updated in terms of the assumptions on which it is based, as well as the likely levels of budget reductions which will be required over the next four years to present a balanced budget each year.

Public Accounts Committee is recommended to:

- Note the risks with regards to current year budget reduction measures, the work by officers to reduce the persistent overspends, the uncertainty of future government funding; and the potential for this to impact negatively on the Council's ability to set a balanced budget position for 2024/25; and
- Note the updated 2024/25 to 2027/28 Medium Term Financial Strategy (MTFS) and that the estimated budget gap has increased from £15m to £25m over the years 2026/27 to 2028/29.

Timeline of engagement and decision-making

1 March 2023 – Budget report to Council

21 June 2023 – Financial Outturn for 2022/23 – report to Mayor & Cabinet (M&C)

28 June 2023 – Medium Term Financial Strategy – report to Public Accounts Select Committee

19 July 2023 – First 2023/24 financial monitoring report to M&C

19 July 2023 - Medium Term Financial Strategy to M&C

EXECUTIVE SUMMARY

- 1.1. The Council is required to annually set a balanced budget and prepare a sustainable medium term financial plan. Due to the sustained levels of economic and fiscal uncertainty this continues to be as challenging as in recent years. This following a decade of austerity which the Council has successfully navigated but only by significantly reducing its use of resources.
- 1.2. The Covid-19 pandemic drove the country into recession in 2020/2021 and according to the Office of National Statistics, over the year as a whole, Gross Domestic Product (GDP) contracted by 9.9% in 2020, marking the largest annual fall in UK GDP on record.
- 1.3. Whilst the economy returned to pre-Covid levels by November 2021 the Russian invasion of the Ukraine has since driven energy and utility prices up sharply and severely tightened supply chains globally. By June 2022 the level of national inflation reached 40 year highs and triggered concerns for the impact of a cost of living crisis. Whilst the level of GDP has almost returned to pre-pandemic levels the level of inflation in the UK is not falling as quickly as in the US and Europe. Against this economic backdrop, despite the Comprehensive Spending Review in 2021 which set out three year Department spending levels, there is little clarity on what this will mean for local government finances as the government continues to change the policy framework, tweak grant arrangements, and rely on the sector to administer new burdens at short notice.
- 1.4. Despite six years with limited action, it remains the Government's stated intention to implement new funding baselines for all local authorities. The new baselines will be based on a review of local needs and resources (the Fair Funding Review) and a review of the national business rates tax. The last time the 'needs based assessment' was updated was for the 2013/14 settlement using the 2011 census. However, due to other government priorities such as the national response to inflationary pressures, it is expected that these changes will be introduced in 2026/27 at the earliest.
- 1.5. Alongside unprecedented levels of economic and fiscal uncertainty in 2023/24 the Council continues to grapple with persistent overspends from 2022/23 into 2023/24 in certain services (exacerbated by the cost of living crisis and inflationary pressures), as well as additional significant budget reductions for 2023/24. These must be delivered in full as planned as any shortfall adds to the funding gap, requiring more cuts to be identified to set a balanced budget.
- 1.6. The Council has set its medium term financial plan whilst the country seeks to

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avoid a further recession without the clarity or certainty on the levels of funding it can expect beyond March 2024 at this time. For this reason the assumptions, as set out in the report, will need to continue to be tested and reviewed as future funding announcements and general economic forecasts are themselves revised and updated. This is the purpose of this review In November 2023.

- 1.7. The current base case assumptions produce an assumed budget gap of £25m over the three year period of 2026/27 to 2028/29, which has increased from the estimated £15m in July for the same period, and which reprofiles this with the largest savings of circa £16m in 2026/27.
- 1.8. Executive Management Team (EMT) have reviewed the assumptions used in July and the updates now made to these and are working to implement both in year reductions and reductions for 2024/25 to ensure that the growth allocated via the MTFS will be sufficient and enable the setting of a balanced budget. The MTFS assumes that any in year overspends are reduced, and officers continue to work on this, however the scale of the service changes needed to ensure that these are permanent but sustainable measures means that it may be necessary to use reserves to set a balance budget in 2024/25 as an interim measure.

RECOMMENDATIONS

- 2.1. The Public Accounts Select Committee are recommended to:
- 2.2. Note the risks with regards to current year budget reduction measures, the work by officers to reduce the persistent overspends, the uncertainty of future government funding; and the potential for this to impact negatively impact on the Council's ability to set a balanced budget position for 2024/25; and
- 2.3. Note the updated 2024/25 to 2027/28 Medium Term Financial Strategy (MTFS) and that the estimated budget gap has increased from £15m to £25m over the years 2026/27 to 2028/29.

POLICY CONTEXT

- 3.1. The Council's 2022 to 2026 Corporate Strategy identifies seven corporate priorities and four core values which are the driving force behind what we do as an organisation. It sets out a vision for Lewisham and the priority outcomes that organisations, communities and individuals can work towards to make this vision a reality.
- 3.2. In setting out the Council's Budget Strategy, in engaging our residents, service users and employees, and in deciding on the future shape, scale and quality of services, we will be driven by the Council's four core values:
 - We put service to the public first.
 - We respect all people and all communities.
 - We invest in employees.
 - We are open, honest and fair in all we do.
- 3.3. These core values align with the Council's seven corporate priorities namely:
 - Cleaner and greener
 - A strong local economy
 - Quality Housing
 - Children and Young People

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Safer Communities

Open Lewisham

Health and Wellbeing

- 3.4. The Medium Term Financial Strategy directly supports the achievement of the Council's corporate priorities by ensuring that the Council remains financially sustainable and stable over the medium term.

STRUCTURE OF THE REPORT

- 4.1. The Report is structured as follows:
1. Executive Summary
 2. Recommendations
 3. Policy Context
 4. Structure of the report
 5. Economic Context
 6. MTFS Assumptions
 7. Revenue Expenditure Assumptions
 8. General Fund Budget Gap
 9. Addressing the Budget Gap and Timetable
 10. Risks
 11. Conclusion
 12. Financial Implications
 13. Legal Implications
 14. Equalities Implications
 15. Environmental Implications
 16. Crime & Disorder Implications
 17. Background Papers
 18. Appendices

ECONOMIC CONTEXT

- 5.1. The key objectives of the four year strategic approach continue to be:
- plan the Council's finances over a four year period to take account of local and national economic considerations and priorities;
 - ensure that the Council's corporate priorities continue to drive its financial strategy and resource allocation;
 - assist the alignment of service and financial planning processes;
 - ensure that the plan takes account of: stakeholder and partner consultation; external drivers; capital investment; budget risk assessments; and expected developments in services;
 - ensure that the MTFS is linked to other internal strategies and plans; and

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- that the final agreed 2024/25 Budget reflects all these considerations.
- 5.2. The financial outlook for the Council and the public sector as a whole remains extremely challenging. The priorities for public finances are not certain and the resources available for local services continue to be adjusted as a result of global economic drivers impacting the cost of goods and services, notable the continuing current high levels of inflation which are only just starting to reduce and now at 4.6%.
- 5.3. In the continuing absence of a multi-year local government finance settlement and knowing that the current high levels of inflation will take at least 12 months to return to long term target levels of 2%, during which time the impact will be disproportionately on areas with higher inequality, it is expected that the Council's finances will remain under continued severe financial strain in the coming years as shown in the continuing pressures on Adult social care, Children's care and temporary accommodation for the homeless. Faced with higher costs, more demands, and lower anticipated income the Council continues to have to make further budget reductions over the next four year period in order to be able to set a balanced budget for each of the respective years in line with its statutory obligation to do so.
- 5.4. The focus of the MTFs is the Council's General Fund budget. Whilst it is very important, particularly at a time of prolonged financial constraint, to identify ways in which all services can be delivered more effectively across traditional organisational and financial boundaries, the nature of the current continuing financial austerity regime is such that most of the budget reductions have to come from Council's General Fund services. Having a sound General Fund MTFs and a strategy for responding to the challenges it presents is an essential pre-requisite to ensuring effective responses from all of the services the Council directs and influences.

Local Government

Local Government funding reform

- 5.5. It remains the Government's intention to implement new funding baselines for all local authorities. The new baselines to reflect updated assessments of local needs and resources (the Fair Funding Review), the approach to business rates retention, and resetting business rate baselines. The last time the 'needs based assessment' was updated was for the 2013/14 settlement.
- 5.6. The final Local Government Finance Settlement for 2023/24 was received in February 2023. This was another one year only settlement pending the Fair Funding Review. However, this also covered some announcements for 2024/25 which were included in the policy statement published on 12th December 2022. With 2023/24 effectively being another roll forward year with some additional grants, the Government has deferred the fundamental review of the way local government is financed with this not now expected before 2026/27 making the planning for a four year period even more challenging.
- 5.7. On business rates, the Non Domestic Rating Act 2023 of October 2023 sets out some key changes from 1 April 2024, the most notable being the separation of the small business and standard multipliers and the ability for government to make changes to each of these independently. At the time of writing it is not known what the impact of this will be as government has not announced what the multipliers will be and how this will impact on the baseline funding levels or whether there will be any transitional relief.

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- 5.8. The other elements of the impact of rolling over spending decisions pending the funding reform has been the rise in annual grants for specific services (e.g. better care fund, social care grant, homelessness grant), policy changes resulting in the introduction of new grants (e.g. market sustainability grant, lower tier grant) and discontinuation of others (e.g. new homes bonus), as well as new once-off funding such as the Services Grant. This limits the Council's ability to plan with any certainty and constrains local decision making on how to allocate resources. Over the same period councils have been expected to continue to implement above inflationary council tax rises with council tax now providing 50% of the Council's General Fund.

MTFS ASSUMPTIONS

- 6.1. Included in Appendix 1 is the table showing the changes to the July MTFS base case assumptions to update them in October, this covers both assumptions for the resource envelope available and revenue expenditure.
- 6.2. The table below sets out the forecast main case resource envelope for the MTFS period and how this has changed from July 2023 to October 2023.

	2024-25	2025-26	2026-27	2027-28	2028-29
	£'m	£'m	£'m	£'m	£'m
Resource Envelope – July 2023					
SFA - roll over of RSG with inflation uplift in 24/25	134.49	119.83	119.88	119.99	120.15
S31 Grant contribution	10.00	15.00	15.00	15.00	15.00
Council Tax raised	141.37	146.80	151.59	156.15	162.53
Collection Fund Deficits	0.00	-2.00	-2.00	-2.00	-2.00
ASC Precept (incl in above)	2.83	1.50	0.00	0.00	0.00
Social Care Grant uplift taken into base	1.95	4.05	0.00	0.00	0.00
Total Resources	287.81	283.68	284.47	289.14	295.68

	2024-25	2025-26	2026-27	2027-28	2028-29
	£'m	£'m	£'m	£'m	£'m
Resource Envelope – October 2023					
SFA - roll over of RSG with inflation uplift in 24/25	134.26	135.26	120.71	120.78	120.90
S31 Grant contribution	15.00	15.00	15.00	15.00	15.00
Council Tax raised	141.64	148.51	153.37	157.98	164.43
Collection Fund Deficits	0.00	-2.00	-2.00	-2.00	-2.00
ASC Precept (incl in above)	2.83	1.50	0.00	0.00	0.00
Social Care Grant uplift taken into base	1.95	4.05	0.00	0.00	0.00
Total Resources	292.85	300.82	287.08	291.76	298.33
Change: increase/(decrease)	5.04	17.14	2.61	2.62	2.65

- 6.3. Unlike prior years where S31 grant has only been included in the budget to balance the pressures on the collection fund, this is now being used to fund base service budgets, and the contribution in 2024/25 has been increased by a further £5m since July. Any funding reforms leading to the removal of this funding will further increase the budget gap in future years. The known uplift in Social Care grant has also been taken into the budget a year in arrears.
- 6.4. A further key change from the July MTFS is the further one year delay to the

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introduction of the Fair Funding Review, which effectively pushes the assumed sharp drop in government funding back to 2026/27.

REVENUE EXPENDITURE ASSUMPTIONS

- 7.1. In addition to the reduction in the level of resources available over the next four years, the Council continues to face a number of budget pressures which add to the overall revenue expenditure, including demand pressures in children's and adults social care and temporary accommodation. This section of the report considers the effect such pressures will have on the future years' revenue expenditure.

Pay

The pay award for 2023/24 was a flat rate of £2,325 per person (including the Inner London Weighting allowance) for officers on all JNC pay points 1 and above up to scale point 50 with 3.88% for officers on scale points above scale point 50. The allowance made in the MTFS in July of an additional £2m for 2024/25 is sufficient to fund the pressure of the 2023/24 pay award in 2024/25. The MTFS model has been modified and assumes a pay award in 2024/25 of 4.0%, an increase from the 2.5% assumed in July due to the scale of the current award and the slower than expected decline in inflation.

General price inflation assumptions

- 7.2. General price inflation is calculated on non-pay expenditure on General Fund services (excluding internal recharges and housing benefit payments). A proportion of this expenditure is contractual with indices linked to inflation but in many cases the Council is in a position to re-negotiate increases. The July MTFS assumed that price inflation will be 2.5% in 2024/25, dropping to 1% in 2025/26, and then returning to 2% in 2026/27 and 2027/28. In addition, to reflect the lag in inflation through the Council's supply chain a further £2m was allowed for in 2024/25. This approach has been adjusted in the latest MTFS assumptions, to increase the allowance to 4.0% in 2024/25, dropping to 2% in each of the following years, again to reflect the slower than expected decrease in inflation, but has removed the £2m additionality.

General fees and charges assumptions

- 7.3. The Council's approach in the past has been to expect fees and charges it levies to rise in line with inflation unless there is a specific decision to increase them by more or less. In some cases, this will be outside the control of the Council (for example, where charge rates are set by statute). However, for the purposes of these projections of spending, it is assumed that on average fees and charges in aggregate will increase by inflation.

Further budget pressures and risks

- 7.4. Forecasting the impact of demand changes is the most difficult aspect of the MTFS. However, the MTFS needs to make allowance for the potential impact of these through the allocation of an amount for risks and pressures.
- 7.5. The Council is actively trying to address these demand pressures and seeks to ensure, wherever possible, that the changes it has to make to services help residents and the community become more resilient and by that means reduce rather than increase demand.
- 7.6. Other pressures, such as the cost of transition of children with disabilities into adult services or when specific grants are reduced or withdrawn, are assumed to be managed within service budgets.

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- 7.7. To enable the Council to recognise these pressures and risks in a flexible way as they arise, the MTFS includes an annual provision corporately for growth from demand and other unavoidable pressures in the budget. The model assumes this will continue for future years, with funds set aside for 2025/26 – 2027/28.
- 7.8. For 2024/25, in the July MTFS allowance was made for those areas with persistent demand pressures which were nationally agreed to be in large part outside of any one individual local authority's control, as well as specific pressures which required additional budget. During the course of the year these areas have continued to overspend to a level where it has been deemed prudent to seek to increase the pressures funding allocation, as well as start a corporate process to identify savings as mitigations.
- 7.9. The table below sets out the pressures which have been allowed for within the MTFS model and how they have changed from July to October.

Table 4: Pressures Identified July

	2024-25	2025-26	2026-27	2027-28	2028-29
Pressures	£'m	£'m	£'m	£'m	£'m
Pay Inflation - current year*	3.64	1.49	3.01	3.07	3.13
Non-pay inflation	2.75	1.13	2.28	2.32	2.37
Pay inflation of more than 5% for 2023/24	2.00	0.00	0.00	0.00	0.00
Non-pay inflation and energy pressure lag	2.00	0.00	0.00	0.00	0.00
Concessionary fares increase	4.00	2.50	0.50	0.50	0.50
Corporate Resources persistent pressures	1.09	0.00	0.00	0.00	0.00
CSC persistent pressures	6.40	0.00	0.00	0.00	0.00
ASC persistent pressures	1.50	0.00	0.00	0.00	0.00
Temporary Accommodation persistent pressure	2.00	0.00	0.00	0.00	0.00
Revenue cost of capital delivery	1.00	0.00	0.00	0.00	0.00
Future years unidentified	0.00	2.00	4.00	4.00	4.00
Reverse energy	0.00	-3.27	0.00	0.00	0.00
Pressures Funded	26.37	3.85	9.79	9.89	10.00

Note: * this assumes that the insourcing of Lewisham Homes will be cost neutral for the general fund as covered in the HRA.

October 2023	2024-25	2025-26	2026-27	2027-28	2028-29
Pressures	£'m	£'m	£'m	£'m	£'m
Pay Inflation - current year*	5.82	3.03	3.09	3.15	3.21
Non-pay inflation	4.40	2.29	2.33	2.38	2.43
Pay inflation of more than 5% for 2023/24	2.00	0.00	0.00	0.00	0.00
Non-pay inflation and energy pressure lag	0.00	0.00	0.00	0.00	0.00
Concessionary fares increase	2.50	2.00	1.70	0.50	0.50
Corporate Resources persistent pressures	1.09	0.00	0.00	0.00	0.00

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CEX legal pressures	1.00	0.00	0.00	0.00	0.00
CSC persistent pressures	6.40	0.00	0.00	0.00	0.00
ASC persistent pressures	1.50	0.00	0.00	0.00	0.00
Temporary Accommodation persistent pressure	5.30	0.00	0.00	0.00	0.00
Revenue cost of capital delivery	1.00	0.00	0.00	0.00	0.00
Future years unidentified	0.00	2.50	2.80	4.00	4.00
Reverse energy	0.00	-3.27	0.00	0.00	0.00
Pressures Funded	31.01	6.54	9.92	10.03	10.14

- 7.10. Since July the Council has been notified by TfL that the level of travel of those eligible for concessionary fares will increase and is on target to return to and exceed pre-Covid levels, but not at the pace previously forecast and so the profiling of this pressure has been amended in the above table.
- 7.11. The 2023/24 budget monitoring has reported persistent pressures in certain services, mainly CSC, ASC and temporary accommodation, it was considered prudent to fund these as pressures in 2024/25. However, since July these overspends have continued to increase and are in excess of the funding allocation for next year, and so EMT have agreed that the revised MTFS would seek to increase these. However, the overspend forecasts exceed the revised increases in pressures funding, therefore (based on current forecast outturn) the Council will need to either permanently reduce these pressures or identify new savings of £13.5m to ensure that the Council can stay within the resource envelope for 2024/25 and therefore set a balanced budget.
- 7.12. The current cost of borrowing, coupled with the high levels of inflation, and the wider aims of regeneration mean that not all capital schemes planned for delivery will be able to self-finance, therefore an allowance has been made to reflect the cost of increased borrowing on the Council's balance sheet.
- 7.13. For future years beyond 2024/25, only pay and non-pay inflation has been specifically modelled, with an envelope of £4.5m provided to fund the concessionary fares and other as yet unidentified pressures.
- 7.14. The £3.27m of increased budget for energy costs has been removed from base budget in 2025/26.
- 7.15. For 2023/24 there are £12.6m of savings budgeted for, plus the £2.3m of savings offered up and budgeted for in 2024/25, collectively totalling £14.9 which the MTFS assumes to be delivered in full.
- 7.16. Any non-achievement of the cumulative savings of £14.9m, or the new savings identified, will mean that the budget gap in 2024/25 and future years will increase.

GENERAL FUND BUDGET GAP

- 8.1. Utilising the 2023/24 budget as the starting point of the financial modelling, and then applying the original and updated resource and pressures funding, and savings already committed, the annual budget gap (or surplus) is set out in the table below for both the position in July 2023 and the latest position.

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Table 4: Future Year Budget Gap Projections – (surplus) / deficit

	2024/25 projection	2025/26 projection	2026/27 projection	2027/28 projection
	£m	£m	£m	£m
July 2023	(0.077)	5.189	4.946	5.223
October 2023	(0.487)	(0.957)	16.350	5.345
Difference	(0.410)	(6.146)	11.404	0.122

- 8.2. The forecast in July was for a small surplus in 2024/25, but that for all future years there remains a budget gap (and therefore savings target) of circa £5m per annum. The change to the delay in the FFR has now changed this to increase the shortfall in 2026/27, and due to the increase in pressures funding in 2024/25 has meant that the total gap is now circa £25m over the four year period instead of £15m.
- 8.3. It is important to note two things. Firstly, the current level of overspend pressures are not funded in full through the growth allocated in 2024/25, and therefore the Council will need to identify reductions to offset this and if not this will result in a cuts target for 2024/25 rather than the balanced budget forecast. Secondly, the cuts offered up in 2021/22 and 2022/23 for 2024/25 and 2025/26, £2.315m and £0.850m respectively, are included within these MTFS figures. If these are not delivered then the budget gap increases proportionately.
- 8.4. The next section of this report looks at how the Council continues to address the gap in order to produce a balance budget.

ADDRESSING THE BUDGET GAP AND TIMETABLE

- 9.1. Officers continue to work on implementing the £12.5m of budget reductions taken into the budget for 2023/24, while also managing the challenges of continued high inflation and demand pressures.
- 9.2. The initial MTFS was predicated on the assumption that the growth in 2024/25 would be sufficient to meet the persistent pressures in ASC, CSC and temporary accommodation. However, the current forecast outturn demonstrates that the levels of funding would not be sufficient, this has led to EMT commencing an in year process to identify and implement £13.5m of savings or growth reductions.
- 9.3. The response has been positive and officers have identified measures to close more than half of the gap for 2024/25. However, there is further work required which officers continue with, and given the scale of the challenge and the trend of increasing overspend forecast, it is necessary that this is a targeted approach to developing savings from strategic service changes over more than one year and possibly requiring prior investment for those items which may be invest-to-save schemes linked to the transformation of service delivery as opposed to budget and service reductions.
- 9.4. Existing governance arrangements will be utilised where appropriate to ensure that there is rigorous oversight of the programmes that are brought forward to support these reduction measures.
- 9.5. Given that this may require longer lead in times to identify and implement savings measures that are both permanent and sustainable, it may be necessary to use reserves to set a balance budget in 2024/25 as an interim measure.

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RISKS

- 10.1. There are a number of risks facing the Council in updating its MTFS for the period 2024/25 to 2027/28. The key issues are discussed below.
- 10.2. As set out above, the previous Autumn Budget made certain commitments for the current spending round (ending in 2025/26) Government provided only a one year settlement for 2023/24. Although it is expected that 2024/25 will again be another rollover year due to the delay in the Fair Funding Reform and therefore not much is anticipated to change in the next Autumn Statement on 22 November 2023. Furthermore the Budget suggested that the growth provided in the current spending round would be funded via reductions in spending in future spending rounds. **Therefore officers are reasonably confident in the forecasting for 2024/25, but have had to make assumptions for the remaining four year period in the MTFS, and therefore the modelling for 2025/26 – 2028/29 is heavily caveated and uncertain.**
- 10.3. Based on the previous Autumn Statement it has been assumed that the Council Tax increase limit will again be lifted from 1.99% to 2.99% to reflect the stubborn levels of inflation in the UK. In addition to this it is also anticipated that Council's will have the ability to levy an Adult Social Care precept, at an assumed rate of 2%. This is expected to be confirmed in the 2023 Autumn Statement on 22 November. It is assumed that the GLA will raise its precept by more than inflation as done in previous years.
- 10.4. The Funding Reforms to Business Rates and the Social Care funding reforms have been further delayed and are not expected until 2026/27 which introduces further risk and uncertainty. However the new Non-Domestic Ratings Act introduced passed in October 2023 and effective from 1 April 2024 provides for separator multipliers to be applied to the small and standard rates, and that these can be independently changed and increased. Government's intentions for these are not yet known and therefore there is uncertainty as to what the impact will be on the Baseline Funding Level for individual Councils and how this will flow through to the Settlement Funding Assessment provided by Government. The impact of this will not be known until later in the year or early 2024.
- 10.5. The scale of social care funding is increasing and Local Government grows ever more reliant on both local taxes and the various social care grants (IBCF, BCF, PH, SCG, market sustainability) to support services.
- 10.6. There also remains the significant risk that the general fund may be required to support both the HRA and schools budget. The housing repairs and maintenance costs required to meet the decent homes standard may be unable to be accommodated within the HRA budgets hence the request for budget savings of at least 10% on the HRA budget, and the SEN and transport costs may similarly fall to the general fund. The statutory override (which ringfences the current circa £13m schools deficit to schools reserve) may be lifted, meaning that the general fund reserves will be required to fund this. It is assumed that rents will be raised in line with CPI plus 1% (7.7%) although Government may again choose to cap this at 7%.
- 10.7. The MTFS assumes that the Council will increase its sales fees and charges levels by CPI inflation, and that this will lead to an increase in income to in part support inflationary growth in expenditure budgets.

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CONCLUSION

- 11.1. The Medium Term Financial Strategy set out initial estimates based on uncertain assumptions for the funding of local government to prudently anticipate the scale of financial challenge the Council will face over the medium term to 2027/28.
- 11.2. These assumptions have been refined based on developments both internal and external to the Council and the MTFS updated.
- 11.3. The budget gap over the four year period has increased from £15m to £25m, assuming the delivery of the previously agreed savings and the permanent removal of the current overspend via in year budget reductions. The biggest change has been that £16m of these savings now fall in 2026/27.
- 11.4. The current year overspend forecast has continued to increase throughout the year to the point where this exceeds even the increased growth funding in 2024/25 and officers have identified measures to close more than half of the gap for 2024/25. However, there is further work required which officers continue with, and given the scale of the challenge it is necessary that this is a targeted approach to developing savings from strategic service changes over more than one year and possibly requiring prior investment for those items which may be invest-to-save schemes linked to the transformation of service delivery as opposed to budget and service reductions.
- 11.5. Given that this may require longer lead in times to identify and implement savings measures that are both permanent and sustainable, it may be necessary to use reserves to set a balance budget in 2024/25 as an interim measure.

FINANCIAL IMPLICATIONS

- 12.1. This report is concerned with the Council's medium term financial strategy and as such, the financial implications are contained within the body of the report.

LEGAL IMPLICATIONS

- 13.1. The purpose of this report is to develop a medium term approach in support of better service and financial planning and an update of in-year financial pressures. Members are reminded that the legal requirements are centred on annual budget production, and that indicative decisions made for future years are not binding.
- 13.2. The Local Government Act 2000 and subsequent regulations and guidance says that it is the responsibility of the full Council to set Lewisham's budget, including all of its components and any plan or strategy for the control of the Council's capital expenditure. Regulations provide that it is for the Executive to have overall responsibility for preparing the draft budget for submission to the full Council to consider. Once the budget has been set, it is for the Mayor & Cabinet to make decisions in accordance with the statutory policy framework and the budgetary framework set by the Council.
- 13.3. Where there are proposals for a reduction to a service which the Council is either under a statutory duty to provide, or which it is providing in the exercise of its discretionary powers and there is a legitimate expectation that it will consult, then consultation with all service users will be required before any decision to implement the proposed saving is taken. The outcome of such consultation must be reported to the Mayor. Where the proposed savings will have an impact upon staff, then the Council will have to consult the staff affected and their representatives in compliance with all employment legislative requirements and the Council's own employment policies.

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EQUALITIES IMPLICATIONS

- 14.1. The Council has a public sector equality duty (the equality duty or the duty - The Equality Act 2010, or the Act). 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. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 14.2. 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 above. 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 Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Mayor and Cabinet 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.
- 14.3. The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the 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 on the EHRC website.
- 14.4. The EHRC has issued five guides for public authorities in England giving advice on the equality duty. The 'Essential' guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 15.1. There are no environmental implications directly arising from the report.

CRIME AND DISORDER IMPLICATIONS

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

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HEALTH AND WELLBEING IMPLICATIONS

17.1. There are no health and wellbeing implications directly arising from the report.

BACKGROUND PAPERS

18.1. Budget Report 2023/24 – Full Council 1 March 2023

[Lewisham Council - Agenda for Council on Wednesday, 1st March, 2023, 7.30 pm](#)

18.2. Financial Results 2022/23 – Mayor & Cabinet 21 June 2023

[Lewisham Council - Agenda for Mayor and Cabinet on Wednesday, 21st June, 2023, 6.00 pm](#)

18.3. Medium Term Financial Strategy – Mayor & Cabinet 19 July 2023

[Lewisham Council - Agenda for Mayor and Cabinet on Wednesday, 19th July, 2023, 6.00 pm](#)

GLOSSARY

Term	Definition
Actuarial Valuation	An independent report of the financial position of the Pension Fund carried out by an actuary every three years. The actuary reviews the Pension Fund assets and liabilities as at the date of the valuation and makes recommendations such as, employer's contribution rates and deficit recovery period, to the Council.
Baseline Funding Level	The amount of a local authority's start-up funding allocation which is provided through the local share of the estimated business rates aggregate (England) at the outset of the scheme as forecast by the government. It forms the baseline against which tariffs and top-ups are calculated.
Budget Requirement	The Council's revenue budget on general fund services after deducting funding streams such as fees and charges and any funding from reserves. (Excluding Council Tax, RSG and Business Rates)
Business Rates Baseline	The business rates baseline is equal to the amount of business rates generated locally in a specific year.
Capital Expenditure	Spend on assets that have a lasting value, for example, land, buildings and large items of equipment such as vehicles. This can also include indirect expenditure in the form of grants or loans to other persons or bodies.
Capital Programme	The Council's plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.
Capital Receipts	These are proceeds from the disposal of land or other assets and can be used to finance new capital expenditure but cannot be used to finance revenue expenditure.

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Term	Definition
Capping	This is the power under which the government may limit the maximum level of local authority spending or increases in the level of spending year on year, which it considers excessive. It is a tool used by the government to restrain increases in Council Tax. The Council Tax cap, currently 2%, means that any local authority in England wanting to raise Council Tax by more than 2% in 2015/16 must consult the public in a referendum, Councils losing a referendum would have to revert to a lower increase in their bills.
CIPFA	The Chartered Institute of Public Finance and Accountancy are one of the UK accountancy institutes. Uniquely, CIPFA specialise in the public sector. Consequently CIPFA holds the responsibility for setting accounting standards for local government.
Clinical Commissioning Group (CCG)	Clinical Commissioning Groups (CCGs) were created following the Health and Social Care Act in 2012, and replaced Primary Care Trusts on 1 April 2013. They are clinically-led statutory NHS bodies responsible for the planning and commissioning of health care services for their local area.
Collection fund	A statutory account maintained by the Council recording the amounts collected from Council Tax and Business Rates and from which it pays the precept to the Greater London Authority.
Collection Fund surplus (or deficit)	If the Council collects more or less than it expected at the start of the financial year, the surplus or deficit is shared with the major precepting authority, in Lewisham's case this is the GLA, in proportion to the respective Council Taxes. These surpluses or deficits have to be returned to the Council taxpayer in the following year through lower or higher Council taxes. If, for example, the number of properties or the allowance for discounts, exemptions or appeals vary from those used in the Council Tax base, a surplus or deficit will arise. The Council generally achieves a surplus, which is shared with the GLA.
Contingency	This is money set-aside centrally in the Council's base budget to meet the cost of unforeseen items of expenditure, such as higher than expected inflation or new responsibilities.
Council Tax Base	The Council Tax base for a Council is used in the calculation of Council Tax and is equal to the number of Band D equivalent properties. To work this out, the Council counts the number of properties in each band and works out an equivalent number of Band D equivalent properties. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard' Band D, and so on.

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Term	Definition
CPI and RPI	The main inflation rate used in the UK is the CPI (Consumer Price Index), the Chancellor of the Exchequer bases the UK inflation target on the CPI. The CPI inflation target is currently set at 2%. The CPI differs from the RPI (Retail Price Index) in that CPI excludes housing costs. Also used is RPIX, which is a variation on RPI, one that removes mortgage interest payments.
Dedicated schools grant (DSG)	This is the ring-fenced specific grant that provides most of the government's funding for schools. This is distributed to schools by the Council using a formula agreed by the schools forum.
Financial Regulations	These are a written code of procedures set by a local authority, which provide a framework for the proper financial management of the authority. They cover rules for accounting and audit procedures, and set out administrative controls over the authorisation of payments, etc.
Financial Year	The local authority financial year commences on 1st April and finishes on the following 31 March.
General Fund	This is the main revenue fund of the local authority, day-to-day spending on services is met from the fund. Spending on the provision of housing however, must be charged to the separate Housing Revenue Account (HRA).
Gross Domestic Product (GDP)	GDP is defined as the value of all goods and services produced within the overall economy.
Gross Expenditure	The total cost of providing the Council's services, before deducting income from government grants, or fees and charges for services.
Housing Revenue Account (HRA)	A separate account of expenditure and income on housing that Lewisham must keep. The account is kept ring-fenced from other Council activities. The government introduced a new funding regime for social housing within the HRA from April 2012.
Individual authority business rates baseline	This is derived by apportioning the billing authority business rates baseline between billing and major precepting authorities on the basis of major precepting authority shares.
Levies	A levy is an amount of money a local authority is compelled to collect (and include in its budget) on behalf of another organisation. Lewisham is required to pay levies to a number of bodies such as the London Pensions Fund Authority.
Local share	This is the percentage share of locally collected business rates that will be retained by local government, currently 50%.

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Term	Definition
Net Expenditure	This is gross expenditure less services income, but before deduction of government grant.
New Homes Bonus	Under this scheme Councils receive a new homes bonus (NHB) per each new property built in the borough for the first six years following completion. Payments are based on match funding the Council Tax raised on each property with an additional amount for affordable homes. It is paid in the form of an un-ringfenced grant.
Prudential Borrowing	Set of rules governing local authority borrowing for funding capital projects under a professional code of practice developed by CIPFA to ensure the Council's capital investment plans are affordable, prudent and sustainable.
Revenue Expenditure	The day-to-day running expenses on services provided by Council.
Revenue Support Grant (RSG)	All authorities receive Revenue Support Grant from central government in addition to its baseline funding level under the local government finance system. An authority's Revenue Support Grant amount plus its baseline funding level together comprises its Settlement Funding Assessment.
Section 151 officer	Legally Councils must appoint under section 151 of the Local Government Act 1972 a named chief finance officer to give them financial advice, in Lewisham's case this is the post of the Executive Director for Resources and Regeneration.
Settlement Funding Assessment (SFA)	A Local Authority's share of the local government spending control total which comprises its Revenue Support Grant for the year in question and its baseline funding level.
Specific Grants	As the name suggests funding through a specific grant is provided for a specific purpose and cannot be spent on anything else e.g. The Dedicated Schools Grant (DSG) for schools.

REPORT AUTHOR AND CONTACT

- 20.1. For more information please contact David Austin, Acting Executive Director of Corporate Resources, 1st Floor Laurence House, 020 8314 9114, David.Austin@lewisham.gov.uk.
- 20.2. Katharine Nidd, Acting Director of Finance, 4th Floor Laurence House, 020 8314 6651, Katharine.Nidd@lewisham.gov.uk.

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APPENDIX 1 – SUMMARY OF MTFs ASSUMPTIONS

RESOURCE ENVELOPE			
	July Main case	November update	Impact and commentary
Notional Revenue Support Grant	<ul style="list-style-type: none"> □ 2024/25 7.4% inflation change to 2023/24 levels, 45% reduction in 2025/26, thereafter further 5% reduction assumed each year 	<ul style="list-style-type: none"> □ 2024/25 6.7% inflation change to 2023/24 levels, 0% reduction in 2025/26, 45% reduction in 2026/27, thereafter further 5% reduction assumed each year 	<p>SFA updated for published CPI and the FFR delayed by a further year.</p> <p>Reduction of SFA of £0.227m in 2024/25 increase of SFA of £15.428m in 2025/26, £0.832 in 2026/27, £0.79m in 2027/28, £0.751m in 2028/29</p>
Business Rates	<ul style="list-style-type: none"> □ 1% real terms increase in 2024/25, and then 1% increase for each further year on the rateable value base and top-up □ £10m S31 grant in 2024/25 and 15m each year after 	<ul style="list-style-type: none"> □ 1% real terms increase in 2024/25, and then 1% increase for each further year on the rateable value base and top-up □ £15m S31 grant in each year 	<p>£5m increase in section 31 grant in 2024/25 to fund additional pressures – more risk that this is removed and not replaced when the FFR is introduced.</p>
Council Tax income	<ul style="list-style-type: none"> □ In 2024/25 2.99% change in Council Tax level and 2% Social Care precept), thereafter a 1.99% change in the CTax level each year and a 1% ASC precept in 2025/26 only. □ % increase each year in Council Tax base from 2023/24 onwards is: 0.5%, 0.75%, 1.25%, 1% and 1% □ CT collection rate each year from 	<ul style="list-style-type: none"> □ In 2024/25 2.99% change in Council Tax level and 2% Social Care precept), thereafter a 1.99% change in the CTax level each year and a 1% ASC precept in 2025/26 only. . □ % increase each year in Council Tax base from 2023/24 onwards is: 0.5%, 0.75%, 1.25%, 1% and 1% □ CT collection rate each year from 	<p>Number of Band D equivalent homes updated for actuals.</p> <p>Increase in income of £0.268m in 2024/25, £1.721m in 2025/26, £1.777m in 2026/27, £1.83m in 2027/28, £1.905m in 2028/29</p>

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	2023/24 onwards is: 95%, 96%, 96%, 96% and 97%	2023/24 onwards is: 95%, 96%, 96%, 96% and 97%	
	<input type="checkbox"/> CTRS changes do not increase nor decrease the cost of the scheme in any year	<input type="checkbox"/> CTRS changes do not increase nor decrease the cost of the scheme in any year	
Surpluses/deficits on Collection Fund	<input type="checkbox"/> The collection fund shortfall to be collected over 3 years is assumed to be from 2023/24: £0m, £2m, £2m, £2m and £2m	<input type="checkbox"/> The collection fund shortfall to be collected over 3 years is assumed to be from 2023/24: £0m, £2m, £2m, £2m and £2m	No change
Grants: - Improved Better Care Fund - Social Care Grant - Better Care Fund - Public Health - Market Sustainability and Discharge	<input type="checkbox"/> Total circa £80m – assumes it stays flat £14.9m £23.4m £10m £26.6m £5.3m <input type="checkbox"/> Assuming DSG self funds	<input type="checkbox"/> Total circa £80m – assumes it stays flat £14.9m £23.4m £10m £26.6m £5.3m <input type="checkbox"/> Assuming DSG self funds	No Change The known uplift in Social Care grant has been taken into base budget a year in arrears.
EXPENDITURE			
	July Main case	November update	Impact and commentary
Pay awards	<input type="checkbox"/> 2.5% in 2024/25, 1% in 2025/26 and 2% each year afterwards <input type="checkbox"/> £2m for unfunded 2023/24 pay award in 2024/25	<input type="checkbox"/> 4.0% in 2024/25, 2% in 2025/26 and 2% each year afterwards <input type="checkbox"/> £0.5m for unfunded 2023/24 pay award in 2024/25	Increase in allowance of £2.181m in 2024/25, £1.534m in 2025/26 and £0.08m per year after this. Salary award slightly lower than originally assumed, balance can

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			be used to fund pressures or reduce savings target.
General price inflation (incl. fees and charges)	<input type="checkbox"/> % increase each year in non-pay budgets from 2023/24 is: 2.5% in 2024/25, 1% in 2025/26 and 2% each year afterwards	<input type="checkbox"/> % increase each year in non-pay budgets from 2023/24 is: 4.0% in 2024/25, 2% on wards	Increase in allowance of £1.65m in 2024/25, £1.16m in 2025/26 and £0.06m per year after this
Pressures and risks	<input type="checkbox"/> £4.5m in 2024/25 – 2028/29	<input type="checkbox"/> £4.5m in 2024/25 – 2028/29	
New legislation	<input type="checkbox"/> Nothing allowed	<input type="checkbox"/> Nothing allowed	<input type="checkbox"/> Nothing allowed
Demographic Change	<input type="checkbox"/> Nothing allowed	<input type="checkbox"/> Nothing allowed	<input type="checkbox"/> Nothing allowed
NB the MTFS assumes that any overspending is addressed in-year or met from reserves			

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Public Accounts Select Committee

Select Committee Work Programme Report

Date: 30 November 2023

Key decision: No.

Class: Part 1 (not restricted)

Wards affected: Not applicable

Contributor: Timothy Andrew (Scrutiny Manager)

Outline and recommendations

This report gives Committee members an opportunity to review the Committee's work programme and make any necessary changes.

The Committee is asked to:

- Review the work programme attached at Appendix B.
- Consider the items for the next meeting and specify the information required.
- Look at the forward plan of key decisions at Appendix E to consider whether there are any items that should be considered for further scrutiny.

Timeline of decision-making

28 June 2023 - Draft Public Accounts Select Committee work programme 2022/23 agreed by Committee

4 July 2023 - Work programme 2022/23 – agreed by Overview and Scrutiny Committee

1. Summary

- 1.1. The Committee proposed a draft work programme at the beginning of the municipal year. This was considered alongside the draft work programmes of the other select committees and agreed by Overview and Scrutiny Committee on 4 July.
- 1.2. The work programme should be reviewed at each meeting to take account of changing priorities.

2. Recommendations

2.1. The Committee is asked to:

- Review the work programme attached at Appendix B.
- Consider the items for the next meeting and specify what evidence is required, including being clear about the information the committee wishes to be included in officer reports.
- Look at the forward plan of key decisions at Appendix E to consider whether there are any items for further scrutiny.

3. Work programming

3.1. When reviewing the work programme the Committee should consider the following:

The Committee's terms of reference

3.2. The Committee's areas of responsibility, include, but are not limited to:

- Reviewing the way Council managers makes decisions about spending money
- Challenging the Council to use the most effective means of managing its resources
- Examining and challenging the Council's plans for setting its annual budget
- Recommending ways to improve the Council's processes for buying goods and services (and for managing services to get the best value)

Whether any urgent issues have arisen that require scrutiny

3.3. If the Committee becomes aware of an issue requiring further scrutiny, it should consider the prioritisation process (Appendix C) and the Effective Scrutiny Guidelines (Appendix D) before deciding on its priority.

Whether a meeting is the most effective means for scrutinising the issue

3.4. Committee members should consider whether there are alternative methods for gathering information or receiving updates on issues of interest. For example, would a briefing, written summary or review of exiting material be more appropriate and effective?

Whether there is space in the Committee's work plan to consider the item

3.5. Members should consider which work programme items could be removed or rescheduled to make space for the full consideration of more important issues.

Whether the item links to the priorities set out in the corporate strategy

3.7 A new corporate strategy has been developed¹ – which explains the Council's values, priorities and focus for the next four years (2022-2026):

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

¹ [Corporate Strategy for 2022-2026](#)

- 3.6. The Committee should consider how the scrutiny of items on its work programme adds to the effective delivery of the strategy.

4. The next meeting

- 4.1. The following items are scheduled for the next meeting. For each item, the Committee should clearly define the information and analysis it wishes to see in officer reports. If the Committee has designated one of its members as a climate change champion, that member should work with the Chair to ensure that officers are given appropriate steers in relation to the reports, to ensure they include relevant climate change considerations.
- 4.2. The Committee should also consider whether to invite any expert witnesses to provide evidence, and whether site visits or engagement would assist the effective scrutiny of the item.

Agenda Item	Review type
Council budget 2024-25	Standard item
Treasury management strategy	Performance monitoring

5. Referrals

- 5.1. This is a list of referrals made by the Committee this municipal year:

Referral title	Date of referral	Date considered by Mayor and Cabinet	Response due at Committee

6. Financial implications

- 6.1. There are no direct financial implications arising from the implementation of the recommendations in this report. Items on the Committee's work programme will have financial implications and these will need to be considered as part of the reports on those items.

7. Legal implications

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

8. Equalities implications

- 8.1. 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.

- 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.
- 8.3. There may be equalities implications arising from items on the work programme and all activities undertaken by the Select Committee will need to give due consideration to this.

9. Climate change and environmental implications

- 9.1. There are no direct climate change or environmental implications arising from the implementation of the recommendations in this report. However, in February 2019 Lewisham Council declared a Climate Emergency and proposed a target to make the borough carbon neutral by 2030. An action plan to achieve this target was subsequently agreed by Mayor and Cabinet (following pre-decision scrutiny by the Sustainable Development Select Committee)². The plan incorporates all areas of the Council's work. Items on the work programme may well have climate change and environmental implications and reports considered by the Committee should acknowledge this.

10. Crime and disorder implications

- 10.1. There are no direct crime and disorder implications arising from the implementation of the recommendations in this report. Items on the Committee's work programme may have crime and disorder implications and these will need to be considered as part of the reports on those items.

11. Health and wellbeing implications

- 11.1. There are no direct health and wellbeing implications arising from the implementation of the recommendations in this report. Items on the Committee's work programme may have health and wellbeing implications and these will need to be considered as part of the reports on those items.

12. Report author and contact

If you have any questions about this report please contact: Timothy Andrew (Scrutiny Manager) 020 8314 7916 timothy.andrew@lewisham.gov.uk

² See <https://lewisham.gov.uk/TacklingTheClimateEmergency> for a summary of the Council's work in this area.

Appendix A

Public Accounts Select Committee Terms of Reference

The following roles are common to all scrutiny committees:

(a) General functions

- To review and scrutinise decisions made and actions taken in relation to executive and non-executive functions
- To make reports and recommendations to the Council or the executive, arising out of such review and scrutiny in relation to any executive or non-executive function
- To make reports or recommendations to the Council and/or Executive in relation to matters affecting the area or its residents
- The right to require the attendance of members and officers to answer questions includes a right to require a member to attend to answer questions on up and coming decisions
- To consider matters referred to it in accordance with the Council's Petition Scheme

(b) Policy development

- To assist the executive in matters of policy development by in depth analysis of strategic policy issues facing the Council for report and/or recommendation to the Executive or Council or committee as appropriate
- To conduct research, community and/or other consultation in the analysis of policy options available to the Council
- To liaise with other public organisations operating in the borough – both national, regional and local, to ensure that the interests of local people are enhanced by collaborative working in policy development wherever possible

(c) Scrutiny

- To scrutinise the decisions made by and the performance of the Executive and other committees and Council officers both in relation to individual decisions made and over time
- To scrutinise previous performance of the Council in relation to its policy objectives/performance targets and/or particular service areas
- To question members of the Executive or appropriate committees and executive directors personally about decisions
- To question members of the Executive or appropriate committees and executive directors in relation to previous performance whether generally in comparison with service plans and targets over time or in relation to particular initiatives which have been implemented
- To scrutinise the performance of other public bodies in the borough and to invite them to make reports to and/or address the select committee and local people about their activities and performance
- To question and gather evidence from any person outside the Council (with their consent where the law does not require them to attend).
- To make recommendations to the Executive or appropriate committee and/or Council arising from the outcome of the scrutiny process

(d) Community representation

- To promote and put into effect closer links between overview and scrutiny members and the local community
- To encourage and stimulate an enhanced community representative role for overview and scrutiny members including enhanced methods of consultation with local people
- To liaise with the Council's ward assemblies and/or Positive Ageing Council so that the local community might participate in the democratic process and where it considers it

appropriate to seek the views of the ward assemblies and/or Positive Ageing Council on matters that affect or are likely to affect the local areas, including accepting items for the agenda of the appropriate select committee from ward assemblies and the Positive Ageing Council.

- To keep the Council's local ward assemblies and Positive Ageing Council under review and to make recommendations to the Executive and/or Council as to how participation in the democratic process by local people can be enhanced.
- To receive petitions, deputations and representations from local people and other stakeholders about areas of concern within their overview and scrutiny remit and to refer them to the Executive, appropriate committee or officer for action, with a recommendation or report if the committee considers that necessary
- To consider any referral within their remit referred to it by a member under the Councillor Call for Action (Part IV E 10), and if they consider it appropriate to scrutinise decisions and/or actions taken in relation to that matter, and/or make recommendations/report to the Executive (for executive matters) or the Council (non-executive matters)

(e) Finance

- To exercise overall responsibility for finances made available to it for use in the performance of its overview and scrutiny function.

(f) Work programme

- As far as possible to draw up a draft annual work programme in each municipal year for consideration by the Overview and Scrutiny Committee. Once approved, the relevant select committee will implement the programme during that municipal year. Nothing in this arrangement inhibits the right of every member of a select committee to place an item on the agenda of that select committee for discussion.
- The Council and the Executive will also be able to request that an overview and scrutiny select committee research and/or report on matters of concern and the select committee will consider whether the work can be carried out as requested. If it can be accommodated, the select committee will perform it. If the committee has reservations about performing the requested work, it will refer the matter to the Overview and Scrutiny Committee for decision.

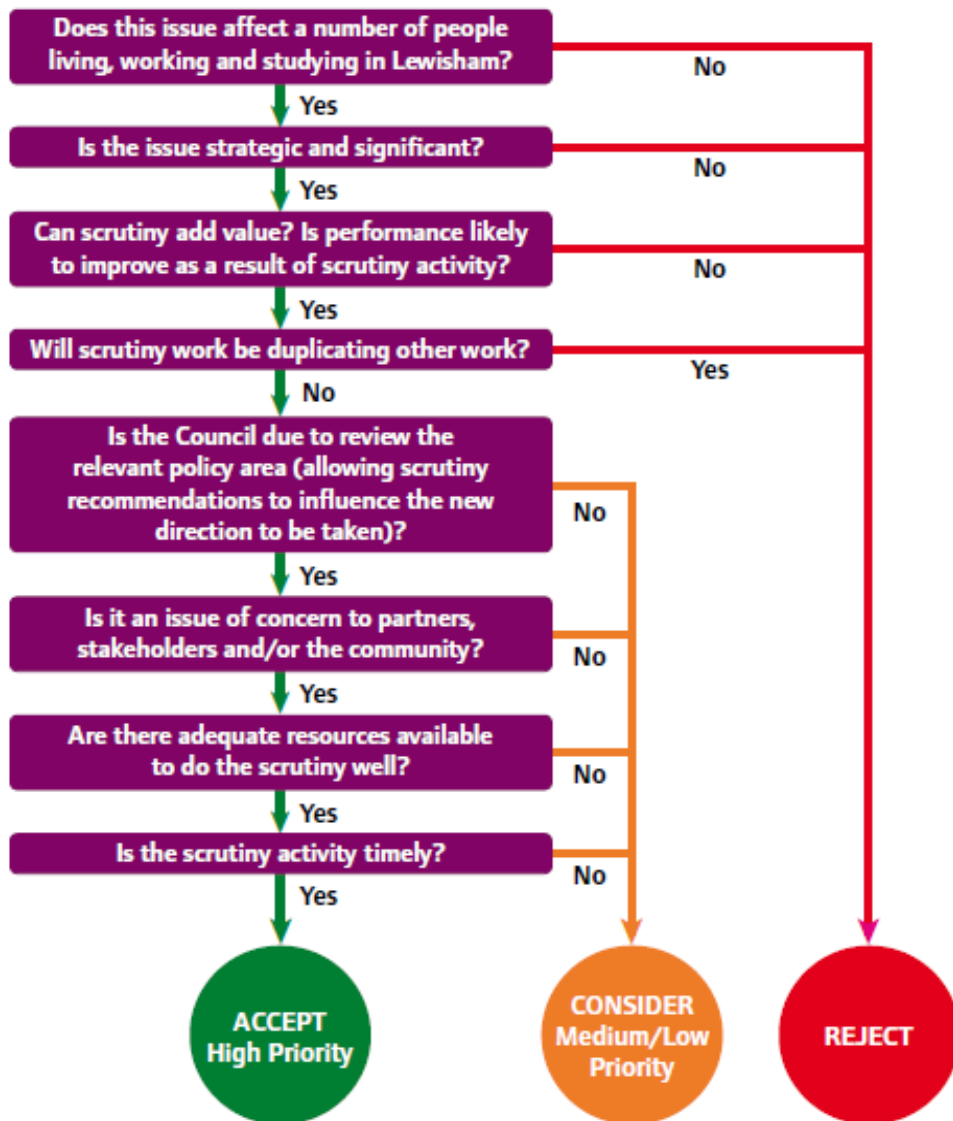
In addition to the general terms of reference outlined above, the Public Accounts Select Committee has the following specific terms of reference - to exercise all the functions and roles of the overview and scrutiny committee in relation to the following matters:

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

Appendix C

The flowchart below is designed to help Members decide which items should be added to the work programme. It is important to focus on areas where the Committee will influence decision-making.

Scrutiny work programme – prioritisation process



Appendix D

Effective Scrutiny Guidelines

At Lewisham we:

1. Prioritise

It is more effective to look at a small number of key issues in an in-depth way, than skim the surface of everything falling within scrutiny's remit. We try to focus on issues of concern to the community and/or matters that are linked to our corporate priorities. We only add items to the work programme if we are certain our consideration of the matter will make a real and tangible difference.

2. Are independent

Scrutiny is led by Scrutiny Members. Scrutiny Members are in charge of the work programme and, for every item, we specify what evidence we require and what information we would like to see in any officer reports that are prepared. We are not whipped by our political party or unduly influenced by the Cabinet or senior officers.

3. Work collectively

If we collectively agree in advance what we want to achieve in relation to each item under consideration, including what the key lines of enquiry should be, we can work as a team to question witnesses and ensure that all the required evidence is gathered. Scrutiny is impartial and the scrutiny process should be free from political point scoring and not used to further party political objectives.

4. Engage

Involving residents helps scrutiny access a wider range of ideas and knowledge, listen to a broader range of voices and better understand the opinions of residents and service users. Engagement helps ensure that recommendations result in residents' wants and needs being more effectively met.

5. Make SMART evidence-based recommendations

We make recommendations that are based on solid, triangulated evidence – where a variety of sources of evidence point to a change in practice that will positively alter outcomes. We recognise that recommendations are more powerful if they are:

- Specific (simple, sensible, significant).
- Measurable (meaningful, motivating).
- Achievable (agreed, attainable).
- Relevant (reasonable, realistic and resourced, results-based).
- Time bound (time-based, time limited, time/cost limited, timely, time-sensitive).

Public Accounts Select Committee work plan 2023-24

Item	Type of item	Priority	28-Jun-23	21-Sep-23	30-Nov-23	23-Jan-24	14-Mar-24
Financial monitoring	Performance monitoring	All	Period 2	Period 4	Period 6		
Medium term financial strategy	Standard item	All					
Financial results 2022-23	Performance monitoring	All					
Capital programme management and delivery	Standard item	All					
Treasury management	Performance monitoring	All		Mid-year		2024-25	
Social value in procurement	Policy development	All, CP4					
Budget stabilisation	Performance monitoring	All					
Council budget 2024-25 (incl sales, fees & charges focus)	Policy development	All					
Tbd	Tbd	Tbd					
HRA pressures	Performance monitoring	Tbd					

Information items, briefings and training

Local government finance	Training	All					
Reserves update	Information	All					
Social value annual report	Information	All, CP4					
Treasury management mid-year training	Training	All					

Corporate Priorities**Priority**

1	Open Lewisham	CP 1
2	Quality Housing	CP 2
3	Children and Young People	CP 3
4	A Strong Local Economy	CP 4
5	Health & Wellbeing	CP 5
6	Cleaner and greener	CP 6
7	Safer Communities	CP 7

FORWARD PLAN OF KEY DECISIONS

Forward Plan December 2023 - March 2024

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

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

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

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

September 2023	Young Mayor's Budget	22/11/23 Council	and		
November 2023	BfL Fairlawn and Ladywell Appropriation for Planning purposes	24/01/24 Mayor and Cabinet	Luke Riley, Head of New Initiatives and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
November 2023	Thomas Lane Yard - Appropriation	24/01/24 Mayor and Cabinet	Charlotte Harrison, Head of Strategic Regeneration and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
September 2023	Approval to make an Article 4 Direction to withdraw permitted development rights for the change of use from commercial, business and service use (Use Class E) to residential use (Use Class C3)	06/12/23 Mayor and Cabinet	David Syme, Head of Strategic Planning and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
May 2023	Approval to procure School Minor Works Programme 2024 (SMWP 24)	06/12/23 Executive Director for Children and Young People	Akweley Badger, Project Support Officer and Councillor Chris Barnham, Cabinet Member for Children and Young People		
September 2023	Brent Knoll and Watergate Co-operative Trust - appointment of a Local Authority Trustee	06/12/23 Mayor and Cabinet	Suhaib Saeed, Strategic Lead Governors' Services and School Leadership and Councillor Chris Barnham, Cabinet Member for Children and Young People		
September 2023	Building for Lewisham (BfL) Programme Update	06/12/23 Mayor and Cabinet	Patrick Dubeck, Director of Inclusive Regeneration and Councillor Brenda		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
July 2023	Catford Regeneration Partnership Limited (CRPL) Business Plan	06/12/23 Mayor and Cabinet	Kplom Lotsu, SGM Capital Programmes and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
September 2023	Corporate Performance Report Q1&Q2	06/12/23 Mayor and Cabinet	and		
September 2023	Council Tax Base Report 2024/5	06/12/23 17/01/24 Mayor and Cabinet Council	and Councillor Amanda De Ryk, Cabinet Member for Finance and Strategy		
September 2023	Developing a new early childhood offer and integrating Children and Family Centres in the new Family Hub model	06/12/23 Mayor and Cabinet	Simon Whitlock, Head of Joint Commissioning • Joint Commissioning FQC and Councillor Chris Barnham, Cabinet Member for Children and Young People		
August 2023	Gambling Policy 2023-2026	06/12/23 Mayor and Cabinet	Richard Lockett and Councillor Will Cooper, Cabinet Member for Housing Management and Homelessness		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
July 2023	Learning Disability Implementation Plan	06/12/23 Mayor and Cabinet	Heather Hughes, Joint Commissioner, Learning Disabilities and Councillor Paul Bell, Cabinet Member for Health and Adult Social Care		
September 2023	Lee Neighbourhood Plan, recommendations by independent examiner and approval to proceed to referendum	06/12/23 Mayor and Cabinet	David Syme, Head of Strategic Planning and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
April 2023	Millwall FC Lease Restructuring Proposals	06/12/23 Mayor and Cabinet	Patrick Dubeck, Director of Inclusive Regeneration and		
May 2022	On Street Advertising Contract Variation and Extension	Not before 06/12/23 Mayor and Cabinet	Patrick Dubeck, Director of Inclusive Regeneration and Councillor Amanda De Ryk, Cabinet Member for Finance and Strategy		
September 2023	Parking Services: Contract Extension	06/12/23 Mayor and Cabinet	Paul Boulton, Interim Director of Public Realm and Councillor Louise Krupski, Cabinet Member for Environment and Climate		
May 2023	Permission to award Maximising Wellbeing at Home contracts (Lots 5,6,8,9)	06/12/23 Mayor and Cabinet	Tristan Brice, Associate Director, Community Support and Care and		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Councillor Paul Bell, Cabinet Member for Health and Adult Social Care, Councillor Paul Bell, Cabinet Member for Health and Adult Social Care, Councillor Paul Bell, Cabinet Member for Health and Adult Social Care		
August 2023	Property Agreement between LB Lewisham and TfL in relation to the A205 Road Realignment Project	06/12/23 Mayor and Cabinet	Charlotte Harrison, Head of Strategic Regeneration and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
August 2023	Property Agreement to support the A205 road realignment	06/12/23 Mayor and Cabinet	Charlotte Harrison, Head of Strategic Regeneration and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
September 2023	Response to the recommendations of the Disabled People's Commission Report; If not now, then when?	06/12/23 Mayor and Cabinet	and		
July 2023	Sustainable Streets recommendations and next steps - Evelyn	06/12/23 Mayor and Cabinet	Martha Lauchlan, Transport Planner and Councillor Louise Krupski, Cabinet Member for Environment and		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Climate		
August 2023	Gambling Policy 2023-2026	17/01/24 Council	Richard Lockett and Councillor James-J Walsh, Cabinet Member for Culture, Leisure and Communication		
September 2023	Adventure Playgrounds Grant of Leases and Contract Award	24/01/24 Mayor and Cabinet	Harsha Ganatra, Joint Commissioner (FQC) and Councillor Chris Barnham, Cabinet Member for Children and Young People		
July 2023	Approval for s106 monies to go to Deptford Challenge Trust	24/01/24 Mayor and Cabinet	Julia Robbins, Developer Contributions Manager and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		
June 2022	Approval to appoint operator for concessions contract at Beckenham Place Park Lake	24/01/24 Mayor and Cabinet	Peter Maynard, Contract Officer, Green Scene and Councillor Andre Bourne		
September 2023	Building for Lewisham - approval for new homes on Small and Complex Sites	24/01/24 Mayor and Cabinet	Monique Wallace, Planning Manager, Strategic Housing and Councillor Brenda Dacres, Deputy Mayor and Cabinet Member for Housing Development and Planning		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
April 2023	Grant of Leases for Adventure Playground Sites	24/01/24 Mayor and Cabinet	Harsha Ganatra, Joint Commissioner (FQC) and Councillor Chris Barnham, Cabinet Member for Children and Young People		
November 2023	Period 8 Budget Monitoring	24/01/24 Mayor and Cabinet	Nick Penny, Head of Service Finance and Councillor Amanda De Ryk, Cabinet Member for Finance and Strategy		
November 2023	Permission to procure repair and maintenance of Ventilation Plant and controls, and duct Cleaning of former Lewisham Homes properties and other Lewisham properties	24/01/24 Mayor and Cabinet	Peter Whittington, Head of Compliance • Assets, Compliance and Safety. and Councillor Will Cooper, Cabinet Member for Housing Management and Homelessness		
September 2023	Permission to procure the Honor Lee / Rokeby House Supported Housing contract. The extension of two additional supported housing contracts	24/01/24 Mayor and Cabinet	Jonathan Scarth and Councillor Paul Bell, Cabinet Member for Health and Adult Social Care		
March 2023	Public Space Protection Order consultation outcome	24/01/24 Mayor and Cabinet	James Lee, Director of Communities, Partnerships and Leisure and Councillor Louise Krupski, Cabinet Member for Environment and Climate		
September 2023	Council Budget 2024/25	07/02/24	and Councillor Amanda		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
		28/02/24 Mayor and Cabinet Council	De Ryk, Cabinet Member for Finance and Strategy		
January 2023	Annual progress update on the Autism Strategy Action Plan	13/03/24 Mayor and Cabinet	and		
September 2023	Climate Emergency Action Plan update 2023/24	13/03/24 Mayor and Cabinet	Martin O'Brien, Climate Resilience Manager and Councillor Louise Krupski, Cabinet Member for Environment and Climate		
November 2023	Green Space Management and Maintenance Contract	13/03/24 Mayor and Cabinet	Vince Buchanan, Green Spaces Contracts Manager and Councillor James-J Walsh, Cabinet Member for Culture, Leisure and Communication		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials

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