

**Decisions taken by the Mayor and Cabinet on Wednesday, 12 February 2025**

Agenda Item No	Topic	Decision
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**Part A – Items considered in public**

A3	Council Budget 2025/26	<p>RESOLVED that Mayor and Cabinet:</p> <p><b><u>General Fund Revenue Budget</u></b></p> <ol style="list-style-type: none"> <li>1. notes and asks Council to note the 2024/25 forecast projected overall variance of £26.0m, after the use of corporate provisions and reserves, or 8.8% of the agreed budget of £293.838m as set out in Section 6 of this report and that this year-end overspend will be met from corporate provisions and reserves;</li> <li>2. endorses and asks Council to endorse the budget cut reduction measures of £0.850m (previously agreed) and £3.848m (agreed in 2024/25), for 2025/26 as set out in Section 6 of the report and summarised in Appendix Y1 and Y2 respectively;</li> <li>3. agrees and asks Council to agree the allocation of £65.023m of resources from; the corporate risks and pressures, Adult Social Care precept, social care grant, Adult Social Care market sustainability and improvement fund, New Homes Bonus, Recovery Grant, Children’s Social Care Prevention Grant, government funding for increased employers National Insurance contributions and reserves in 2025/26 to be invested in funding quantified budget pressures and opportunities, both recurring and once-off, as set out in Section 6;</li> <li>4. agrees to recommend to Council that a General Fund Budget Requirement of £312.515m for 2025/26 be approved;</li> <li>5. asks Council to agree to a 4.99% increase in Lewisham’s Council Tax element. This will result in a Band D equivalent Council Tax level of £1,644.75 for Lewisham’s services and £2,135.13 overall. This represents an overall increase in Council Tax for 2025/26 of 4.77% and is subject to the Greater London Authority (GLA) precept for 2025/26 being increased by £18.98 (i.e. 4.03%) from £471.40 to £490.38, in line with the GLA’s draft budget proposals;</li> <li>6. notes the final Settlement Funding Assessment (SFA) figure for 2025/26 has not yet been announced (including the NIC funding) and agrees to delegate authority to the Executive Director for Corporate Resources to include any change to the provisional</li> </ol>
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		<p>SFA of £138,890,519 in the Budget report for Council with any difference to the position set out in this report covered from provisions and reserves as necessary;</p> <ol style="list-style-type: none"> <li>7. notes the provisional and estimated precept and levies from the GLA and other bodies as detailed in Appendix Y6 and agrees to delegate authority to the Executive Director for Corporate Resources to include any changes once confirmed in the Budget report for Council with any difference covered from provisions and reserves as necessary;</li> <li>8. notes and asks Council to note the Council Tax Ready Reckoner which, for illustrative purposes, sets out the Band D equivalent Council Tax at various levels of increase. This is explained in Section 6 of the report with more detail in Appendix Y4;</li> <li>9. asks that the Executive Director for Corporate Resources issues cash limits to all Directorates once the 2025/26 Revenue Budget is agreed;</li> <li>10. considers, and asks Council to consider, the Section 25 Statement from the Chief Finance Officer, the Executive Director for Corporate Resources. This is attached at Appendix Y5;</li> <li>11. agrees and asks Council to agree the draft statutory calculations for 2025/26 as set out at Appendix Y6;</li> <li>12. notes and asks Council to note the prospects for the revenue budget for 2025/26 and future years, including the planned use of £21.745m of reserves to enable the setting of a balanced budget, with the need for at least £30m of budget reductions to be implemented in 2026/27 to remove this reliance as set out in Sections 6 and 7;</li> <li>13. agrees and asks officers to continue to develop firm proposals to redesign and transform services and inform the capital strategy by bringing them forward in good time to support the work towards a savings and investment round to help plan early to meet the future forecast medium term finance strategy objectives;</li> <li>14. agrees to write-off 16 cases of Former Tenants' Arrears related to Temporary Accommodation stock totalling £326,710.42, as set out in Appendix Y10;</li> <li>15. agrees to write-off one case of Business Rates Arrears totalling £142,383.75, as set out in Appendix Y10;</li> <li>16. agrees to write off one case of Adult Social Care Sundry Debt Arrears totalling</li> </ol>

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		<p align="center">£59,486.63, as set out in Appendix Y10;</p> <p><b>Other Grants (within the General Fund)</b></p> <p>17. notes and asks Council to note the adjustments to and impact of various specific grants for 2025/26 on the General Fund as set out in Section 6 of this report;</p> <p>18. agrees the award of the anticipated UK Shared Prosperity Fund (UKSPF) grant, anticipated to be in the region of £1m, and delegate agreeing the grant conditions to the Executive Director for Corporate Resources;</p> <p><b>Fees and Charges</b></p> <p>19. approves the approach to setting 2025/26 fees and charges for chargeable services in Section 6 of the report and attached at Appendix Y8;</p> <p><b>Dedicated Schools Grant and Pupil Premium</b></p> <p><u>Schools Block</u></p> <p>20. note and recommends that Council notes the provisional gross Dedicated Schools Grant (DSG) allocation for 2025/26 of £395.95m before the Department for Education's (DfE's) adjustments to fund Academy schools;</p> <p>21. notes and recommends that Council notes the provisional DSG allocation for £257.08m be the Schools' Budget (Schools Block) for 2025/26 covering both maintained schools and academies, and that this includes streamlining of grants for teachers pay (2023/24 award), Core Schools Budget Grant and the Teachers' Pensions Grant totalling £13.5m;</p> <p>22. notes an increase in pupil unit funding for primary of £471 and secondary of £677 (after allowing for the streamlining of the teacher related grant funding as noted in 2.23).</p>

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		<p>However, there has been an overall reduction of 325 pupils, 311 in primary and 14 secondary school equating to a loss of approximately £2m;</p> <p>23. notes that following the Schools Forum meeting on the 20 January 2025, submission has been made to the DfE recommending the application of the National Funding Formula (including unit values) allowing for a -0.15% (minus) Minimum Funding Guarantee (MFG);</p> <p>24. agrees and recommends that Council agrees, as recommended by Schools Forum, the once-off transfer of circa £1m of Schools Block funding to the High Needs Block, a 0.5% transfer;</p> <p><u>Central Schools Services Block (CSSB)</u></p> <p>25. notes, and asks Council to note, the construct and allocation of £2.96m for the Central Schools Services Block allocation for 2025/26, a continued reduction of £0.260m (20%), plus formula led element increase of £0.19m, which is rolled in funding and not new funding;</p> <p><u>High Needs Block (HNB)</u></p> <p>26. notes, and asks Council to note, the provisional High Needs Block of £83.96m to support the Council's statutory duty with regards to Special Education Needs (SEN), a net increase of £5m relative to 2024/25 (6%). And that the High Needs Block will be finalised in March for deductions arising for institutions funded by the Education and Skills Funding Agency (ESFA);</p> <p>27. notes that the High Needs Block is expected to overspend by £2.4m in 2024/25, increasing the cumulative overspend to circa £17.4m in total when prior year overspends are included based on the national accounting override issued by the DfE and as part of which Lewisham is local mitigation plan (since 2018) supplemented by a further mitigation plan as part of the Delivering Better Value initiative (Phase 3);</p>

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		<p><u>Early Years Block (EYB)</u></p> <p>28. notes, and asks Council to note, the DSG allocation to the Early Years Block of £51.96m;</p> <p>29. notes, and asks Council to note that the DfE has increased hourly funding for 3- and 4-year-olds from £7.24 to £7.52 (3.9%) and with respect to 2-year-old disadvantaged funding from £10.64 to £11.04 (3.8%);</p> <p>30. notes, and asks Council to note, the increased hourly funding for under 2-year-olds from £14.52 (introduced and part funded in September 2024) to £15.06 (3.7%);</p> <p>31. notes, and asks Council to note, the increased hourly rate for 2-year-old working parent entitlement from £10.64 to £11.04 per hour (3.8%);</p> <p>32. notes that Early Years Block also includes small levels of targeted funding to support Early Years (EY) pupil premium, disability access funding total increase of circa £0.2m;</p> <p>33. notes that the maintained nursery supplementary funding allocation for 2025/26 is subject to change but is expected to increase by circa £63k, subject to movement in pupil numbers;</p> <p>34. notes that funding related to Teachers Pay within EY has been streamlined into the EY National Funding Formula, and forms the main increases in the hourly rates;</p> <p><u>Pupil Premium</u></p> <p>35. notes, and asks Council to note, that the pupil premium will continue in 2025/26 (no details have been provided on the value of this as yet, this is expected to be confirmed in late summer 2025);</p> <p>36. notes that the DfE has advised a new grant will be provided to support Schools for the changes to the employers National Insurance Contributions, however no details have been provided as yet;</p> <p>37. notes that the Secretary of State has advised policy changes relating to funded Breakfast clubs, however no details have been provided as yet.</p> <p><u>Housing Revenue Account</u></p> <p>38. notes, and asks Council to note, the consultation report on proposed service charge</p>

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		<p>increases to tenants and leaseholders in the Brockley area, presented to tenants and leaseholders on 30 October 2024, as attached at Appendix X2;</p> <p>39. notes, and asks Council to note, the consultation report on proposed service charge increases to tenants presented to the remaining tenants on 29 October 2024 as attached at Appendix X3. Leaseholders were asked for their views at the Leasehold Forum on 16 January 2025.</p> <p>40. agrees, and asks Council to agree, to set an increase in dwelling rents of 2.7% (an average of £3.26 per week) – as per Government’s formula rent increases to be applied to rents for 2025/26 and as outlined in Section 9 of this report;</p> <p>41. agrees, and asks Council to agree, to set an increase in the hostels’ accommodation charge by 2.7% (or £1.07 per week), in accordance with Government’s direction for formula rent increases to be applied to rents for 2025/26;</p> <p>42. approves, and asks Council to approve, the following average weekly increases/decreases for dwellings for:</p> <p>42.1 service charges to Private Finance Initiative (PFI) managed dwellings (Brockley) to ensure full cost recovery and 3.7% inflationary uplift for 2025/26:</p> <ul style="list-style-type: none"> <li>• caretaking 3.7% (£0.18)</li> <li>• grounds 3.7% (£0.12)</li> <li>• communal lighting 3.7% (£0.08)</li> <li>• bulk waste collection 3.7% (£0.05)</li> <li>• window cleaning 3.7% (£0.00)</li> <li>• tenants’ levy 0.00% (£0.00)</li> </ul> <p>42.2 service charges to Council managed dwellings to ensure full cost recovery and 2.7% inflationary uplift for 2025/26:</p> <ul style="list-style-type: none"> <li>• caretaking -8.99% (-£0.70)</li> <li>• grounds 9.40% (£0.25)</li> <li>• window cleaning 2.70% (£0.00)</li> <li>• communal lighting 100% (£6.00)</li> <li>• block pest control 2.7% (£1.28)</li> </ul>

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		<ul style="list-style-type: none"> <li>• waste collection                    2.70%            (£0.08)</li> <li>• heating &amp; hot water                7.70%            (£1.23)</li> <li>• tenants' levy                        0.00%            (£0.00)</li> <li>• bulk waste disposal                17.00%          (£0.18)</li> <li>• sheltered housing                  2.50%            (£0.46)</li> </ul> <p>43. approves, and asks Council to approve, the following average weekly percentage changes for hostels and shared temporary units for:</p> <ul style="list-style-type: none"> <li>• service charges (hostels) – caretaking etc.; 2.70% or £1.67pw energy cost increases for heat, light &amp; power; 10.0% or £0.80pw;</li> <li>• water charges increase; 2.70% or £0.02pw;</li> </ul> <p>44. approves, and asks Council to approve, an increase in garage rents by 2.70% (£0.55 per week) for Brockley PFI and Council residents as outlined in Appendix X4;</p> <p>45. notes, and asks Council to note, that the budgeted expenditure for the Housing Revenue Account (HRA) for 2025/26 is £251.2m, split £113.5m revenue and £137.7m capital, which includes the decent homes and new build programmes;</p> <p>46. agrees the HRA Business Plan for 2025/26, as attached at Appendix X7;</p> <p>47. notes the 2024/25 P8 HRA Capital Programme monitoring position and the Capital Programme potential future schemes and resources as set out in Section 11 of this report;</p> <p>48. agrees to write-off five cases of Former Tenants' Arrears totalling £66,752.22, as set out in Appendix X5;</p> <p>49. agrees to write of 16 cases of Aerial Debt arrears totalling £973,323.36, as set out in Appendix X5.</p> <p><b><u>Treasury Management Strategy</u></b></p> <p>50. approve and recommend that Council approves the Treasury Management Strategy 2025/26 including the prudential indicators and treasury indicators, as set out in Section 10 of this report;</p>

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		<p>51. approve and recommend that Council approves the Annual Investment Strategy and Creditworthiness Policy, set out in further detail at Appendix Z2, and that it formally delegates responsibility for managing transactions with those institutions which meet the criteria to the Executive Director of Corporate Resources;</p> <p>52. approve and recommend that Council approves the Investment Strategy as set out in Section 10 of this report, along with the operational boundary &amp; authorised limit for the year as set out in tables D4 and D5;</p> <p>53. approve and recommend that Council approves the Minimum Revenue Provision (MRP) policy as set out in Section 10 of this report;</p> <p>54. approve and recommend that Council approves the overall credit and counterparty risk management criteria, as set out at Appendix Z2, the proposed countries for investment at Appendix Z5, and that it formally delegates responsibility for managing transactions with those institutions meeting the criteria to the Executive Director for Corporate Resources;</p> <p>55. agrees and recommend that Council agree to delegate to the Executive Director of Corporate Resources the authority during 2025/26 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;</p> <p><b><u>Capital Programme</u></b></p> <p>56. notes the 2024/25 capital programme position and agrees, and recommends that Council agree, the refiled 2024/25 Capital Programme of £177.2m as set out in Section 11 of the report;</p> <p>57. recommends that Council approve the 2025/26 to 2028/29 Capital Programme of £421.4m as set out in Section 11 of this report;</p> <p>58. agrees and recommends that Council agrees the Capital Strategy set out in Appendix W1;</p> <p>59. agrees and recommends that Council agree to delegate to the Executive Director for</p>



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		<p>Corporate Resources authority to amend the scheme mix within the Capital programme to respond to the risks as set out as long as this is done within the total programme parameters approved and that regular updates on the capital programme, reflecting any changes, are regularly reported back to Mayor &amp; Cabinet;</p> <p><b><u>Climate Budget 2025/26 – 2027/28</u></b>                      60. agrees the Council’s Climate Budget 2025/26 – 2027/28 as set out in Section 12 and Appendix V1.</p>