



Mayor and Cabinet

Financial Monitoring 2022/23

Date: Wednesday 6th July 2022

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 2022/23 financial year. It sets out the position as at 31 May 2022..

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

The Council-wide financial forecast for General Fund activities is an overspend of £10.1m, this is reduced by the the utilisation of £4m Local Authority Support grant (carry forward Covid funding) and £2m of corporate funding to partially mitigate the expected pressures. This means that the General Fund is forecast to overspend by £4.1m.

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.

Mayor and Cabinet are asked to note the current monitoring position and financial risks for the financial year 2022/23.

Timeline of engagement and decision-making

8th June 2022 – Period 2 (May) Financial Monitoring 2022/23 to Executive Management Team

30th June 2022 – Period 2 (May) Financial Monitoring 2022/23 to Public Accounts Select Committee

6th July 2022 - Period 2 (May) Financial Monitoring 2022/23 to Mayor and Cabinet

1.0 EXECUTIVE SUMMARY

1.1. This report sets out the financial forecasts for 2022/23 as at 31 May. The key areas to note are as follows:

- i. The General Fund (GF) has a forecast overspend of £4.1m against the directorates' net general fund revenue budget, after the application of £4m Covid grant funding carried forward from 2021/22 to support the costs arising from the ongoing legacy impact of the pandemic and £2m of corporate funding set aside to fund expected pressure. This is set out in more detail in sections 4 to 10 of this report.
- ii. There are additional risks estimated at £3.3m, work is on going led by Executive Directors to seek mitigations should any of the risks partially or fully materialise. This is set out in more detail in section 11.
- iii. To date, £18m (72%), of the £25.2m savings have either been achieved or are on track to be achieved. The forecast outturn position takes into account the £18m of savings delivery. Where savings have not been achieved to date, services are working to deliver these or find alternative savings/cost reductions to enable the overall savings target to be achieved.
- iv. The Dedicated Schools Grant (DSG) is currently forecast to be balanced for 2022/23 at the end of the financial year, with a deficit of £10.4m brought forward from prior years following the high needs secondary transfer process. This is set out in more detail in section 12 of this report.
- v. The Housing Revenue Account (HRA) is currently projecting a balanced position at this stage of the financial year, this is set out in more detail in section 13 of this report.
- vi. As at 31 May, some 18.6% of council tax due and 22.4%% of business rates due had been collected. This is set out in more detail in section 14 of this report.
- vii. The Capital Programme has a budget for 2022/23 set as part of the budget setting process in February of £244.8m (GF and HRA), this will be revised over the coming months to account for slippage identified as part of the closing process for 2021/22. This has been set out in more detail in section 15 of this report and Appendix 2.

2.0 PURPOSE AND RECOMMENDATIONS

2.1 The purpose of this report is to set out the financial forecasts for 2022/23 as at the end of May 2022, projected to the year-end, 31 March 2023.

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- 2.2 Mayor and Cabinet are asked to: Note the current financial forecasts and financial risks for the year ending 31 March 2023 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 This financial position demonstrates the impact of the very severe financial constraints which have been imposed on Council services with the cuts made year on year, despite the increasing demand to deliver services to the borough's residents.
- 3.2 The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy. The Council launched its current Corporate Strategy in 2018, with seven corporate priorities as stated below:
- 3.3 Corporate Priorities:
- **Open Lewisham** - Lewisham will be a place where diversity and cultural heritage is recognised as a strength and is celebrated.
 - **Tackling the housing crisis** - Everyone has a decent home that is secure and affordable.
 - **Giving children and young people the best start in life** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
 - **Building and inclusive local economy** - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
 - **Delivering and defending health, social care and support** - Ensuring everyone receives the health, mental health, social care and support services they need.
 - **Making Lewisham greener** - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.
 - **Building safer communities** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.
- 3.4 Values are critical to the Council's role as an employer, regulator, and securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers, and members, between the council and partners and between the council and citizens. In delivering our duties, we are guided by the Council's four core values:
- We put service to the public first
 - We respect all people and all communities
 - We invest in employees
 - We are open, honest, and fair in all we do.
- 3.5 The Council's strong and resilient framework for prioritising action has served the organisation well in the face of austerity and on-going cuts to local government spending. This continues to mean, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone.
- 3.6 This joint endeavour helps work through complex challenges, such as the pressures faced by health and social care services, and to secure investment in the borough for new homes, school improvements, regenerating town centres, renewed leisure opportunities and improvement in the wider environment. This work has and continues to contribute much to improve life chances and life opportunities across the borough through improved

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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 support housing supply and business growth, through to our programmes of care and support to some of our most vulnerable and troubled families.

- 3.7 The pace, scope and scale of change has been immense: the pandemic has demanded agility, creativity, pace, leadership, organisational and personal resilience, strong communications and an unerring focus on the right priorities. The service and finance challenges arising from Covid are now blending with the wider economic implications of a decade of austerity, the trading changes arising from Brexit, and now the impacts arising from other global events (e.g. war in Ukraine, Covid lock downs in China, extreme climate events in India, etc..) impacting the supply of energy, goods and services and driving up inflation.
- 3.8 Within the Council, the impact of the Covid pandemic is felt acutely across all of our service areas and throughout the year we have been grappling with real challenges in how we keep services running for our residents and how we protect the most vulnerable. Across the borough, residents are looking afresh at our borough, their neighbourhoods, and seeing where they live through new eyes.
- 3.9 While we do not yet fully understand what all of the long-term implications of Covid will mean for the borough, there have been many clear and visible impacts of the pandemic on our residents, Lewisham the place and also the Council. We know that coronavirus has disproportionately affected certain population groups in Lewisham, matching patterns that have been identified nationally and internationally: older residents, residents born in the Americas & the Caribbean, Africa or the Middle East & Asia, and residents in the most deprived areas of the borough have considerably higher death rates. We know that more Lewisham residents are claiming unemployment benefits 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 £4.1m after the application of £4m Covid Local Authority support grant and £2m of corporate funding. The £4m of Local Authority support grant is utilising the remaining Covid funding carried forward from 2021/22, to mitigate costs arising due to the legacy impact of Covid. The monitoring position assumes that the legacy impact on expenditure or income foregone as a result of Covid is included within the reported position. The £2m of corporate funding consists of £1m set aside to partially fund the pressure on the General Fund due to the increase in energy prices and a further £1m set aside to provide the Children and Young People's Directorate with time to deliver their savings as part of the sufficiency strategy.

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Table 1 – General Fund Outturn Position for 2022/23 at Period 2

General Fund	Net Budget	Net Forecast	Net Forecast Variance
	£m	£m	£m
Children & Young People	61.2	64.2	3.0
Community Services	82.6	84.5	1.9
Housing, Regeneration and Public Realm	21.7	24.2	2.5
Corporate Resources	32.1	34.8	2.7
Chief Executives	11.5	11.5	0.0
Directorate Totals	209.1	219.2	10.1
Covid Funding	0.0	(4.0)	(4.0)
Corporate Items	39.5	37.5	(2.0)
Corporate Budget	39.5	33.5	(6.0)
Total	248.6	252.7	4.1

4.2 The reported pressures are detailed further in paragraphs 6-10 with Section 11 containing an explanation of any further financial risks not included within the reported positions

5.0 SAVINGS DELIVERY

5.1 There are £5.6m of savings from 2020/21 which have not yet been delivered and £7.8m of savings from 2021/22 which are also yet to be delivered. These alongside £11.8m of savings need to be delivered during 2022/23, as set out in table 2 below, with the individual savings listed in Appendix 1:

Table 2 - Savings to be delivered by Directorate

Savings to be delivered by Directorate	2020/21 £m	2021/22 £m	2022/23 £m	Totals
Children & Young People	1.3	0.1	3.7	5.1
Community Services	2.9	7.0	2.8	12.7
Housing, Regeneration and Public Realm	1.2	0.0	3.7	4.9
Corporate Resources	0.2	0.7	1.4	2.3
Chief Executives	0.0	0.0	0.2	0.2
Totals	5.6	7.8	11.8	25.2

5.2 An early assessment of the deliverability of these savings has been undertaken. The table below shows savings which at this stage are not expected to be delivered during 2022/23, but delivery is expected in 2023/24. These are factored into the reported pressure in Section 4 and services are committed to striving to deliver these savings.

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Table 3 – Savings to be delivered by Directorate at risk

Savings Not Expected to be Delivered by Directorates	2020/21 £m	2021/22 £m	2022/23 £m	Totals
Children & Young People	0.0	0.0	1.3	1.3
Community Services	0.4	4.2	0.5	5.1
Housing, Regeneration and Public Realm	0.2	0.0	0.0	0.2
Corporate Resources	0.0	0.2	0.4	0.6
Chief Executives	0.0	0.0	0.0	0.0
Totals	0.6	4.4	2.2	7.2

6.0 CHILDREN AND YOUNG PEOPLE DIRECTORATE

- 6.1 The Children and Young People Directorate (CYP) are reporting an overspend of £3.0m, as detailed in the table and paragraphs below. It should be noted that the above reported position is before a budgeted £1m drawdown from corporate funding.

Table 4 – Children & Young People Directorate Period 2 Forecast

Children and Young People Directorate Projected Outturn	Net Budget	Net Forecast	Net Forecast Variance
	£m	£m	£m
Children's Social Care	52.8	54.6	1.8
Education Services	13.8	15.5	1.7
Family, Quality Commissioning	(3.0)	(3.5)	(0.5)
Schools	(2.5)	(2.5)	0.0
Total	61.2	64.2	3.0

- 6.2 **Children's Social Care:** The projected pressure is £1.8m. There are currently 484 Children Looked After (CLA) at the end of April 2022, compared to 479 CLA's in April 2021. This number fluctuates month on month as children enter and leave care but has been consistent over the past 12 months. This is a demand led budget, the cost of individual placements is dependent on the needs of the child. This position assumes partial delivery of the care packages related savings with £1.4m currently listed as a pressure as it is too early in the financial year to verify the deliverability.
- 6.3 **Education Services:** £1.4m pressure on taxi's and £0.3m on passenger services based on the current number of children being transported and routes being delivered. The number of Children being transported to schools by taxi's has more than doubled since 2019/20 with the percentage of Children being transported out of borough (longer, more costly journeys) also increasing. There is a risk of further costs as detailed in section 11 below.
- 6.5 **Family, Quality Commissioning:** £0.5m underspend arising from robust management of the staffing budget. The service delivery has been reviewed and a restructure was undertaken however some elements are yet to fully implemented leading to posts still being vacant.

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7.0 COMMUNITY SERVICES DIRECTORATE

7.1 The Community Services Directorate are reporting an overspend of £1.9m, as detailed in the table and paragraphs below.

Table 5 – Community Services Directorate

Community Services Directorate Projected Outturn	Net Budget	Net Forecast	Net Forecast Variance
	£m	£m	£m
Adults' Social Care	63.4	65.3	1.9
Integrated Commissioning	7.5	7.5	0.0
Public Health	(0.8)	(0.8)	0.0
Communities, Partnerships and Leisure	8.9	8.9	0.0
Culture, Learning and Libraries	3.5	3.5	0.0
Total	82.6	84.5	1.9

7.2 **Adult Social Care:** A pressure of £1.9m is reported due to the delayed delivery of savings related to care packages. This is based on the level of commissioned care on Controcc at Period 2 with adjustment made for anticipated further demand, children transitioning into Adulthood and inflation costs, as well as adjustments for any additional health funding or savings delivered over the course of 2022/23.

7.3 There are early signs of the impact of work done in partnership with Newton Europe to both improve productivity and also outcomes for people using our Enabement Service and also help to reduce or delay long term care placements. This comes at a time when the NHS recovery plans mean pressure on service remains very high.

7.4 **Culture, Learning and Libraries:** A balanced position is reported at this stage of the year. The service are increasing course fees and café prices within Adult Learning in line with inflation to ensure cost recovery. This increase is in line with the Council's fees and charges policy and will be incorporated within the budget setting fees and charges increase from 2023/24.

8.0 HOUSING, REGENERATION AND PUBLIC REALM

8.1 The Housing, Regeneration and Public Realm Directorate are reporting an overspend of £2.5m, as detailed in the table and paragraphs below.

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Table 6 – Housing, Regeneration and Public Realm (HRPR) Directorate

Housing, Regeneration and Public Realm Projected Outturn	Net Budget	Net Forecast	Net Forecast Variance
	£m	£m	£m
Strategic Housing	3.9	5.9	2.0
Public Realm	17.6	17.8	0.2
Regeneration	(0.4)	(0.1)	0.3
Planning	0.7	0.7	0.0
Total	21.7	24.2	2.5

- 8.2 **Strategic Housing:** £2m pressure on Temporary Accommodation after the application of available grant funding. There are currently 985 people in Temporary Accommodation compared to 745 in April 2021. This increase in numbers has put pressure on the recharges for Housing Benefit payments which have exceeded the caps and limits (otherwise known as HB limitation recharges) and therefore are not payable through the DWP Housing Benefit claim. The level of overspend during the year may fluctuate depending on numbers moved on, accepted and levels of rent paid as the year progresses.
- 8.3 **Public Realm:** A pressure of £0.2m is arising due to the increased cost of fuel, these charges will be incurred by the different divisions using Fleet Services but is shown under Public Realm until it is apportioned out.
- 8.4 **Regeneration:** There is a £0.2m pressure on the Copperas Street saving due to a change in the delivery plans, further delivery is expected in 2023/24. There is further pressure of £0.1m on rental income due to properties within the portfolio being sold for Capital Receipts.
- 8.5 **Planning:** The Planning Service is currently forecasted to end the year with a balanced budget position.

9.0 CORPORATE RESOURCES DIRECTORATE

- 9.1 The Corporate Resources Directorate are reporting an overspend of £2.7m, as detailed in the table and paragraph below.

Table 7 – Corporate Services Directorate

Corporate Resources Projected Outturn	Net Budget	Net Forecast	Net Forecast Variance
	£m	£m	£m
Assurance	2.7	2.7	0.0
Financial Services	5.5	5.5	0.0
Resident & Business Services	16.8	19.5	2.7
IT & Digital Services	7.8	7.8	0.0
Reserves	(0.7)	(0.7)	0.0
Total	32.1	34.8	2.7

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9.2 **Residents and Business Services:** An energy pressure of £2.1m is shown within the Energy Team’s budget position, this will be apportioned out across the services but is included here at this early stage of the financial year so that it can be seen in it’s totality. There is £1m of corporate funding to partially mitigate (not included in the table above), shown in paragraph 4. There is a further £0.6m pressure on Revenue’s and Benefit’s as the service restructure has been delayed due to additional workload arising from the administration of several central government grants including the Council Tax Energy Grant, Household Support fund and Covid Additional Relief Fund (CARF).

10. CHIEF EXECUTIVES DIRECTORATE

10.1 The Chief Executive’s Directorate are reporting a balanced position at Period 2.

Table 8 – Chief Executive’s Directorate

Chief Executive's Projected Outturn	Net Budget	Net Forecast	Net Forecast Variance
	£m	£m	£m
Assistant Chief Executive	7.5	7.5	0.0
Law, Governance & Elections	4.0	4.0	0.0
Total	11.5	11.5	0.0

11. GENERAL FUND RISKS

11.1 The table below shows the identified risks which are not certain to materialise but are significant in terms of financial impact.

Table 9 – General Fund Risks

General Fund	Fly Tipping	Temp Accom	Comm Waste	Transport	Total
	£m	£m	£m	£m	£m
Children & Young People	0.0	0.0	0.0	1.0	1.0
Community Services	0.0	0.0	0.0	0.0	0.0
Housing, Regeneration and Public Realm	0.4	1.5	0.4	0.0	2.3
Corporate Resources	0.0	0.0	0.0	0.0	0.0
Chief Executives	0.0	0.0	0.0	0.0	0.0
Total	0.4	1.5	0.4	1.0	3.3

11.2 **Fly Tipping:** An enhanced level of service has been provided since April 2022, there is no budget for this service and the risk is based on the service remaining in place for the rest of 2022/23.

11.3 **Temporary Accommodation:** An additional £1.5m risk is highlighted, £1m relates to the anticipated level of incentive payments (compared to the budget) for landlords, these payments are aimed at stopping the breakdown of housing arrangements which would

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further increased the demand on Temporary Accommodation. There is a further £0.5m risk of overspend on repairs costs on the Private Sector Leasing (PSL) stock based on the current budget versus anticipated spend levels.

- 11.4 **Commercial Waste:** There is a risk that £0.4m of Commercial Waste income will not be achieved due to companies ceasing trading or no longer using the service as a result of Covid. The service is currently engaging with businesses to increase take up of the service.
- 11.5 **Transport:** The pressure included within the reported position above is based on the current level of demand and cost of service. Based on historic trend date, each September the children transported increase by approx. 90, this coupled with inflationary increases in taxi driver costs and passenger services costs due to fuel and wage increases for taxi drivers present a further risk. The service are working hard to mitigate this risk by bringing into use further in borough provisions which should have a favourable impact on the financial risk above. A Transport Board has set up that includes representatives from the service, finance and Passenger service reviewing routes and considering options to reduce costs whilst maintaining service standards for the user.

Unquantified Risks Being Monitored

- 11.6 **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.
- 11.7 **Planning:** The land charges function will be moving to the land registry in the financial year 2023/24 with work taking place to support that migration over the next 18 months. This migration is likely to affect the level of income received by the Council.
- 11.8 **Collection Fund:** Collection rates for Council Tax and Business rates may be impacted due to the challenging economic times, which will put income budgets under pressure, especially if unemployment rises significantly.
- 11.9 **Pay inflation for staff:** There is a risk that the level of pay award via the national pay award for the sector is over and above the level budgeted as part of the Council's Budget Setting process for 2022/23.
- 11.10 **Care Act implementation:** There is a risk of additional costs arising with new burdens in the health and social care system falling to local government to fund.
- 11.11 **Market failings for Children Social Care placements:** The impact of reduced availability of adequate provision and a cost increase for the provision available.
- 11.12 **General inflationary costs:** The impact of general inflation (CPI currently 9.1%) on the £200m of goods and services procured each year by the Council (revenue) and £200m planned capital programme spend.
- 11.13 **Cost of capital programme slippage:** Costs which are then borne in full in year on revenue budgets rather than being capitalised over the life of the asset.

12. DEDICATED SCHOOLS GRANT

- 12.1 The Dedicated Schools Grant for 2022/23 was provisionally announced in December 2021. At this stage the DSG has only been revised for Academy Recoupment and High Needs Import Export adjustments, both of these adjustments have a net neutral impact on the cash position. We are still awaiting revision to the Early Years Block for the Spring 2022 census, following this the 2021/22 final position will be confirmed and this will set the baseline for 2022/23.
- 12.2 The table below shows the current position for 2022/23 showing the DSG on track to fully

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spend at this early stage of the year.

Table 10 – DSG Projected Outturn

DSG Projected Outturn	Schools block £m	Central school services block £m	High needs block £m	Early years block £m	Total DSG allocation £m
Gross	221.1	3.7	70.2	24.1	319.1
In year Virements	(0.7)	0.0	0.7	0.0	0.0
DSG Budget	220.4	3.7	71.0	24.1	319.1
Expenditure	220.4	3.7	71.0	24.1	319.1
Total Spend	220.4	3.7	71.0	24.1	319.1
Variance	0.0	0.0	0.0	0.0	0.0

- 12.3 The DSG had a deficit carried forward from prior years of £10.4m as reported in the 2021/22 Financial Outturn report and detailed in the table below. The overall net deficit on the DSG is £9.1m however each of the sub blocks come with their own conditions around expenditure with £1.3m set aside to fund specific challenges across the schools, central school services and early years blocks, leaving a reported deficit of £10.4m.
- 12.4 The Directorate is currently working towards a mitigation plan supported by Schools forum to reduce the £10.4m deficit. The mitigation plan is currently in its third year of embedding which includes creating more in-house capacity both in special schools and resources basis. The position is not unique to Lewisham, we are currently commencing discussions with the Department for Education (DfE) to progress as part of the DfE safety value scheme. This is the second wave of the initiative and will include approx. 50 other LA's. The main challenges continue to be
- 0-5 year olds as more children are diagnosed with specialist need. This will require early intervention and support to prevent long term need for Education, Health and Care Plan (EHCP).
 - Post 16 /Further Education, continuing increase in numbers staying on to full time /part time education up to 25.
 - In borough provision, currently working with schools to create capacity to place more pupils in borough. This has included expansions to special schools and the creation of more targeted resource basis.
- 12.5 It should be noted that the first two bullet points reflect the underfunded nature of the high needs block since the extension of the statutory age from 5 to 18, to 0 to 25. The DfE is aware of the challenges and has provided additional funding over the last 3 years, whilst the funding is welcomed, the demand continues to outstrip the available funding. This is despite an overall reduction in pupil numbers of approx.1,500.
- 12.6 The Government is currently consulting on SEND changes which is expected to be followed by a SEND funding paper. The concern here is that the proposals to further support the needs of young people could again result in greater cost implications. It should be noted that there is an associated budget pressure on the General Fund for transport related costs.

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Table 11 – DSG Overall Position

DSG Overall	Schools block £m	Central school services block £m	High needs block £m	Early years block £m	Total DSG allocation £m
Total spend for 2021/22	221.7	4.3	68.5	22.6	317.1
DSG Variance 2021/22	0.0	0.0	5.4	(0.8)	4.6
Balance Brought Forward	(0.4)	(0.3)	5.0	(1.5)	2.9
DSG Variance 2021/22	0.0	0.0	5.4	(0.8)	4.6
Prior Year Funds Applied	0.0	0.1	0.0	1.0	1.1
Estimate of Clawback	0.0	0.0	0.0	0.5	0.5
Balance Carry Forward	(0.4)	(0.2)	10.4	(0.7)	9.1

13.0 HOUSING REVENUE ACCOUNT

13.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2022/23. At this early stage of the financial year, the current forecast is for an overall balanced account. The balanced HRA budget seen in the table includes a budgeted contribution from reserves which is to be used to fund the HRA major works and new supply programme and is included as a part of the 30 year HRA business plan. The HRA budget will be revised in the next month to take account of the final closing position for 2021/22 as well as updating stock numbers and forecast income, expenditure carry forwards and loss of stock.

Table 12 – Housing Revenue Account

Housing Revenue Account	Net Budget	Net Forecast	Net Forecast Variance
	£m	£m	£m
Housing, Regeneration and Public Realm – Housing	13.4	13.4	0.0
Lewisham Homes & Repairs & Maintenance	39.9	39.9	0.0
Resources	1.8	1.8	0.0
Centrally Managed Budgets	(55.1)	(55.1)	0.0
Total	0.0	0.0	0.0

13.2 There is a significant income target from the charging of major works at properties for leasehold tenants of £6.0m, which is based on the General Capital programme allocation of £83.4m. Work undertaken on a leaseholder property is currently charged to the leaseholder upon completion, as opposed to being based on estimates. This is being reviewed now that new long-term contracts are in place and planned works can be programmed effectively allowing bills to be raised based on estimates. As at the end of May 2022, a total of £0.46m of charges have been raised to leaseholders. There are ongoing discussions with Lewisham Homes to ensure that they are raised in financial year 2022/23. This is not currently factored into the HRA Budgets/forecasts and would enable reserve balances to be

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replenished for works funded in prior years.

- 13.3 Repairs & Maintenance (R&M) is currently forecast to budget, but it should be noted that R&M overspent by £9.6m in 2021/22. Updated forecasts will be provided next month when the 2022/23 updated programme data for the year is available. If any pressures arise in this area, it would be expected that either a compensatory reduction in the Capital programme would be made or costs within the revenue stream recharged to Capital where appropriate. This would help to mitigate any overspends which may arise.
- 13.4 Whilst income from tenant's rents and service charges, garage rents and leaseholder service charges is being projected to budget, it would be expected that additional income may arise due in part to void levels being lower than current budgeted rates, and the completion of the leaseholder service charge audit in September 2022. This will be updated once more data is available. In addition, the bad debt impairments charge to the HRA will be reviewed. Whilst energy costs overall underspent in 2021/22 by £0.6m, this is not expected to occur in 2022/23 due to price increases. The current revenue allocation in 2022/23 is £3.0m. In addition there is an energy reserve of £1.0m which will be called upon if pressures arise in this area.
- 13.5 The current 30 year HRA financial model has been refreshed, with the final outturn for 2021/22 as well as the latest updates for the general capital programme, revised stock numbers and reserves allocations incorporated into the plans. Based on the outturn budget plans are being updated. The revisions to the budgets will be agreed and processed and may push some of the planned capital and new supply expenditure into 2023/24 due to a re-programming of works and programme delays.
- 13.6 The 2022/23 updated capital programme will be available from next month. Any underspends or slippage in the programme will be used to cover for any overspend in R&M or be re-profiled to 2022/24. The HRA element of the BfL programme will also be updated for next month. The current allocation is £79.6m but will be updated with the latest programme consolidation when available and re-profiled accordingly. Underspends and/or re-profiling of the budgets may result in a lower than forecasted revenue capital contribution. No adjustment for these are made in the current forecasts.

14.0 COLLECTION FUND

Council Tax

- 14.1 As at 31 May 2022, £31.8m of Council Tax has been collected representing 18.6% of the total amount due for the year. This is £0.2m below the 18.7% target required in order to reach 95% for the year.

Table 13 - Council Tax Collection Fund

Council Tax	Cash Collected (cumulative)	Cash needed to meet 95% Profile	Difference between collected and 95% profile	Current Year Collection Rate%	Required Collection Rate to reach 95%	Difference	2021/22 % Collected
Apr-22	17,397,272	18,376,158	978,885	10.23%	10.81%	0.58%	10.59%
May-22	31,588,028	31,824,427	236,399	18.58%	18.71%	0.13%	18.41%

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Business Rates

- 14.2 As at 31 May 2022, £17.9m of Business Rates has been collected representing 22.4% of the total amount due for the year. This is £2.6m below the level required in order to reach 99% for the year.

Table 14 – 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	2021/22 % Collected
Apr-22	9,024,446	8,058,757	(965,689)	13.3%	11.9%	-1.4%	2.8%
May-22	15,211,611	17,861,362	2,649,751	22.4%	26.3%	3.9%	12.0%

15.0 CAPITAL EXPENDITURE

- 15.1 The table in Appendix 2 sets out the budget for the Capital Programme for 2022/23 as at 31 January 2021. These are being revised as part of the year end processes for 2021/22 and an up to date budget taking into account any slippage will be presented in the next report.

16.0 FINANCIAL IMPLICATIONS

- 16.1 This report concerns the projected financial outturn for 2021/22. Therefore, any financial implications are contained within the body of the report.

17.0 LEGAL IMPLICATIONS

- 17.1 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.

18.0 CRIME AND DISORDER, CLIMATE AND ENVIRONMENT IMPLICATIONS

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

19.0 EQUALITIES IMPLICATIONS

- 19.1 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.
- 19.2 There are no equalities implications directly arising from this report.

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Background Papers

Short Title of Report	Date	Location	Contact
Budget Report 2021/22	3 rd March 2021 (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 1 – Summary of agreed revenue budget savings for delivery in 2022/23

Year	Ref	Directorate	Director	Proposal	Savings to be Delivered	Expected Delivery in 2022/23	Expected Savings Shortfall	Risk Rating of Saving in 2022/23
2020/21	CYP01	CYP	Lucie Heyes	More efficient use of residential placements	300	300	-	Yellow
2020/21	CYP03	CYP	Lucie Heyes	More systematic and proactive management of the market	600	600	-	Yellow
2020/21	CYP04	CYP	Lucie Heyes	Commission semi-independent accommodation for care leavers	250	250	-	Yellow
2020/21	CYP05	CYP	Lucie Heyes	Residential framework for young people. Joint SE London Commissioning Programme	200	200	-	Yellow
2021/22	A-13	CYP	Angela Scattergood	Children with complex needs (CWCN Revision)	62	62	-	Green
2021/22	A-01 and A-01a	CYP	Lucie Heyes	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	63	63	-	Green
2022/23	B-02	CYP	Lucie Heyes	Strategic recharging	600	600	-	Green
2022/23	C-03	CYP	Lucie Heyes	Reduction in the use of agency social workers.	215	215	-	Green
2022/23	C-07	CYP	Angela Scattergood	Review Short breaks provision.	50	50	-	Green
2022/23	E-05	CYP	Angela Scattergood	Traded services with schools	50	50	-	Green
2022/23	E-06	CYP	Lucie Heyes	Reduce care leaver costs	100	0	100	Red

2022/23	F-02	CYP	Lucie Heyes	Children Social Care Demand management	500	0	500	Red
2022/23	F-03	CYP	Lucie Heyes	Children Service reconfiguration - fostering	250	0	250	
2022/23	F-05	CYP	Lucie Heyes	VfM commissioning and contract management - CSC	250	0	250	
2022/23	C-35	CYP	Lucie Heyes	Specialist social care support review	177	0	177	
2022/23	C-36	CYP	Lucie Heyes	Reduction of commissioned care leaver housing costs - CSC Placements	400	400	-	Green
2022/23	C-36	CYP	Lucie Heyes	Reduction of commissioned care leaver housing costs - NRPF	200	200	-	Green
2022/23	D-13	CYP	Sara Rahman	Review of commercial opportunities for nurseries within children's centres	11	11	-	Green
2022/23	A-01	CYP	All	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	796	796	-	Green
2022/23	A-03	CYP	All	Transport	67	67	-	Green
2022/23	F-26	CYP	All	Subscriptions	2	2	-	Green
CYP Subtotal					5,143	3,866	1,277	Grey
2020/21	COM04	Comm	Joan Hutton	Reduce costs for Learning Disability and Transitions	800	800	-	Green
2020/21	COM05	Comm	Joan Hutton	Increased focus of personalisation	132	132	-	Green

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2020/21	COM1A	Comm	Joan Hutton	Managing demand at the point of access to adult social care services	900	900	-	
2020/21	COM2A	Comm	Joan Hutton	Ensuring support plans optimise value for money	500	100	400	
2020/21	COM3A	Comm	Joan Hutton	Increase revenue from charging Adult Social Care clients	500	500	-	
2020/21	CUS06	Comm	James Lee	Bereavement Services increase income targets	67	67	-	
2021/22	E-04	Comm	Joan Hutton	Introduce charging for certain elements of self-funded care packages	82	82	-	
2021/22	F-01	Comm	Joan Hutton	Adult Social Care Demand management	2000	900	1,100	
2021/22	F-06	Comm	Joan Hutton	Adults with learning difficulties and 14 - 25yrs transitions costs	760	760	-	
2021/22	F-09	Comm	Joan Hutton	In house services reductions - adults passenger transport	100	0	100	
2021/22	C-17	Comm	Dee Carlin	Re-configuration of MH Supported Housing pay - social interest group	100	100	-	
2021/22	F-24	Comm	Joan Hutton	Adult Social Care cost reduction and service improvement programme	3,849	900	2,949	

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2021/22	E-03	Comm	James Lee	Review discretionary sales, fees and charges and increase to the point of full cost recovery.	72	72	-	
2022/23	A-02	Comm	James Lee	Hybrid roles - enforcement	50	50	-	
2022/23	B-06	Comm	James Lee	Cuts to the main grants programme	800	800	-	
2022/23	B-07	Comm	Liz Dart	Review of Council run events	30	30	-	
2022/23	B-10	Comm	James Lee	Reduction in local assemblies service	178	178	-	
2022/23	C-02	Comm	Joan Hutton	Adult Learning and Day Opportunities	100	0	100	
2022/23	C-17	Comm	Dee Carlin	Re-configuration of MH Supported Housing pay – Social Interest Group	150	150	-	
2022/23	C-28	Comm	Dee Carlin	Supported Housing Services	84	84	-	
2022/23	F-24	Comm	Joan Hutton	Adult Social Care cost reduction and service improvement programme	430	0	430	
2022/23	C-40	Comm	Catherine Mbema	Substance misuse – contract review and staffing	92	92	-	
2022/23	E-14	Comm	James Lee	Changes to leisure concessions for older people	95	95	-	
2022/23	A-01	Comm	All	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	773	773	-	
2022/23	A-03	Comm	All	Transport	63	63	-	
2022/23	F-26	Comm	All	Subscriptions	1	1	-	
Communities					12,708	7,629	5,079	

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2020/21	CUS04	HRPR	Zahur Khan	Income generation - increase in commercial waste charges	300	300	-	
2020/21	CUS14A	HRPR	Zahur Khan	Parking service budget review	500	500	-	
2020/21	RES15	HRPR	Patrick Dubeck	Commercial estate growth	400	200	200	
2022/23	C-10	HRPR	Fenella Beckman	Housing Services Review	300	300	-	
2022/23	D-02	HRPR	Patrick Dubeck	Business Rates Revaluation for the estate	40	40	-	
2022/23	D-06	HRPR	Patrick Dubeck	Catford Campus - Estate Consolidation	11	11	-	
2022/23	D-07	HRPR	Patrick Dubeck	Meanwhile use - Temporary Accommodation	25	25	-	
2022/23	D-8	HRPR	Patrick Dubeck	Miscellaneous - income generation	25	25	-	
2022/23	E-02	HRPR	Patrick Dubeck	Income from building control	15	15	-	
2022/23	E-07	HRPR	Fenella Beckman	Housing – Increased rent for Private Sector Lease (PSL) and Private Managed Accommodation (PMA)	375	375	-	
2022/23	F-15	HRPR	Zahur Khan	Environment - environmental operations review	330	330	-	
2022/23	F-15a	HRPR	Zahur Khan	Environment - environmental operations review	567	567	-	
2022/23	F-17	HRPR	Zahur Khan	Road safety enforcement	250	250	-	
2022/23	F-20	HRPR	Zahur Khan	Emission based charging for Short Stay Parking	120	120	-	
2022/23	F-21	HRPR	Zahur Khan	Road Safety Enforcement	375	375	-	
2022/23	F-22	HRPR	Zahur Khan	Motorcycle parking charges	80	80	-	

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2022/23	C-38	HRPR	Patrick Dubeck	Strategic development team cost capitalisation	100	100	-	
2022/23	C-39	HRPR	Patrick Dubeck	Aligning the Kickstart scheme with Government plans	25	25	-	
2022/23	C-44	HRPR	Zahur Khan	Removal of graffiti from private property	5	5	-	
2022/23	D-11	HRPR	Patrick Dubeck	Business Rates revaluation of Council owned properties	100	100	-	
2022/23	E-12	HRPR	Patrick Dubeck	Building Control Service Efficiency	20	20	-	
2022/23	E-15	HRPR	Zahur Khan	Seek corporate sponsorship for Festive Lighting	30	30	-	
2022/23	F-25	HRPR	Zahur Khan	Road Safety – new yellow boxes	150	150	-	
2022/23	A-01	HRPR	All	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	686	686	-	
2022/23	A-03	HRPR	All	Transport	12	12	-	
2022/23	F-26	HRPR	All	Subscriptions	7	7	-	
Housing, Regen and Public Realm					4,848	4,648	200	
2020/21	RES01	Corp	David Austin	Benefits realisation of Oracle cloud	150	150	-	
2021/22	A-04	Corp	Mick Lear	Process automation in Revs and Bens	20	20	-	
2021/22	A-05	Corp	Mick Lear	Revs and Bens - additional process automation	400	200	200	
2021/22	D-06	Corp	Brian Colyer	Catford Campus - Estate Consolidation	259	259	-	
2022/23	A-04	Corp	Mick Lear	Process automation in Revs and Bens	100	100	-	

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2022/23	A-06	Corp	Mick Lear	Revs and Bens - Generic roles	400	0	400	
2022/23	C-08	Corp	Murray James	IT - mobile telephony review	10	10	-	
2022/23	D-05	Corp	Brian Colyer	Savings on mothballed assets. A review is in progress - savings on the cost of running the operational estate	50	50	-	
2022/23	E-01	Corp	David Austin	Improved Debt collection	250	250	-	
2022/23	E-09	Corp	David Austin	Realising further benefits from the Oracle Cloud Solution and exploiting its functionality as a fully integrated enterprise resource planning solution.	100	100	-	
2022/23	A-01	Corp	All	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	511	511	-	
2022/23	A-03	Corp	All	Transport	4	4	-	
2022/23	F-26	Corp	All	Subscriptions	6	6	-	
Corporate Resources					2,260	1,660	600	
2022/23	A-01	CE	All	Staffing	234	234	-	
2022/23	A-03	CE	All	Transport	4	4	-	
2022/23	F-26	CE	All	Subscriptions	4	4	-	
Chief Executives					242	242	-	
Total					25,201	18,045	7,156	

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APPENDIX 2 – Capital Programme Major Projects Budgets 2022 To 2025

Major Programmes & Projects	2021/22 £m	2022/2 3 £m	2023/2 4 £m	2024/2 5 £m	3 year Total £m
<u>GENERAL FUND</u>					
CCTV Modernisation	1.1	0.0	0.0	0.0	0.0
Leisure Schemes	3.6	0.2	0.0	0.0	0.2
Schools - School Places Programme	7.2	6.0	0.9	0.0	6.9
Schools – Other (Inc. Minor) Capital Works	4.6	4.0	0.0	0.0	4.0
Schools - Unallocated	0.0	1.5	0.0	0.0	1.5
Highways & Bridges – TfL	1.5	0.0	0.0	0.0	0.0
Highways & Bridges – LBL	4.1	3.1	0.0	0.0	3.1
Asset Management Programme	1.3	1.7	2.0	0.0	3.7
Other AMP Schemes	1.7	1.4	0.0	0.0	1.4
Unallocated AMP	0.0	0.8	0.6	0.0	1.4
Broadway Theatre	2.0	4.8	0.2	0.0	5.0
Catford Phase 1 – Thomas Lane Yard/ CCC	0.6	1.3	1.3	0.0	2.6
Catford Station Improvements	0.1	0.5	0.9	0.0	1.4
Travellers Site Relocation	0.1	1.0	2.7	0.0	3.7
Lewisham Gateway (Phase 2)	3.5	0.0	4.8	0.0	4.8
Beckenham Place Park (Inc. Eastern Part)	0.4	0.9	0.6	0.0	1.5
Catford Town Centre	0.2	0.8	0.0	0.0	0.8
Milford Towers Decant	0.3	0.3	3.4	0.0	3.7
Deptford Southern Sites Regeneration	0.3	0.0	2.2	0.0	2.2
Edward St. Development	12.0	0.0	0.0	0.0	0.0
Lewisham Homes – Property Acquisition	3.0	0.0	0.0	0.0	0.0
Achilles St Development	1.0	0.0	3.6	0.0	3.6
Place Ladywell	0.8	0.8	0.0	0.0	0.8
Temporary Accomodation - Mayow Rd	7.0	1.1	0.1	0.0	1.2
Temporary Accomodation - Canonbie Rd	1.8	0.3	0.0	0.0	0.3
Temporary Accomodation - Sydney Arms	1.0	0.0	0.0	0.0	0.0
Temporary Accomodation - Morton House	0.6	1.0	0.0	0.0	1.0
Temporary Accomodation - Manor Avenue	0.3	0.9	0.0	0.0	0.9
Disabled Facilities Grant	1.3	0.0	0.0	0.0	0.0
Private Sector Grants and Loans	0.6	0.6	0.6	0.0	1.2
Other General Fund Housing Schemes	1.5	1.0	0.0	0.0	1.0
Other Miscellaneous Schemes	3.1	1.2	0.0	0.0	1.2
TOTAL GENERAL FUND	66.6	35.2	23.9	0.0	59.1
<u>HOUSING REVENUE ACCOUNT</u>					
Building For Lewisham Programme (BfL)	50.2	121.2	129.3	67.5	318.0
Decent Homes Programme	57.8	83.4	62.9	64.1	210.4
Housing Management System	1.3	1.2	0.0	0.0	1.2
Other Schemes	6.5	3.8	3.9	4.0	11.7
TOTAL HRA PROGRAMME	115.8	209.6	196.1	135.6	541.3
TOTAL PROGRAMME	182.4	244.8	220.0	135.6	600.4

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