

APPENDICES W1 to Z4 2023/24 BUDGET REPORT

APPENDIX W1 – CAPITAL STRATEGY 2023/24

Capital Strategy

The current capital strategy is underpinned with the prudent approach of only committing to schemes once the financial resources are confirmed and robust due diligence has been undertaken on the delivery plans through effective project management disciplines. This has been applied to the five-year plan set out in the capital section of the budget report. Building on this, the ten-year capital plan will focus on:

General Fund

- Meeting statutory Health & Safety obligations for our corporate assets, such as fire doors, smoke alarms and disability access.
- Investment in temporary accommodation and supported living options, either through acquisitions of existing buildings or building new ones.
- Undertaking specific cost vs benefit analysis to balance the level in investment in the Highways network and Parks within the Borough with the potential insurance costs of not doing so.
- Increasing the number of schools SEN places in order to reduce the number of out of borough placements.
- Utilising opportunities to leverage other grant funding through match funding to deliver schemes – e.g., Catford Constitutional Club, Levelling-up bid etc.,

Housing Revenue Account

- Meeting statutory Health & Safety and new building regulations requirements, such as fire safety measures, structural work and combatting damp issues.
- Completing works to extend the life of existing stock that complement the Repairs & Maintenance programme. The main focus will be on reducing emissions and energy costs for residents.
- Continuing to look for opportunities to deliver additional new build, as well as complete further stock acquisitions using Right to Buy receipts and estate regeneration where that may be most cost effective.

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An estimate of the five-to-ten-year budget is included in the table below:

	22/23 Budget	23/24 Budget	24/25 Budget	25/26 Budget	26/27 Budget	27/28 to 31/32 Estimate*
	£m	£m	£m	£m	£m	£m
General Fund						
Children and Young People						
Greenvale School	2.1	0.4	-	-	-	
Riverside Youth Club	0.1	1.2	0.0	-	-	
Schools – Minor Works	3.8	1.7	-	-	-	5.5
Schools – Other	0.2	2.5	-	-	-	
Schools - School Places Programme	0.7	0.7	0.3	-	-	
Schools - Unallocated	-	1.0	-	-	-	
Watergate School	0.2	3.5	5.1	-	-	
Children and Young People Total	7.0	11.0	5.4	-	-	5.5
Community and Adults Social Care						
CCTV Modernisation	0.5	-	-	-	-	
Other Miscellaneous Schemes	1.6	0.9	0.1	-	-	
Community and Adults Social Care Total	2.0	0.9	0.1	-	-	-
Corporate Assets						
Asset Management Programme	0.7	0.4	0.3	-	-	1.4
Broadway Theatre	6.2	0.4	-	-	-	
Catford Library (Winslade Way)	0.4	0.0	-	-	-	
Catford Phase 1 – Thomas Lane Yard/ CCC	0.3	2.4	0.3	-	-	
Catford Station Improvements	0.1	1.0	0.3	-	-	
Catford Town Centre	0.3	-	-	-	-	
Corporate Estate Maintenance	1.7	3.0	-	-	-	4.7
Other AMP Schemes	1.0	1.0	-	-	-	
Public Sector Decarbonisation	1.8	-	-	-	-	
Travellers Site Relocation	0.0	1.0	2.7	-	-	
Unallocated AMP	-	-	-	-	-	
Corporate Assets Total	12.6	9.2	3.6	-	-	6.1
Highways and Parks						
Beckenham Place Park (Inc. Eastern Part)	0.7	1.2	-	-	-	
Highways & Bridges – LBL	4.7	-	-	-	-	5.0
Highways & Bridges – TfL	0.4	-	-	-	-	2.5
Highways and Parks Total	5.8	1.2	-	-	-	7.5

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Housing Development - GF						
Achilles St Development	0.8	3.4	3.4	7.8	-	
Deptford Southern Sites Regeneration	1.0	-	-	-	-	
Edward St. Development	1.3	13.7	0.7	-	-	
Lewisham Gateway (Phase 2)	2.9	4.8	-	-	-	
Milford Towers Decant	0.3	0.3	0.3	2.9	-	
Other General Fund Housing Schemes	2.6	2.9	2.3	2.8	3.3	16.5
Place Ladywell	1.0	-	-	-	-	
Private Sector Grants and Loans	0.6	0.7	0.8	0.9	1.0	5.0
Temporary Accommodation - Canonbie Rd	0.6	-	-	-	-	
Temporary Accommodation - Manor Avenue	0.2	1.1	-	-	-	
Temporary Accommodation - Mayow Rd	5.9	0.3	-	-	-	
Temporary Accommodation - Morton House	0.1	1.5	-	-	-	
Housing Development - GF Total	17.0	28.7	7.5	14.4	4.3	21.5
Operation and other schemes						
ICT - Tech Refresh	0.6	0.5	-	-	-	
Operation and other schemes Total	0.6	0.5	-	-	-	-
General Fund Total	45.0	51.4	16.6	14.4	4.3	40.6
Housing Revenue Account						
Building for Lewisham Programme (BFL)	65.6	72.7	78.8	19.0	4.9	103.6
Decent Homes Programme	67.3	66.3	67.5	68.8	48.3	206.5
Housing Management System	2.2	-	-	-	-	-
Other Schemes, including PFI & Acquisitions	4.2	2.1	2.2	3.1	3.2	16.0
Other HRA Schemes	0.9	0.9	0.9	-	-	-
Housing Revenue Account Total	140.1	142.0	149.5	91.0	56.4	326.1
Total Capital Programme	185.1	193.3	166.1	105.4	60.7	366.7

*These figures are currently unknown and are therefore estimates. These will be updated as and when funding is secured, and budgets are approved.

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The ten-to-twenty-year plan will continue to lay the groundwork and explore more significant structural changes to the Place, and the role the Council can play through leveraging its asset base and organisational weight to:

- Promote an ambitious Catford Town Centre development;
- Pressing for the Bakerloo line extension project to Hayes to be recommitted to with the associated housing and business opportunities for the whole Borough;
- Working with London and Government to plan for whole estate regeneration where social housing stock comes to the end of its useful life and needs replacing, including via the One Public Estate programme with Health partners.

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APPENDIX X1: Proposed Housing Revenue Account Savings 2022/23

- 1.1 The HRA strategy and self-financing assessments are continually updated and developed with the view to ensuring resources are available to meet costs and investment needs and are funded for 2023/24 and future years.
- 1.2 Savings and efficiencies delivered in the 2023/24 budget can be re-invested to off-set constrained rent rises or to help bridge any investment gap identified. As a prudent measure the original financial model was developed with no savings identified. Subsequently, discussions have taken place regarding appropriate savings and 'target' management and maintenance costs per unit. For example, there is already an assumed reduction in the Lewisham Homes fee in 2023/24 to reflect stock losses through Right to Buy Sales. Although no direct efficiencies/savings are currently being considered for 2023/24, work continues to identify opportunities for cost reductions and efficiencies relating to the HRA business model. Where identified, these savings would be available to off-set future rental losses due to a constrained uplift to protect investment in stock or services.
- 1.3 An update of the HRA Strategy, Savings Proposals, proposed rent & service charge increases and comments from consultation with tenant representatives will be reported to Mayor and Cabinet as part of the HRA Rents and budget strategy report. Mayor and Cabinet will make the final budget decisions in the New Year.

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APPENDIX X2: Tenants' rent consultation 2023/24

The Tenants' rent and service charge increase meetings took place on 5th December 2022 with Regenter B3 (Brockley) managed tenants and 12th December 2022 with Lewisham Homes managed tenants. Lewisham Homes also held a meeting with Leaseholders on 6th December 2022. A drop-in session for residents for the Brockley area was held on 7th December 2022.

Views of representatives on rent and service charge changes & savings proposals.

	Lewisham Homes	Brockley PFI
No of representatives (excl Cllrs)	50	15
Rent Increase @ 7.0% Cap	See Below	See Below
Savings Proposals:-		
No Savings proposed	n/a	n/a
Service Charges inc:		
Heating & Hot Water Charges	See Below	See below
Garage Rents	See Below	See Below
Tenants Fund	n/a – no increase proposed	n/a – no increase proposed

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Summary of comments made by representatives;

Brockley PFI

A transcript of the meeting, meeting minutes and comments received are contained at the end of this section.

There was further feedback from a drop-in session held on 7th December between 4pm to 7.00pm and additional comments from residents received by RB3 up to and including 14th December 2022. This is also included at the end of this section.

Lewisham Homes

A transcript of the meetings and comments received are contained below.

We held a virtual event) for Lewisham Homes residents on the evening of Monday 12 December 2022, the meeting was held on zoom and attended by approximately 50 residents. Invitations were sent to all TRA's and the mailing list for all residents.

Comments received are below:

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Lewisham Homes	<p>Rent increase: Representatives at the meeting queried why there is a 7% increase as opposed to the possible 5% at this time as there are issues of affordability</p> <p>Concern was also expressed that a wider audience should have the opportunity to consider the overall proposals and provide any comments that they may have on the proposed increases in all charges.</p> <p>Officers responded that it is a legal requirement that a balanced budget has to be set and that costs are increasing. It was confirmed that Housing Benefit would also increase in line with the proposed rent increase.</p> <p>In terms of invitees, there are a number of communications sent-out to inform tenants and tenant representatives that a meeting is being held, inviting them to attend.</p> <p>There were questions of value for money as charges are increasing but service delivery is not improving.</p> <p>Lewisham Homes requested attendees to contact them directly with specific service queries that they will note and respond to.</p> <p>Garage Charges:</p> <p>There was a discussion on affordability issues, as per the rent increase proposals.</p> <p>Residents enquired if there is to be any additional investment in the garage stock to bring them up to standard considering the rent increase proposals?</p> <p>Tenants Fund:</p> <p>n/a – no increase proposed</p>
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Rent setting and service charge meeting feedback (Lewisham Homes)

RENT and SERVICE CHARGES

Resident feedback

- There is a lack of transparency and evidence on charges when you call/email. Lewisham Homes promised a new system that would provide detail but this has never happened.
- Lewisham Homes really do not communicate. These past few months are the most we've had but hardly with enough notice.
- We have a duty to pay our service charges etc but you want to come back to us about your financial challenges and reduction in services now yet we can't let you know about ours
- It's such a shame that when LH started it had do much promise but has failed us really badly causing so much stress, creating economic challenges and a level of disrespect to its client based the tenants and residents
- According to 3.1 of the service charge document, the tenants are subsidising the leaseholders.
- Leaseholders on our estate have to battle to get a LH to repair when damage caused from a problem with the fabric of the block i.e. not the responsibility of the leaseholder. In addition, the delay in anyone responding or doing anything becomes an issue when there's a time limit for the leaseholder to claim on their insurance (even though they shouldn't have to claim on their insurance).
- Will fly tipping / bulky waste costs be removed from our future bills when Lewisham Homes is abolished, as the council does this service for free?
- Lewisham seem to have no interest in claiming from leaseholders for damage they have caused to the fabric of the building or indeed the tenants property.
- Lack of transparency and lack of evidence of costs. This is the main theme running through everyone's complaint on here. LH should be able to be transparent at the point of contact in a timely manner not coming back to residents time and time again to no conclusion.
- Why doesn't the council audit and check on service standards? Can we trust LH to provide reports?
- Is it true that Lewisham Council has no money so have to acquire such monies from rents - the only proper income for councils and/or housing providers.
- Moving forward what figure are we going to agree upon - bearing in mind the testimonies from all your residents, it should be a 0% increase.

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- I feel the service charge should not be increased. My area has become so dirty and the people from Glendale only appeared at our blocks due to numerous complaints. The footpaths around our flats are never swept so why are we paying service charge every week. We also have serious mould & damp issues in our property which doesn't justify a rent increase. Lewisham homes have failed and should return services to the council
- My neighbour has been trying to sell for over a year but it simply won't sell because the estate is in such disrepair and scaffolding has been up for over 2 years.
- I'm a leaseholder with a top floor flat. Due to negligence- Not locking the access to the flat, kids went into the roof and crashed into my flat. Lewisham homes insurance team are refusing to sort out the repairs to my ceiling. It seems like they think I will give up.
- Lewisham Homes have failed to provide services adequately to meet basic needs
- The increase on this Service charge has to be reduced for obvious reasons: LH has not performed and you are increasing charges.
- I requested a more detailed breakdown for estimated charges which increased dramatically, and the actual charges were even more.
- I would negotiate for 5% initially with a 1% over the next five (5) years.
- Legal implications - infestations, window cleaning, no entry phones in our block - appears that LH are in breach of the Equality Act 2012.
- We've been promised an entry phone system for about two decades now.
- Can you show us the proof of purchase and expenses for work completed.
- It's always too complicated. Why over complicate when transparency is what is required
- We are continuing to be charged for a poor service and now expected to pay more for the same. A lot of the grounds maintenance and caretaking has actually been done by residents instead over the years.
- The reason major works will cost so much is because Lewisham Homes have neglected to do minor repairs and maintenance for years (easily 20+ years)
- I have still not had an answer with regard to the caretaking provision for the building I live in, nor has the grounds maintenance occurred fortnightly as I am told it should be.
- LH gives you savings but the work is substandard with cheap materials and poor workmanship without an agreed standard that the council checks.

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- Can Lewisham revisit the decision and cap at 5 rather than 7%
- There has definitely been a decline in services - especially in general caretaking etc
- Maintenance and repair standards are poor.
- We receive no caretaking provision and very little grounds maintenance even though it should be happening fortnightly
- The management of disrepairs is set up to stall and do nothing.
- I do not understand why Lewisham did not choose the 5% option rather than going straight to 7%

Lewisham Homes

We held a virtual event for Lewisham Homes leaseholders on Tuesday 6 December 2022, the meeting was held on zoom and attended by approximately 14 residents. Invitations were sent to all leasehold forum members. Comments received are below:

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Lewisham Homes	<p>Service charge increase: Attendees stated: We don't mind paying an increase, but we want the services to be up to standard. We are paying for services, and we are not getting the level of service.</p> <p>My property is looking run down and neglected: two wooden bollards have broken and not been replaced. There is moss all over the carpark, the stairwell has paint peeling and the whole place looks rundown. Where is the investment?</p> <p>When we challenge costs through the Homeownership Team it takes too long to get a response. Can you turn things around quicker?</p> <p>Specific clarity on how much next year's actual service charges will be requested.</p> <p>As a leaseholder I am charged a proportion of the ACTUAL costs according to the cost to the whole block. This doesn't really seem to fit with the document, which suggests a regime where an average weekly charge is levied</p> <p>I understand an increase in costs but there is a disparity of services being delivered and the cost being charged. General maintenance not being delivered/kept up to standard e.g., Grass cutting/removal of weeds, cleared gutters, paintwork touch ups bollards not being replaced. It feels like the estates and blocks are being neglected</p> <p>Efficiencies should be looked at there is too much wastage. Use of LED lighting instead of fluorescent bulbs.</p>
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One comment was received on Garages:

I strongly disagree with any further increase in rent for the garages, until Lewisham Homes demonstrates some investments from the previous many increases in rent that we had. Residents have seen their garage rent almost doubling in just a few years with absolutely no further investment in the maintenance of the garages. It seems that the increased revenue from the garages is spent elsewhere. This is not in the residents' interests.

On Pepys Estate (where I live), garages have no electricity, this means that we can't easily use them in the evening and also we can't use small power tools (e.g., to vacuum the car). People with electric cars can't recharge them either on site. Our TRA years ago asked Lewisham Homes to have electricity installed in the garages.

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Comments from The meeting with Regenter B3 tenants and leaseholders is shown below:

We held a virtual event via Zoom for all residents in the Brockley PFI area on the evening of Monday 5th December 2022. All residents, which are both leaseholders and tenants, were texted or emailed to invite them to participate in this meeting. Invitations were also sent to all TRA's.

Approximately 46 residents responded to the invitation to attend, and they were sent the joining link. On the evening there were 21 residents on the meeting.

Comments received are below:

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<p>London Borough of Lewisham Rent Proposal</p>	<p>Rent increase: Representatives at the meeting queried why there is a 7% increase at this time as there are issues of affordability especially with the energy crisis.</p> <p>Concern was expressed that a wider audience should have the opportunity to consider the proposals and provide any comments.</p> <p>Officers responded that it is a legal requirement that a balanced budget must be set and that costs are increasing.</p> <p>RB3 had agreed that they would use a variety of ways to make this meeting and the drop in opportunity known to as many residents as possible. Posters were put up in block notice boards, texting to all whose details we hold as well as emailing invitation to residents to join the meeting In terms of invitees, there are a number of communications sent-out to inform tenants and tenant representatives that a meeting is being held, inviting them to attend.</p> <p>There were questions of value for money as charges are increasing.</p> <p>RB3 requested attendees to contact them directly with specific service queries that they will note and respond to. Date of responses to be sent to Lewisham, via Pinnacle, by 14 December 2022. These comments are below.</p> <p>Garage Charges:</p> <p>There was a discussion on affordability issues, as per the rent increase proposals.</p> <p>Residents said they wanted to see the garage stock repaired.</p> <p>Tenants Fund:</p> <p>n/a – no increase proposed</p>
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Minutes of Regenter Brockley Resident Panel Meeting

Monday 5th December 2022

Meeting: 6.30pm - 8.00pm

1	<p>Welcome & Introductions</p> <p>Pinnacle staff and Lewisham staff introduced themselves and their roles</p> <p>Residents introduced themselves</p>
2	<p>Purpose of this meeting</p> <p>To discuss the proposals of increase to the rent and service charge for the tenants' rents, the tenant fund, the garage rents and the service charges.</p>
3	<p>Lewisham Council Rent Proposal</p> <p>FB: The government carried out a rent consultation that concluded in November: Rents now capped at 7%.</p> <p>Lewisham's paper proposes rents at 7% which is an increase of @£7 per week for the average rent which takes it from £103 per week to £110.00 per week.</p> <p>The rent cap is for the year and don't know if it will extend next year.</p> <p>Date of responses to be sent to Lewisham by 14 December 2022</p> <p>TR: Feedback will go to the housing select committee.</p> <p>SH: Executive summary mentions a loss of £374 million pounds over a 30 year lifespan of the business as a justification for a rise. A 30-year forecast will not be accurate -may overstate the case and is not helpful. Can it be noted that it is based on a number of assumptions</p> <p>2.9 of the paper : an increase in rent and no direct efficiencies of savings have been considered for – would there not always be savings plan in place for any business for efficiencies of savings</p> <p>Statement: tackling housing crisis – this will add to it if rents go up</p> <p>UM: OK to increase rent and service charge but please match it with the repairs service in the building and increase the quality of repairs. Does not believe Lewisham does any control</p> <p>SS stated that she has contacted the office and someone has been out to see her.</p> <p>UM: Said that Pinnacle respond only when she complains to the Director of Rydon. Lewisham is not supervising Pinnacle.</p>

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SS: Rydon is a different company. Emails are forwarded to Rydon when they have undertaken work, to enable them to respond directly to the resident.

FB: 30 Year forecast comment responded to by FB. It is broken down into 5 years and 20 years.

Efficiencies and savings – TR will pick that up

Section 3.1 – it is how the reports are framed

TR: Obligated to have business plans that span 30 years, it is a government requirement and helps both the government and local authority plan for longer term issues, such as affordability. Critical guideline set is that Lewisham Council cannot fall into a deficit – it is illegal and they are monitored on that.

They do forecast for medium – 5year period and long term as well. We don't know what inflation will look like in a four or five years' time so on inflation Lewisham generally use the forecast in line with the Autumn statement.

SH: States that the sum is given for 30 years and should show other years and variables and thinks that it is put in the report to cause alarm and to justify an increase.

TR: The 374 million pounds has already been lost out of the business plan because it referred to the 4 years when there was a 1% deduction in rents for 4 years. It has already come off the rental income stream.

Lewisham try and indicate what the future rent rises would look like so in 4.10 CPI is going to be 6% 2024/25, in 25/26 4%, and 2% the year after.

FB: If UM has any concerns with Rydons she should use the complaints procedure and can also contact Lewisham Council complaints procedure.

GW: His experience is that the complaints process is being manipulated to prevent people raising a complaint. He had an experience that it is not easy and still has an outstanding complaint. Can he meet with Lewisham Council about his complaint experience?

FB: She will get back to him.
ACTION POINT

SO: SS mentions that any feedback from here goes back to the Council. Stated that last year she had refused to take the feedback to the Council and had to force her to take the feedback. He had to contact Fenella Beckman to complain because not many people had been consulted and he had to work very hard last year with SR to contact residents on

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behalf of Pinnacle because Pinnacle would not do this. SS refused to accept the feedback and he had to complain.

She was criticised for not telling the residents about this
This year it is the same and only the bare minimum has been done and he will be speaking to Fenella directly about this soon.

He couldn't get to read the documents beforehand as they were sent out last minute and he has been too busy reaching out to the residents that SS did not reach out to. He has not received an agenda and the first time he has seen it is tonight, on the Zoom screen. He does not think that very much progress has been made this year. He wanted this recorded for the minutes.

Allison: Agrees with SO and agrees with GW on the complaint's procedure. It isn't very clear. She has to email a number of times with no responses or very rude responses – residents can give up to challenge them as you don't get anywhere. Would like to speak to Lewisham directly to ensure they are not been fed a watered-down version as to what is going on.

QUESTION: What is the reason why savings were not considered?
TR: It is standard business practice that you do not put savings into any financial model because you cannot identify initially where they should be taken from. Have built in efficiencies in terms of when Lewisham lose stock through stock sales and demolitions. Efficiencies will have to be identified by Lewisham Homes and RB3. As the business plan is developed, then the savings will be brought in when they speak to the housing management providers.

GW: Almost every business will do that as part of the modelling process. Can Lewisham do this?

TR: We can do this, by liaising with the housing management providers and that takes time. Savings efficiencies will result in direct service reduction

GW: Believes that you can't then use the 30-year business plan which is then not accurate.

TR: Does not agree with this statement.

IC: Expects that it will be going up because everything else is. It seems like Lewisham have opted for the maximum amount that they are legally allowed to charge and she believes that there are efficiencies that can be made in the service that she is receiving at the moment to make it more efficient.

Rents are capped at 7% however the Councils' costs are going up by a minimum of 10%, A deficit is in the HRA for next year which they are

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using the reserves to try and cover, because government has capped the local authority's ability to try and cover those costs.

He cannot say that savings or efficiencies will come down the line when they get a clearer picture of what is happening in the next couple of years as the HRA obligations and the Council have to balance the books. It is increasingly becoming difficult to do this when there is high inflation, costs that they incur and a limited scope for increasing rents.

EC: Would like TR to address why the leaseholders service charge is going up by 13.6% when the Councils' costs have increased by 10%.

TR: 10% cost increase is an average. Lewisham has different contracts. RB3 contract is linked to RP1X which removes mortgage interest from the calculation and RP1X is higher than RPI or CPI. Therefore, if they want full cost recovery, then this will lead to a high increase, such as the one here at 13.6%.

EC: Does not believe that it is fair to put a cap on some services and no other services.

TR: Cap on rent was imposed by government. Lewisham has a choice for not going for full recovery, but in doing so, there would be a bigger deficit in the HRA which would have to be funded through efficiencies and better ways of working or direct cuts, which they would like to avoid.

EC: Asked if the leaseholders are funding the gap in rents which are capped by the government

TR: Leaseholders are not funding any cap. This is leaseholders and has nothing to do with the rents which is not related to the leasehold money. When they speak about leasehold, they talk about providing services to leaseholders and this is not linked to rents. They are separate charges.

EC: Are the tenants service charges capped at 7%

TR: No, they are not capped at 7%. They are going up at the same rate as leaseholders.

IC: There is CPI, RPI AND RPIX. Why have you used RPIX? It is higher because of mortgage costs.

TR: The RB3 contract is linked to RPIX, which was signed in 2007.

GW: What is in place if the contract is not been met to penalise Rydon. . The service is appalling. Need a contractor that can deliver value for money.

TR: The Council are tied into this contract and it would be down to RB3 to make a decision about their contracts.

GW: Are there any penalty clauses.

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4	<p>TR: There are penalty clauses</p> <p>GW: Can he have sight of the contract</p> <p>TR: Does not know the answer. Will defer</p> <p>GW wants this as an action point to get a copy of the contract</p> <hr/> <p>ACTION POINT</p> <p>SS has responded to acknowledge receipt of this request. The document is commercially sensitive so the request will be taken back and you will be sent a response.</p> <p>Lewisham Council Garage Rent Proposal</p> <p>DL Manages garages. He is the Estates Manager at Lewisham Council, in the commercial team. They are normally increased by RPI each year. It is currently 12.6% at the moment, but they've decided to cap it at 10%.</p> <p>There are almost 2.5k garages in the borough – most are Lewisham Homes. There are 311 in Brockley. Social tenants and leaseholders and non-resident with garages is approximately 70:30%.</p> <p>Large waiting list of almost 3.5k applicants for garages in the borough. The current average rent for a garage is 16.62 per week – covering a range from the highest at £25.00 and lowest is around £6.00. 50% discount across the board for blue badge holders. The proposed increase of 10% will put the average charge from £16.62 per week to £18.29 per week. A £1.66 per week increase.</p> <p>QUESTION: Is the use of garages for cars only or other uses?</p> <p>RH All the garages are used for businesses. She has reported this</p> <p>DL: Garages can be used for storage and has to specifically state that if not being used for parking a motor vehicle. DL has noted RH statement that businesses are using the garages.</p> <p>SS: The garage complaints have been passed to the housing team. The garages are small for the average car and are increasingly being used for storage. Some have pots and pans in them as some people do catering and use it to store their equipment, as long as there are no gas appliances in there, they can use it for storage.</p> <p>RH: Has complained about a lady with a garage and she has asked for her garage to be taken away, and as she causes obstructions but nothing has happened. She believes vehicles should be used in garages</p>
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	<p>or the terms and conditions should be changed. Sometimes they are used to fix cars.</p> <p>SS will remind the housing management team about the use of the garages.</p> <p>ACTION POINT</p> <p>RH: Said that she was surprised that there were no objections to this increase as they are making money from the businesses.</p> <p>KRIS: Sent in an email about Alder House that there is a parking problem which prevents her from using her garage.</p> <p>SS: If an email has been received in the last week, she will receive a response</p> <p>KRIS will speak to SS separately. Also, someone has moved away and she thinks that their belongings should be removed from the garage.</p> <p>SS stated that not everyone that rents a garage live in the blocks. There is no requirement. There is a waiting list and people do not have to live in Lewisham to rent it.</p> <p>RH: 2 garages in Dunstan House are being used by people who do not live in Lewisham. She will send in an email to SS.</p> <p>KRIS: Will write in about the resident next door who is preventing her from using her garage and she is concerned that she still has to pay for it although she cannot use it.</p>
5	<p>Lewisham Council Tenants Fund Proposal</p> <p>JL is the administrator of Lewisham's tenant fund. The fund provides grants to resident associations and TRA's in Lewisham to help them to make a positive difference to the neighbourhood. The 15p rent levy funds these grants and will remain at 15p for the next financial year. There are no plans to increase the levy.</p> <p>A: How does it work</p> <p>SS: It is collected as part of the rent</p>
6	<p>JL: They have grants that they give out to TRA's so if the block that you live in is interested in forming a tenant resident association then please contact her. It has to be a credited association for the Lewisham Tenants fund to provide a grant.</p> <p>Pinnacle Service Charge Proposal for leaseholders and tenants</p>

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SS explained the increase is 12.6% RPI plus 1% uplift which totals 13.6% for the new financial year. Every year at the beginning of April, there is an increase for grounds maintenance, caretaking, general repairs etc., to keep the estate running and to cover salaries and materials but the leaseholders get an adjustment 18 months later to reflect what the actual cost is. Some will have a debit and some will receive a credit.

SH: Why do you use RPI? Is it not inaccurate?

TR: It is used because Lewisham are tied into the contract at RPIX. When the contract expires, a new set of indices will be put in place. It is correct that most people are moving to CPI now instead of RPI. If they moved to CPI and it was 7% for example, the contract will still be increased by around 14%, there would still be an adjustment to pay because costs go up. Using RPI PLUS 1% is close to what RPIX would come out to, using an inflationary increase. There would still be an adjustment. This process ensures that it is consistent.

EC: Received an adjustment for last year, but no detail was attached. Can this be attached this year

SS: The adjustments are sent out and if you need any further breakdown, then this will be sent out for Rydon's work. We can give information on the data we have – we cannot share caretaker's salary information but we can give you the salary increase percentage. We cannot predict what work will happen on an estate, so we use the RPI increase. We provide an estimate. Section 20 Notices give the details of estimates if works cost more than £250 per person.

EC: Is concerned with actuals.

SS would like to be able to present a spreadsheet of repairs for all leaseholders but out of 600 leaseholders, only 8 or 9 leaseholders request it.

EC: Can it not be sent out automatically?

SS: It is not possible to send it out as it is a large spreadsheet so the information has to be extracted one by one.

EC: She will be requesting a breakdown in the future. She had received one in the past and noticed that she was charged for the wrong block last time.

SR: Is the increase in the service mandated in the contract with RB3 and you have no discretion.

TR: No, that's not correct. The contract states that Lewisham have to inflate the contract by RPIX. Then Lewisham have to decide what the service charges will go up by. The contract cannot state what the indices

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would be as it wouldn't know. RB3's contract states that they should attempt full costs recovery which means that if we are aware that the contract is being increased by inflation then the proposals must reflect the contract increase. For example, if the contract is going up by 20%, for example then service charges will need to be increased by the same amount to ensure that Lewisham can maintain full costs recovery.

SR: So, Regenter can increase their contract by RPI?

TR: No, the contract terms and conditions state that the contract inflation to use is RPIX The Council has no discretion on that – they have to increase the contract by RPIX

GW: So, where does the plus 1% come from?

TR: RPIX takes out the mortgage interest payment. RPIX and RPI are not the same. RPI is lower than RPIX. So, what Lewisham have agreed with RB3 is that because RPIX is higher than RPI, Lewisham will use RPI plus 1% to try and ensure that there is no gap between the contract price going up and the leasehold recovery

GW: Why don't you just say to them to use what is in the contract? Is it not your discretion

TR: No, we cannot describe it as Lewisham discretion

SR: Do the service charges for leaseholders in Lewisham Homes go up by RPI plus 1%

TR: No, they do not use a formula like RPI or RPIX, they are not tied into a contract like RB3

SR: So, we are paying more? Our increase is more than Lewisham Homes? Is that right as that was the situation last year

TR: What you are forgetting is that Lewisham Homes leaseholders pay more than Brockley leaseholders for the services they receive so although your costs in inflationary terms are going up more than Lewisham Homes, your actual leasehold charge is lower than Lewisham Home residents.

SR: There appears to be lack of evidence in the paper. I understand that leasehold costs have to be recovered. The costs are 'baked' in. I expect that some of the costs are people costs. Are the staff having a salary increase of 13.6%.

TR: The local government pay deal has just been revealed, and some people will get inflationary increases in their salary. Inflation is high and the cost of living is high. Repairs are going up, material costs are going up by 12-15%, contract prices are going up at least an average of 10% and RB3's contract is probably going to go up in the region of 13-14%

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SR: Does not understand the justification for RPI plus 1%. She has a past paper from 2014 when service charge increased from RPI to 0.5%.

TR said that there is discretion from the Council as there is no legislation that requires that certain things are done. Legislation states that you must endeavour to do full costs recovery and the Council have to do it the best way that they can.

For example, If RB3 had told them that they would be putting up service charges by 6%, then the Council would ask then how does that balance with an increase in their costs of 10-20%. RB3 takes their contract money so if there is a shortfall, then the Council loses that money. They cannot fall into deficit. It would not balance with the contract

FB: Suggest that SS can put a bit more in the paper about how the costs were made up and that the Council can put a bit more in the paper about the breakdowns so people can understand what the different elements have.

ACTION POINT : Lewisham to include more information in the paper about what costs are included

SS: The leaseholds receive a cost breakdown annually for each leaseholder.

UM: When does the contract end

SS: 2027. Also, the money that is collected for service charges is paid directly to Lewisham Council and RB3 do not have the ability to deduct any money from Lewisham's bank account. When money is received, Lewisham then pay Regenter B3 their monies due as per the contract. RB3 cannot 'syphon' off any profits. Pinnacle do not touch any money.

DL: Service charges are general – please explain the rubbish collection and pram sheds and can they have space for bike sheds.

SS: Pram sheds are rented to residents and they have to pay extra for that If you would like a bike rack to be placed on your estate, then you will need to send in an email. Rubbish collections are included as bulk waste collection to ensure that the estate looks better. Anyone can ask for a bulk waste collection. Fly tipping is not collected and has to be reported to Lewisham Council and they deal with it.

NW: Bulk waste is household items, not including fixtures and fittings up to the size of a double bed or double wardrobe. Flooring, internal doors or kitchen units would need to be paid for as a separate contractor that you organise for yourself.

Fly tipping is different – if a non-resident were to dump a double bed or wardrobe outside the block, it would have to be collected because if it is

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left there it will be detrimental to the surroundings and increase the fly tipping in the area

DL: Does not want to pay it. Thinks people should not do this.

NW: If you want items to be removed, preferably with a photo and then send an email.

GW: Concerned about the oversight and processing of the RB3 contract. Concerned about the quality of services that the repairs team are providing. Is it based on KPI's or is there another method of auditing?

TR: The housing strategy team do this but there is a suite of KPI's that are used.

SS: The KPI's are set in the contract. Brockley provide the KPI's back to the Council on a monthly basis and is scrutinised. A strategic team look at performance and Pinnacle are penalised and if not met, then Pinnacle have to pay Lewisham back if targets not met.

GW: Has the strategic housing team ever said that the KPI's are not accurate? The complaints do not seem to be registered as complaints and is a tricky process.

FB: Lewisham do not just accept the KPI's. They visit RB3 and check the offices and check the files, and check the KPI's. They look at feedback to question if the information they are being given is correct. Lewisham challenges the KPI's.

GW: Do you get access to emails?

FB: Has access to complaints that have been raised. Erica is the Clienting Officer and goes into the offices and does walkabouts and will be making notes of the feedback that has been raised today.

EC: Happy to pay more if there is an improvement in the service. She has weekly fly tipping and anti-social behaviour. Can anything be done to stop the fly tipping? Has not got a response to an email about fencing. Also, what is being done by improving the area by doing repairs? Major works were done and asked for double-glazed windows that she will pay for, but it was declined. She was told the windows had to be like for like.

SS: You live in Lewisham Way, which is a conservation area so you couldn't have double-glazing. It is a question for Rydon. Monitoring of fly tipping in the area, it is reported to the Lewisham team. It is a crime so they try and identify who has done this. Putting up fencing is classed as an improvement and not a repair, because all Rydon do is to maintain the properties. Anything sent into the Brockley in-box is sent to the correct department. Lewisham can scrutinise that in-box and they can go through that in-box.

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Leaseholder will write in about improvements to Rydon and she will receive a response.

KRIS; Sometimes there is fly tipping and would like it monitored

SR: They do not see Regenter at the Housing Select Committee talking about their annual report, like Lewisham Homes who talk about theirs. And not everyone has received an invite to this meeting, even though it has improved since last year. Putting up a notice in a notice board would be helpful.

SS: Has confirmed that 14 December 2022 is the deadline to send in comments. Rydon do not need to attend as this meeting is about the increase.

GW: Can there be an extension?

TR: No, as Lewisham need time to collate the information for various reports.

LF: If we have to pay the 13.6% increase, what can they push back on, e.g. fly tipping

SS: There are certain items that have to be in the service charges. Bulk waste collection is important.

LF: If I can get away with dumping bulk waste, then he would.

SS & TR: Tenants also pay for bulk waste collection

NW: Council are responsible for general waste collection

SM confirmed that with everyone's permission in the meeting, he will arrange for the recording to be uploaded onto the Regenter website
ACTION POINT

FB: Picked up comments on more time to come back due to the engagement exercise. There has been a huge improvement to the consultation last year. The results of the government consultation came out in November, and the Council only knew about the 7% increase recently and the papers were then done very quickly after that. This year posters have been erected to advertise the Consultation period and the papers were made available as soon as could be.

QUESTION: The papers but there was no note to say that they there was a deadline for feedback. Will that be publicised?

SM: Will upload to the website the deadline date to respond
ACTION POINT

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UM; Communication is a problem. When there is a complaint, they are pushed from pillar to post. Lewisham Council should monitor the complaints.

She would like Lewisham Council to have a separate meeting with leaseholders.

GW: Agrees with that suggestion

IC: Thanked the panel for putting this on. She feels much more informed. She hopes going forward that this can be a more positive experience. Great communication and this meeting is a good step.

Comment: Anxiety comes from lack of information but there has been improvement now that communication is better.

RH: Front door enquiry. She received documentation about new fire doors being required. However she believes that leaseholders does not have to comply and that she feels that she will be financially penalised. She will send in a copy of the letter that she has received.

SS: We have not told leaseholders that there will be a financial penalty if they do not comply. It is mandatory that the flat is made safe with a fire door. If a door is not replaced, then a conversation will take place and if leaseholders refuse then they will be asked to have another conversation.

RH: Has objected to complying as she has two cats and has a cat flap.

CF: Doors have been replaced in the past. He asked a question and is concerned that he has to spend £1,500 on a door now, when he has previously been asked to spend £10,000 on a replacement door and windows.

SS will look into this. Also, if people are at the end of the balcony, then this will not be necessary to change the door. Everyone who has sent in their form will be contacted by a surveyor for a survey to take place.

DL: Why are only future-proofing the doors to 30 minutes.

SS: This is the legislation. Leaseholders can replace the door themselves.

The recording will be put on the website. Please send any emails to the Brockley customer services. Thank you.

Any Other Business

None.

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Brockley Rent and Service Charge increase proposals Drop in session, Pinnacle Housing Office, 111 Endwell Rd Wed 7th Dec 2022 4 – 7pm

In attendance

Fenella Beckman – Director of Housing Services LBL
Tony Riordan – Senior HRA Accountant LBL
Erica Turner –Partnerships and Housing Contracts Mngr LBL
John Pedretti – General Manager RegenterB3

Five tenants and 2 leaseholders attend this session

Feedback from tenants who attended:

- Further clarity sought on how the increases are determined – explanation provided by LBL
- Further explanation requested on the rent increase cap at 7% - explanation provide by LBL
- Concerns raised that the rent cap could lead to a reduction in services
- Concerns raised around future contingency
- Acceptance of the increases for both the rent and service charges
- Some incidents of ASB were reported – strangers entering the blocks and urinating in lifts – request for installations of entry doors on blocks – concerns to be forwarded to Pinnacle
- Request for assistance to help set a tenant and resident's group with the view to improving communications and build a sense of community on the estate – request to be forwarded to Pinnacle.
- Query raised around timing of block decorations and painting of the blocks – follow up information to be provided by Regenter.

Feedback from leaseholders who attended:

- Concerned that increases are coming at worst possible time with cost of living crisis
- Increases don't result in any new or improved services
- Acceptance that increases have to happen
- Those that attended welcomed the opportunity to have a say in the proposals
- Enquiry about purchase of freehold – LBL to investigate and provide follow up response

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Additional Comments & Feedback was received from residents up to and including 14th December 2022, and is shown below

RENT

Resident feedback

No direct comments regarding rent increases as the majority of attendees were leaseholders

SERVICE CHARGES

Resident feedback

Below are the direct email comments received regarding the service charge increase:

I am not aware that an increase happens every year and I would be grateful if you could point me in the direction of the relevant section of the lease that states this. The ground rent has been at £10 per year since I became a leaseholder and the service charge has been between £900 and £1,100 since then as well – see below.

	Actual 2018/2019	Actual 2019/2020	Actual 2020/2021	Actual 2021/2022	<i>Estimated</i> 2022/2023
Service Charge	£ 926.68	£ 1,024.23	£ 1,050.73	£ 988.30	£ 1,086.60
Ground Rent	£ 10.00	£ 10.00	£ 10.00	£ 10.00	£ 10.00

Thank you for sending the link to the reports on the website. I have reviewed the reports on the website and I do have concerns around the percentage increases given that these are related to inflation, which has been incredibly high recently. Given the rise in utility bills, council tax and food prices, I think that a cap would be beneficial as then residents would at least have some form certainty around what the increase could be.

I am particularly concerned around the 13.6% increase proposed for the service charge. Has any consideration been given to whether another service provider could be found that could provide better value for money?

Is the idea that these percentage increases would apply on yearly basis going forward for the rent and service charge? Cumulatively, these increase in costs could make being resident in Brockley very difficult.

As per my previous email, is it possible to get a copy of the minutes of the Zoom meeting that took place on 5th December?

Where Lewisham Council and their contractors are refusing to communicate with residents this cannot be considered a consultation process.

I pointed this out at the meeting on December 5.

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I also said I'm waiting for a response from Lewisham Council to questions from the Residents Panel of 17 December 2019. I insisted Lewisham contacted me. I have not yet heard from them. They must do this.

I was told Councillor Stephen Penfold was present. I pointed out I have spoken to him. He had taken my email address and said he'd get back to me but didn't. He said he'd never had any contact with me. I pointed out he was wrong to say that. I have not heard from him yet.

Lewisham Council councillors and officials and contractors must start responding to residents to prevent fraud and further "Appalling and Substandard work". The consultation process can then start.

Residents were given up until 14th December 2022 to share feedback following the above meeting.

I attach a collation of some resident's feedback here. There may of course be others from individuals or anything the current Panel Chair, TRA's or others may have provided.

Thank you

Brockley Service Charge Report 2023-24

- 1.2 – May Pinnacle confirm that this report and relevant documents was sent to all (700?) Brockley Resident Panels members at least a week before the meeting?
 - If the documents were not sent to all Panel members may Pinnacle confirm that it made ALL residents and panel members aware of that the documents were posted online?
 - How did Pinnacle ensure that residents / panel members without internet and email access received the information in time before the meeting?
- 1.2 – Is the 1% discretionary or part of the “uplift under RegenterB3 contract”? It has been applied for all years.
- 2 Policy Context – This huge increase (13.6%) in service charges will be detrimental to Corporate Strategy Objectives and may mean that a decent home is not secure or affordable and may lead to an increase in homelessness.
- 2.3 – This paragraph refers to ensuring that tenants do not subsidise leaseholders but does not state the mechanisms in place to ensure that leaseholders do not subsidise tenants, the Council or are exploited by Pinnacle. Please state the mechanisms to ensure this.
- 5.3 – the key principles for setting service charges do not refer to the levels of profits made by contractors. Why is this not a key principle?
 - How much profit did RegneterB3 contractors make in 2021-22? Without knowing this how can Lewisham Council and residents test if the contract delivers value for money?

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- The report does not stipulate or define value for money and how it is measured. What economic, efficiency, effectiveness and equity indicators are used to measure value for money?
- 6.2 Leasehold Service Charges – Please provide the details to explain the massive difference between street properties (£86.22) and for blocks (£183.05)? Normally you would expect economies of scale reflecting more people living in blocks so costs are lower. Are the costs for blocks much higher due to ongoing neglect by service providers leading to more complaints?
 - Are the management charges for resident engagement and customer service the same for tenants and leaseholders in street properties and blocks? If not please explain why?
- 6.3
 - Resident Involvement – Please explain what this includes and provide a breakdown of unit costs?
 - Customer Services – Please explain what this includes and provide a breakdown of unit costs?
 - General repairs and technical repairs – please define and explain the differences.
 - Management fee – Please explain what this includes and provide a breakdown of unit costs?
- 8.3 – As per the above, at this stage not enough clear and defined information has been provided to ALL residents to explain the variations.
- 8.4 – Is this supposed to be 2023-24?
- 9 – Crime and disorder implications
 - Please confirm what this refers to? Does it mean that RegenterB3 contractors are not responsible for dealing with the impacts of crime and anti-social behaviour in the blocks they manage?
 - A huge price increase may lead to frustration and strains on families which may lead to crime and disorder implications. Why was this not considered?
- 10 Equalities Implications – Why is Lewisham Council 20 years behind some third world countries on ensuring equality and equity in housing provision? Different residents have different needs. If you provided size 10 shoes to all children in a class that does not mean you have equally met their needs because some shoes may be too big/small so may only benefit some residents. What steps has Lewisham Council taken to ensure that the needs of the most vulnerable are met by this contract?
- 11 Environmental Implications – Why were no implications considered? There are implications.
- 12.1 – The customer service provision by Pinnacle has been poor for many years so the charges are not fair. How will the council ensure that the quality of customer service provision is improved?

Lewisham Council Dwelling Rents 2023/24

- 1 – The document states “residents are invited to consider this report” but as the Council knows from previous years, this document and the others have not been sent to all residents. There is uncertainty if Pinnacle sent the document or made it available to a panel members let alone all residents.
- 2.1 – What are the sources for these figures? Do they refer to Lewisham Council income or national?

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- 2.9 states no direct efficiencies/savings are currently being considered. The Brockley Service Charge Report 2023-24 Para 5.3 states that one of the key principles for setting service charges is value for money. Is the Council confirming that Value for Money is not a key principle and no efforts will be made to improve the quality or quantity of services or to make any efforts to reduce costs for the same services?
 - The Council had a similar line for the 2022/23 charge increases. Please may the Council confirm what opportunities for cost reductions and efficiencies it identified and implemented for 2021/22 and 2022/23? Or is this just another generic Council line without any substance?
- 2.8 Garage rents – the focus of this paragraph is raising income for the council. Please state how this aligns to Pinnacle’s objectives for raising charges? Why don’t the objectives of the RegenterB3 contract align to the Councils?
 - The charge should be fair and be no more or less than the cost of providing the service
 - The charge can be easily explained
 - The charge represents value for money
 - The charging basis allocates costs fairly amongst those receiving the service
 - The charge to all residents living in a block will be the same
- 3 – How does raising charges help deliver Council objectives?
 - If Lewisham Council states there are no direct efficiencies or savings and there are no value for money indicators to assess effectiveness who does the Council measure that quality of homes has been improved?
 - How does increasing charges strengthen communities and embrace diversity? What baselines does the Council use to measure success / failure? What were the results from last year?
- 5 Efficiencies and savings proposals for 2023/24 – This contradicts the generic para 2.9.
 - Why is it ‘prudent’ to develop a model without savings identified? It’s the opposite of prudent and suggests value for money was an afterthought and the Council would set its own meaningless indicators to mark its own homework.

Inclusive Regeneration Estates Team Report (garage)

3 – How does raising garage rents help to build an inclusive local economy and make Lewisham greener? The actions will not help to deliver the objectives.

- Some residents may have garages for personal and not business purposes so there is no impact on the local economy.
- What are the green links? Most cars will not be electric. Will the Council prioritise electric cars for garage use?

9 – This section states that there are no specific (positive or negative) environmental considerations but the Council’s objective is to make Lewisham Greener. Again the proposal does not match reality, objectives or the strategy.

I appreciate your intention of inviting feedback on the increase in service charges for 2023/4 and that at least some attempt has been made at having different engagement methods.

Pay increases (even if in line with inflation) is wrong when you are a service provider whilst there is a cost of living crisis happening. I imagine most of your residents, in the diverse jobs they are in, aren't getting any pay increases in line with inflation.

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There should really be a freeze on pay increases for Regenter and new figures given. You cannot pass on that cost to your service users.

However, my concern is the frequent comments on the call on the 5th of December that, "although comments are welcomed, nothing can be done to change this decision".

Therefore, all my questions/comments are to be able to request more detail and context on charges, the process for any future increases and zooming out to the bigger picture:

Could you confirm the difference between Regenter/Pinnacle/Rydon and what their responsibilities are with regard to services provided to residents?

The constant feedback and messaging from residents is that the quality of service is pretty dire and so many residents have been providing negative feedback on service. If the service charge is being increased, surely a minimum level of quality assurance can be guaranteed or at least held to account alongside that. Please can you confirm the 1) official routes to provide feedback to Regenter and 2) the process Pinnacle has in place to manage actions on that feedback against the SLA with Regenter (i.e., Quality Assurance)?

What Quality Assurance metrics are already in place?

& to follow on from that, we need visibility on the collective resident feedback as well as actions taken by Regenter to provide a quality service from now on. What is the best way to address this on an annual basis?

Please can you also therefore share any recent examples of when Regenter have addressed any feedback by improving their services for Pinnacle Lewisham residents?

What happens when Regenter continually fail Quality Assurance or to deliver against the SLA? Is that a breach of contract?

When did RB3's Annual report last go before the housing select committee in open session? For the last two years it seems to have been provided as an "information only" briefing that was not published in the papers- whereas Lewisham Homes report was discussed in open session.

If we are unable to bring down the service charge increase, are we able to remove lines of work that can be agreed with the building to be removed from service charges? (for e.g. bulk waste removal?) In other words, are there any ways we can manage unnecessary costs to balance out the increase in service charge for residents?

For any costs outside of the Estimated Service Charge at the start of the year, what is the process to green light this from residents? How are we able to ensure a long-term view is kept with any services completed? (for example, many residents have complained about low quality, quick work that therefore needs to be redone more often than if investment has been made for higher quality, greener, and longer lasting work, therefore adding value for money.)

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Given more time, we would have liked to also include specific results/actions required that we'd like to see alongside each of the comments which get submitted – i.e. lead you in the right direction. It was disappointing that Fenella Beckman (Director of Housing at the Council) just made vanilla responses with no actions in her reply letter last year.

There are other issues which seriously affected/effect resident's ability to respond, such as actively getting residents involved in these meetings, discussions and feedback, by reaching out and not depriving them or depending on a few residents to pass the information on because Regenter don't. Regenter can and should do far more. It wasn't in the Bugle. It wasn't mentioned at the last meeting. You were asked for an agenda but never provided one. It only went up on the Website much later and with far too short notice and as the Website is known to be months or years out of date, no-one would expect to see it or know where to find it. Notices on some blocks went up far too late and likely only in response to Facebook or some residents pressurising Regenter which occurred immediately beforehand. This year, it was a clever way to add a few last-minute items that could then be claimed to be improvements, when in fact nothing had changed except the response to pressure from residents last minute, and it seems the Council have bought it. The Council are in no way checking or verifying Regenter's obligations or year on year improvements on this, they are just accepting what is said by the Regenter propaganda machine. Fenella Beckman's response last year to significant concerns was also shocking, dismissive, belittling and highly suspicious and seems to be again this year. I refer to the documented aspects of last year's closed meeting – a short notice system of highly limited discussion on rent, service charges and garage price increase. It lacked so much communication and outreach and invitation, despite being for all residents. Regenter first invited the Chair and Vice Chair to form a panel, then refused to allow a panel to attend, then created/invited their own and refused to disclose even who they were – with the Panel Chair! This was also mentioned in the meeting for which Fenella and other Council reps attended but remained silent, during and after. After more pressure, Regenter then agreed to provide time for residents to meet, discuss and create feedback and this was minuted. This was also rejected and the Chair had to complain to Fenella Beckman who accepted the document, but I am not sure if she took any action or said anything to Regenter. I would appreciate confirmation of any reprimand, sanction or other action taken against Regenter for this open and outrageous treatment and deprivation to residents. The extent and audacity clearly show a deliberate attempt to stop feedback. The only response to this concern I got from Fenella was that... it should be better next year. I would like to see her give this pipsqueak of a response if in the presence of critics, residents, councillors and MPs, following all the shameful lead up just mentioned. I think this is a huge elephant in the room and I am calling it out, not least as Fenella Beckman tried a similar tactic in supporting Regenter at this year's meeting. She declared that this year's communication and outreach and notice was much improved. It was not, though under duress from caring residents, a number of points/omissions were made and (coincidentally) immediately responded to. Any progress from last year was not voluntary or from their own choice or ideas, but being dragged from pressure from residents... again. Regenter are still not engaging with residents, not listening to residents, not actively or voluntarily reaching out, missing huge opportunities that have been raised many times and at meetings to progress, but never taken up.

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It is hard to know where to take resident concerns when the most senior housing representative in the Council is impotent and at one with an organisation she should be looking at critically, listening to residents about and holding them (Regenter) to account, wielding some authority/incentives, without which, nothing is likely to improve.

<https://www.insidehousing.co.uk/news/news/a-third-of-social-housing-residents-struggling-with-debt-survey-finds-79328>

In this recent report, debt has skyrocketed in the last six months. Based on the number of residents Regenter have, hundreds and as many as 1,000 are in serious debt and struggling to pay their landlords and energy bills.

I submitted my comments separately,
The questions below were not meant to be replied to by you Sandra. Had the correspondent read the email I sent, these questions were to give you all a heads up prior to the meeting of the issues I felt were pertinent to your submission to receive additional funding. For reasons unknown to me Sam decided to submit this as a customer service enquiry thing.... Totally pointless and another waste of everyone's time.

I am sorry I could not attend either the virtual or in person meetings but it became impossible due to other commitments.

I will point out that neither of my comments below were 'about' the smoke alarms, my point was very clear, it was about performance and I simply used two good examples of the complete an utter shambles that RB3 and Pinnacle have overseen. That you chose to concentrate on the words 'smoke alarm' at the expense of answering the actual claim says everything about every interaction I have had with your office, wilful avoidance of anything that might incur a degree of responsibility or humility.

My point about the layout of the charges was very simple, I don't pay weekly and I don't pay half the charges, send me a letter which is relevant to my charges so that I can comment with some degree of understanding rather than just guessing..... basically write better letters.

The letter says that customer engagement is a new charge, if you have been charging it for some time then why say its new, its not me who is confusing here.... basically write better letters.

Glad to hear the council will be seeing and judging the comments.

Whilst I understand inflation has increased and costs will inevitably increase my and others pay does not increase, certainly not inline with inflation. The best my work could manage was 3.5 percent this year and I think I'm one of the lucky ones.

Anything you can do to insulate us from these costs would be greatly appreciated.

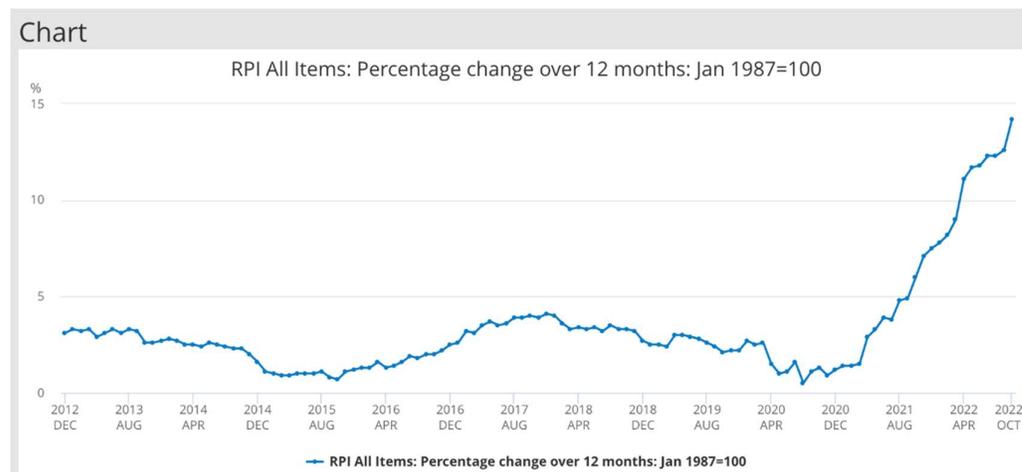
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To Whom It May Concern:

1.2 The service charges increased should be in line with a 5-year average. The years following, Brexit and COVID-19, including a war in Ukraine have resulted in a cost-of-living crisis, and the fastest rise in inflation in decades and increasingly rising interest rates. Using a snapshot of using the *September 2022 RPI (Retail Price Index) of 12.6% plus 1% (uplift under RegenterB3 contract) making a total increase of 13.6%* is unethical. Should the RPI fall next year the increases will be added to an already inflated service charge.

Below is a chart from the Office for National Statistics (ONS)

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23>



This shows the RPI over the last 10 years. The average is clearly below 5%. Using any percentage increased based on any measure over the last 12 months is not only misleading but applying this percentage increase *to the actual cost of each service element of the 2021/2022 figures* is opportunistic.

This percentage increase is also higher than *“the Consumer Prices Index including owner occupiers’ housing costs (CPIH) [which] rose by 8.8% in the 12 months to September 2022”*. Source: ONS

2.1.1 Yew House in particular, has had many anti-social issues, including theft, fire and drugs. Pinnacle have failed for many years to make residents feel secure and these increases will certainly not be affordable. The residents have complained about these issues for years and the quality of service has been unsatisfactory.

In terms of the service charge increases I don't feel that its fair that its so much more than the % increase in the rent. I feel it should be the same and equal to the rent

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increases. I understand that you have put the maximum increase of 7% to the rents and stated it will be 13% increase on the service charge.

I am letting you know my views on this matter and feel it should be the same increase.

Leases holders are already having to find the cost of the fire door, the works that have taken place plus the cost of pram shed fire doors.

I feel you need to relook at the plan again.

I saw the notice in Conifer House regarding the above meetings this weekend and I wanted to drop you a note.

The notice is the first I have heard of any proposed service charge and rent increases and I am very concerned that this is how it was communicated to residents and the incredibly short notice we were provided of the meetings (the meeting is due to take place on 5 December and the notice only went up on Friday 2 December in Conifer House). It makes it difficult for those of us who work or have childcare commitments to be able to make the meetings. I also find it concerning that we have not been given any prior details of what these proposed changes are ahead of the meeting.

Due to other commitments I am unable to make the zoom meeting but I would like to request a copy of the minutes. Please could you also provide me with further details of what these proposed changes are and any further opportunities there will be to provide you with feedback on this?

Please could I also request that any further communications regarding any changes to the service charge or ground rent are provided by way of letter or email to ensure all residents get a copy and that we are given more notice of meetings or to provide input/feedback?

I appreciate your intention of inviting feedback on the increase in service charges for 2023/4 and that at least some attempt has been made at having different engagement methods.

Pay increases (even if in line with inflation) is wrong when you are a service provider whilst there is a cost of living crisis happening. I imagine most of your residents, in the diverse jobs they are in, aren't getting any pay increases in line with inflation. There should really be a freeze on pay increases for Regenter and new figures given. You cannot pass on that cost to your service users.

However, my concern is the frequent comments on the call on the 5th of December that, "although comments are welcomed, nothing can be done to change this decision".

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Therefore, all my questions/comments are to be able to request more detail and context on charges, the process for any future increases and zooming out to the bigger picture:

1. Could you confirm the difference between Regenter/Pinnacle/Rydon and what their responsibilities are with regard to services provided to residents?
2. The constant feedback and messaging from residents is that the quality of service is pretty dire and so many residents have been providing negative feedback on service. If the service charge is being increased, surely a minimum level of quality assurance can be guaranteed or at least held to account alongside that. Please can you confirm the 1) official routes to provide feedback to Regenter and 2) the process Pinnacle has in place to manage actions on that feedback against the SLA with Regenter (i.e., Quality Assurance)?
3. What Quality Assurance metrics are already in place?
4. & to follow on from that, we need visibility on the collective resident feedback as well as actions taken by Regenter to provide a quality service from now on. What is the best way to address this on an annual basis?
5. Please can you also therefore share any recent examples of when Regenter have addressed any feedback by improving their services for Pinnacle Lewisham residents?
6. What happens when Regenter continually fail Quality Assurance or to deliver against the SLA? Is that a breach of contract?
7. When did RB3's Annual report last go before the housing select committee in open session? For the last two years it seems to have been provided as an "information only" briefing that was not published in the papers- whereas Lewisham Homes report was discussed in open session.
8. If we are unable to bring down the service charge increase, are we able to remove lines of work that can be agreed with the building to be removed from service charges? (for e.g. bulk waste removal?) In other words, are there any ways we can manage unnecessary costs to balance out the increase in service charge for residents?
9. For any costs outside of the Estimated Service Charge at the start of the year, what is the process to green light this from residents? How are we able to ensure a long-term view is kept with any services completed? (for e.g., many residents have complained about low quality, quick work that therefore needs to be redone more often than if investment has been made for higher quality, greener, and longer lasting work, therefore adding value for money.)

Do let me know if you require any further information or clarification on any of the above points.

Hello, I have previously read through the rent and service charge increases for the future and I understand the information.

Following the resident panel meeting of 5 December 2022, please find below my comments on the proposed rent and service charge increases for 2023-24. I would be grateful if you would acknowledge receipt of this email and the next steps as

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regards decision-making on these increases (e.g. when any paper is due to go to Committee and Cabinet, and how resident feedback is being taken forwards).

The below comments refer to the paper "Leasehold and Tenant Charges Proposal" available here [PUBLIC ACCOUNTS COMMITTEE / MAYOR AND CABINET \(squarespace.com\)](https://publicaccountscommittee.mayorandcabinet.squarespace.com)

- The increase of 13.6% on leasehold and tenant service charges appears to be based on an arbitrary formula (RPI + 1%) that is derived from a contract that Lewisham Council has signed with Regenter B3. There is no evidence provided in the paper that demonstrates that the cost to RB3 of providing these services to residents is going to increase by the rate 13.6%, and therefore there is no evidence to show that such an increase is justified. Instead, what it appears to show is that RB3 has a blank cheque to increase its charges to residents year on year at an above inflation rate, without ever being asked to evidence whether the costs of providing these services has increased at this rate.
- There is no explanation of whether the Council has discretion to depart from this formula of RPI + 1% (a question that has been repeatedly asked by residents but still remains unanswered), given the very real pressures that households are facing during the current cost of living crisis, or what (if any) options the Council or RB3 have considered to impose a lower increase on residents this year, taking into account the fact that many will be facing rising mortgage payments and other increasing costs in the year ahead. Where is the evidence that RB3 have attempted to find any efficiency savings to offset this above inflation increase in the service charge? Has it even been asked to do this?
- What residents like myself find particularly difficult to accept is that our service charge is increasing by ever larger amounts year on year, yet there is no commitment or expectation that the services we receive will improve. How can this be justified?
- Please explain the meaning of Para 12.2 of the paper. It states "The additional resources generated will relieve some of the current pressures within Housing Revenue Account and will contribute to the funding of the PFI contract which is contained within the authorities Housing Revenue Account." If the principle of the service charge is cost recovery, e.g. that residents should only pay for the cost of the services incurred, then what are the "additional resources" that this increase in the service charge is going to generate? Para 12.2 suggests that residents are somehow subsidising the costs of a PFI contract, and/or plugging a hole in the Housing Revenue Account - when in fact the service charge is exclusively going towards services like caretaking, grounds maintenance, etc. This must be explained further. Residents do not have a bottomless money pit to subsidise a PFI contract that the Council chose to enter. Are we being used to raise funds to pay for this contract?

GARAGES

Resident feedback

No comments solely about garage increase from residents

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Responses to queries raised regarding the Rent and Service Charges proposed increases for 2023/24

Lewisham Homes meetings:

Leaseholders – held on 6th December

Tenants – held on 12th December

Feedback to the queries received during the meetings was responded to at the meetings by Lewisham Homes and Council officers. Additionally, Lewisham Homes invited residents to submit further any queries to them directly for a response.

Regenter B3 meetings:

All Tenants and Leaseholders – held on 5th December

The minutes of this meeting, showing the responses provided are included in this report.

There was a further a drop-in session held on 7th December and additional comments from residents were received by RB3 up to and including 14th December 2022. These queries and the corresponding responses from council officers and RB3 are detailed below:

1) Resident Feedback/Query

I am not aware that an increase happens every year and I would be grateful if you could point me in the direction of the relevant section of the lease that states this. The ground rent has been at £10 per year since I became a leaseholder and the service charge has been between £900 and £1,100 since then as well – see below.

	Actual	Actual	Actual	Actual	Estimated
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Service Charge	£ 926.68	£ 1,024.23	£ 1,050.73	£ 988.30	£ 1,086.60
Ground Rent	£ 10.00	£ 10.00	£ 10.00	£ 10.00	£ 10.00

Thank you for sending the link to the reports on the website. I have reviewed the reports on the website and I do have concerns around the percentage increases given that these are related to inflation, which has been incredibly high recently. Given the rise in utility bills, council tax and food prices, I think that a cap would be beneficial as then residents would at least have some form certainty around what the increase could be.

I am particularly concerned around the 13.6% increase proposed for the service charge. Has any consideration been given to whether another service provider could be found that could provide better value for money?

Is the idea that these percentage increases would apply on yearly basis going forward for the rent and service charge? Cumulatively, these increase in costs could make being resident in Brockley very difficult.

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As per my previous email, is it possible to get a copy of the minutes of the Zoom meeting that took place on 5th December?

Response: *The PFI Contract is a 20-year term contract and as such there is no provision within the Contract that would permit the Council to change service providers during the term of the Contract unless there were legal grounds to do so.*

Each year all Councils and their Housing Providers will propose rent and service charge increase in line with inflation. Rents need to increase to ensure the Council's can balance their Housing Revenue Accounts (HRA) and continue to meet the investment needed to maintain the housing stock. Service Charges also need to increase to ensure Councils recover the full cost of delivering services. So this is not unique to Lewisham Council.

In determining rent increases the Council must follow the Government's policy and rent calculations formula which allows for rents to be increased by CPI+1% each year. Applying the formula this year would have seen 2023/24 rent increases rise by 11.1%. However due to the current cost of living crisis and high inflation rises, the Government ordered all Council's to cap the rent increase for 2023/24 at a maximum increase of 7%, which is what Lewisham Council proposed.

Service charges are based on past expenditure, which has then been uplifted by RPI +1. Each year the service charge expenditure is audited independently and the actual cost of the services recharged to residents. These charges could be lower or higher than the estimates depending on actual expenditure incurred by RB3.

The rent and service charge increase proposals take place annually and are based on the inflation rates applicable at that time, so increase will vary from year to year.

A copy of the minutes of the zoom meeting are attached as an appendix to the main report.

All leases clearly state that leaseholders must pay for services delivered. Lewisham Council in line with other Council's undertake a review of its rent and service charges on an annual basis.

2) Resident Feedback/Query

Where Lewisham Council and their contractors are refusing to communicate with residents this cannot be considered a consultation process.

I pointed this out at the meeting on December 5.

I also said I'm waiting for a response from Lewisham Council to questions from the Residents Panel of 17 December 2019. I insisted Lewisham contacted me. I have not yet heard from them. They must do this.

I was told Councillor Stephen Penfold was present. I pointed out I have spoken to him. He had taken my email address and said he'd get back to me but didn't. He said

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he'd never had any contact with me. I pointed out he was wrong to say that. I have not heard from him yet.

Lewisham Council councillors and officials and contractors must start responding to residents to prevent fraud and further "Appalling and Substandard work". The consultation process can then start.

Response:

Please accept our apologies if we said we would contact you following the 2019 residents meeting and have failed to do so. The 2019 resident, rent and service charge meeting took place in person and Council officers were in attendance. We are discussing the format for ongoing resident engagement meetings with RB3 currently and so will then invite residents to meet with us and raise any outstanding issues.

Additionally, Cllr Penfold provided his contact details for those attending the zoom meeting on 5th December and invited residents to contact him.

The Council and its Contractor RegenterB3 are keen to engage and communicate effectively with residents and this has been demonstrated by the attendance of officers at resident meetings.

We are happy to listen to resident's views and proposals on how the consultation and engagement process with resident's can be improved. We have concerns that the current methods used are not effective and does not ensure that our communication processes are inclusive of all residents. We are currently in discussions with RegenterB3 in relation to this matter and plan to set up and hold a series of drop-in sessions, where residents can attend and be given the opportunity to raise their concerns and suggest ways in which service delivery and communications can be improved. We are keen to work with residents to ensure the services delivered are effective and meet the needs and requirement of all residents.

We will be in contact with residents shortly to provide further details of when these drop-in-sessions will take place and how residents can access them.

3) Resident Feedback/Query - Brockley Service Charge Report 2023-24

- 1.2 – May Pinnacle confirm that this report and relevant documents was sent to all (700?) Brockley Resident Panels members at least a week before the meeting?
 - If the documents were not sent to all Panel members may Pinnacle confirm that it made ALL residents and panel members aware of that the documents were posted online?
 - How did Pinnacle ensure that residents / panel members without internet and email access received the information in time before the meeting.

Response:

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There are 1830 properties in the Brockley PFI area which RB3 manage on behalf of the Council.

All households who have provided their phone number or email address were contacted, given details about the zoom meeting and informed about the purpose of the meeting.

Posters advising residents about the zoom meeting were put up in all purpose-built blocks.

- 1.2 – Is the 1% discretionary or part of the “uplift under RegenterB3 contract”? It has been applied for all years.

Response:

The Contract the Council has with RegenterB3 states that annual increase will be calculated using RPIX (Retail Price Index excluding mortgage interest payments) and has no discretion to change that. RegenterB3’s contract states that they should attempt to achieve full cost recover for the services they provide. Because the contract is being inflated by RPIX then the service charge increase proposals must therefore reflect the contract increase, to ensure the Council maintain full cost recovery.

RPI is lower than RPIX, so using RPI alone would not recover costs so the Council agrees that RegenterB3 use RPI+1% to ensure there is no gap between the inflationary rise in the Contract and resident service charge recovery.

Service charges are based on past expenditure, which has then been uplifted by RPI +1. Each year the service charge expenditure is audited independently, and the actual cost of the services recharged to residents. These charges could be lower or higher than the estimates depending on actual expenditure incurred by RB3.

- 2 Policy Context – This huge increase (13.6%) in service charges will be detrimental to Corporate Strategy Objectives and may mean that a decent home is not secure or affordable and may lead to an increase in homelessness.

Response:

The 13.6% proposed increase would result in an average increase in overall service charges of £2.19pw for leaseholders and £0.93 for tenants.

Tenants in receipt of Housing Benefit will automatically receive an increase to cover the new costs.

RegenterB3 will be happy to assist residents with financial advice and guidance. Pinnacle have a dedicated welfare advice officer who will be available to meet with both tenants and leaseholders.

In addition to the in-house welfare adviser, Pinnacle have access to support for Lewisham residents in the form of Intensive Housing Advice and Support Service (IHASS). Pinnacle have already made referrals to this service and will continue to monitor the outcomes.

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Pinnacle can sign-post tenants to online resources including Step Change dept advice, National debt line as well as making sure tenants are aware of how to access local and government schemes and initiatives such as Council Tax discretionary household funds, energy discounts and DWP cost of living payments.

Pinnacle will set up and run monthly rent and welfare surgeries. These will commence end of January and tenants will be able to prebook appointments with officers.

Pinnacle's in-house Welfare adviser will be conducting Energy workshops across the PFI area in the next few months providing advice on energy bills, discounts and sharing saving tips.

- 2.3 – This paragraph refers to ensuring that tenants do not subsidise leaseholders but does not state the mechanisms in place to ensure that leaseholders do not subsidise tenants, the Council or are exploited by Pinnacle. Please state the mechanisms to ensure this.

Response:

Service charges are based on past expenditure, which has then been uplifted by RPI +1. Each year the service charge expenditure is audited independently, and the actual cost of the services recharged to residents. These charges could be lower or higher than the estimates depending on actual expenditure incurred by RB3.

Costs for delivering the various services will vary depending on the type and size of the property and block. Once the overall costs for each service element is known it is divided equally over the number of units in a particular block. This process ensures that residents regardless of whether they are leaseholders or tenants receive the same charge for the service provided.

- 5.3 – the key principles for setting service charges do not refer to the levels of profits made by contractors. Why is this not a key principle?
 - How much profit did RegneterB3 contractors make in 2021-22? Without knowing this how can Lewisham Council and residents test if the contract delivers value for money?
 - The report does not stipulate or define value for money and how it is measured. What economic, efficiency, effectiveness and equity indicators are used to measure value for money?

Response:

Service charges are independently audited and the actual costs of the services recharged to residents, therefore, due to full cost recovery, Regenter B3 will not make a profit from the service charges.

The principles relating to the setting of service charges are that they;

- *The charge should be fair and be no more or less than the cost of providing the service*
- *The charge can be easily explained*

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- *The charge represents value for money*
 - *The charging basis allocates costs fairly amongst those receiving the service*
 - *The charge to all residents living in a block will be the same*
-
- 6.2 Leasehold Service Charges – Please provide the details to explain the massive difference between street properties (£86.22) and for blocks (£183.05)? Normally you would expect economies of scale reflecting more people living in blocks so costs are lower. Are the costs for blocks much higher due to ongoing neglect by service providers leading to more complaints?
 - Are the management charges for resident engagement and customer service the same for tenants and leaseholders in street properties and blocks? If not please explain why?

Response:

Street properties are charged a lesser amount for the management fee due to the fact they receive less services than the flats in blocks. Overall leasehold delivery costs and leasehold administration costs are considerably higher for blocks than they are for street properties and this is reflected in the different costs applied.

- 6.3
- Resident Involvement – Please explain what this includes and provide a breakdown of unit costs?
- Customer Services – Please explain what this includes and provide a breakdown of unit costs?
- General repairs and technical repairs – please define and explain the differences.
- Management fee – Please explain what this includes and provide a breakdown of unit costs?

Response:

Resident Involvement - this relates to the cost of providing various residents engagement activities and events. The cost is shared equally over all properties managed by RegenterB3

Customer Service - leaseholders alongside tenants are able to use facilities provided in the housing office and have access to customer services staff who are available to assist with leasehold queries and offer advice. We appreciate that leaseholders are less likely to make use of this service and this is reflected in the service charge

Management Fee - this included the cost of services provided through leasehold casework and other leasehold administration. The charge includes a proportion of staff costs, service charge audit costs and other overhead costs such as IT systems, office accommodation, HR, finance and accounting services.

General repairs – cost of carrying out day-to-day repairs and maintenance works to the structure and shared parts of your building and estate

Technical Repairs and Services - This charge included the maintenance and upkeep of water storage tanks, lightening conductors, aerials, fire safety checks and maintenance of fire safety equipment.

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- 8.3 – As per the above, at this stage not enough clear and defined information has been provided to ALL residents to explain the variations.

Response:

Noted. It has been agreed that RegenterB3 will provide more detailed information and explanation on the various service charge headings going forwards.

- 8.4 – Is this supposed to be 2023-24?

Response:

Apologies it should read 2023/24

- 9 – Crime and disorder implications
 - Please confirm what this refers to? Does it mean that RegenterB3 contractors are not responsible for dealing with the impacts of crime and anti-social behaviour in the blocks they manage?
 - A huge price increase may lead to frustration and strains on families which may lead to crime and disorder implications. Why was this not considered?

Response:

The Crime and disorder implications form part of every report produced in the Council, along with financial and legal implications. If it is felt that there will be no such implications because of the proposals, then none will be listed.

RegenterB3 contractors are responsible for dealing with all aspect of crime and ASB that occur in the blocks they manage.

- 10 Equalities Implications – Why is Lewisham Council 20 years behind some third world countries on ensuring equality and equity in housing provision? Different residents have different needs. If you provided size 10 shoes to all children in a class that does not mean you have equally met their needs because some shoes may be too big/small so may only benefit some residents. What steps has Lewisham Council taken to ensure that the needs of the most vulnerable are met by this contract?

Response:

Lewisham Council and its contractors take equalities and supporting our vulnerable residents very seriously. Social housing is a tenure type reserved for those households who are on lower incomes. There is a likelihood that they may be in receipt of housing benefit or universal credit to support their ability to pay their rent and service charges.

Where residents may struggle with the increased charges, Regenter B3 offer in depth budgeting and financial support, which is available for all residents regardless of their arrears level.

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Revenues raised as a consequence of the rent changes to HRA tenants will be retained within the Housing Revenue Account. This will be used to run the service and deliver future improvement programmes and stock investment to benefit our residents.

Residents of Lewisham's housing stock represent a wide range of protected characteristics. Whilst these changes will have the same broad impact on all affected groups, any re-investment as noted above, means that those affected will continue to receive the expected level of service and benefit from future investment programmes.

- 11 Environmental Implications – Why were no implications considered? There are implications.

Response:

It was felt there were no specific environmental implications as result of this report, so none were added.

- 12.1 – The customer service provision by Pinnacle has been poor for many years so the charges are not fair. How will the council ensure that the quality of customer service provision is improved?

Response:

The Council and RegenterB3 are aware of the concerns and issued being raised by residents especially in relation to customer service delivery and we will be working closely to identify what the specific issues are and put in place improvement measures.

Will we shortly be holding a number of joint drop-in-sessions which residents can attend to raise issues and provide their views on currently service delivery and any improvements they would like to see going forward.

4) Resident Feedback/Query - Lewisham Council Dwelling Rents 2023/24

- a) 1 – The document states “residents are invited to consider this report” but as the Council knows from previous years, this document and the others have not been sent to all residents. There is uncertainty if Pinnacle sent the document or made it available to a panel members let alone all residents.

Response:

The Rent and Service charge documents were uploaded on the Brockley web site and those residents that Pinnacle had phone numbers and email addresses for were informed of the zoom meeting taking place on 5th December 2022.

- b) 2.1 – What are the sources for these figures? Do they refer to Lewisham Council income or national?

Response:

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The figures refer to Lewisham Council only, based on stock held within its HRA and includes all management providers.

- c) 2.9 states no direct efficiencies/savings are currently being considered. The Brockley Service Charge Report 2023-24 Para 5.3 states that one of the key principles for setting service charges is value for money. Is the Council confirming that Value for Money is not a key principle and no efforts will be made to improve the quality or quantity of services or to make any efforts to reduce costs for the same services?
- a. The Council had a similar line for the 2022/23 charge increases. Please may the Council confirm what opportunities for cost reductions and efficiencies it identified and implemented for 2021/22 and 2022/23? Or is this just another generic Council line without any substance?

Response:

Efficiencies were identified relating to stock loss in 2021/22 and 2022/23 and will be looked at again for 2023/24 once details of stock loss through RTB and other decants are confirmed.

- d) 2.8 Garage rents – the focus of this paragraph is raising income for the council. Please state how this aligns to Pinnacle’s objectives for raising charges? Why don’t the objectives of the RegenterB3 contract align to the Councils?
- a. The charge should be fair and be no more or less than the cost of providing the service
 - b. The charge can be easily explained
 - c. The charge represents value for money
 - d. The charging basis allocates costs fairly amongst those receiving the service
 - e. The charge to all residents living in a block will be the same

Response:

In principle the objectives of the RegenterB3 contract do align with those of the Council as listed above. Service charges are independently audited each year to ensure they are fair and reflect the true cost of providing the services. This in turn assures value for money.

Costs for delivering the various services will vary depending on the type and size of the property and block. Once the overall costs for each service element is known it is divided equally over the number of units in a particular block. This process ensures that residents regardless of whether they are leaseholders or tenants receive the same charge for the service provided.

The charges do align to the principles outlined above.

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However, considering the high cost of inflation for materials and labour, we have to set charges which reflect value for money as well as costs incurred.

- e) 3 – How does raising charges help deliver Council objectives?
 - a. If Lewisham Council states there are no direct efficiencies or savings and there are no value for money indicators to assess effectiveness how does the Council measure that quality of homes has been improved?
 - b. How does increasing charges strengthen communities and embrace diversity? What baselines does the Council use to measure success / failure? What were the results from last year?

Response:

Raising rents help to deliver the Council objectives, and the objectives of the Housing Strategy, which are listed in the report. Rents collected from residents represent income to the Housing Revenue Account (HRA). The main forms of expenditure from the HRA include major repairs costs for works to make improvements to properties and blocks, and ongoing repairs and maintenance works to ensure properties remain in a good state of repair and are comfortable for residents. Management costs are a further expenditure to the HRA and fund officers employed to support residents and provide resident involvement and engagement activities for example. The rent rises have been capped at 7% and as detailed in the report. this will result in a loss to the HRA. Should the council have proposed a lower rent increase, the losses to the HRA would be even greater, leaving fewer funds available to complete these essential works and activities.

Specifically relating to the PFI contract, the council measures the quality of homes through the monthly reports provided by RB3 and the numbers of properties meeting the availability standards, as set out in the contract. RB3 also report against a range of KPIs, as required by the contract and these are monitored closely. As well as the day to day repairs service provision, the Contractor is required to provide an annual lifecycle programme of major works and planned maintenance to the stock.

As set out above, the HRA funds officers to undertake community and resident involvement work and activities.

- f) 5 Efficiencies and savings proposals for 2023/24 – This contradicts the generic para 2.9.
 - a. Why is it 'prudent' to develop a model without savings identified? It's the opposite of prudent and suggests value for money was an afterthought and the Council would set its own meaningless indicators to mark its own homework.

Response:

It is our standard business practice that you do not put savings into any financial model before you identify where they should be taken from. The business plan does have built in efficiencies in terms of stock through stock sales and demolitions.

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Efficiencies will have to be identified by Lewisham Homes and RB3. As the business plan is developed, then the savings will be brought in when they speak to the housing management providers.

There is a risk that identifying savings or efficiencies before these discussions have taken place will result in unachievable targets and the plan having to be revised.

5) Resident Feedback/Query - Inclusive Regeneration Estates Team Report (garage)

- a) 3 – How does raising garage rents help to build an inclusive local economy and make Lewisham greener? The actions will not help to deliver the objectives.
- Some residents may have garages for personal and not business purposes so there is no impact on the local economy.
 - What are the green links? Most cars will not be electric. Will the Council prioritise electric cars for garage use?

Response:

The increased income raised from the garage portfolio is used to help achieve the Council's Corporate Strategic Objectives, which includes the above aims.

- b) 9 – This section states that there are no specific (positive or negative) environmental considerations but the Council's objective is to make Lewisham Greener. Again the proposal does not match reality, objectives or the strategy.

I appreciate your intention of inviting feedback on the increase in service charges for 2023/4 and that at least some attempt has been made at having different engagement methods.

Response:

This observation has been noted

6) Resident feedback

Given more time, we would have liked to also include specific results/actions required that we'd like to see alongside each of the comments which get submitted – i.e. lead you in the right direction. It was disappointing that Fenella Beckman (Director of Housing at the Council) just made vanilla responses with no actions in her reply letter last year.

There are other issues which seriously affected/effect resident's ability to respond, such as actively getting residents involved in these meetings, discussions and feedback, by reaching out and not depriving them or depending on a few residents to pass the information on because Regenter don't. Regenter can and should do far more. It wasn't in the Bugle. It wasn't mentioned at the last meeting. You were asked for an agenda but never provided one. It only went up on the Website much later and with far too short notice and as the Website is known to be months or years out of

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date, no-one would expect to see it or know where to find it. Notices on some blocks went up far too late and likely only in response to Facebook or some residents pressurising Regenter which occurred immediately beforehand. This year, it was a clever way to add a few last-minute items that could then be claimed to be improvements, when in fact nothing had changed except the response to pressure from residents last minute, and it seems the Council have bought it. The Council are in no way checking or verifying Regenter's obligations or year on year improvements on this, they are just accepting what is said by the Regenter propaganda machine.

Fenella Beckman's response last year to significant concerns was also shocking, dismissive, belittling and highly suspicious and seems to be again this year. I refer to the documented aspects of last year's closed meeting – a short notice system of highly limited discussion on rent, service charges and garage price increase. It lacked so much communication and outreach and invitation, despite being for all residents. Regenter first invited the Chair and Vice Chair to form a panel, then refused to allow a panel to attend, then created/invited their own and refused to disclose even who they were – with the Panel Chair! This was also mentioned in the meeting for which Fenella and other Council reps attended but remained silent, during and after. After more pressure, Regenter then agreed to provide time for residents to meet, discuss and create feedback and this was minuted. This was also rejected and the Chair had to complain to Fenella Beckman who accepted the document, but I am not sure if she took any action or said anything to Regenter. I would appreciate confirmation of any reprimand, sanction or other action taken against Regenter for this open and outrageous treatment and deprivation to residents. The extent and audacity clearly show a deliberate attempt to stop feedback. The only response to this concern I got from Fenella was that... it should be better next year. I would like to see her give this pipsqueak of a response if in the presence of critics, residents, councillors and MPs, following all the shameful lead up just mentioned. I think this is a huge elephant in the room and I am calling it out, not least as Fenella Beckman tried a similar tactic in supporting Regenter at this year's meeting. She declared that this year's communication and outreach and notice was much improved. It was not, though under duress from caring residents, a number of points/omissions were made and (coincidentally) immediately responded to. Any progress from last year was not voluntary or from their own choice or ideas, but being dragged from pressure from residents... again. Regenter are still not engaging with residents, not listening to residents, not actively or voluntarily reaching out, missing huge opportunities that have been raised many times and at meetings to progress, but never taken up.

It is hard to know where to take resident concerns when the most senior housing representative in the Council is impotent and at one with an organisation she should be looking at critically, listening to residents about and holding them (Regenter) to account, wielding some authority/incentives, without which, nothing is likely to improve.

<https://www.insidehousing.co.uk/news/news/a-third-of-social-housing-residents-struggling-with-debt-survey-finds-79328>

In this recent report, debt has skyrocketed in the last six months. Based on the number of residents Regenter have, hundreds and as many as 1,000 are in serious debt and struggling to pay their landlords and energy bills.

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Response:

This observation has been noted

7) Resident Feedback/Query

I am sorry I could not attend either the virtual or in person meetings but it became impossible due to other commitments.

I will point out that neither of my comments below were 'about' the smoke alarms, my point was very clear, it was about performance and I simply used two good examples of the complete an utter shambles that RB3 and Pinnacle have overseen. That you chose to concentrate on the words 'smoke alarm' at the expense of answering the actual claim says everything about every interaction I have had with your office, wilful avoidance of anything that might incur a degree of responsibility or humility.

My point about the layout of the charges was very simple, I don't pay weekly and I don't pay half the charges, send me a letter which is relevant to my charges so that I can comment with some degree of understanding rather than just guessing..... basically write better letters.

The letter says that customer engagement is a new charge, if you have been charging it for some time then why say its new, its not me who is confusing here.... basically write better letters.

Glad to hear the council will be seeing and judging the comments.

Response:

The Service Charge increase report is a generic report that sets out the overall average increase for all residents. We cannot consult on individual charges.

When you receive your estimated charge account for 2023/24, it will be specific to your property and will only list those services which you receive.

Apologies for the use of the use of the word 'new charge' in relation to customer engagement as we confirm it is not a new charge as you have correctly pointed out.

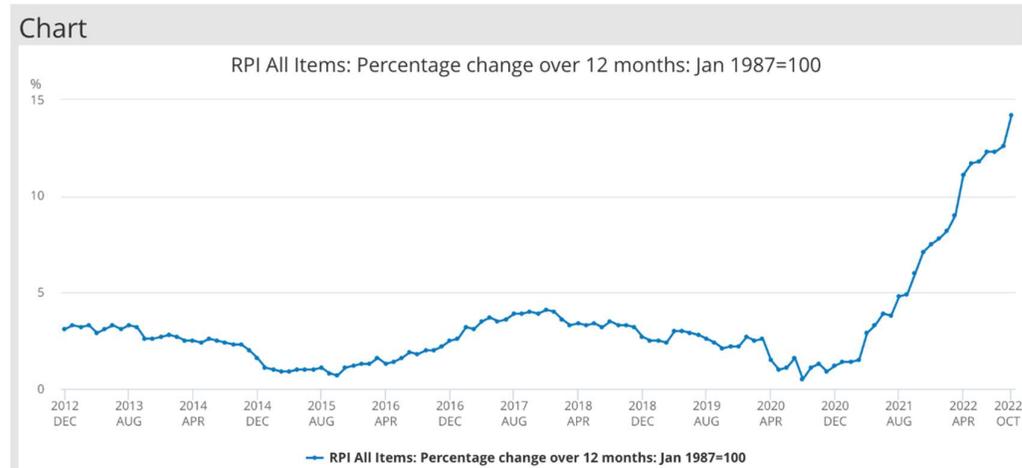
8) Resident Feedback/Query

- a) 1.2 The service charges increased should be in line with a 5-year average. The years following, Brexit and COVID-19, including a war in Ukraine have resulted in a cost-of-living crisis, and the fastest rise in inflation in decades and increasingly rising interest rates. Using a snapshot of using the September 2022 RPI (Retail Price Index) of 12.6% plus 1% (uplift under RegenterB3 contract) making a total increase of 13.6% is unethical. Should the RPI fall next year the increases will be added to an already inflated service charge.

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Below is a chart from the Office for National Statistics (ONS)

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23>



This shows the RPI over the last 10 years. The average is clearly below 5%. Using any percentage increase based on any measure over the last 12 months is not only misleading but applying this percentage increase to the actual cost of each service element of the 2021/2022 figures is opportunistic.

This percentage increase is also higher than “the Consumer Prices Index including owner occupiers’ housing costs (CPIH) [which] rose by 8.8% in the 12 months to September 2022”. Source: ONS

Response:

The authority is contractually bound to use annual index increases and cannot use an average or a smoothed average over a number of years.

- b) 2.1.1 Yew House in particular, has had many anti-social issues, including theft, fire and drugs. Pinnacle have failed for many years to make residents feel secure and these increases will certainly not be affordable. The residents have complained about these issues for years and the quality of service has been unsatisfactory.

Response:

RegenterB3 and the Council are aware of the ASB issues that affected Yew House residents. Pinnacle, the Housing Management Contractor worked very closely with the Council’s Crime and Enforcement Team and the Police to resolve the issues.

There have been no further reports of ASB from residents of the block for the past 8 months. Pinnacle will continue to monitor the situation closely and will respond immediately should further ASB incidents arise.

9) Resident Feedback/Query

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In terms of the service charge increases I don't feel that its fair that its so much more than the % increase in the rent. I feel it should be the same and equal to the rent increases. I understand that you have put the maximum increase of 7% to the rents and stated it will be 13% increase on the service charge.

I am letting you know my views on this matter and feel it should be the same increase.

Leases holders are already having to find the cost of the fire door, the works that have taken place plus the cost of pram shed fire doors.

I feel you need to relook at the plan again.

Response:

This observation has been noted

10)Resident Feedback/Query

I saw the notice in Conifer House regarding the above meetings this weekend and I wanted to drop you a note.

The notice is the first I have heard of any proposed service charge and rent increases and I am very concerned that this is how it was communicated to residents and the incredibly short notice we were provided of the meetings (the meeting is due to take place on 5 December and the notice only went up on Friday 2 December in Conifer House). It makes it difficult for those of us who work or have childcare commitments to be able to make the meetings. I also find it concerning that we have not been given any prior details of what these proposed changes are ahead of the meeting.

Due to other commitments I am unable to make the zoom meeting but I would like to request a copy of the minutes. Please could you also provide me with further details of what these proposed changes are and any further opportunities there will be to provide you with feedback on this?

Please could I also request that any further communications regarding any changes to the service charge or ground rent are provided by way of letter or email to ensure all residents get a copy and that we are given more notice of meetings or to provide input/feedback?

Response:

We aim to give residents as much notice of meetings as possible.

All properties which have provided their phone number or email address were contacted, given details about the Zoom meeting and informed about the purpose of the meeting.

Posters advising residents about the Zoom meeting were put up in all purpose-built blocks.

The minutes of the meeting held on 5th December are included as part of the pack of information included within the report and the appendices. Full details of the proposed changes are included within the appendices. Residents were invited to

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submit any further comments for consideration by 14th December, as you have done so.

The comments regarding notice of the meeting have been noted.

11) Resident Feedback/Query:

I appreciate your intention of inviting feedback on the increase in service charges for 2023/4 and that at least some attempt has been made at having different engagement methods.

Pay increases (even if in line with inflation) is wrong when you are a service provider whilst there is a cost of living crisis happening. I imagine most of your residents, in the diverse jobs they are in, aren't getting any pay increases in line with inflation. There should really be a freeze on pay increases for Regenter and new figures given. You cannot pass on that cost to your service users.

However, my concern is the frequent comments on the call on the 5th of December that, "although comments are welcomed, nothing can be done to change this decision".

Therefore, all my questions/comments are to be able to request more detail and context on charges, the process for any future increases and zooming out to the bigger picture:

- a) Could you confirm the difference between Regenter/Pinnacle/Rydon and what their responsibilities are with regard to services provided to residents?

Response:

All PFI contracts have a Special Purpose Vehicle (SPV). The Brockley SPV is called RegenterB3. The PFI contract is held directly between the Council and the SPV, RegenterB3, so ultimate responsibility for delivering against the contract rests with RegenterB3.

RegenterB3 in turn sub-contract to Pinnacle and Rydon. Pinnacle are responsible for delivering the housing management services, including all elements of tenancy management and resident engagement. Rydon are the repair and maintenance sub-contractor who deliver the day-to-day repairs service, planned maintenance, lifecycle and other major works programmes. It is the responsibility of RegenterB3 to ensure their sub-contractors deliver the services they are responsible for in accordance with the terms of the PFI contract.

- b) The constant feedback and messaging from residents is that the quality of service is pretty dire and so many residents have been providing negative feedback on service. If the service charge is being increased, surely a minimum level of quality assurance can be guaranteed or at least held to account alongside that. Please can you confirm the 1) official routes to provide feedback to Regenter and 2) the process Pinnacle has in place to manage actions on that feedback against the SLA with Regenter (i.e., Quality Assurance)?

Response:

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All feedback received from the rent and service charge increase proposal sessions and by other means of communication have been included in the report which was presented to Housing Scrutiny Group in January and will be presented to Mayor and Cabinet in February 2023 for consideration. The Council has committed to responding to all the queries raised by residents.

The Council and RegenterB3 are concerned about the current level of dissatisfaction being raised by residents around lack of effective communication and reported failings in service delivery. Both parties will be working closely to better understand what the issues are and put in place measures to improve overall service delivery.

c) What Quality Assurance metrics are already in place?

Response:

The PFI contract held between the Council and RegenterB3 has numerous quality assurance metrics built in to ensure services are delivered in accordance with the terms of the contract and which meet the standards required. Similar assurance metrics are included in the contracts RegenterB3 holds with its sub-contractors Pinnacle and Rydon.

Failure to deliver services to the standard required and determined by the Contract can result in financial penalties being levied by the Council against RegenterB3.

Properties must always comply with pre-determined 'availability standards'. The contract contains a full suite of monthly and annual key performance indicators (KPIs) which the contractor is measured against.

Quality checks are undertaken on a percentage of completed day to day repairs

Lifecycle works are quality checked prior to being signed off and paid

Stock condition surveys are undertaken by the Contractor and shared with the Council.

Estates Manager undertakes monthly audits of all soft FM services to ensure set targets are being achieved and standards maintained.

The Contractor provides an Annual report to the Council which will be presented to Housing Select Committee

Annual Resident's Survey

d) & to follow on from that, we need visibility on the collective resident feedback as well as actions taken by Regenter to provide a quality service from now on. What is the best way to address this on an annual basis?

Response:

This document represents the collective feedback from residents and the responses provided will be shared with all residents.

We are currently working with RegenterB3 to identify more effective and meaningful ways of engaging with residents. The aim will be to give as many residents as possible the opportunity to have an input into service delivery. We want to hear directly from residents about what their concerns are. This will give us a better understanding of the issues so we can focus on addressing them and improving the overall service going forward.

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- e) Please can you also therefore share any recent examples of when Regenter have addressed any feedback by improving their services for Pinnacle Lewisham residents?

Response:

RegenterB3 always welcome feedback from residents and where appropriate will act on this feedback to shape and improve the services they deliver.

RegenterB3 have recently reviewed several their processes in relation to their handling of damp, mould and disrepair cases. Additional quality checks for repairs and lifecycle works have also been introduced.

Changes have been made to how tenancy audit checks are undertaken, with officers now undertaking more home visits and engaging with tenants in their properties. Whilst there, officers are also checking for outstanding and previously unreported repairs.

New welfare and financial advice services have been introduced in direct response to increases demand.

Improvements have been made to the resident engagement service. Pinnacle have a dedicated resident engagement officer whose role it is to encourage wider and more effective resident engagement through supporting existing Tenant & Resident Associations (TRAs) and encouraging and assisting residents to set up and run new TRAs.

- f) What happens when Regenter continually fail Quality Assurance or to deliver against the SLA? Is that a breach of contract?

Response:

Under the terms of the PFI contract, RB3 must fulfil all their service delivery obligations and failure to do so can result in financial penalties being levied on RB3 by the Council. The Contract also allows for the serving of breach notices if required.

RegenterB3 can also impose financial and other penalties on their sub-contractors Pinnacle and Rydon for any failing in service delivery under the terms of their contracts.

- g) When did RB3's Annual report last go before the housing select committee in open session? For the last two years it seems to have been provided as an "information only" briefing that was not published in the papers- whereas Lewisham Homes report was discussed in open session.

Response:

In recent years RB3 have not been required to present their Annual Report to Housing Scrutiny Committee in person. This is now currently under review by the Council and going forward it is likely that RB3 will be required to present their annual report to the Committee.

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- h) If we are unable to bring down the service charge increase, are we able to remove lines of work that can be agreed with the building to be removed from service charges? (for e.g. bulk waste removal?) In other words, are there any ways we can manage unnecessary costs to balance out the increase in service charge for residents?

Response:

Residents are only charged for the services they receive. Bulk waste collection and disposal charges are applicable to all residents living on estates regardless of whether they personally make use of this service. A financial audit of all service charges is conducted annually to ensure the costs of the service delivery is accurate and that residents are only being charged the true cost of the services being provided.

- i) For any costs outside of the Estimated Service Charge at the start of the year, what is the process to green light this from residents? How are we able to ensure a long-term view is kept with any services completed? (for e.g., many residents have complained about low quality, quick work that therefore needs to be redone more often than if investment has been made for higher quality, greener, and longer lasting work, therefore adding value for money.)

Response:

RB3 operate a programme of planned maintenance and lifecycle works for all their managed stock to ensure value for money is being achieved. However, if individual repairs arise outside these work programmes, then they must ensure that these works are carried out under the terms of the Contract.

12) Resident Feedback/Query

The below comments refer to the paper "Leasehold and Tenant Charges Proposal" available here [PUBLIC ACCOUNTS COMMITTEE / MAYOR AND CABINET \(squarespace.com\)](https://www.squarespace.com)

- a) The increase of 13.6% on leasehold and tenant service charges appears to be based on an arbitrary formula (RPI + 1%) that is derived from a contract that Lewisham Council has signed with Regenter B3. There is no evidence provided in the paper that demonstrates that the cost to RB3 of providing these services to residents is going to increase by the rate 13.6%, and therefore there is no evidence to show that such an increase is justified. Instead, what it appears to show is that RB3 has a blank cheque to increase its charges to residents year on year at an above inflation rate, without ever being asked to evidence whether the costs of providing these services has increased at this rate.

Response:

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The PFI Contract uses RPIX as contract inflation and has no discretion to change that. RegenterB3's contract states that they should attempt to achieve full cost recover for the services they provide. Because the contract is being inflated by RPIX then the service charge increase proposals must therefore reflect the contract increase, to ensure the Council maintain full cost recovery.

RPI is lower than RPIX, so the Council have agreed that RegenterB3 use RPI+1% to try ensure there is no gap between the inflationary rise in the Contract and resident service charge recovery.

Every year RegenterB3 are required to undergo a full independent financial audit of their leaseholder service charge costs. Following the audit leaseholders estimated services charges could reduce or increase depending on the result of the audit. This ensure that regardless of what inflationary percentage increase is used, leaseholders will only ever be charged the actual cost of providing the services they receive.

It is not the case that year-on-year service charges continue to increase by RPI + 1% as they cost of the service deliver is audited each financial year and the amounts charged to leaseholders is amended accordingly to reflect actual delivery costs.

- b) There is no explanation of whether the Council has discretion to depart from this formula of RPI + 1% (a question that has been repeatedly asked by residents but still remains unanswered), given the very real pressures that households are facing during the current cost of living crisis, or what (if any) options the Council or RB3 have considered to impose a lower increase on residents this year, taking into account the fact that many will be facing rising mortgage payments and other increasing costs in the year ahead. Where is the evidence that RB3 have attempted to find any efficiency savings to offset this above inflation increase in the service charge? Has it even been asked to do this?

Response:

As previously responded, the Council does have discretion to depart from the RPI+1% applied as the Contract does not stipulate that services charges should be increase by this inflationary measure. As explained in the earlier response the PFI contract uses RPIX as its inflationary measure and the Council is obliged to use this. To ensure full cost recovery of service delivery costs RegenterB3 must apply RPI + 1% to ensure the Council achieves full cost recovery.

- c) What residents like myself find particularly difficult to accept is that our service charge is increasing by ever larger amounts year on year, yet there is no commitment or expectation that the services we receive will improve. How can this be justified?

Response:

Residents are only ever charged the actual cost of delivering the services they receive. The cost of delivering services is increasing, especially this year as a result of the huge increase in the cost of living.

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The overall costs to deliver contracts is also increasing due to a rise in cost of materials, fuel and staffing costs.

RegenterB3 are committed to providing residents with high quality services and are continually looking for ways to improve how it delivers its services in the most cost-effective way possible.

- d) Please explain the meaning of Para 12.2 of the paper. It states "The additional resources generated will relieve some of the current pressures within Housing Revenue Account and will contribute to the funding of the PFI contract which is contained within the authorities Housing Revenue Account." If the principle of the service charge is cost recovery, e.g. that residents should only pay for the cost of the services incurred, then what are the "additional resources" that this increase in the service charge is going to generate? Para 12.2 suggests that residents are somehow subsidising the costs of a PFI contract, and/or plugging a hole in the Housing Revenue Account - when in fact the service charge is exclusively going towards services like caretaking, grounds maintenance, etc. This must be explained further. Residents do not have a bottomless money pit to subsidise a PFI contract that the Council chose to enter. Are we being used to raise funds to pay for this contract?

Response:

This paragraph is trying to show that the additional income being generated by the increase to service charges will be used, along with rent increases and other council funding, to off-set increases in contract costs, and maintain full cost recovery as outlined in the report. It is not used to fund any HRA other part of the Councils HRA. Apologies that the paragraph was not clear.

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APPENDIX X3: Leasehold and Tenants Charges 2023/24 Brockley

Committee	Brockley Residents Panel		Item No	
Report Title	Leasehold and Tenant Charges Proposal			
Contributor	Regenter Brockley Operations Manager			
Class	Proposal	Date	11th November 2022	

1 Summary

- 1.1 The report sets out proposals to increase service charges to ensure full cost recovery in line with Lewisham Council's budget strategy.
- 1.2 The report requests Brockley Residents Panel members to consider the proposals to increase the service charges for Leasehold and tenanted properties who are receiving the same service in the same block. The service charges will be increased in line with the September 2022 RPI (Retail Price Index) of 12.6% plus 1% (uplift under RegenterB3 contract) making a total increase of 13.6%. This percentage will be applied to the actual cost of each service element of the 2021/2022 figures. These costs have been audited and the actual cost of each service arrived at.

2 Policy Context

- 2.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Corporate Strategy objectives;
 - 2.1.1 Tackling the housing crises – Everyone has a decent home that is secure and affordable.
- 2.2 The contents of this report support the achievement of the following Housing Strategy 2020-26 objectives;
 - 2.2.1 Preventing Homelessness and meeting housing need.
- 2.3 The Council's Housing Revenue Account is a ring-fenced revenue account. The account is required to contain only those charges directly related to the management of the Council's Housing stock. This requires that leaseholder charges reflect the true cost of maintaining their properties where the provision of their lease allows. This prevents the situation occurring where tenants are subsidising the cost of leaseholders who have purchased their properties or leaseholders subsidising tenants in the same block.

3. Recommendations

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3.1 The Brockley Residents Panel is requested to consider and comment on the proposals contained in this report and the feedback will be presented to Mayor and Cabinet as part of the wider rent setting report.

4. Purpose

4.1 The purpose of the report is to:

- outline the proposals for increases in service charges in line with the contract arrangements for leaseholders and tenants to recover costs incurred for providing these services

5. Housing Revenue Account Charges

5.1 There are several charges made to residents which are not covered through rents. These charges are principally:

- Leasehold Service Charges
- Tenant Service Charges

5.2 A service charge levy is applied to Tenants for caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning. Tenants also pay a Tenants Fund Levy which is passed onto the Tenants Fund as a grant.

5.3 The key principles that should be considered when setting service charges are that:

- The charge should be fair and be no more or less than the cost of providing the service
- The charge can be easily explained
- The charge represents value for money
- The charging basis allocates costs fairly amongst those receiving the service
- The charge to all residents living in a block will be the same

5.4 The principle of full cost recovery ensures that residents pay for services consumed and minimises any pressures in the Housing Revenue Account in providing these services. This is in line with the current budget strategy.

In the current economic environment, it must however be recognised that for some residents this may represent a significant financial strain. Those in receipt of housing benefit will receive housing benefit on increased service charges. Within Brockley PFI managed stock, there are approximately 177 tenants in receipt of Housing Benefits and 365 tenants in receipt of Universal Credit. Those not eligible to claim benefits are offered private consultation with income collection team and welfare advice officers to discuss any financial difficulties they may have. These facilities are also offered to all residents.

6. Analysis of full cost recovery

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6.1 The following section provides analysis on the impact on individuals of increasing charges to the level required to ensure full cost recovery. The tables indicate the overall level of increases.

6.2 Leasehold service charges

The basis of the leasehold management charge has been reviewed and externally audited this summer to reflect the actual cost of the service. The management charge now incorporates Resident Engagement and Customer Service charges which makes this combination £86.22 for street properties and £183.05 for blocks.

6.2.1 The following table sets out the current average weekly charge and the proposed increase for the current services provided by Regenter B3:

6.3 Leasehold service charges

Service	Leasehold No.	Actual Weekly Amount (End of Year 2021/2022)	Increase (13.6%)	weekly increase	New Weekly Amount at 13.6%
Caretaking	419	£3.35	13.60%	£0.46	£3.81
Grounds Maintenance	425	£1.93	13.60%	£0.26	£2.19
Communal Lighting	397	£0.12	13.60%	£0.02	£0.14
Bulk Waste	419	£1.29	13.60%	£0.18	£1.47
Window Cleaning	222	£0.02	13.60%	£0.00	£0.02
Resident Involvement	568	£0.25	13.60%	£0.03	£0.29
Customer Services	568	£0.41	13.60%	£0.06	£0.47
Ground Rent	568	£0.00	13.60%	£0.00	£0.00
General Repairs	568	£2.95	13.60%	£0.40	£3.35
Technical Repairs	401	£0.77	13.60%	£0.10	£0.87
Entry Phone	140	£0.14	13.60%	£0.02	£0.16
Lift	237	£1.59	13.60%	£0.22	£1.81
Management Fee	568	£3.23	13.60%	£0.44	£3.67
Total		£16.06			£18.25

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- 6.3.1 Tenant service charges were separated out from rent (unpooled) in 2003/04 and have been increased by inflation since then. RB3 took over the provision of the caretaking and grounds maintenance services in 2007/08. Both tenants and leaseholders pay caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning service charges.
- 6.3.2 In addition, tenants pay a contribution of £0.15pw to the Lewisham Tenants Fund. At present there are no plans to increase the Tenants Fund charges.
- 6.3.3 As outlined in this report, the principle to be applied to service charges is that full cost recovery should be maintained wherever possible. The service charge increase applied for 2023/24 will be set in November 2022 to be applied from 1st April 2023. Pinnacle review service charges on a regular basis to ensure they are appropriately set and will continue to do so.
- 6.3.4 The data in the table for tenants have been calculated to reflect the charge applied for inflation as allowed for within the contract at a rate of 13.6% (September 2022 RPI of 12.6% + 1.0%) Overall, charges are suggested to be increased by an average of 93pence per week which would move the current average weekly charge from £6.86 to £7.79.
- 6.3.5 The increases have also been applied to the tenant service charges and are shown in the table below

Service	Current Weekly Charge based on the Actuals for 2021/22	Increase (13.6%)	weekly increase	New Weekly Amount at 13.6%
Caretaking	£3.35	13.60%	0.46	£3.81
Grounds Maintenance	£1.93	13.60%	0.26	£2.19
Communal Lighting	£0.12	13.60%	0.02	£0.14
Bulk Waste	£1.29	13.60%	0.18	£1.47
Window Cleaning	£0.02	13.60%	0.00	£0.02

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Service	Current Weekly Charge based on the Actuals for 2021/22	Increase (13.6%)	weekly increase	New Weekly Amount at 13.6%
Tenants fund	0.15	13.60%	0.02	£0.17
Total	£6.86			£7.79

6.3.6 The RB3 Resident Panel is asked for their views on these charges from April 2023 to March 2024. Results of the discussion will be presented to Mayor and Cabinet for approval in December 2021.

7. Financial implications

The main financial implications are set out in the body of the report.

8. Legal implications

- 8.1. Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Authority must review rents from time to time and make such changes as circumstances require. Within this discretion there is no one lawful option and any reasonable option may be looked at. The consequences of each option must be explained fully so that Members understand the implications of their decisions.
- 8.2 Section 76 of the Local Government and Housing Act 1989 provides that local housing authorities are under a duty to prevent a debit balance in the HRA. Rents must therefore be set to avoid such a debit.
- 8.3 Section 103 of the Housing Act 1985 sets out the terms under which secure tenancies may be varied. This requires: -
- the Council to serve a Notice of Variation at least 4 weeks before the effective date.
 - the provision of enough information to explain the variation.
 - an opportunity for the tenant to serve a Notice to Quit terminating their tenancy.
- 8.4 The timetable for the consideration of the 2022/23 rent levels provides an adequate period to ensure that legislative requirements are met.

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8.5 Part III of Schedule 4 of the Local Government and Housing Act 1989 provides that where benefits or amenities arising out of the exercise of a Housing Authority's functions, are provided for persons housed by the authority, but are shared by the community, the authority shall make such contribution to their HRA from their other revenue accounts to properly reflect the community's share of the benefits or amenities.

8.6 Whereas an outcome of the rent setting process, there are to be significant changes in housing management practice or policy, further consultation may be required with the tenants affected in accordance with section 105 of the Housing Act 1985.

9. Crime and disorder implications

There are no specific crime and disorder implications in respect of this report paragraph.

10. Equalities implications

The general principle of ensuring that residents pay the same charge for the same service is promoting the principle that services are provided to residents in a fair and equal manner.

11. Environmental implications

There are no specific environmental implications in respect of this report.

12. Conclusion

12.1 Revising the level of charges ensures that the charges are fair, and residents are paying for the services they use.

12.2 The additional resources generated will relieve some of the current pressures within Housing Revenue Account and will contribute to the funding of the PFI contract which is contained within the authorities Housing Revenue Account.

12.3 Though the increased cost of living and the energy crisis has pushed the retail price index figures into double figures this year. The audit of actual costs once completed, will ensure that any necessary adjustments are undertaken to ensure full cost recovery.

If you require any further information on this report, please contact

Kenneth Gill
Area Manager
or
Sandra Simpson
Project Manager

Brockley.customerservice@pinnaclegroup.co.uk

Or on 0204 518 1447

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APPENDIX X4: Leasehold and Tenants Charges 2023/24 Lewisham Homes

Meeting	TRA Chairs Meeting	Item No.	x
Report Title	Service Charges 2023/24		
Report Of	Director of Finance and Technology - Rowann Limond		
Class	Information	Date	12 December 2022

1. Purpose of the Report

- 1.1 This report sets out proposals for resident's service charges in 2023/24 Residents are invited to comment on the proposals which will be fed back to the Mayor and Cabinet as part of the Council's budget setting process.

2. Recommendations

- 2.1 To consult residents on the service charge proposals and provide feedback to the Mayor and Cabinet.

3. Background of the Report

- 3.1 The Council's Housing Revenue Account is a ring-fenced account. The account can only contain those charges directly related to the management of the Council's housing stock. By implication leaseholders must be charged the true cost of maintaining their properties, where the provision of their lease allows. This prevents tenants subsidising the cost to leaseholders, who have purchased their properties.
- 3.2 Each year a review of the actual costs is undertaken as part of the budget setting process and recommendations made to the council in respect of proposed charges.
- 3.3 The 2023/24 service charges have been set against a backdrop of high inflation and a cost-of-living crisis. Service charges should be based on actual costs but following comparison against the 2021/22 actual costs it has been decided to cap the increase to the service charges at 7% as the increase would need to be significantly higher if the weekly charge was to recover the actual costs incurred.
- 3.4 It is acknowledged the current cost of living increase is significantly affecting Tenants and Leaseholders. Lewisham Homes empathises with all residents about the difficult choices that are having to be made and has done its very best to keep the proposed increase at an absolute minimum.
- 3.5 It is important to note the actual services charge costs incurred exceed the amount recovered. In future years it may be the policy to recover service charges closer to the actual costs incurred.

4. Tenant and Leasehold service charges 2023/24

- 4.1 The proposed 2023/24 charges as compared with 2022/23 are shown in Appendix 1
- 4.2 The proposed charges for 2023/24 have been aligned, as much as possible, to the 2021/22 actual service charges. Adjustments have been made where the actual costs include exceptional items and have caused a spike in the rolling average for

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these costs. This is particularly the case for caretaking, building repairs and maintenance.

- 4.3 The total proposed service charges have increased from £37.18 per week to £39.50, an increase of 7.0%. This increase has been driven by inflationary increases to costs. In particular there has been a 10% cost of living increase to caretaking staff costs, which has directly affected the costs of caretaking, grounds maintenance and sweeping,
- 4.4 There have been increases in transport costs due to increases in fuel. This has also contributed to cost increases across a number of service charge headings.
- 4.5 There has been a decrease in service charges for window cleaning and pest control due to costs for 2021/22 being lower than estimated.
- 4.6 A proposed increase in communal heating and communal lighting of £0.18 and £0.53 per week respectively is due to an increase in energy costs.

If you require further information on this report please contact Rowann Limond
(rowann.limond@lewishamhomes.org.uk)

Appendix 1

Existing Service	Tenant (T) / Leaseholders (LH)	2022/23		2023/24		Increase from 22/23
		Weekly Charge	Estimate 2022/23	Weekly Charge	Estimate 2023/24	
		£	£	£	£	%
Caretaking	T & LH	6.76	4,560,283.05	7.44	5,016,311.35	10%
Ground Maintenance	T & LH	2.20	1,870,031.07	2.20	1,870,031.07	0%
Repairs and Maintenance - Building	LH	3.28	854,174.95	3.51	913,967.19	7%
Repairs and Maintenance Technical	LH	1.13	273,415.53	1.25	300,757.08	10%
Lifts	LH	1.77	90,033.51	1.83	99,036.86	10%
Entry Phone	LH	0.51	34,452.63	0.76	51,678.95	50%
Block Pest Control	T & LH	2.10	197,112.86	1.75	164,238.00	-17%
Ground Rent	LH	0.19	50,550.00	0.20	54,088.50	7%
Sweeping	LH	1.08	220,016.84	1.26	235,418.02	7%
Management	LH	2.70	706,522.92	2.89	755,979.53	7%
Window Cleaning	T & LH	0.12	46,593.20	0.09	33,822.00	-27%
Bulky House Hold Waste Collection Service	T & LH	0.58	363,058.00	0.72	388,472.06	7%
Bulk Waste Disposal	T & LH	0.88	566,915.10	0.95	606,599.16	7%
Insurance	LH	1.14	300,237.58	1.22	321,254.21	7%
Total excluding energy charges		24.47	10,133,397.25	26.08	10,811,653.98	7%
Communal Lighting	T & LH	1.20	690,306.47	1.39	738,627.93	7%
Communal Heating and Hot Water	T & LH	11.50	880,462.96	12.04	921,238.50	5%
Total energy charges		12.71	1,570,769.43	13.43	1,659,866.43	6%
Grand Total		37.18	11,704,166.68	39.50	12,471,520.41	7%

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APPENDIX X5: Garage Rent Increase Report 2023/24

INCLUSIVE REGENERATION Estates Team Report		
Report Title	Rental Increases for Garages from April 2023 – Lewisham Homes and Regenter RB3	
Key Decision	Yes	Item No.
Contributors	Directorate of Housing, Regeneration and Public Realm	
Class		Date: November 2022

1. Purpose and Summary of the report

The purpose of this report is to advise the resident panel of the proposed increase in the rent paid by tenants for domestic garages owned by the Council for the next financial year. For the past few years, the garage rents have been increased in line with the Retail Prices Index, which currently stands at 12.6%. However, due to the current cost of living crisis and economic uncertainty, it has been decided to cap the increase at 10% for the next financial year.

2. Recommendation

It is recommended that the Council approves, in principle, an increase in rent for the garage portfolio of 10%, to be effective from April 2023. This increase is 2.6% less than the Retail Price Index for the current year.

Blue Badge holders will continue to receive a 50% deduction on the weekly rent.

3. Policy Context

The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objectives:

- Building an inclusive local economy – Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- Making Lewisham greener – Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.

4. Background

For the forthcoming financial year from April 2023 it is intended that the increase applied is capped at 10%, which is 2.6% less than the Retail Prices Index.

There are approximately 134 Council garage sites in the borough, comprising 182 garage blocks. There are 2,379 garages in total, which are split 2,011 to Lewisham Homes, 311 Brockley Regenter and 57 TMO's. The split between social tenants/ leaseholders and non-residential tenants is approximately 70%/30%

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The current waiting list for Lewisham Homes garages is 3,426 applicants.

A housing tenant with LB Lewisham pays the basic price for a garage (subject to any specific discounts agreed) and a non-housing tenant pays the basic price with the addition of 20% VAT. Blue Badge holders receive a 50% deduction on the weekly rent.

The application of a discount is entirely a discretionary decision on behalf of the Council; garages are not a core social dwelling provision and all could be charged at a higher level, although there is some logic in offering some abatement to housing customers to help mitigate parking issues and neighbourhood management problems.

The current average basic rent charge (before discounts) for the garage stock is £16.62 per week. The highest rent charged is £24.90 per week and the lowest is £6.15 per week. However, some garages are charged at less than the lowest rate per week. These are discounted rates (50% of the full charge) for tenants with blue badges.

5. Financial Implications

The current annual rent roll for the garage portfolio is £2.056M, based on a basic average standard charge of £16.62 per week per garage (i.e. before discounts are applied).

If the rents are increased by 10%, as proposed, in April 2023, the revised annual rent roll will increase to approximately £2.262M, or from £16.62 per week to £18.29 per week per garage, an uplift of £1.66 per week on average, and a total increase of approximately £191,000 on the annual rent roll, or £151,000 after blue badge holder discounts have been applied.

6. Legal Implications

The Council's duties in relation to the consultation of tenants on matters of housing management, as set-out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to consult with secure tenants regarding the proposed increase in charges. The Council still needs to act reasonably and the decision maker should therefore be satisfied that the increase is reasonable and justified. The general principle is that the Council should be seeking best value.

The Equality Act 2012 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

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The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- The essential guide to the public sector equality duty
- Meeting the equality duty in policy and decision-making
- Engagement and the equality duty
- Equality objectives and the equality duty
- Equality information and the equality duty

The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

7. Crime and Disorder Implications

There are no specific crime and disorder implications in this report. However, levels of voids could increase in the future if there is a lack of investment. Poorly maintained garages with high vacancy rates can in turn lead to increased levels of crime and anti-social behaviour.

8. Equalities Implications

The proposed 10% increase will be applied across the portfolio to residents and non-residents. Blue badge holders will continue to receive a 50% discount on the weekly rent as existing.

9. Environmental Implications

There are no specific environmental implications in this report.

10. Conclusion

The proposed rental increase is considered to reflect market rent and be sustainable, and will raise additional revenue from the portfolio of approximately £xxx191,000, or £151,000 net after blue badge discounts have been applied.

11. Further Information

If there are any queries on this report, please contact David Lee on mobile 07392 862107, david.lee@lewisham.gov.uk

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APPENDIX X6: Other Associated Housing Charges for 2023/24

Garage Rents

1. The detail of these charges and the changes are as set out in appendix 5. The proposals is for a 10.0% increase in charges which equates to an average increase of £1.66 per week.

Tenants Levy

2. As part of the budget and rent setting proposals for 2005/6, a sum of £0.13 per week was 'unpooled' from rent as a tenants service charge in respect of the Lewisham Tenants Fund. The current charge is £0.15pw.
3. No proposals have been put forward by Lewisham Tenants Fund (LTF) to vary this levy for 2022/23. Therefore the charge will remain at £0.15pw for 2022/23.

Hostel charges

4. Hostel accommodation charges are set based on current Government requirements and will increase by 7.00% (£2.63 per week).
5. Hostel service charges are set to achieve full cost recovery, following the implementation of self-financing. For 2023/24, the charge for Caretaking/management and Grounds Maintenance will increase by 6.31%. This will increase the average charge from £72.96 to £77.56 per unit per week.
6. In addition, the charge for Heat, Light & Power will be increased by 20% and move the average charge from £5.98pw to £7.17pw. Water charges will increase by 5% and will move the average charge from £0.20pw to £0.21pw. The charge for Council Tax will be based on the total recharged received from Council Tax section. All charges will be based on the total number of hostel units and is forecast to increase by 3% 2023/24.
7. Hostel residents were consulted on these proposals via individual letters. Officers also invited hostel residents to meet them to discuss the changes and how these may affect them. However, no comments or representations were received.

Linkline Charges

8. The delivery of the service to a 'full visiting service' to better reflect service need was implemented in 2018/19. The current annual charge to the HRA for 2022/23 is £435k. Current indications are that an inflationary increase of 2.0% will be applied for 2023/24, increasing the HRA charge by £9k (to £444k for

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2023/24). The current linkline charge to HRA residents is £6.26 per week, and does not fully recover the full charge applied to the HRA.

9. Consultation with HRA residents/current users of the service is due to be undertaken sometime in the New Year. The results of any consultation will be reported to Mayor and Cabinet. Consultation would need to be completed by mid-February 2023 to comply with the 28 day statutory notice of charge increases and allow increased charges to be applied from April 2023. However, if consultation is delayed, the charge increase can only be applied from April 2024. There are no proposals to increase the maintenance charge, which will remain at £0.94 per week.

Private Sector Leasing (PSL & PMA)

10. Rent income for properties used in the Private Sector Leasing (PSL) and Privately Managed Accommodation (PMA) scheme are General Fund resources. From April 2021, rents for homes let under these schemes will be charged at the applicable Local Housing Allowance (LHA) for private rented sector (PRA) properties. This will support the schemes to remain viable in the longer-term and reduce the General Fund subsidy that is presently required to keep them in operation.

Heating & Hot Water Charges

11. As part of last year's rent setting process the Mayor agreed to continue with the current formula methodology for calculating increases in Heating & Hot Water charges to tenants and leaseholders. This formula was originally approved by Mayor & Cabinet in December 2004.
12. The current charging methodology allows a limited inflationary price increase plus a maximum of £2 per week per property increase on the previous year's charge. Consumption levels are also updated and included in the formula calculation.
13. The existing corporate contract for the supply of electricity is let by the property services team with Crown Commercial Services; an Executive Agency of the Cabinet Office. The contract frameworks have been designed to comply with the findings of the Pan Government Energy Project, which recommends that all public sector organisations adopt aggregated, flexible and risk-managed energy procurement with public sector buying organisations.
14. The proposal for 2023/24 is for an increase of £0.54pw or 5.0%. This will move the current charge from £11.50pw to £12.04pw. This is based on the latest available unit rates and consumption data.

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15. The proposal for communal lighting is for an increase of 7.0% or £0.19 per week. This will move the current average charge from £1.20pw to £1.39pw. The increase is due to updated unit rates and consumption rates.

16. Officers will review the costs, actual energy usage and new contact prices in both 2022/23 and 2023/24 as part of the monitoring regime. Once the new long-term energy supply contracts are in place, recommendations for changes to charges will be brought forward as part of the 2024/25 budget process.

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APPENDIX Y1 2023/24 Budget Reductions – approved December 2020, February 2021, and 2 February 2022

Ref	Proposal	2022/23 £'000	2023/24 £'000	2024/25 £'000	TOTAL
Theme A - Productivity					
A-01	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	3,000	0	0	3,000
A-02	Hybrid roles - enforcement	50	50	0	100
A-03	Corporate Transport arrangements	150	50	0	200
A-04	Process automation in Revs and Bens	100	0	0	100
A-06	Revs and Bens - Generic roles	400	0	0	400
Total for Theme A - Productivity		3,700	100	100	3,800
Theme B – Joint working					
B-02	Strategic recharging	600	0	0	600
B-06	Cuts to the main grants programme	800	0	0	800
B-07	Review of Council run events	30	0	0	30
B-10	Reduction in local assemblies service	178	0	0	178
Total for Theme B – Joint working		1,608	0	0	1,608
Theme C – Service Reconfiguration					
C-02	Adult Learning and Day Opportunities	100	0	0	100
C-03	Reduction in the use of agency social workers.	215	0	0	215
C-07	Review Short breaks provision.	50	50	0	100
C-08	IT - mobile telephony review	10	10	0	20
C-10	Housing Services Review	300	0	0	300
C-17	Re-configuration of MH Supported Housing pay – Social Interest Group	150	0	0	150
C-28	Supported Housing Services	84	0	0	84
Total for Theme C – Service Reconfiguration		909	60	0	969
Theme D – Asset Realisation					
D-01	Generating greater value from Lewisham's asset base	0	500	0	500
D-02	Business Rates Revaluation for the estate	40	20	0	60
D-05	Savings on mothballed assets. A review is in progresses - savings on the cost of running the operational estate	50	0	0	50
D-06	Catford Campus - Estate Consolidation	11	12	0	23
D-07	Meanwhile use - Temporary Accommodation	25	25	0	50
D-08	Miscellaneous - income generation	25	0	0	25
Total for Theme D – Asset Realisation		151	557	0	708
Theme E – Commercial Approach					
E-01	Improved Debt collection	250	0	0	250
E-02	Income from building control	15	20	0	35
E-05	Traded services with schools	50	0	0	50
E-06	Reduce care leaver costs	100	0	0	100

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E-07	Housing – Increased rent for Private Sector Lease (PSL) and Private Managed Accommodation (PMA)	375	0	0	375
E-09	Realising further benefits from the Oracle Cloud Solution and exploiting its functionality as a fully integrated enterprise resource planning solution.	100	0	0	100
Total for Theme E – Commercial Approach		890	20	0	910
Theme F – Demand Management					
F-02	Children Social Care Demand management	500	1,000	0	1,500
F-03	Children Service reconfiguration - fostering	250	250	0	500
F-05	VfM commissioning and contract management - CSC	250	0	0	250
F-15	Environment - environmental operations review	330	0	0	330
F-15a	Environment - environmental operations review	567	0	0	567
F-16	Environment - new waste strategy	0	250	0	250
F-17	Road safety enforcement	250	0	0	250
F-20	Emission based charging for Short Stay Parking	120	0	0	120
F-18	Controlled Parking Zone Extension	0	1,000	0	1,000
F-21	Road Safety Enforcement	375	0	0	375
F-22	Motorcycle parking charges	80	0	0	80
F-24	Adult Social Care cost reduction and service improvement programme	430	0	0	430
Total for Theme F – Demand Management		3,152	2,500	0	5,652
GRAND TOTAL		10,410	3,237	0	13,647

Ref	Proposal	2022/23£ £'000	2023/24 £'000	2024/25 £'000	Total £'000
Theme C – Service Design					
C-35	Specialist social care support review	177	0	0	177
C-36	Reduction of commissioned care leaver housing costs	600	0	0	600
C-38	Strategic development team cost capitalisation	100	0	0	100
C-39	Aligning the Kickstart scheme with Government plans	25	25	0	50
C-40	Substance misuse – contract review and staffing	92	0	0	92
C-44	Removal of graffiti from private property	5	0	0	5
Total for Theme C – Service Design		999	25	0	1,024
Theme D – Asset Optimisation					
D-10	Commercial Estate Review	0	50	100	150
D-11	Business Rates revaluation of Council owned properties	100	50	0	150
D-12	Asset Use Review and Regularisation	0	15	85	100
D-13	Review of commercial opportunities for nurseries within children's centres	11	9	0	20
D-14	Facilities Management	0	100	10	110
Total for Theme D – Asset Optimisation		111	224	195	530
Theme E – Commercial Approach					

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E-12	Building Control Service Efficiency	20	30	0	50
E-14	Changes to leisure concessions for older people	95	95	0	190
E-15	Seek corporate sponsorship for Festive Lighting	30	0	0	30
Total for Theme E – Commercial Approach		145	125	0	270
Theme F – Demand Management					
F-25	Road Safety – new yellow boxes	150	0	0	150
F-26	Subscriptions	20	0	0	20
Total for Theme F – Demand Management		170	0	0	170
GRAND TOTAL					
		1,425	374	195	1,994

Total previously agreed savings					
GRAND TOTAL					
		11,835	3,611	195	15,641

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APPENDIX Y2 2023/24 Budget Reductions – 7 December 2022

Member Decisions

Reference	D'torate	Proposal	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total
HRPR_INC_01	HRPR	Additional Yellow Box Junction Enforcement & Moving Traffic Contravention by CCTV	105	295	-100	300
HRPR_INC_02	HRPR	Replacement Bin Charging	50	-25		25
HRPR_INC_03	HRPR	Increase the charge for Bulky Waste collections	20	-	-	20
HRPR_INC_04	HRPR	Charge for mattress collections	25	-	-	25
HRPR_INC_05	HRPR	Increase the charge for fridge/freezer collections.	78	-	-	78
HRPR_INC_06	HRPR	Review of fees charged for Garages	130	70	50	250
HRPR_SAV_01	HRPR	Temporary Accommodation Cost Reduction	200	300	500	1000
HRPR_SAV_02	HRPR	Road Safety Service Review	70	70		140
COM_SAV_08	COM	Reduction in opening hours at Libraries	90	-	-	90
COR_INC_01	COR	Removal of 28 day empty property exemption for Council Tax	110	-	-	110
CYP_SAV_01	CYP	Review of Children's Centre Budgets	500			500
	TOTAL		1,378	710	450	2,538

Officer Decisions

Reference	D'torate	Proposal	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total
HRPR_INC_07	HRPR	Development of Surplus Sites	-	-	300	300
HRPR_INC_08	HRPR	Housing Programme Commercial Units' Income Generation	75	75	100	250
HRPR_SAV_03	HRPR	Increased recharging of salary costs to capital	70	30	-	100
HRPR_SAV_04	HRPR	S106 utilisation for apprenticeships	17	-	-	17
HRPR_SAV_05	HRPR	Utilisation of UKSPF grant funding to reduce the general fund burden for the service.	100	5	-	105
HRPR_SAV_06	HRPR	Review of the Temporary Accommodation (TA) Service Level Agreement (SLA) with Lewisham Homes (LH)	162	-	-	162
HRPR_SAV_07	HRPR	Reducing general fund spend on private sector housing licensing and enforcement.	150	-	-	150
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
COM_SAV_01	COM	Introduction of Electronic Call Monitoring	650	-	-	650

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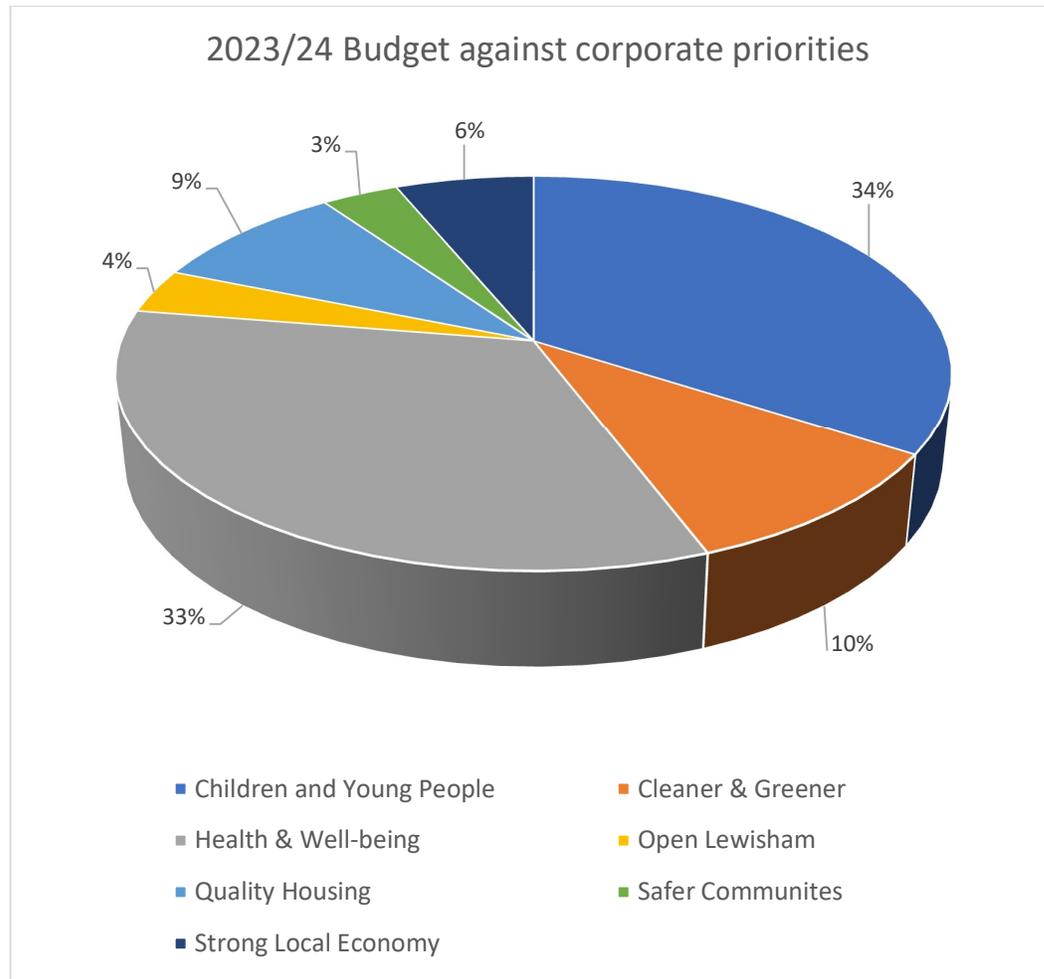
Reference	D'torate	Proposal	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total
COM_SAV_02	COM	Delegation of Care Plan Budgets to Operation Managers	100	300	-	400
COM_SAV_03	COM	ASC Care Plan Reassessment	1,000	-	-	1,000
COM_SAV_04	COM	ASC Empowering Lewisham	1,000	1,000	-	2,000
COM_SAV_05	COM	Review of Staffing Requirement in Supported Housing	55	-	-	55
COM_SAV_06	COM	Reduction in Mental Health Homecare costs	50	-	-	50
COM_SAV_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	Public Health weight management savings	13	-	-	13
CEX_SAV_01	CEX	Review of Elections Budget	50	-	-	50
CEX_SAV_03	CEX	Legal Invest to Save	233	-	-	233
COR_SAV_01*	COR	Review of Corporate Budgets - triennial fund valuation	500	-	-	500
COR_SAV_02	COR	Review of Corporate Budgets - interest	2,000	-	-	2,000
COR_SAV_03	COR	Cost avoidance of utilities costs of the Catford Complex	150	-	-	150
ALL_SAV_01**	ALL	Absorption of £2m unfunded pay award	2,000	-	-	2,000
ALL_SAV_02	ALL	Senior Management Reductions, Realignment and Restructures	500	-	-	500
	TOTAL		9,448	1,410	400	11,258

* Following completion of the Pension Fund's triennial valuation, it has been confirmed that this annual reduction in employers pension contribution can be increased to £650k per annum.

** This saving, the £2m absorption of the unfunded pay award, has been reversed as proposals to achieve this cut were not able to be identified.

APPENDICES W1 to Z4 2023/24 BUDGET REPORT

APPENDIX Y3: 2023/24 Budget by Council Priority



As required under the CIPFA Financial Management Code of Practice, the Council must demonstrate how its budget is aligned to its corporate priorities. The above provides an indicative allocation of the proposed net budget for 2023/24 against the seven corporate priorities. This allocation is draft, and will be refined alongside the CIPFA code of practice requirements more generally as the activities in support of the new Corporate Strategy 2022-26 evolve and develop.

APPENDICES W1 to Z4 2023/24 BUDGET REPORT

APPENDIX Y4: Ready Reckoner for Council Tax 2023/24

	Budget	Council	Increase /	GLA	Total	Total
	Requirement	Tax	(Decrease)	Precept	Council	Increase /
	Lewisham		Lewisham		Tax	(Decrease)
		(Band D)		(Band D)	(Band D)	
	£m	£	%	£	£	%
2022/23	248.610	1,421.22	2.99%	395.59	1,816.81	4.20%
2023/24	263,679	1,492.13	4.99%	434.14	1,926.27	6.02%
	262.417	1,477.92	3.99%	434.14	1,912.06	5.24%
	261.154	1,463.71	2.99%	434.14	1,897.85	4.46%
	259.891	1,449.49	1.99%	434.14	1,883.63	3.68%
	258.641	1,435.42	1.00%	434.14	1,869.56	2.90%
	258.010	1,428.32	0.50%	434.14	1,862.46	2.51%
	257.379	1,421.22	0.00%	434.14	1,855.36	2.12%

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APPENDIX Y5 – Chief Financial Officer’s Section 25 Statement

This statement makes reference to the 2023/24 Budget Report to Mayor & Cabinet and Full Council when circulated to all Members.

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its Council Tax. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates, included in the budget and the adequacy of the reserves, for which the budget provides. This Statement also reflects the requirements of CIPFA’s current Local Authority Accounting Panel (LAAP) Bulletin 99 on ‘Local Authority Reserves and Balances’.

Section 114 of the Local Government Act 1988, requires the CFO to issue a report to all the Local Authority members to be made by that officer, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

1 Structure of the Statement

1.1 This Statement sets out the robustness of the Council’s budget in respect of external and internal risks for 2023/24, addressing the Council’s ability to respond to the challenges whilst grappling with 40-year high inflation, rocketing energy costs amidst the Cost of Living Crisis challenges faced by our communities and residents.

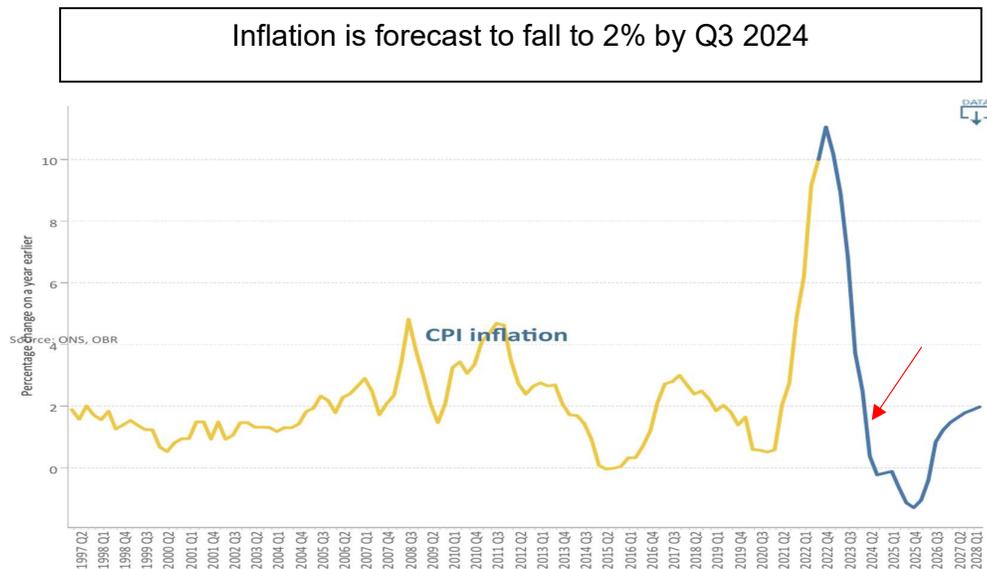
1.2 The statement contains the following sections:

- Economic factors posing risk to the budget
- Impact of the Local Government Finance Settlement
- Budget setting process and considerations
- Financial Management, budget delivery risks and adequacy of our reserves
- Capital programme affordability and HRA financing
- Organisational resilience, culture and how we prioritise
- Conclusion and opinion

2 Economic factors posing risk to the Budget

2.1 *Inflation*, rising costs vs budget – as I draft this S25 Statement, inflation as measured by the Consumer Price Index (CPI) is 10.5%, falling slightly from 11.1% in October 2022 – a 41 year high. The economic outlook for inflation is one of decline, with the Bank of England committed to meeting the 2% target and the Office of Budget Responsibility forecasting a steep drop to 2% by quarter 3 of 2024 as seen in the graph below. Inflationary increases will impact on some but not all of the contracts/goods we commission. Pay inflation has been funded at 5%, assuming another similar National Joint Committee Pay Settlement for next year, Services will be expected negotiate contract efficiencies to drive through better value. Corporately funding will held back in reserves to respond to exceptional contract inflation pressures which will be considered by the Executive Management Team.

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- 2.2 *Lewisham economy* – our Borough is ranked 63rd nationally for relative deprivation for income out of 317 local authorities (with 1 being the most deprived). 12,294 of our residents claim out of work benefits and 36,700 claim Universal Credit and Job seekers allowance. There are currently 20,820 residents at a cost of £19.8m claiming Council Tax Support and £22m has been set aside in the budget to ensure adequate funding is made available. The Council continues to invest £250k in the Economy, Jobs and Partnerships team to provide advice to Lewisham’s businesses on financial resilience and how they can recover, grow and innovate and benefit as the economy bounces back.
- 2.3 *Increase in cost of UK utility prices, rising costs of living* – utility costs continue to be a significant pressure for the Council, despite assuming that the increases were caused by a temporary blip in the energy supply issues to the UK. The Council’s General Fund energy costs are now estimated to be c£6.2m, of which £3.2m has now been built into the base budget with the balance to be funded from once-off grant funding. During 2023/24, the Council will continue to ensure that the Household Support Fund is allocated promptly to those who need it most. The Cost of Living challenges faced by many of our residents may impact on the Council’s ability to collect Council Tax and Business Rates, which will affect service delivery.
- 3 Future uncertainty of Local Government Finance, potential impact of legislative reforms**
- 3.1 *Fair funding review, levelling up agenda, business rates reform* – the Department of Levelling Up, Communities and Housing (DLUCH) has indicated that the Local Government Funding reform will be postponed for a further two years, creating uncertainty on the funding assumptions in the Council’s Medium Term Financial Strategy (MTFS). The MTFS still assumes a funding reduction in years 2 through to 4 given the strong signals from the Levelling Up agenda and the possible re-direction of funding away from London. In order to protect Lewisham’s income base, I recommend increasing Council tax in line with the thresholds proposed by central government.
- 3.2 *Adult social care reforms* – although the Adult Social Care reforms have now been postponed, the Council is still expected to continue with the Fair Cost of Care aspect of the reforms. The Government has received £3.2m (£2.3m after rolling in previous grant) through the Local Government Settlement to fund its implementation, with costs estimated to be £3m next year, increasing to £5m the year after. As recognised by

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central government, there are significant demand led pressures in Adult Social Care and the balance of the funding has been allocated to the Adult Social Care budget in recognition of the increased costs.

- 3.3 *Local Government Settlement* – the 2023/24 Settlement was more positive than originally assumed in the MTFS. A Council-wide savings target was set assuming energy costs and the cost of inflation would be funded from reserves, with each 1% of net inflation costing £1m to the Council. The Settlement has enabled the Council to lessen its draw down of reserves by c.£12m, releasing funding to support the delivery of the Corporate Strategy.

4 Our ability to invest in our organisation and across the Borough

- 4.1 *Lewisham's corporate strategy 2022 to 2026* – Adopted by Council in November 2022, the Corporate Strategy sets out our values, ambitions and how they will be delivered. Underpinning the success and our ability to deliver will be how we align the funding against the priorities, within the current financial constraints of the Council. With the Settlement being more positive than assumed, the Council can earmark its reserves to support the delivery of the Corporate Strategy as the call on reserves to fund energy costs and contract inflation has significantly lessened.
- 4.2 *Investment in Digital and ICT* – the onset of the pandemic in March 2020 changed how we work overnight. As an organisation, we are almost completely dependent on technology. We must continually invest in our servers, infrastructure, systems, technology and equipment to ensure we can function effectively. It is critical we horizon scan against continual emerging threats of cyber-attacks and ensure the organisation is able to mitigate and respond those threats. The ICT investment roadmaps sets out a high level requirement of £12m over a 5 year period. This excludes the investment required in Digital Solutions to improve how we support, communicate and engage with our residents, businesses and community and which we must all identify the resources for over the medium term.

5 Budget setting process, pressures, risks and savings

- 5.1 *Budget setting process* – throughout the year, the Finance team has worked closely with services to identify unavoidable pressures, additional demand and exceptional expenditure. Services were asked to provide mitigating actions through reducing costs, increasing income or managing down demand. Where services were unable to mitigate the pressures, these pressures were submitted to Council's Executive Management Team (EMT) for consideration and corporate funding. It was accepted and understood by EMT that increasing the pressures to be funded directly increased the resultant budget gap and the savings target for next year's budget. As such, EMT collectively agreed on a lower savings target and that a number of risks would be managed by services directly.
- 5.2 *Inflation and other allowances* – in addition to funding numerous pressures, general fund energy costs of £6m have been funded alongside a 5% pay award. A number of large-scale inflationary increases have been funded where services have identified inflation linked contractual clauses. Services will continue to manage inflationary risks through renegotiation of contracts and or reducing the scope of what is commissioned. Other inflationary risks not specifically identified at the time of budget setting will be managed through reserves, subject to a specific business case. This also recognises that as reserves are drawn down it may be necessary to develop further savings to enable them to be replenished and maintained at a sustainable level for the level of risk the Council takes on through its service delivery and operational activities.
- 5.3 *Savings* – The slippage of in-year and prior year savings of £8.3m was discussed at EMT. A joint decision was made by EMT that executive directors and directors would commit to delivering the pre- agreed savings instead of putting forward additional cuts

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to mitigate non-delivery. It was made explicit that the Council had to deliver £22.1m of cuts by April 2023, made up of:

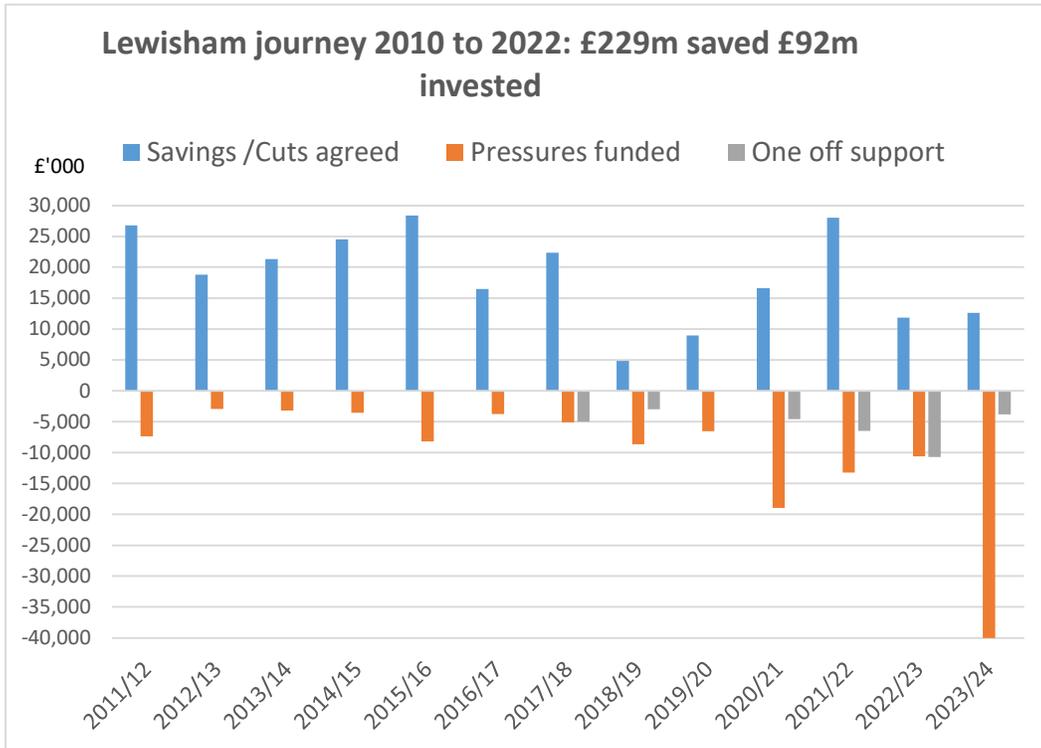
- Undelivered savings of £8.3m from 2020/21 and 2021/22
- £11.8m of proposals for 2022/23 agreed as part of the budget.

- 5.4 *Risks and pressures to be managed* – following several discussions, EMT agreed for £40m of pressures to be built into the budget, including legacy undeliverable savings of £4.4m going back to 2018/2019, funding of £3.6m for Temporary Accommodation, a further £1.5m for Special Educational Needs and Disabilities (SEND) Taxi costs and over £11m of salary inflation (including the shortfall of £4.1m from 2022/23 with the actual pay award negotiated at 4.5% higher than the 2% assumed previously).
- 5.5 The robustness of the budget is in part dependent on the Council's ability to deliver the £21m of savings (£12.6m of new and £8.3m slippage) AND effectively manage the risks that have not been incorporated into the budget. I have regularly engaged with EMT and the Senior Leadership Team about the level of financial risk across the Council. I have stressed the importance of everyone being accountable to deliver effective services within the financial envelope available. An all member away day was held on the 16th October 2022, with two lunchtime roundtable sessions on the 28th January and 30th January, followed by another all member briefing on the evening of 30 January 2023 to inform Members of the financial risks and challenges faced by our Council.
- 5.6 Through the Investment and Resources board, there will be an early assessment on the implementation of savings. Any slippage is known in advance of the financial year with a clear expectation that directors will mitigate the cash shortfall to an equivalent value. Ongoing work is required to change the financial management culture throughout the Council, with extensive engagement required from heads of service, team leaders and managers.

Financial Management, budget delivery risks and adequacy of our reserves

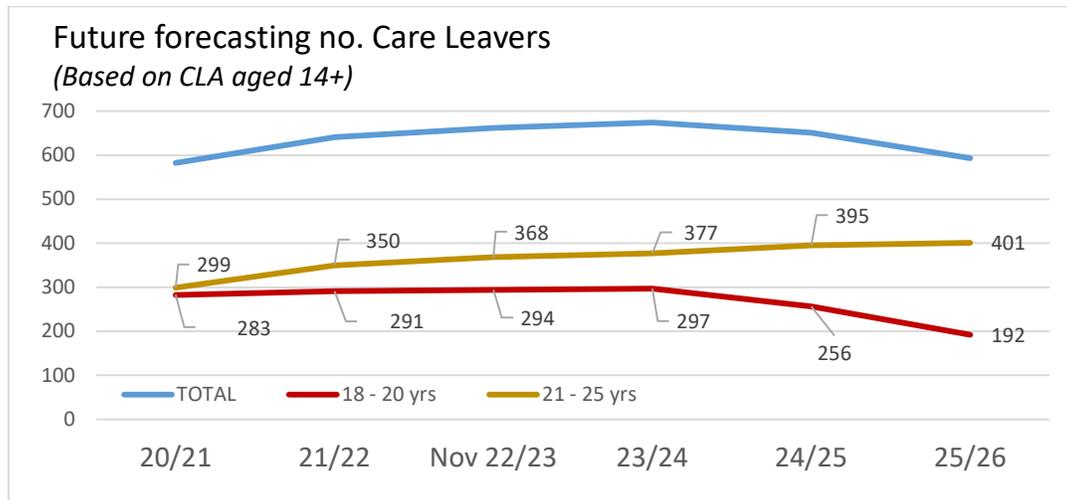
- 5.7 *Financial management process, reporting cycle, monitoring of financial risks* – the Finance team has improved and simplified the financial management information presented to the services. This has improved transparency so the issues are pertinent, enabling action to be taken far quicker. Monitoring of all budgets is carried out on a monthly basis, requiring significant input from the finance team. Ambitions to move to a manager self-service approach to budget forecasts were hampered due to recruitment challenges to the Council's Systems Accountant position, alongside a number of significant challenges experienced by the team during 2022/23. Although it is unlikely the Council will be able to move towards this approach during 2023/24, ongoing discussions are being held with the Council's software provider to discuss potential system adaptations during next financial year.
- 5.8 *Cumulative impact of budget reductions to date* – since 2010, the Council has made cuts of £229m, and reinvested £92m back into service delivery. With the longstanding commitment to protect front line services, Adult and Children's social care and public health now account for almost 70% of our net expenditure. It is becoming increasingly difficult to identify new proposals from the remaining 30% of universal and non-statutory services and despite setting a savings target of £10m in Summer, funding significant inflationary pressures from reserves, the organisation found it extremely challenging to identify proposals against the target. Prior to the Local Government Settlement, the Council had a residual gap of £2.6m plus another £2m of unidentified staffing savings. Corporate capacity has been stripped back significantly which also hampers the Council's ability to respond quickly, to innovate, to be agile and to deliver change at pace.

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5.9 *Managing overspends and in-year pressures* –where there has been significant overspends reported, a focused recovery group was set up to closely monitor mitigating actions. Significant pressures have emerged in Children’s Social Care despite a decline in the Children Looked After (CLA) numbers. Work continues to identify specific actions to reduce the overspend, whilst work on preventative action continues concurrently. The Director of Children Social Care recently indicated that successful prevention measures have resulted in fewer new CLA with the current cohort of CLA leaving the care system towards the end of 2024. On this basis, any pressures over and above the mitigating actions put forward by the Children and Young People’s directorate will be managed from reserves on a once-off basis until the end of 2024.

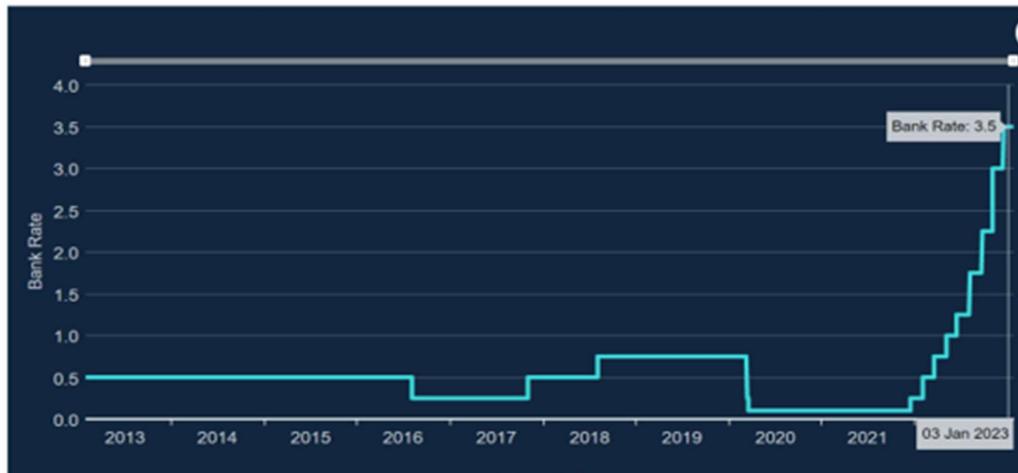
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- 5.10 *Debt levels and provisions* – the Council has significant levels of debt on its balance sheet up to seven years old continues to need to be proactively managed. Although there are provisions available to offset much of this debt, improvement must be made to increase ownership of collecting income making it everyone’s job to do so. Officers must continue improving the transparency of non-collection of income by charging bad debt provisions to service budgets that generates the income, focus on writing off historical debt that we have no chance of recovering, improve in-year collection rates through understanding why and what prevents people from paying what they owe. The Council will also work on preventing debt from occurring in the first instance. Maximising the income due and owed to the Council will and will improve the robustness of the Council’s revenue budget.
- 5.11 *Adequacy of reserves* – the Council currently has £20m of un-earmarked general fund reserves and £75m of earmarked reserves, set aside to fund initiatives, projects and to manage risks to the organisation. It has been clearly communicated to Members, the Council’s Senior Leadership Team and all managers the importance of effective financial management and the level of financial risk we carry through inaction to reduce overspend and non-delivery of savings. Work continues to instil a culture of ownership and accountability so the financial impact is at the heart of each decision we make.
- 6 Capital programme affordability, TMS and prudential indicators and HRA risks**
- 6.1 *Capital programme* – the Council’s capital programme is £480.6m for the period 2023/24 to 2025/26 and is fully funded through right to buy receipts, grants, S106/CIL and prudential borrowing. There is little or no capacity for investment in other general fund schemes and the organisation must address the recurring overspends on its revenue budget to enable sufficient borrowing headroom to be created to fund other capital initiatives. With interest rates now 3% higher than they were last financial year and sharp inflationary rises, work is continuing to review the financial viability of a number of the schemes in the Capital programme, with proposals put forward to pause or stop the schemes on a temporary basis if they are no longer affordable.

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Official Bank Rate



6.2 *Treasury management strategy* – no changes are proposed to the Council’s Treasury Management Strategy and the Council will be operating within its operational borrowing limit of £607.6m for next year. The borrowing requirements for the capital programme are fully affordable as indicated by the Prudential Indicators as set out in the report.

6.3 HRA funding vs requirements – based on the expenditure requirements submitted from Lewisham Homes for building safety, fire safety, stock condition and repairs and maintenance, the HRA 40 year business plan is fully funded, providing the decision to increase rents by 7% is agreed by Members. There will be additional investment requirements to address the damp and mould issues faced by our tenants, alongside other statutory/regulatory requirements.

7 Organisational culture and how we prioritise

7.1 *How we prioritise what we do, when we do it and how we do it* – at the risk of doing everything at once and none of it well, or at all, we must focus on how we prioritise what we do, how we deliver and when. This will enable us to do some things well based on what we’ve deemed the biggest of priorities.

7.2 *Financial management culture of ownership and accountability* – this cannot be emphasised enough and it’s a culture that has to be instilled across and throughout the organisation. A sound financial base is critical and underpins the delivery of everything in the Council.

8 Conclusion and my opinion

8.1 We have taken a number of factors into consideration in order to set a robust and balanced budget for the Council. There are a number of key risks that I have outlined above and support of the organisation is required to manage down the level of risk. It is essential that we are able to deliver the £20.9m of new and slipped savings and effectively manage down the risks of potential overspends next year.

8.2 Through improvements made to the financial reporting, and as the culture change is embedded across the Council, risks and pressures will be raised and dealt with promptly. We will continue with the specific boards to monitor progress on delivery of savings and review areas that are reporting overspends to focus on specific actions being taken to reduce expenditure or to increase income.

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8.3 The Council benefits from years of prudent financial planning and the risk averse approach has put our financial standing in good stead. As such, there are sufficient provisions and reserves in place to manage potential risks and external shocks to our financial position.

8.4 In summary, I am satisfied that the Council's has set a robust budget for 2023/24.

Kathy Freeman

Chief Finance Officer

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APPENDIX Y6: Council Tax and Draft Statutory Calculations

Council Tax Calculation

As part of the Localism Act 2011, core Council Tax may not be increased by 3% or more (inclusive of levies) without triggering an automatic referendum of all registered electors in the borough. In addition, there is also the opportunity to increase Council Tax by up to a further 2% under the social care precept for 2023/24. This means, for 2023/24, an automatic referendum will be triggered if the Council Tax increase is 5% or above. The recommended social care precept for 2023/24 is 2%, therefore the recommended total increase is 4.99%. The statutory calculation for whether the Council is required to hold a referendum is based upon the 'relevant basic' amount of Council Tax, which under accounting regulations, includes levies. Any final recommendations on Council Tax levels will need to meet statutory requirements.

Council Tax and Levies

'Relevant Basic' Amount of Council Tax	2022/23	2023/24
Council Tax Base	88,904.9	88,848.5
Council Tax Requirement with Levy (£)	126,353,422	132,573,512
Basic Amount of Council Tax (£)	1,421.22	1,492.13
Increase in basic amount of Council Tax (%)	2.99%	4.99%

Levy bodies for Lewisham	2022/23 £	2023/24 £	Change £
LPFA*	1,262,746	1,262,746	0
Lee Valley Regional Park	210,335	210,123	(212)
Environment Agency	209,476	210,113	637
Total Levies	1,682,557	1,682,982	425

*NOTE: The LPFA total consists of a £534,728 Levy Share for 2023/24 and £728,018 Payment Amount for 2023/24

The term "relevant basic amount of council tax" is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the Local Audit and Accountability Act 2014).

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Statutory Calculations

1. It be noted that at its meeting on 18 January 2023, the Council calculated the number of **88,848.5** as its Council Tax base for 2023/24 in accordance with the Local Authorities (Calculation of Tax base) Regulations;
2. 2) That the following amounts be now calculated by the Council for the year 2023-24 in accordance with The Local Government Finance Act 1992 as amended by Sections 31A to 36 of the Localism Act 2011 and the Local Audit and Accountability Act 2014.
- 3. In relation to each financial year, a billing authority in England must make the calculations required by this section.**
- 4. The authority must calculate the aggregate of: (in accordance with Section 31A (2) of the Act):**
 - a) £1,458,089,300 being the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
 - b) £nil being such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices.
 - c) £nil being the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
 - d) £nil being such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.
 - e) £nil being the amount which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and
 - f) £nil being the amount which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.
- 5. The authority must calculate the aggregate of: (in accordance with Section 31A (3) of the Act)**
 - g) £1,324,543,328 being the income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
 - h) £302,871 being the amount which it estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act.
 - i) £669,589 being the amount which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account for the year, and

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- j) £nil being the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2)(a), (b), (e) and (f) above.

6. Council Tax Requirement

- k) £132,573,512 being the amount by which the aggregate calculated under subsection (2) above exceeds that calculated under subsection (3) above, the authority must calculate the amount equal to the difference; and that amount so calculated is to be its council tax requirement for the year.
- l) **£1,492.13** being the residual sum at (k) above, divided by the Council Tax base of **88,848.5** which is Lewisham's precept on the Collection Fund for 2023/24 at the level of Band D;

Band	Council Tax (LBL)
	£
A	994.76
B	1,160.54
C	1,326.34
D	1,492.13
E	1,823.72
F	2,155.30
G	2,486.89
H	2,984.26

Being the amounts given by multiplying the amount at (l) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

It be noted that for the year 2023/24, the Greater London Authority is currently consulting on the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 (as amended), for each of the categories of dwellings shown below:-

Band	GLA Precept
	£
A	289.43
B	337.66
C	385.90
D	434.14
E	530.62
F	627.09
G	723.57
H	868.28

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4) Having calculated the estimated aggregate amount in each case of the amounts at 2) (g) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, assumed the following amounts as the amounts of Council Tax for the year 2023/24 for each of the categories of dwellings shown below:-

Band	Total Council Tax (LBL & GLA)
	£
A	1,284.19
B	1,498.20
C	1,712.24
D	1,926.27
E	2,354.34
F	2,782.39
G	3,210.46
H	3,852.54

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APPENDIX Y7: Summary of proposed budget pressures to be funded in 2023/24

Description	£'000 Base Budget	£'000 Once off	£'000 Total
Corporate Strategy priorities			
Open Lewisham			1,022
Local Support Schemes	581		
Borough of Sanctuary	100		
Planning	341		
Quality Housing			4,100
Temporary Accommodation	3,800		
Strategic Housing	300		
Children and Young People			1,500
SEN Transport	1,500		
Strong Local Economy			600
Business Rate Revaluation	100		
Asset income generation	500		
Health and Wellbeing			6,918
Changes in care need and demand	750		
Market Sustainability and Fair Cost of Care	5,000		
Capital investment	988		
Leisure support	180		
Cleaner and Greener			1,650
Environment Services - waste	500		
Flytipping	400		
Parking		750	
Safer Communities			200
Catford Library	200		
Total Corporate Strategy priorities			15,990
Organisational value for money			
Corporate Services	655		
Technology and Audit	1,972		5,307
Centralised income achievement	2,200		
Revenues and Benefits	480		
Energy	3,267	3,060	6,327
Salary inflation for 2023/24	7,120		7,120
Shortfall in salary uplift for 2022/23	4104		4,104
Non-pay inflation for 2023/24	5,000		5,000
Grand Total Funded Pressures	40,038	3,810	43,848

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APPENDIX Y8

Making Fair Financial Decisions



**Making fair financial decisions
Guidance for decision-makers**

3rd edition, January 2015

APPENDICES W1 to Z4 2023/24 BUDGET REPORT

Introduction

With major reductions in public spending, public authorities in Britain are being required to make difficult financial decisions. This guide sets out what is expected of you as a decision-maker or leader of a public authority responsible for delivering key services at a national, regional and/or local level, in order to make such decisions as fair as possible.

The public sector equality duty (the equality duty) does not prevent you from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it stop you from making decisions which may affect one group more than another group. The equality duty enables you to demonstrate that you are making financial decisions in a fair, transparent, and accountable way, considering the needs and the rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on people with different protected characteristics.

Assessing the impact on equality of proposed changes to policies, procedures and practices is not just something that the law requires, it is a positive opportunity for you as a public authority leader to ensure you make better decisions based on robust evidence.

What the law requires

Under the equality duty (set out in the Equality Act 2010), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment, and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The law requires that public authorities demonstrate that they have had 'due regard' to the aims of the equality duty in their decision-making. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had 'due regard'.

It is also important to note that public authorities subject to the equality duty are also likely to be subject to the Human Rights Act 1998. We would therefore recommend that public authorities consider the potential impact their decisions could have on human rights.

Aim of this guide

This guide aims to assist decision-makers in ensuring that:

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- The process they follow to assess the impact on equality of financial proposals is robust, and
- The impact that financial proposals could have on people with protected characteristics is thoroughly considered before any decisions are arrived at.

We have also produced detailed guidance for those responsible for assessing the impact on equality of their policies, which is available on our website at www.equalityhumanrights.com

The benefits of assessing the impact on equality

By law, your assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Such assessments do not have to take the form of a document called an equality impact assessment. If you choose not to develop a document of this type, then some alternative approach which systematically assesses any adverse impacts of a change in policy, procedure or practice will be required.

Assessing impact on equality is not an end in itself and it should be tailored to, and be proportionate to, the decision that is being made.

Whether it is proportionate for an authority to conduct an assessment of the impact on equality of a financial decision or not depends on its relevance to the authority's particular function and its likely impact on people with protected characteristics.

We recommend that you document your assessment of the impact on equality when developing financial proposals. This will help you to:

- **Ensure you have a written record of the equality considerations** you have taken into account.
- **Ensure that your decision includes a consideration of the actions that would help to avoid or mitigate any impacts on particular protected characteristics.** Individual decisions should also be informed by the wider context of decisions in your own and other relevant public authorities, so that people with particular protected characteristics are not unduly affected by the cumulative effects of different decisions.
- **Make your decisions based on evidence:** a decision which is informed by relevant local and national information about equality is a better quality decision. Assessments of impact on equality provide a clear and systematic way to collect, assess and put forward relevant evidence.
- **Make the decision-making process more transparent:** a process which involves those likely to be affected by the policy, and which is based on evidence, is much

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more open and transparent. This should also help you secure better public understanding of the difficult decisions you will be making in the coming months.

- **Comply with the law:** a written record can be used to demonstrate that due regard has been had. Failure to meet the equality duty may result in authorities being exposed to costly, time-consuming, and reputation-damaging legal challenges.

When should your assessments be carried out?

Assessments of the impact on equality must be carried out at a **formative stage** so that the assessment is an integral part of the development of a proposed policy, not a later justification of a policy that has already been adopted. Financial proposals which are relevant to equality, such as those likely to impact on equality in your workforce and/or for your community, should always be subject to a thorough assessment. This includes proposals to outsource or procure any of the functions of your organisation. The assessment should form part of the proposal, and you should consider it carefully **before** making your decision.

If you are presented with a proposal that has not been assessed for its impact on equality, you should question whether this enables you to consider fully the proposed changes and its likely impact. Decisions not to assess the impact on equality should be fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as authorities may need to rely on this documentation if the decision is challenged.

It is also important to remember that the potential impact is not just about numbers. Evidence of a serious impact on a small number of individuals is just as important as something that will impact on many people.

What should I be looking for in my assessments?

Assessments of impact on equality need to be based on relevant information and enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

As with everything, proportionality is a key principle. Assessing the impact on equality of a major financial proposal is likely to need significantly more effort and resources dedicated to ensuring effective engagement, than a simple assessment of a proposal to save money by changing staff travel arrangements.

There is no prescribed format for assessing the impact on equality, but the following questions and answers provide guidance to assist you in determining whether you consider that an assessment is robust enough to rely on:

- **Is the purpose of the financial proposal clearly set out?**

A robust assessment will set out the reasons for the change; how this change can impact on protected groups, as well as whom it is intended to benefit; and the intended outcome. You should also think about how individual financial proposals might relate to one another. This is because a series of changes to different policies or services could have a severe impact on particular protected characteristics.

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Joint working with your public authority partners will also help you to consider thoroughly the impact of your joint decisions on the people you collectively serve.

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel. Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable. This combined impact would not be apparent if the decisions were considered in isolation.

- **Has the assessment considered available evidence?**

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to have an impact on. A lack of information is not a sufficient reason to conclude that there is no impact.

- **Have those likely to be affected by the proposal been engaged?**

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help you to improve the equality information that you use to understand the possible impact on your policy on different protected characteristics. No-one can give you a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

- **Have potential positive and negative impacts been identified?**

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected characteristics are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

- **What course of action does the assessment suggest that I take? Is it justifiable?**

The assessment should clearly identify the option(s) chosen, and their potential impacts, and document the reasons for this decision. There are four possible outcomes of an assessment of the impact on equality, and more than one may apply to a single proposal:

Outcome 1: No major change required when the assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

Outcome 2: Adjustments to remove barriers identified by the assessment or to better advance equality. Are you satisfied that the proposed adjustments will remove the barriers identified?

Outcome 3: Continue despite having identified some potential for adverse impacts or missed opportunities to advance equality. In this case, the

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justification should be included in the assessment and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact, as discussed below.

Outcome 4: Stop and rethink when an assessment shows actual or potential unlawful discrimination.

• **Are there plans to alleviate any negative impacts?**

Where the assessment indicates a potential negative impact, consideration should be given to means of reducing or mitigating this impact. This will in practice be supported by the development of an action plan to reduce impacts. This should identify the responsibility for delivering each action and the associated timescales for implementation. Considering what action you could take to avoid any negative impact is crucial, to reduce the likelihood that the difficult decisions you will have to take in the near future do not create or perpetuate inequality.

Example: A University decides to close down its childcare facility to save money, particularly given that it is currently being under-used. It identifies that doing so will have a negative impact on women and individuals from different racial groups, both staff and students.

In order to mitigate such impacts, the University designs an action plan to ensure relevant information on childcare facilities in the area is disseminated to staff and students in a timely manner. This will help to improve partnership working with the local authority and to ensure that sufficient and affordable childcare remains accessible to its students and staff.

• **Are there plans to monitor the actual impact of the proposal?**

Although assessments of impact on equality will help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known once it is introduced. It is therefore important to set out arrangements for reviewing the actual impact of the proposals once they have been implemented.

What happens if you don't properly assess the impact on equality of relevant decisions?

If you have not carried out an assessment of impact on equality of the proposal, or have not done so thoroughly, you risk leaving yourself open to legal challenges, which are both costly and time-consuming. Legal cases have shown what can happen when authorities do not consider their equality duties when making decisions.

Example: A court overturned a decision by Haringey Council to consent to a large-scale building redevelopment in Wards Corner in Tottenham, on the basis that the council had not considered the impact of the proposal on different racial groups before granting planning permission.

However, the result can often be far more fundamental than a legal challenge. If people feel that an authority is acting high-handedly or without properly involving its

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service users or employees, or listening to their concerns, they are likely to be become disillusioned with you.

Above all, authorities which fail to carry out robust assessments of the impact on equality risk making poor and unfair decisions that could discriminate against people with particular protected characteristics and perpetuate or worsen inequality.

As part of its regulatory role to ensure compliance with the equality duty, the Commission monitors financial decisions with a view to ensuring that these are taken in compliance with the equality duty and have taken into account the need to mitigate negative impacts, where possible.

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APPENDIX Z1: Interest Rate Forecasts 2022 - 2025

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecast below is based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast, made on 19th December, sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is also providing a limited package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

PWLB rates reflect a less elevated yield curve than prevailed under the Truss/Kwarteng government, and the 17th of November Autumn Statement made clear the government's priority is the establishment and maintenance of fiscal rectitude. In addition, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control.

The current PWLB rate forecasts below are based on the Certainty Rate.

Period	Bank Rate	PWLB Borrowing Rates % (including certainty rate adjustment of 20 basis points)			
		5 year	10 year	25 year	50 year
	%				
Dec 2022	3.50	4.20	4.30	4.60	4.30
Mar 2023	4.25	4.20	4.40	4.60	4.30
Jun 2023	4.50	4.20	4.40	4.60	4.30
Sep 2023	4.50	4.10	4.30	4.50	4.20
Dec 2023	4.50	4.00	4.10	4.40	4.10
Mar 2024	4.00	3.90	3.90	4.20	3.90
Jun 2024	3.75	3.80	3.80	4.10	3.80
Sep 2024	3.50	3.60	3.60	4.00	3.70
Dec 2024	3.25	3.50	3.50	3.90	3.60
Mar 2025	3.00	3.40	3.40	3.70	3.50
Jun 2025	2.75	3.30	3.30	3.60	3.30
Sep 2025	2.50	3.20	3.20	3.50	3.20
Dec 2025	2.50	3.10	3.10	3.50	3.20

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was most recently updated on 19th December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government's policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase to further than 4.5%.
- Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

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- Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium, and longer end of the curve in equal measure now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB Rates

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea, and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields consequently.

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APPENDIX Z2: Credit Worthiness Policy - (Linked to Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management)

Annual Investment Strategy:

The key requirements of both the CIPFA Code of Practice on Treasury Management in the Public Services and Department for Levelling Up, Housing and Communities (DLUHC's) Investment Guidance are to set an annual investment strategy, as part of its annual Treasury Management Strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year; and
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments: These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government, such as the Debt Management Account Deposit Facility (DMADF), UK Treasury bills or a gilt with less than one year to maturity;
2. Supranational bonds of less than one year's duration;
3. A local authority, housing association, parish council or community council;
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating (AAA) by a credit rating agency; and
5. A body that is considered of a high credit quality (such as a bank or building society).

Within these bodies, and in accordance with the Code, the Council has set additional criteria to define the time and amount of monies which will be invested in these bodies, as shown in the table further below.

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Non-Specified Investments: These are any investments which do not meet the specified investment criteria, and include certificates of deposit issued by banks or building societies, fixed deposits with building societies that do not meet the basic security requirements of specified investments, corporate bonds, and property funds. Provision has been made in the Strategy to invest in a limited number of lower rated building societies within the restrictions set out, certificates of deposit with both banks and building societies, and pooled asset funds (should the relevant opportunity arise). The Council will seek guidance on the status of any pooled fund or collective investment scheme it may consider using, and appropriate due diligence will also be undertaken before investment of this type is undertaken.

The Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

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

These factors are weighted and combined with an overlay of CDS spreads. The end product is a series of ratings (colour coded) to indicate the relative creditworthiness of counterparties. These ratings are used by the Council to determine the suggested duration for investments.

The Link Group creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue precedence to just one agency's ratings.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
UK Government gilts	UK sovereign rating	£20m	1 year
UK Government Treasury bills	UK sovereign rating	£60m	6 months
Money Market Funds - CNAV	AAA	£30m	Liquid
Money Market Funds - LVNAV	AAA	£30m	Liquid
Money Market Funds - VNAV	AAA	£30m	Liquid
Local authorities	N/A	£25m	1 year
Term deposits with banks and building societies	Yellow* Purple Blue Orange Red	£30m £25m £40m £25m £20m	Up to 5 years Up to 2 years Up to 1 year Up to 1 year Up to 6 Months

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	Green No Colour	£15m Not for use**	Up to 100 days Not for use**
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£40m £25m £20m £15m Not for use**	Up to 1 year Up to 1 year Up to 6 Months Up to 100 days Not for use**
Term deposits or CDs with building societies on Link's counterparty list rated 'No colour'	BBB-	£10m	Up to 3 months
Call accounts and notice accounts	Yellow* Purple Blue Orange Red Green No Colour	£30m £25m £40m £25m £20m £15m Not for use	Liquid
Pooled investment funds		£50m	At least 5 years

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

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

The monitoring of investment counterparties: The credit rating of counterparties will be monitored regularly, on at least a weekly basis. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and the impact of those changes are assessed promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest upon maturity. Any counterparty failing to meet the criteria will be removed from the lending list immediately, and if required new counterparties which meet the criteria will be added to the list. Any fixed term investment held at the time of the downgrade will be left to mature as such investments cannot be broken mid-term.

Sole reliance will not be placed on the use of this external service. In addition, the Council will make use of market data and information on any external support for banks to help support its decision-making process.

Accounting treatment of investments: The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

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APPENDIX Z3: Approved Countries for Investment

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- USA

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

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APPENDIX Z4: Requirement of the CIPFA Treasury Management Code of Practice

Treasury Management Scheme of Delegation

(i) Full Council

- budget consideration and approval;
- approval of annual Treasury Management Strategy;
- approval of/amendments to the organisation's adopted clauses and treasury management policy statement.

(ii) Public Accounts Committee

- receiving and reviewing reports on treasury management policies, practices and activities.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer has responsibility for:

- recommending treasury management policies for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- approval of the division of responsibilities;
- approving the organisation's treasury management practices;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable, and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that Members are adequately informed and understand the risk exposures taken on by an authority; and
- ensuring that the authority has adequate expertise, either in-house or externally, to

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carry out the above.

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised Codes on 20th December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. The Council, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS), and also related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code will require an authority to implement the following:

1. Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
2. Long-term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
3. Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
4. Amendment to the knowledge and skills register for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;

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5. Reporting to members is to be done quarterly. Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital, and balance sheet monitoring;
6. Environmental, social and governance (ESG) issues to be addressed within an authority's treasury management policies and practices (TMP1).
7. Training: The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.