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MINUTES OF THE MAYOR AND CABINET

Wednesday, 8 February 2023 at 5.00 pm

PRESENT: Damien Egan (Mayor), Brenda Dacres, Chris Barnham, Paul Bell, Sophie Davis, Amanda De Ryk, Louise Krupski and James-J Walsh.

CABINET MEMBER(S) IN ATTENDANCE (VIRTUAL): Councillor Andre Bourne.

COUNCILLORS ALSO PRESENT: Councillor James Rathbone (Chair of Public Accounts Select Committee); and Councillor Stephen Penfold (Chair of Housing Select Committee).

OFFICERS PRESENT: Chief Executive; Monitoring Officer; Executive Director for Children and Young People; Executive Director for Community Services; Executive Director for Corporate Resources, and Senior Committee Manager.

Apologies for absence were received from Cabinet Members: Councillor Juliet Campbell and Councillor Kim Powell.

1. Minutes

The Minutes of meeting of held on 1 February 2023 were agreed as an accurate record.

2. Declaration of Interests

None.

3. Matters Raised by Scrutiny and other Constitutional Bodies

The Mayor and Cabinet noted the following:

a) Referral made on behalf of the Housing Select Committee:

- That the Housing Select Committee considered a report on Housing Revenue Account (HRA) - Rent Setting at its meeting on 5 January 2023, and noted:
 - The forecast rent, service charge, garage and heating and hot water charge changes for Lewisham Council Dwellings and garages in 2023/24, including resident feedback on the proposals.
 - A statement that the Mayor and Cabinet would be recommending to the Council to make the to increase the rent by 7%.
 - The potential average service, heating and hot water charge changes were contained in the Regenter B3 & Lewisham

Homes Service charge reports 2023/24. The proposal was for an increase of £2.32pw or 7.0% for leaseholders and £1.24pw or 7% for tenants in the Lewisham Homes areas, and an increase of £0.93pw or 13.6% for the Brockley Regenter B3 area for tenants and an increase of £2.19pw or 13.6% for leaseholders.

- That the Housing Select Committee considered an officer's report on the matter, and acknowledged:
 - That the benefit of any reduction in service charges would principally affect leaseholders and those tenants not on housing benefit because those tenants on housing benefit were likely to have their service charges paid in full.
 - That the reduction in service charge would benefit about 70% of Regenter B3 residents, and therefore accepted that Regenta B3 residents' service charges were less than Lewisham homes. Nevertheless, the 13.6% increase in service charge was under consideration for a decision. Therefore, it would be inequitable to recognise the impact of the cost of living crisis for Lewisham Homes tenants by charging less than the inflation rate, and not doing the same for Regenter B3 residents.

- That prior to submitting the the proposal to full Council, the Housing Select Committee was recommending that the Mayor and Cabinet should:
 - Note that it would be inequitable for the Council to charge one group of residents an increase below inflation (Lewisham Homes) and the other not (Regenter B3).
 - Review the proposal to pass on in full the service charge increase in line with RPI + 1% for Regenter B3 tenants.
 - Consider if some dispensation could be made to assist Regenter B3 tenants given the Cost-of-Living crisis.

- That the Housing Select Committee made its recommendations in the full knowledge:
 - That there would be financial implications to ensure that the HRA would not be in deficit.
 - That Lewisham Homes and Regenra occupiers would have budgeted for service charges in previous years. Nonetheless, considering the cost of living crisis, the Council should demonstrate that it had listened to Regenter B3 tenants and leaseholders, and took note of consultation responses by setting service charges at the same level as the Lewisham Homes service charges.

Response by the Cabinet Member of Housing Management and Homelessness that the Mayor and Cabinet should proceed with the

proposals outlined in the report, and to note the following comments:

- That the principle of forecast recovery was important because if the actual service charge costs incurred exceeded the amount recovered, it was likely that tenants and leaseholders would be asked to contribute in future years in order to ensure costs from 2023/24 were fully recovered. Thus, the proposal to increase service charges by 13.6% would ensure full cost recovery as the estimates issued would likely be closer to the actual cost incurred.
- That any deficit would have to be covered either by the use of reserves, rental income or through savings/efficiencies within the HRA, which would affect all tenants and leaseholders.
- That there would be support for residents who were experiencing financial difficulties, as the cost of living crisis was making a huge impact. However, those tenants and leaseholders who were in receipt of Housing benefit would receive an uplift to their housing benefit for increased service charges.
- That the Council was listening to its residents, and would continue to do so. Specific to the budget, the consultation was not only about the amount of service charges to be applied, as there were a number of other points raised by residents during those discussions, including concerns about repairs, mould, and damp, and provisions had to be made for appropriate actions

Having considered an open officer report, it was **MOVED, SECONDED and RESOLVED** that the Mayor and Cabinet agreed:

To note the officer's response to the Housing Select Committee's referral, as set in the report, and oral presentation by the Chair of Housing Select Committee and took those into consideration when making their decision. Mayor and Cabinet's decision, the officer comments in the report, and oral presentation by the Chair of Housing Select Committee will be reported back to the Housing Select Committee.

4. 2023/24 Budget Report

The Mayor and Cabinet considered an open officer report, and a presentation by Councillor Amanda De Ryk, Cabinet Member for Financial and Strategy.

It was **MOVED, SECONDED and RESOLVED** that having considered the views of those consulted on the budget, and subject to consideration of the outcome of consultation with business ratepayers and subject to proper process, as required, the Mayor and Cabinet:

General Fund Revenue Budget

1. noted and asked Council to note the projected overall variance after the use of corporate provisions and reserves of £9.6m (or 3.9%) against the agreed 2022/23 revenue budget of £248.610m as set out in section 6 of the report and that any year-end overspend would be met from corporate provisions and reserves;

2. endorsed and asked Council to endorse the budget cut reduction measures of £12.587m as per the Mayor and Cabinet meeting of the 7 December 2022, as set out in section 6 of the report and summarised in Appendix Y1 and Y2;
3. agreed and asked Council to agree the allocation of £43.848m of resources from the corporate risks and pressures, social care precept, new homes bonus, social care grant, ASC market sustainability and improvement fund and services grant in 2023/24 to be invested in funding quantified budget pressures and opportunities, both recurring and once-off as set out in section 6;
4. agreed to recommend to Council that a General Fund Budget Requirement of £263.679m for 2023/24 be approved;
5. asked Council to agree to a 4.99% increase in Lewisham's Council Tax element. This would result in a Band D equivalent Council Tax level of £1,492.13 for Lewisham's services and £1,926.27 overall. This represents an overall increase in Council Tax for 2022/23 of 6.02% and is subject to the GLA precept for 2023/24 being increased by £38.55 (i.e. 9.74%) from £395.59 to £434.14, in line with the GLA's draft budget proposals;
6. noted the final settlement figure for 2023/24 had not yet been announced and delegated authority to the Executive Director for Corporate Resources to include any change to the provisional settlement of £131,105,977 in the report for Council with any difference covered from provisions and reserves as necessary;
7. noted the provisional and estimated precept and levies from the GLA and other bodies as detailed in Appendix Y6 and delegated authority to the Executive Director for Corporate Resources to include any changes to these in the report for Council with any difference covered from provisions and reserves as necessary;
8. noted and asked Council to note the Council Tax Ready Reckoner which for illustrative purposes sets out the Band D equivalent Council Tax at various levels of increase. This was explained in section 6 of the report and was set out in more detail in Appendix Y4;
9. asked that the Executive Director for Corporate Resources issues cash limits to all Directorates once the 2023/24 Revenue Budget was agreed;
10. considered, and asked Council to consider, the Section 25 Statement from the Chief Finance Officer. This was attached at Appendix Y5;
11. agreed and asked Council to agree the draft statutory calculations for 2023/24 as set out at Appendix Y6;
12. noted and asked Council to note the prospects for the revenue budget for 2023/24 and future years as set out in section 6;
13. agreed and asked officers to continue to develop firm proposals to redesign and transform services and inform the capital strategy by bringing them forward in good time to support the work towards a savings and investment round to help plan early to meet the future forecast medium term finance strategy objectives;

Other Grants (within the General Fund)

14 noted and asked Council to note the adjustments to and impact of various specific grants for 2023/24 on the General Fund as set out in section 7 of the report;

15. accepted the funding allocation from the GLA and CLF for the UK Shared Prosperity Fund (UKSPF) of £1.92m (a combination of £0.977m capital and £0.943m revenue), subject to review of the grant funding agreements;

Fees and charges

16. approved the approach to setting 2023/24 fees and charges for chargeable services in section 6.100 of the report and attached at Appendix Y8;

Dedicated Schools Grant and Pupil Premium

Schools Block

17. noted and recommended that Council notes the provisional gross Dedicated Schools Grant (DSG) allocation of £337.776m before the Department's adjustments to fund Academy schools and inclusion of the £7.6m mainstream additional grant;

18. noted and recommended that Council notes the provisional DSG allocation for £231.029m (this includes £6.18m streamlining of the supplementary grant from 2022/23) be the Schools' Budget (Schools Block) for 2023/24 covering both maintained schools and academies;

19. noted an increase in pupil unit funding for primary of £205.26 and secondary of £370.59 and this also incorporates the supplementary grant as mentioned in 1.1 above. However, there has been an overall reduction in primary age pupil by 451, partially off set by an increase in secondary school numbers of 224;

20. noted that following the Schools Forum meeting on the 19 January 2023, submission has been made to the Department for Education with regards to school funding formula, recommending the application of the National Funding Formula (including unit values) allowing for a maximum 0.5% uplift in Minimum Funding Guarantee (MFG);

21. agreed and recommended that Council agrees, (as recommended by Schools Forum) the once-off transfer of circa £0.4m (0.18%) of Dedicated Schools Grant to the High Needs Block;

Central Schools Services Block (CSSB)

22. noted, and asked Council to note, the construct and allocation of £3.309m for the CSSB block allocation for 2023/24, a reduction of circa £0.4m from the £3.693m 2022/23 allocation;

High Needs Block (HNB)

23. noted, and asked Council to note, the provisional HNB £77.154m to support the Council's statutory duty with regards Special Education Needs (SEN). This includes £3.2m additional funding from the autumn statement. This is a net increase of £7.030m relative to 2022/23. The HNB will be finalised in March for deductions arising for institutions funded by the Education and Skills Funding Agency (ESFA);

24. noted that the Schools Forum on 19 January 2023 agreed the transfer of circa £0.4m (0.18%) to the block to support the Council to meet its statutory functions;

25. noted that the HNB is expected to overspend by between £4m to £6m in 2022/23, increasing the cumulative overspend to circa £16m in total for 2022/23 as £11m has been brought forward from 2021/22. The overspend is currently ringfenced within the DSG, Lewisham is part of the delivering better value (DBV) tranche 3 initiative with the DfE ;

Early Years Block (EYB)

26. noted, and asked Council to note, the Dedicated Schools Grant allocation to the EYB of £26.283m; and that the Department for Education has increased hourly funding for "3 and 4 year old" from £6.04 to £6.33 (this includes 11p for Teacher's Pay and Pension Grant which is now streamlined into the hourly rate). This is therefore an increase of circa 4.8% from 2022/23. With respect to 2 year funding, the hourly rate has increased from £6.87 to £7.52, an 9% increase (i.e. 65p per hour) for 2023/24;

27. noted that the maintained nursery supplementary funding allocation for 2023/24 is subject to change but is expected to increase by circa £60k, subject to movement in pupil numbers;

Pupil Premium

28. noted, and asked Council to note, that the pupil premium will continue in the 2023/24 financial year. At the time of writing, the overall allocation, which is linked to Free School Meals Ever 6 data (i.e. covers 6 census worth of data), has not been confirmed, the per-pupil funding is expected to increase by 5%. We would expect to receive the final allocation until summer 2023;

Housing Revenue Account

29. noted, and asked Council to note, the consultation report on proposed service charge increases to tenants' and leaseholders in the Brockley area, presented to tenants and leaseholders on 5th December 2022, as attached at Appendix X3;

30. noted, and asked Council to note, the consultation report on proposed service charge increases to tenants' and leaseholders and the Lewisham Homes budget strategy presented to tenants and leaseholders on 12th December 2022 as attached at Appendix X4;

31. agreed, and asked Council, to set an increase in dwelling rents of 7.0% (an average of £7.22 per week) – as per the Governments direction for capping increases to be applied to rents for 2023/24 outlined in section 9 of this report;

32. agreed, and asked Council to agree, to set an increase in the hostels accommodation charge by 7.0% (or £2.63 per week), in accordance with Governments direction for capping increases to be applied to rents for 2023/24;

33 approved, and asked Council to approve, the following average weekly increases/decreases for dwellings for:

33.1 service charges to non-Lewisham Homes managed dwellings (Brockley) to ensure full cost recovery and 13.6% inflationary uplift for 2023/24;

- caretaking 13.6% (£0.46)
- grounds 13.6% (£0.26)
- communal lighting 13.6% (£0.02)
- bulk waste collection 13.6% (£0.18)
- window cleaning 13.6% (£0.00)
- tenants' levy 0.00% (£0.00)

33.2 service charges to Lewisham Homes managed dwellings:

- caretaking 10.00% (£0.68)
- grounds 0.00% (£0.00)
- window cleaning -27.00% -(£0.03)
- communal lighting 7.00% (£0.19)
- block pest control -17.00% -(£0.35)
- waste collection 7.00% (£0.14)
- heating & hot water 5.00% (£0.54)
- tenants' levy 0.00% (£0.00)
- bulk waste disposal 7.00% (£0.07)
- sheltered housing 0.00% (£0.00)

33.3 approved, and asked Council to approve, the following average weekly percentage changes for hostels and shared temporary units for;

- service charges (hostels) – caretaking etc.; 6.31% or £4.60pw
- energy cost increases for heat, light & power; 20.0% or £1.19pw, the balance of x% will be funded by the Council
- water charges increase; 5.0% or £0.01pw

33.4 approved, and asked Council to approve, an increase in garage rents by 10.0% (£1.66 per week) for Brockley and Lewisham Homes residents as outlined in Appendix X5;

33.5 noted, and asked Council to note, that the budgeted expenditure for the Housing Revenue Account (HRA) for 2023/24 is £257.1m, split £103.6m revenue and £153.5m capital, which includes the decent homes and new build programmes;

33.6 agreed the HRA budget strategy cut proposals in order to achieve a balanced budget in 2023/24, as attached at Appendix X1;

33.7 noted the 2022/23 Quarter 2 HRA Capital Programme monitoring position and the Capital Programme potential future schemes and resources as set out in section 9 of the report;

Treasury Management Strategy

34 approved and recommended that Council approves the Treasury Management Strategy 2023/24 including the prudential indicators and treasury indicators, as set out in section 10 of the report;

35 approved and recommended that Council approves the Annual Investment Strategy and Creditworthiness Policy, set out in further detail at Appendix Z2;

36 approved and recommended that Council approves the Investment Strategy as set out in section 10 of this report, along with the operational boundary of £607.6m and the authorised limit of £668.4m for the year as set out in section 10 of this report;

37 approved and recommended that Council approves the Minimum Revenue Provision (MRP) policy as set out in section 10 of this report;

38. agreed and recommended that Council agrees to delegate to the Executive Director of Corporate Resources authority during 2023/24 to make amendments to borrowing and investment limits as set out in section 10 of the report provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;

39. approved and recommended that Council approves the overall credit and counterparty risk management criteria, as set out at Appendix Z2, the proposed countries for investment at Appendix Z3, and that it formally delegates responsibility for managing transactions with those institutions which meet the criteria to the Executive Director for Corporate Resources;

Capital Programme

40. noted the capital programme position and recommends that Council approves the 2023/24 to 2026/27 Capital Programme of £480.6m as set out in section 11 of this report and Appendix W1;

41.. agreed and recommended that Council agree to delegate to the Executive Director for Corporate Resources authority to amend the scheme mix within the Capital programme to respond to the risks as set out and to identify the match funding necessary for the recently awarded Levelling-up bid of £19m as long as this is done within the total programme parameters set out and asks that an updated capital programme is brought back to Mayor & Cabinet in 2023/24 at the earliest opportunity.

42. agreed that officers prepare governance and a prioritisation process, based on the adaptation of existing arrangements, with a recommendation to:

- Explore an annual Strategic CIL budget for infrastructure project allocation
- Develop an annual process for the allocation of Strategic CIL as part of the budget setting process
 - Vary the existing governance process for s106 monies agreed by Mayor and Cabinet to accommodate CIL and make any necessary updates to reflect the current Constitution
 - Develop a prioritisation process for Strategic CIL projects, to be reviewed after its first year of implementation

Mayor