



Public Accounts Select Committee

Financial Monitoring 2023/24

Date: Thursday 28th June 2023

Key decision: No

Class: Part 1

Ward(s) affected: None Specific

Contributors: Executive Director for Corporate Resources

Outline and recommendations

This report presents the financial monitoring position for the 2023/24 financial year, setting out the position as at 31 May 2023.

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

The Council-wide financial forecast for General Fund activities is an overspend of £12.4m, the position assumes delivery of £17.7m of the £20.2m savings programme for 2023/24.

The Dedicated Schools Grant is expected to overspend by £5.2m on the High Needs block due to the level of demand exceeding the funding available.

The Housing Revenue Account is projecting a balanced position at the end of 2023/24, however there is a significant risk of an overspend on Repairs and Maintenance.

Capital expenditure profiles of £79.7m for the general fund and £139.1m for the Housing revenue account have been set following a reprofiling exercise undertaken in May 2023. To date £8.1m of expenditure has been incurred at the 31st May.

At the 31st May, 18.3% of council tax due had been collected which is (0.9% or £1.6m) below the targeted level, at the same date, 22.4% of business rates due had been collected which remains (2.6% or £1.5m) below the targeted level.

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

Timeline of engagement and decision-making

7th June 2023 – Period 2 (May) Financial Monitoring 2023/24 to Executive Management Team

28th June 2023 – Period 2 (May) Financial Monitoring 2023/24 to Public Accounts Select Committee

19th July 2023 - Period 2 (May) Financial Monitoring 2023/24 to Mayor and Cabinet

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the financial forecasts for 2023/24 as at 31st May. The key areas to note are as follows:
- 1.2 The General Fund (GF) has a forecast overspend of £12.4m against the directorates' net general fund revenue budget, after utilising £2m of corporate funding set aside to fund costs arising from the Fair Cost of Care reform.
- 1.3 The GF reported position assumes delivery of £5.1m of the £7.6m legacy savings from 2023/23 or earlier. The position also assumes £12.6m of the new savings for 2023/24 are delivered, if these savings cannot be delivered, this will worsen the reported position.
- 1.4 A risk section has been prepared highlighting areas of concern that may become financial pressures as the year continues, work is ongoing to more accurately quantify and monitor these risks for future iterations of the report. This is set out in more detail in section 11 of the report.
- 1.5 The dedicated schools grant (DSG) is projected to overspend by £5.2m on the high needs block, this is set out in more detail in section 12 of the report.
- 1.6 The Housing Revenue Account (HRA) is projecting a balanced position at the end of 2023/24, however there is a significant risk of an overspend on Repairs and Maintenance. This is set out in more detail in section 13 of the report.
- 1.7 The capital budgets have been reprofiled as part of closing 2022/23. The profiled capital spend for the general fund capital programme is £79.7m and the HRA programme £139.1m. This is set out in more detail in section 14 of the report.
- 1.8 As at 31 May, 18.3% of council tax due had been collected which remains (0.9% or £1.6m) adrift of the targeted level. At the same date, 22.4% of business rates due had been collected which remains (2.6% or £1.5m) adrift of the targeted level. This is set out in more detail in section 15 of the report.

2.0 PURPOSE AND RECOMMENDATIONS

- 2.1 The purpose of this report is to set out the financial forecasts for 2023/24 as at the end of May 2023, projected to the year-end, 31 March 2023.
- 2.2 Members of the Public Accounts Select Committee are asked to: Note the current financial forecasts for the year ending 31 March 2024 and that Executive Directors will continue to work in bringing forward action plans to manage down budget pressures within their directorates.

3.0 POLICY CONTEXT

- 3.1 This financial position demonstrates the impact of the very severe financial constraints which have been imposed on Council services with the cuts made year on year, despite the increasing demand to deliver services to the borough's residents.

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

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

4.0 GENERAL FUND POSITION

- 4.1 The Council is reporting an overspend on general fund activities of £12.4m as shown in the table below

Table 1 – General Fund Outturn Position for 2023/24

Directorate	Net Budget	Net Forecast	Period 2 Variance
Children and Young People	75.2	83.0	7.8
Communities	85.4	86.4	1.0
Place and Housing	27.7	30.7	3.0
Corporate Resources	38.0	38.0	0.0
Chief Executive	11.0	11.6	0.6
Directorate Total	237.4	249.8	12.4
Corporate Items	26.3	26.3	0.0
General Fund Total	263.7	276.1	12.4

- 4.2 The above positions assumes energy costs and the impact of the staff pay award can be managed within the funding set aside for these corporately, if this is not the case this will worsen the position reported above. £2m of Corporate funding held within corporate items is being utilised to bring down the Adult Social Care pressure as the funding has been held to meet the 2023/24 costs arising from the fair cost of care reform.

5.0 SAVINGS DELIVERY

- 5.1 At the start of 2023 there were £7.6m of savings from 2022/23 (and older) which remain undelivered. These are shown in Appendix A of this report, an assessment of the expected delivery of these savings has been made and is reflected in the above monitoring position. The Children and Young People's savings are to be reviewed on a line by line basis by the service and finance to assess if these savings have been delivered but that demand and the cost of current placements has negated the financial impact of the delivery. If any of the £2.5m savings have not yet been delivered and can be in 2023/24, this will improve the reported position above.
- 5.2 In addition to these legacy savings, £12.6m of savings were agreed as part of the budget setting process. At this stage it is assumed that all of these will be achieved as part of the above budget monitoring position, therefore should this not be the case then the reported pressure of £12.4m will worsen. These are shown in appendix B of this report.
- 5.3 The tables below show the savings per Directorate and the current projected saving delivery for 2023/24, which is part of the monitoring position detailed in Section 4.

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Table 2 – Savings to be delivered in 2023/24

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

Table 3 – Savings Programme delivery status

Savings Programme by Directorate	Savings to be delivered	Expected Delivery	Shortfall
	£m	£m	£m
Children & Young People	4.8	2.3	2.5
Community Services	7.4	7.4	0.0
Place and Housing	3.4	3.4	0.0
Corporate Resources	1.1	1.1	0.0
Chief Executives	0.8	0.8	0.0
Corporate Items/All	2.8	2.8	0.0
Totals	20.2	17.7	2.5

6.0 CHILDREN AND YOUNG PEOPLE DIRECTORATE

- 6.1 **Children’s Social Care:** The Projected outturn for 2023/24 is currently forecast at £5.5m and is largely based on the 2022/23 outturn. The directorate have been working towards more intervention and support strategies, this involves improved commissioning work with the PAN London Commissioning Alliance to secure more favourable rates and work undertaken to create alternative capacity such as the Amersham and Northover in house provision as well as further support offered to parents and young people.
- 6.2 As the actions embed, the expectation is for a stabilisation in placement numbers and costs with a focus in the longer term of working towards a reduction in the cost base. However, there is a risk this reduction will be offset by increased costs associated with early intervention and support work including staffing and section 17 intervention such as mental health, legal etc.
- 6.3 This work is aimed at further reducing the number of Children Looked After (CLA’s), for context in May 2022 there were 479 CLA’s compared to 435 CLA’s in April 2023. This reduction is a positive and reflects the work being undertaken by the service, however it is likely that Children who need new placement arrangements have a high level of need meaning a higher cost, reflecting the change of focus. For context, a pupil costing £0.010m a week, will cost £0.5m per annum. Whilst the focus moves towards early

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intervention and support, this service remains high risk statutory and regulated.

- 6.2 **Education Services:** £2.8m pressure assumed at this stage of the year, this is the residual pressure on home to school transport of £1.2m (after £1.5m of corporate pressures funding added to the budget in 2023/24), £1m pressure on Children with complex needs which has emerged as a pressure since the budget setting process for 2023/24 and £0.6m pressure on Education Psychologists due to the continued increasing numbers of Education, health and care plans.
- 6.3 **Family, Quality and Commissioning:** £0.5m underspend due to service redesign in relation to CAMHS and additional grant funding in the Youth Offending Service.

7.0 COMMUNITY SERVICES DIRECTORATE

- 7.1 **Adult Social Care and Commissioning:** £1m forecast overspend at Period 2. This position assumes full delivery of savings including those carried forward from prior years. The underlying reason for the overspend remains Hospital discharges which continues to show a post pandemic surge (Covid legacy), with discharged clients being moved onto longer term packages and some requiring more complex support. The council is receiving funding from our Health partners to help mitigate this pressure and the known funding has been assumed within the current projection.
- 7.2 The projected level of pressure on Adult Social Care is £3m, this takes into account anticipated health funding in 2023/24, as well as assumed delivery of all the savings detailed in appendix A & B, as well as assumptions around inflation. There is £2m of corporate funding held to manage the financial impact of the Fair Cost of Care reform which brings the reported pressure down to £1m. A risk to the reported pressure is additional costs arising from children transitioning into Adulthood, despite additional budget there is a risk that the actual cost of placements exceeds the funded level.

8.0 PLACE AND HOUSING

- 8.1 **Strategic Housing:** £2m projected pressure on Housing at Period 2 with a risk of this increasing during the remainder of 2023/24, as the number of people using the nightly paid service continues to rise. At May 2023 there are 1,118 people in nightly paid services compared to 764 in April 2021 and 985 in April 2022. In addition, clients have a tendency to stay longer in temporary accommodation as the service is unable to move them on due to the unavailability suitable alternative accommodation. The reported pressure is after £3.5m additional funding allocated as part of the budget setting process.
- 8.2 The main pressure on the service relates to the Housing Benefit (HB) limitation recharge forecast (where rents are in excess of HB caps & limits and are therefore not covered by the department of works and pensions benefit subsidy), which is based on the numbers of clients accommodated in Temporary Accommodation (TA) and more specifically in nightly paid accommodation. At this early stage of the financial year it is unlikely that the full impact of the increase in numbers in the past 6 months, is reflected in the current forecast recharge which will be expected to increase if numbers remain as high as they are. As this is a demand lead service, variations in the numbers accommodated would see a corresponding increase in the recharge applied to the service.
- 8.3 In addition to this, providers of Nightly Paid accommodation continue to approach the authority with requests or notifications to increase the current rental charge to off-set the increase in costs. This has put further pressure on the service via the HB limitation recharge and increase the current forecast overspend.
- 8.4 The service is actively seeking to reduce numbers accommodated and is set to embark on the purchase of up to 300 new units for TA following the award of Greater London Authority (RTB) grant and Mayor and Cabinet approval. This will potentially reduce the numbers accommodated in expensive nightly paid (B&B) accommodation which receives

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the highest HB limitation recharge at 70% of the total. The service are seeking to minimise the use of the most expensive PMA provider as far as possible and when there is no alternative to using these properties, move clients out as quickly as possible. Work is ongoing to maximise rent income collected and reduce arrears as well as working to place clients in accommodation that is more affordable and where the HB limitation recharge is either zero or lower than where we are currently placing clients. A reduction in numbers in nightly paid accommodation would see a reduction in the HB limitation recharge.

- 8.5 **Public Ream:** £1m pressure on Street Environmental Services, due to operational costs in refuse collection and street management. The service is actively working to manage these costs down by reconfiguring services and anticipates this will be achieved by the start of next financial year, an example of which is making changes to mobile crews but this will take time to fully implement.

9.0 CORPORATE RESOURCES DIRECTORATE

- 9.1 A balanced position is projected on the Corporate Resources directorate at Period 2.

10. CHIEF EXECUTIVES DIRECTORATE

- 10.1 **Legal Services:** £0.6m pressure on staffing costs, which is a recurrence of the pressure reported in the 2022/23 outturn report. Work is ongoing to complete more of the work internally though recruitment challenges mean this is not always possible and agency staff are required to deliver the work at a higher cost. Where work cannot be contained internally then there is an additional external cost, currently the potential cost of external legal work is being quantified however there is a risk of further pressures emerging later in the financial year.

11. GENERAL FUND RISKS

- 11.1 Below is a list of potential risks which are being worked through and quantified for 2023/24.
- 11.2 **Council Tax (Council Wide):** Collection rates for Council Tax may be impacted due to the challenging economic times, especially if unemployment rises significantly. This would put income budgets under pressure, a 1% reduction in collection rates compared to the budgeted level of income is £1.5m.
- 11.3 **Temporary Accommodation:** The £2m reported pressure is based on the average number of nightly paid service users from 2022/23 continuing into 2023/24, the average number of people in nightly paid in 2022/23 was 1,026 however there were 1,118 people in nightly paid in May 2023. If this level continues the estimated risk is a further pressure of up to £3m.
- 11.4 **Energy Care Homes:** There is a risk of an increased ask from Care Homes for inflation in both Adults and Children's Social Care due to the energy tariff price increases and wage increases across the sector.
- 11.5 **Planning:** The land charges function will be moving to the land registry this year, this migration is likely to affect the level of income received by the Council with the potential risk estimated at £0.4m.
- 11.6 **Collection Fund:** Collection rates for Business rates may be impacted due to the challenging economic times, which will put income budgets under pressure, especially if unemployment rises significantly.
- 11.7 **Market failings for Children Social Care placements:** The impact of reduced availability of adequate provision and a cost increase for the provision that is available.
- 11.8 **General inflationary costs:** The impact of general inflation (CPI currently 7.8% in April

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2023) on the £200m of goods and services procured each year by the Council (revenue) and £200m planned capital programme spend. The known impact of this is reflected in the reported position above, however as costs continue to increase further pressures may emerge.

- 11.9 **Cost of capital programme slippage and inflation:** Costs which are then borne in full in year on revenue budgets rather than being capitalised over the life of the asset or which are changing as schemes are brought forward that exceed the original budget assumptions, potentially requiring revenue funds to be diverted away from service budgets.
- 11.10 **Pension Fund:** The annual monitoring between valuations may poses a financial risk to the council.

12. DEDICATED SCHOOLS GRANT

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

Table 4 – DSG projected outturn 2023/24

DSG Projected Outturn	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
Gross Budget	231.0	3.3	77.2	26.3	337.8
In Year Virement	(0.7)	0.0	0.7	0.0	0.0
ESFA Holdback	(47.5)	0.0	(0.4)	0.0	(47.9)
DSG Budget	182.8	3.3	77.5	26.3	289.9
Expenditure	182.5	3.3	82.7	26.3	294.8
Total Spend	182.5	3.3	82.7	26.3	294.8
Variance	(0.3)	0.0	5.2	(0.0)	4.9

- 12.2 **Schools Block:** £0.7m has been agreed with schools forum to be transferred to support the high needs block and is shown as an in year virement.
- 12.3 **Central School Services Block:** A balanced position is shown however there has been a reduction in funding nationally over the past 3 years, the figure has been abated by 20% year on year.
- 12.3 **High Needs Block:** High Needs continues to show a pressure against the available funding. Lewisham has been progressing a mitigation plan and is now progressing work with the DfE as part of the Delivering Better Value initiative. Schools forum has agreed a transfer of £0.7m to support the pressure, however the increase both in demand and inflationary pressures continue to prove challenging. Increased places in many schools including Drumbeat, Watergate and Greenvale has been completed or is near completion, and will provide some welcomed capacity. The service will continue working to bring down the projected pressure of £5.2m.
- 12.4 **Early Years Block:** At the time of writing, the Early Years block remains provisional and pending the finalisation of the January 2023 pupil count. In the spring budget statement, the Chancellor stated there would be investment in Early Years funding to support childcare of 30 hours for working parents, limited information has been provided on this

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initiative. The funding shown in the table above pre-dates this announcement.

- 12.5 The table below shows what the DSG deficit would be at the end of 2023/24, based on the projected outturn position at period 2.

Table 5 – DSG Overall Position

DSG Overall	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
DSG Projected Outturn 2023/24	(0.3)	0.0	5.2	(0.0)	4.9
DSG Variance 2022/23	(0.1)	0.0	2.6	0.0	2.5
DSG Variance 2021/22	0.0	0.0	5.4	(1.3)	4.1
DSG Variance Prior Years	(0.3)	0.0	5.0	(0.2)	4.5
Projected Deficit/(Surplus) at end of 2023/24	(0.7)	0.0	18.2	(1.5)	16.0

13.0 HOUSING REVENUE ACCOUNT

- 13.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2023/24. At this early stage of the financial year, the current forecast is for an overall balanced account, the balanced HRA budget seen in the table includes a budgeted contribution to/from reserves which is to be used to fund the HRA major works and new supply programme and is included as a part of the 30-year HRA business plan. The HRA budget will be revised in the next month to take account of the final closing position for 2022/23 as well as updating stock numbers and forecast income, expenditure carry forwards and loss of stock.

Table 6 – Housing Revenue Account

Housing Revenue Account	Net Budget	Net Forecast	Period 2 Variance
	£m	£m	£m
Housing, Regeneration and Public Realm – Housing	13.0	13.0	0.0
Lewisham Homes & Repairs & Maintenance	45.6	45.6	0.0
Resources	2.1	2.1	0.0
Centrally Managed Budgets	(60.7)	(60.7)	0.0
Total	0.0	0.0	0.0

- 13.2 There is a significant income target from the charging of major works at properties for leasehold tenants of £12.0m, which is based on the General Capital programme allocation of £81.0m. Work undertaken on a leaseholder property will move to bills raised based on estimates from July/August 2023, as at the end of May 2023, a total of £0.7m of charges have been raised to leaseholders, there are ongoing discussions with Lewisham Homes to provide data relating to bills to be raised for prior year's works and ensure that they are raised in financial year 2023/24. Lewisham Homes have advised that there is currently a total of £4.6m of charges to be raised for prior years' work, with additional charges for the current years' programme being worked on.

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- 13.3 Repairs & Maintenance (R&M) is currently forecast to budget, but it should be noted that R&M overspent by £1.0m in 2022/23, after increasing the in-year budget by £5.0m. Lewisham Homes continue to advise of significant pressures on the R&M budget and are in discussions with the authority to assess if any additional resources are available. Even with productivity increasing for day-to-day repairs, Lewisham Homes still subcontracts a number of high-cost workstreams for certain trades and void work is also fully outsourced. This reliance on subcontractors, where the market has seen significant cost inflation, has been a contributing factor to the cost pressures on the R&M budget. If expenditure on the R&M account is similar to 2022/23, then there would be a budgetary pressure in the region of £3.3m for the year, which would need to be covered by reduced expenditure elsewhere. This will not be certain until further into the financial year when a full analysis of the costs within the R&M account has been undertaken by Lewisham Homes.
- 13.4 Whilst income from tenant's rents and service charges, garage rents and leaseholder service charges are being currently projected to budget, however it would be expected that additional income may arise in part due to void levels being lower than the current budgeted rates, and the completion of the leaseholder service charge audit in September 2023. This will be updated once more data is available. In addition, bad debt impairments charge to the HRA may be lower than budgeted, based on the current levels of debt projected forward for the remainder of the financial year. Any additional income or underspends in these areas will be used to compensate for any overspends which may arise as the year progresses.
- 13.5 The current 30-year HRA financial model has been refreshed, with the final outturn for 2022/23 as well as the latest updates for the general capital programme, revised stock numbers and reserves allocations incorporated into the plans. Budgets will be updated shortly to reflect starting stock numbers from 1 April 2023, as well as incorporating the latest consolidation update for the new supply programme to reflect the latest position. The revisions to the budgets will be agreed and processed and may push some of the planned capital and new supply expenditure into 2024/25 due to a re-programming of works and programme delays.
- 13.6 Lewisham Homes have not yet produced a forecast for the capital programme against the general capital allocations budget of £81.0m, this will be updated next month. Any underspends or slippage in the programme will be used to cover for any overspend in R&M or be re-profiled to 2024/25. Lewisham Homes have also not yet produced a forecast for the HRA element of the BfL programme. This will be updated with the latest programme consolidation when available and re-profiled accordingly.
- 13.7 Following the December 2022 Mayor and Cabinet decision to bring Lewisham Homes (LH) housing services into the Council, a phased approach to the re-integration has allowed us to learn and be business ready for the final transition of services and 500+ staff in October 2023. This approach (as detailed in the Housing Futures Progress report to Mayor and Cabinet in June 2023) has also given us a better understanding of costs that are incurred related to the transition of services from Lewisham Homes to Lewisham Council, with existing agreed revenue budgets utilised where available and reasonable to do so for non-transition / business as usual work.
- 13.8 It is proposed that up to £1.9m of the costs are met from existing reserves, with further transfer costs to be funded from the HRA reserves if available or the use of General Fund reserves if not. The level of reserves should be restored through the delivery of a planned HRA savings programme so that the necessary prudent position to meet future unforeseen costs is restored at the earliest opportunity.

14.0 CAPITAL EXPENDITURE

- 14.1 The budget 2023/24 – 2026/27 as agreed by Full Council is £480.6m, being £86.7m for the General Fund and £393.9m of Housing Revenue Account (HRA). As set out in the Budget,

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slippage from 2022/23 will be added to this making the total budget £579.2m, £88.1m for GF and £491.1m HRA. The current capital programme for the four year period totals £611.6m (and £621m including future years). This is made up of £248.4m of General Fund budget and £372.6m of Housing Revenue Account (HRA) budget, profiled over 5 years, and includes schemes which have since been agreed by Mayor and Cabinet for inclusion. As at the end of May 2023, £8.1m of capital expenditure has been incurred, this is detailed in Table 7.

Table 7 Approved Capital Schemes

Capital Expenditure	2023/24 Spend	2023/24	2024/25	2025/26	2026/27	Future Years	Total
	£m	£m	£m	£m	£m	£m	£m
General Fund	1.4	79.7	65.0	80.3	14.0	9.4	248.4
Housing Revenue Account	6.7	139.1	105.9	118.3	9.2	0	372.6
Total Programme	8.1	218.8	171.0	198.6	23.3	9.4	621.0

- 14.2 Current in-year expenditure across all projects is 4%, which is rated AMBER, if spend is consistent across the year, we would expect spend at Period 2 to be close to 17%. A large proportion of the 2023/24 profiled spend can be attributed to the “Housing Acquisition Programme”, the “A205 Road Realignment” and the “School Minor Works Programme 2023” which have been set up in year and which total £159.1m. Given the introduction of these new schemes the capital programme budget will be brought back to Council for approval in September, but the actual and forecast spend is such that the budget as agreed is sufficient until this point.
- 14.3 In May the Capital Programme was re-profiled. Slippage from 22/23 was automatically rolled into 23/24, as set out in paragraph 14.1 above, so the re-profiling allowed project managers to distribute this slippage across the life of the projects.
- 14.4 The new approved, high value General Fund capital projects are detailed below in Table 8. As described in paragraph 14.2 above, these will need to return to Council in September for agreement for the programme budget, and this will be considered alongside the mid year Treasury Management Strategy update which will include the funding and financing implications for borrowing.

Table 8 New High Value General Fund Capital Projects 2023/24

New GF Schemes							
Project / Programme	2023/24	2024/25	2025/26	2026/27	Future Years	Total	
Housing Acquisition Programme	31.8	31.8	31.8	0.0	0.0	95.3	
A205 Road Realignment	2.1	12.0	38.3	5.9	1.5	59.8	
Schools Minor Works Programme 2023	3.8	0.2	0.0	0.0	0.0	4.0	
Other Schemes	1.2	0.0	0.0	0.0	0.0	1.2	
Total	38.9	43.9	70.1	5.9	1.5	160.3	

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15.0 COLLECTION FUND

Council Tax

- 15.1 As at 31 May, £33.2m of Council Tax has been collected representing 18.3% of the total amount due for the year. This is £1.6m below the 19.2% target required in order to reach 96% for the year.

Table 7 – Council Tax Collection

Council Tax	Cash Collected (cumulative)	Cash needed to meet 96% Profile	Difference between collected and 96% profile	Current Year Collection Rate%	Required Collection Rate to reach 96%	Difference
Apr-22	18,614,933	19,605,534	990,602	10.3%	10.8%	0.5%
May-22	33,167,682	34,752,098	1,584,416	18.3%	19.2%	0.9%

Business Rates

- 15.2 As at 31 May, £12.6m of Business Rates has been collected representing 22.4% of the total amount due for the year. This is £1.5m below the level required in order to reach 99% for the year.

Table 8 - Business Rate Collection

Business Rates	Cash Collected (cumulative)	Cash needed to meet 99% Profile	Difference between collected and 99% profile	Current Year Collection Rate%	Required Collection Rate to reach 99%	Difference
Apr-22	8,123,664	7,495,565	(628,099)	14.1%	13.0%	-1.1%
May-22	12,632,550	14,105,804	1,473,254	22.4%	25.0%	2.6%

16.0 FINANCIAL IMPLICATIONS

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

17.0 LEGAL IMPLICATIONS

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

18.0 CRIME AND DISORDER, CLIMATE AND ENVIRONMENT IMPLICATIONS

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

19.0 EQUALITIES IMPLICATIONS

- 19.1 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

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

Background Papers

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

Report Author and Contact

Nick Penny, Head of Service Finance nick.penny@lewisham.gov.uk; or

David Austin, Director of Finance at david.austin@lewisham.gov.uk

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APPENDIX A – Line by Line Savings 2022/23 and Older

Year	Ref	Directorate	Director	Proposal	Savings to be Delivered	Expected Delivery in 2023/24	Expected Savings Shortfall	Risk Rating of Saving in 2023/24	Finance View
2020/21	CYP01	CYP	Lucie Heyes	More efficient use of residential placements	300		300		Work is underway between finance and the service to review the future deliverability of these savings or whether they have been delivered already with the financial impact consumed by other costs.
2020/21	CYP03	CYP	Lucie Heyes	More systematic and proactive management of the market	600		600		
2020/21	CYP04	CYP	Lucie Heyes	Commission semi-independent accommodation for care leavers	250		250		
2020/21	CYP05	CYP	Lucie Heyes	Residential framework for young people. Joint SE London Commissioning Programme	200		200		
2022/23	E-05	CYP	Angela Scattergood	Traded services with schools	50	0	50		
2022/23	E-06	CYP	Lucie Heyes	Reduce care leaver costs	100		100		
2022/23	F-02	CYP	Lucie Heyes	Children Social Care Demand management	500		500		

2022/23	F-03	CYP	Lucie Heyes	Children Service reconfiguration - fostering	250		250		
2022/23	F-05	CYP	Lucie Heyes	VfM commissioning and contract management - CSC	250		250		
Children and Young People's Subtotal					2,500	-	2,500		
2020/21	COM2A	Comm	Joan Hutton	Ensuring support plans optimise value for money	400	400	-		
2021/22	F-01	Comm	Joan Hutton	Adult Social Care Demand management	1,100	1,100	-		Amber due to value, delivery expected in 23/24.
2021/22	F-24	Comm	Joan Hutton	Adult Social Care cost reduction and service improvement programme	2,249	2,249	-		Amber due to value, delivery expected in 23/24.
2022/23	F-24	Comm	Joan Hutton	Adult Social Care cost reduction and service improvement programme	430	430	-		
Communities Subtotal					4,179	4,179	-		

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2020/21	CUS04	HRPR	Zahur Khan	Income generation - increase in commercial waste charges	100	100	-		Work continuing to deliver the saving in 23/24
Place and Housing Subtotal					100	100	-		
2021/22	A-05	Corp	Mick Lear	Revs and Bens - additional process automation	400	400	-		Restructure implemented in 22/23, full delivery expected in 23/24
2022/23	A-06	Corp	Mick Lear	Revs and Bens - Generic roles	400	400	-		Restructure implemented in 22/23, full delivery expected in 23/24
Corporate Resources Subtotal					800	800	-		
Total					7,579	5,079	2,500		

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APPENDIX B – Savings to be delivered 2023/24

Reference	Directorate Budget	Title	Savings to be Delivered	Expected Delivery in 2023/24	Expected Savings Shortfall	Risk Rating of Saving in 2023/24	Finance View
CYP_SAV_01	CYP	Review of Children's Centre Budgets	500	500	-		
CYP_SAV_02	CYP	Education - Vacant Post	12	12	-		
CYP_SAV_04	CYP	Youth Service Budget Review	200	200	-		
CYP_SAV_05	CYP	Youth Offending Service Review	100	100	-		
CYP_SAV_06	CYP	Short Breaks	200	200	-		
D-13	CYP	Review of commercial opportunities for nurseries within children's centres	9	9	-		
F-02	CYP	Children Social Care Demand management	1,000	1,000	-		
F-03	CYP	Children Service reconfiguration - fostering	250	250	-		
Children and Young People's Subtotal			2,271	2,271	-		
COM_SAV_01	COM	Introduction of Electronic Call Monitoring	650	650	-		
COM_SAV_02	COM	Delegation of Care Plan Budgets to Operation Managers	100	100	-		
COM_SAV_03	COM	Care Plan Reassessment	1,000	1,000	-		
COM_SAV_04	COM	Empowering Lewisham	1,000	1,000	-		
COM_SAV_05	COM	Review of Staffing Requirement in Supported Housing	55	55	-		

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COM_SAV_06	COM	Reduction in Mental Health Homecare costs	50	50	-		
COM_SAV_08	COM	Reduction in opening hours at Libraries	90	90	-		
COM_SAV_09	COM	NHS Health Checks	15	15	-		
COM_SAV_10	COM	Sexual and Reproductive Health Services in Primary Care	46	46	-		
COM_SAV_11	COM	PH Weight management savings	13	13	-		
E-14	COM	Changes to leisure concessions for older people	95	95	-		
A-02	COM	Hybrid roles - enforcement	13	13	-		
C-07	COM	Review Short breaks provision.	50	50	-		
Communities Subtotal			3,177	3,177	-		
HRPR_SAV_01	HRPR	Temporary Accommodation Cost Reduction	200	200	-		
HRPR_INC_01	P&H	Additional Yellow Box Junction Enforcement & Moving Traffic Contravention by CCTV	105	105	-		
HRPR_INC_02	P&H	Replacement Bin Charging	50	50	-		
HRPR_INC_03	P&H	Increase the charge for Bulky Waste collections	20	20	-		
HRPR_INC_04	P&H	Charge for mattress collections	25	25	-		
HRPR_INC_05	P&H	Increase the charge for fridge/freezer collections.	78	78	-		
HRPR_INC_06	P&H	Review of fees charged for Garages	130	130	-		

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HRPR_SAV_02	P&H	Review of the Road Safety Service	70	70	-		
HRPR_SAV_03	P&H	Increased recharging of salary costs to capital	70	70	-		
HRPR_SAV_04	P&H	S106 utilisation for apprenticeships	17	17	-		
HRPR_SAV_05	P&H	Utilisation of UKSPF grant funding to reduce the general fund burden for the service.	100	100	-		
HRPR_INC_08	P&H	Housing Programme Commercial Units' Income Generation	75	75	-		
HRPR_SAV_06	P&H	Review of the Temporary Accommodation (TA) Service Level Agreement (SLA) with Lewisham Homes (LH)	162	162	-		
HRPR_SAV_07	P&H	Reducing general fund spend on private sector housing licensing and enforcement.	150	150	-		
C-39	P&H	Aligning the Kickstart scheme with Government plans	25	25	-		
D-10	P&H	Commercial Estate Review	50	50	-		
D-11	P&H	Business Rates revaluation of Council owned properties	50	50	-		Still waiting to conclude the revaluation review with Wilkes and Head
D-12	P&H	Asset Use Review and Regularisation	15	15	-		

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E-12	P&H	Building Control Service Efficiency	30	30	-		Service is actively working towards increasing income, income levels remain low after covid
A-02	P&H	Hybrid roles - enforcement	38	38	-		
D-01	P&H	Generating greater value from Lewisham's asset base	500	500	-		This has been reversed in the 23/24 budget
D-02	P&H	Business Rates Revaluation for the estate	20	20	-		Still waiting to conclude the revaluation review with Wilkes and Head
D-06	P&H	Catford Campus - Estate Consolidation	12	12	-		
D-07	P&H	Meanwhile use - Temporary Accommodation	25	25	-		
E-02	P&H	Income from building control	20	20	-		Service is actively working towards increasing income, income levels remain low after covid
F-16	P&H	Environment - new waste strategy	250	250	-		

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F-18	P&H	Controlled Parking Zone Extension	1,000	1,000	-		£750k to be funded corporately in 23/24 on a one off basis to reflect the delayed profile of the savings delivery
Place and Housing Subtotal			3,287	3,287	-		
COR_SAV_03	COR	Reduction in utilities costs of the Catford Complex	150	150	-		
D-14	COR	Facilities Management	100	100	-		
C-08	COR	IT - mobile telephony review	10	10	-		
Corporate Resources Subtotal			260	260	-		
CEX_SAV_01	CEX	Review of Elections Budget	50	50	-		
CEX_SAV_03	CEX	Legal Invest to Save	233	233	-		Work is required to reduce external legal expenditure to deliver this saving.
ALL_SAV_02	CEX	Senior Management Reductions, Realignment and Restructures	500	500	-		
Chief Executive Subtotal			783	783	-		
COR_SAV_02	CORP ITEMS	Review of Corporate Budgets - interest	2,000	2,000	-		

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

Appendix C – Gross Budgets by Directorate

Directorate	Expenditure Budget	Expenditure Forecast	Variance	Income Budget	Income Forecast	Variance	Net Budget	Net Forecast	Variance
CYP	741.471	749.271	7.800	(666.230)	(666.230)	0.000	75.241	83.041	7.800
COMM	189.745	190.745	1.000	(104.344)	(104.344)	0.000	85.401	86.401	1.000
P&H	117.210	120.210	3.000	(89.469)	(89.469)	0.000	27.740	30.740	3.000
COR	209.669	209.669	0.000	(171.664)	(171.664)	0.000	38.004	38.004	0.000
CE	11.694	12.294	0.600	(0.672)	(0.672)	0.000	11.022	11.622	0.600
Total	1,269.789	1,282.189	12.400	(1,032.380)	(1,032.380)	0.000	237.409	249.809	12.400
COR Items	46.913	46.913	0.000	(20.643)	(20.643)	0.000	26.270	26.270	0.000
GF Total	1,316.702	1,329.102	12.400	(1,053.023)	(1,053.023)	0.000	263.679	276.079	12.400

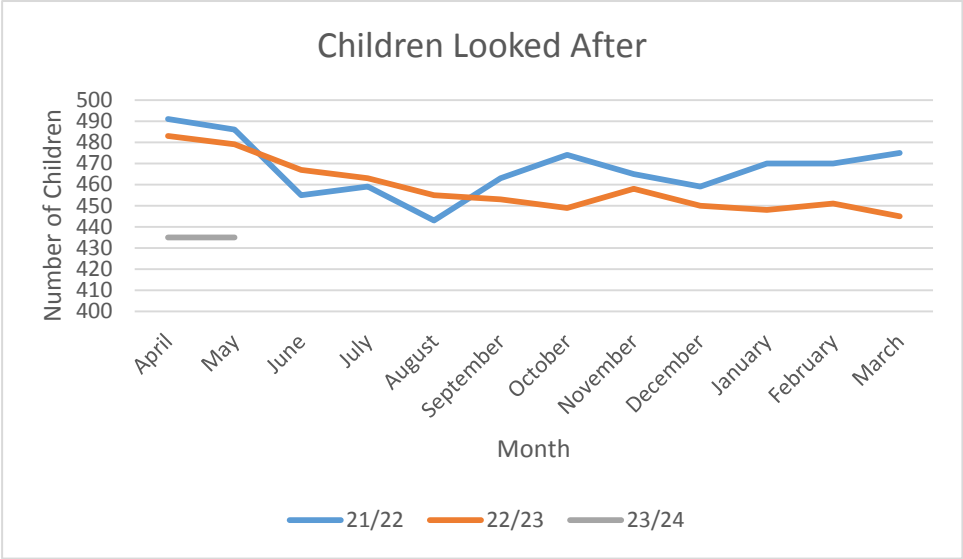
This table shows the gross expenditure and gross income budgets by directorate, this shows the overall expenditure the council incurs per directorate which is funded by income including specific government grants and other controllable income.

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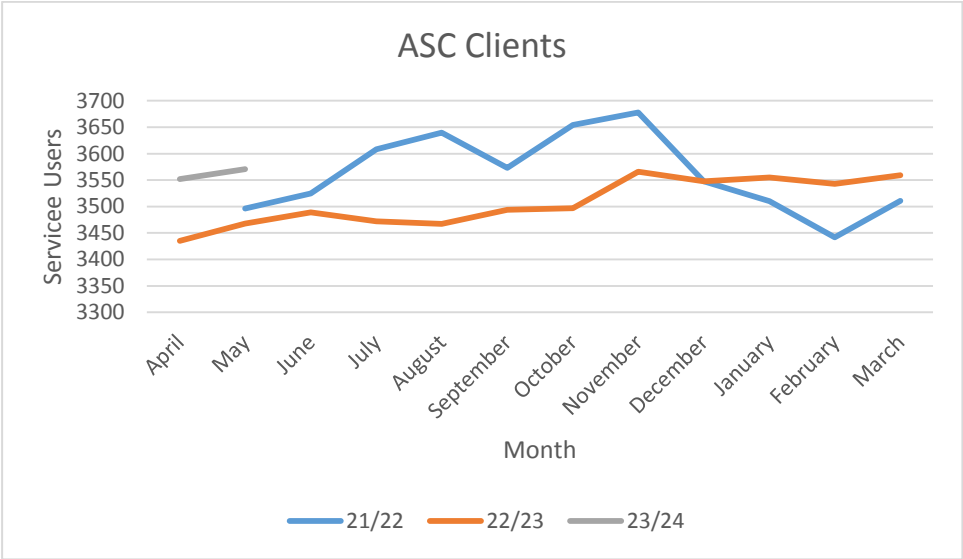
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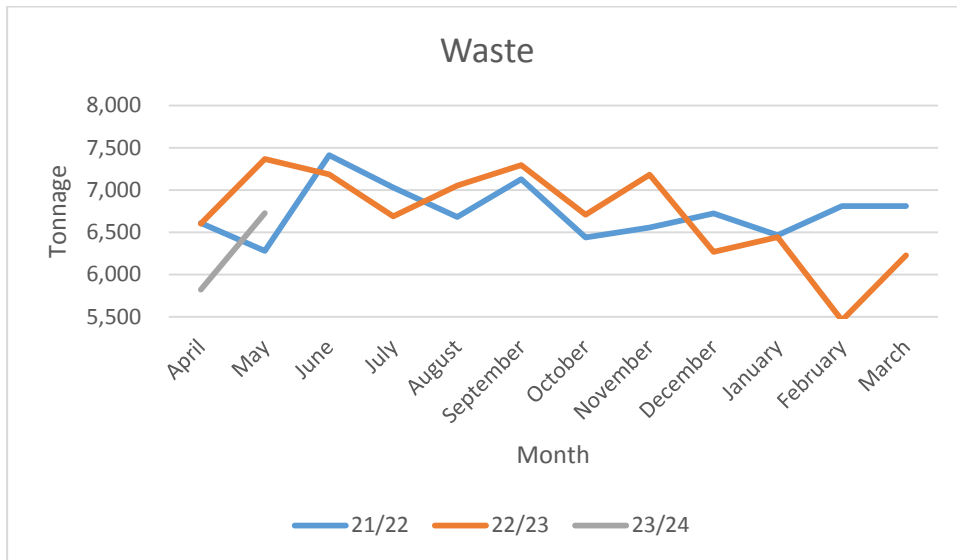
Appendix D – Key Performance Indicators



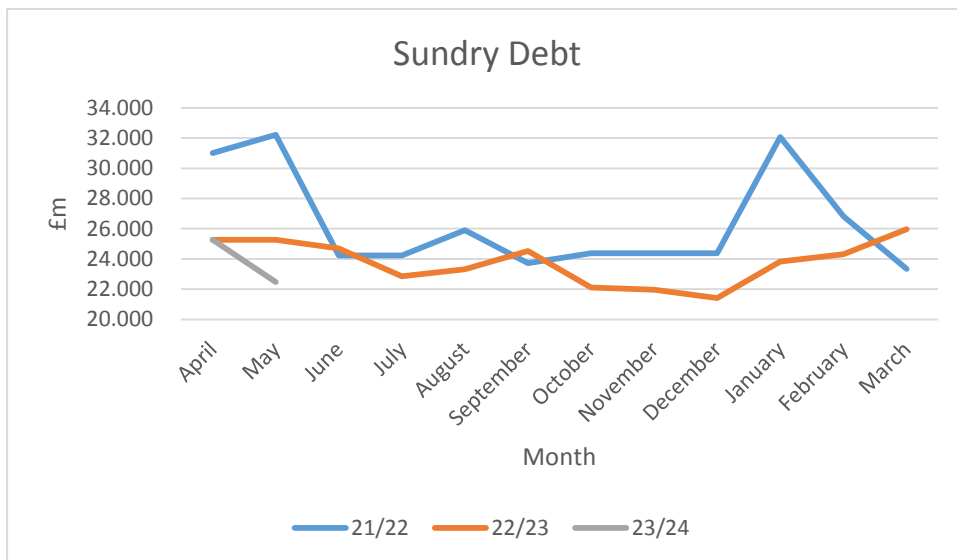
This graph shows the CLA's from 21/22 onwards, this shows the trend that the number of CLA's supported by the service is decreasing. The source document is the monthly performance report.



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



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

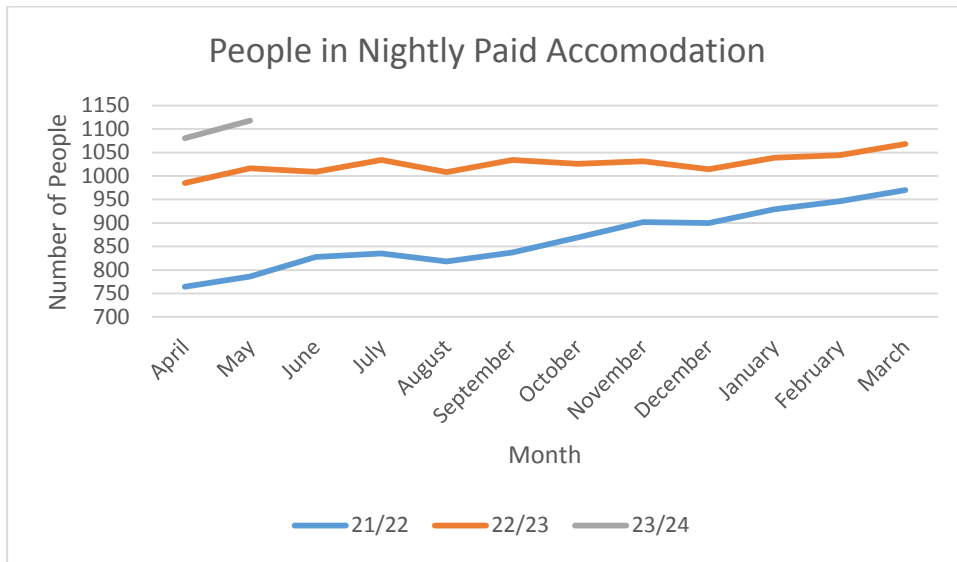


This graph shows the level of sundry debt from 21/22 onwards, the debt in May 2023, is at a lower level than in the comparable month in 21/22 and 22/23. The source document is the debt file produced from the oracle financial system.

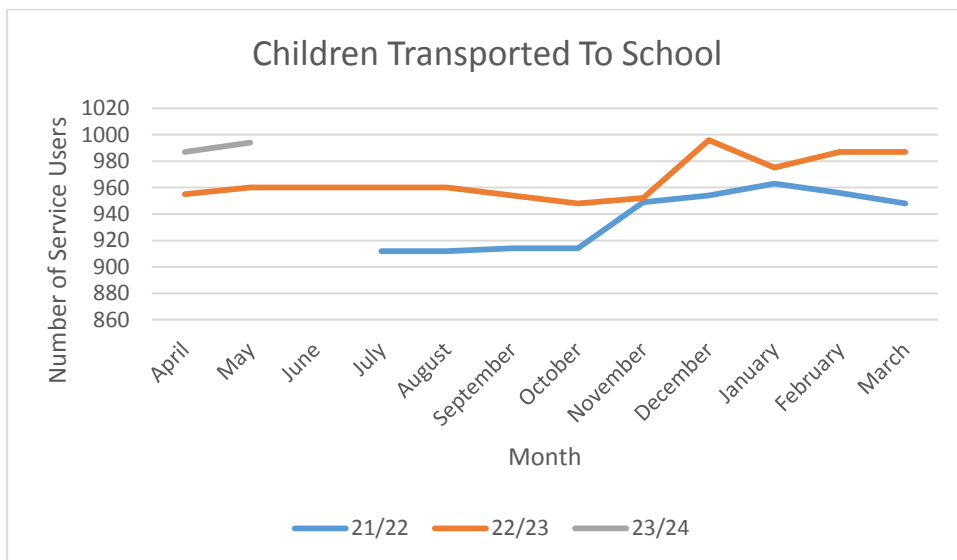
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This graph shows the number of people in nightly paid accommodation from 21/22 onwards, the level has increased from 786 in April 2021 to a high of 1,118 in May 2023. The data is sourced from the academy system.



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

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