



## Mayor and Cabinet

### Financial Monitoring 2023/24

**Date:** Wednesday 19<sup>th</sup> July 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 £70.8m for the general fund and £119.9m 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

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

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

19<sup>th</sup> 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 £70.8m and the HRA programme £119.9m. 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 Mayor and Cabinet are asked to: Note the current financial forecasts for the year ending 31 March 2024 and that Executive Directors will continue to work on bringing forward action plans to manage down budget pressures within their directorates.

### 3.0 POLICY CONTEXT

- 3.1 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):

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- Cleaner and Greener
  - A Strong Local Economy
  - Quality Housing
  - Children and Young People
  - Safer Communities
  - Open Lewisham
  - Health and Wellbeing
- 3.2 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.
- 3.3 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.
- 3.4 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.
- 3.5 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.
- 3.6 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 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

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**Table 1 – General Fund Outturn Position for 2023/24**

<b>Directorate</b>	<b>Net Budget</b>	<b>Net Forecast</b>	<b>Period 2 Variance</b>
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
<b>Directorate Total</b>	<b>237.4</b>	<b>249.8</b>	<b>12.4</b>
Corporate Items	26.3	26.3	0.0
<b>General Fund Total</b>	<b>263.7</b>	<b>276.1</b>	<b>12.4</b>

- 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
<b>Totals</b>	<b>7.6</b>	<b>12.6</b>	<b>20.2</b>

**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
<b>Totals</b>	<b>20.2</b>	<b>17.7</b>	<b>2.5</b>

## 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, based on expenditure being incurred in line with 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 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,

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will cost £0.5m per annum. Whilst the focus moves towards early 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 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 financial 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

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numbers accommodated in expensive nightly paid (B&B) accommodation which receives 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 which will reduce costs but 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. Legal are seeking to complete more of the caseload using permanent team members, 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 this causing further financial pressure later in the financial year.

## 11. GENERAL FUND RISKS

- 11.1 Below is a list of potential risks, some of 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.

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- 11.8 **General inflationary costs:** The impact of general inflation (CPI currently 7.9% in May 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 recouperment and high needs 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)
<b>DSG Budget</b>	182.8	3.3	77.5	26.3	289.9
Expenditure	182.5	3.3	82.7	26.3	294.8
<b>Total Spend</b>	182.5	3.3	82.7	26.3	294.8
<b>Variance</b>	<b>(0.3)</b>	<b>0.0</b>	<b>5.2</b>	<b>(0.0)</b>	<b>4.9</b>

- 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 have been completed or are 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

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childcare of 30 hours for working parents, limited information has been provided on this 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
<b>Projected Deficit/(Surplus) at end of 2023/24</b>	<b>(0.7)</b>	<b>0.0</b>	<b>18.2</b>	<b>(1.5)</b>	<b>16.0</b>

### 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 a 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
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

- 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

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current years' programme being worked on.

- 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 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, 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 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 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 table below sets out the Capital Programme for the MTFS period as agreed in

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the 2023/24 budget report.

**Table 7 Approved Capital Programme**

Capital Programme From 2023/24 Budget Report						
	2023/24	2024/25	2025/26	2026/27	Future Years	Total
GF	£m	£m	£m	£m	£m	£m
Resources	0.5	0.0	0.0	0.0	0.0	0.5
Comm	0.9	0.1	0.0	0.0	0.0	1.0
CYP	11.0	5.4	0.0	0.0	0.0	16.4
Regen	10.4	3.6	0.0	0.0	0.0	14.0
GF Housing	28.7	7.5	14.4	4.3	0.0	54.9
<b>Total GF</b>	<b>51.5</b>	<b>16.6</b>	<b>14.4</b>	<b>4.3</b>	<b>0.0</b>	<b>86.8</b>
HRA	£m	£m	£m	£m	£m	£m
BfL - HRA	72.7	78.8	19.0	4.9	0.0	175.4
Decent Homes	66.3	67.5	68.8	3.4	0.0	206.0
Other HRA	2.1	2.2	3.1	3.2	0.0	10.6
HRA Unallocated	0.9	0.9	0.0	0.0	0.0	1.8
<b>Total HRA</b>	<b>142.0</b>	<b>149.5</b>	<b>91.0</b>	<b>11.5</b>	<b>0.0</b>	<b>394.0</b>

- 14.2 The agreed 2023/24 budget for the Capital Programme as set out in March 2023 was £193.5m. This was split into £51.5m for GF schemes & £142m for HRA schemes.
- 14.3 This budget does not include any slippage from unspent spend against the 2022/23 budgets, of which there was £56.4m split into £14.2m for GF schemes & £42.2m for HRA schemes.
- 14.4 Since this budget was approved there have also been several schemes approved by M&C which have been included in the below proposed Capital Programme. These schemes total £29.3m for 2023/24 & are all for GF schemes. The most notable new schemes which make up a large proportion of this figure are the 'Housing Acquisition Programme', 'School Minor Works Programme' and 'A205 Road Realignment' which have 2023/24 budgets of £22.2m, £3.8m and £2.1m respectively.
- 14.5 These changes to the Capital Programme, along with a re-profiling of certain project budgets across the project life-cycle, give rise to the proposed Capital Programme in the below table.
- 14.6 The table below sets out the budget and profile the MTFs period for the Capital Programme for 2023/24 as of 30th June 2023.

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**Table 8: Current Capital Programme**

Capital Programme Budget - Current Capital Programme						
	2023/24	2024/25	2025/26	2026/27	Future Years	Total
GF	£m	£m	£m	£m	£m	£m
Resources	0.6	0.0	0.0	0.0	0.0	0.6
Comm	1.0	0.0	0.0	0.0	0.0	1.0
CYP	10.1	8.5	1.7	0.0	0.0	20.3
Regen	26.6	18.5	39.8	6.4	2.0	93.3
GF Housing	32.5	47.9	38.8	7.6	7.3	134.1
<b>Total GF</b>	<b>70.8</b>	<b>74.9</b>	<b>80.3</b>	<b>14.0</b>	<b>9.4</b>	<b>249.3</b>
HRA	£m	£m	£m	£m	£m	£m
BfL - HRA	31.1	53.6	49.7	6.0	0.0	140.4
Decent Homes	81.1	0.0	0.0	0.0	0.0	81.1
Other HRA	1.4	0.9	0.0	0.0	0.0	2.3
HRA Unallocated	6.3	2.2	3.1	3.2	0.0	14.8
Decent Homes Unallocated	0.0	67.0	66.8	51.3	51.2	236.3
Housing Management System	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total HRA</b>	<b>119.9</b>	<b>123.7</b>	<b>119.6</b>	<b>60.5</b>	<b>51.2</b>	<b>474.9</b>

14.7 The programme is split into two main categories – the General Fund programme and the Housing Revenue Accounts (HRA) programme.

14.8 The main sources of financing the general fund programme over the MTFs period are:

**Table 9: Programme Financing**

General Fund Financing Source	Funding Amount (£m)
Capital receipts	4.7
Capital reserves	8
CIL	0
Corporate reserves	10.7
Grants and contributions	92.9
Prudential borrowing	91.6
HRA Receipts	6.8
RTB Receipts	19.5
S106	15.2
<b>Total GF</b>	<b>249.3</b>
HRA Financing Source	Funding Amount (£m)
Major Repairs Allowance	107.8
Capital Receipts (GLA Grant, 1-4-1 Receipts etc)	93.1
HRA Revenue Contributions	15.8
Prudential Borrowing	258.2
<b>Total HRA</b>	<b>474.9</b>

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14.9 The paragraphs below set out further details on some of the major capital projects / programmes in the capital programme by directorate.

#### **Resources Directorate:**

14.10 **Resources Directorate, ICT – Tech Refresh:** The Resources Directorate's capital programme currently has a small allocation of approximately of approximately £0.6M earmarked to fund the completion of the Tech refresh project. The capital programme does not include any allocation for further ICT or Tech refreshes within the current MTFS period.

#### **Community Services**

14.11 **CCTV – Modernisation:** The Council's CCTV infrastructure is subject to an ongoing upgrade of the fibre network including a number of wireless cameras units. The project is currently delayed and has been for the past year due to supply chain issues. The equipment is now expected to be delivered by the end of September to enable the project to be completed by the end of the financial year.

14.12 The wider community services directorate capital programme also includes small projects across a number of parks in in the borough. Taken together with the CCTV programme, the community service capital programme has an allocation of approximately £1M for the MTFS period.

14.13 **Children and Young People (CYP):** The CYP capital programme comprises a range of projects across two main programme areas – Pupil Places Programme and Schools Minor Capital Works Programme. Both programmes are largely funded through grants.

14.14 **School Minor Works Programme:** The School Minor Works Programme (SMWP 2023) is an annual programme of urgent capital infrastructure projects carried out across the borough's school estate. Works are due to take place at eleven different school sites this year and include roof replacements; drainage works; heating and hot water system upgrades, and toilet refurbishment. The budget for this year's programme is £4.5m, and the spend profile for the 2023/24 financial year is £3.7m. The remaining budget of c.£800k (including retention), is forecast to be spent next year, and a new programme of works for 2024 will be developed early in the New Year.

14.15 **Pupil Places Programme:** The focus of this programme is now on provision of Special Educational Needs and Disabilities places across the borough. Works will be carried out to incorporate SEND 'Resource Bases' into five existing mainstream schools this year, and the permanent Watergate expansion project is currently in the design stage and due to start onsite early next year. The total forecast spend for this programme in 2023/24 is £2.4m. An estimated £7.3m of spend is forecast for 2024/25, the majority of which will cover the Watergate School expansion works.

14.16 **Housing Regeneration and Public Realm:** The Housing Regeneration and Public Realm general fund element of the capital programme includes a number of projects and programmes across the core areas of Highways, property assets and parks. Non-HRA housing (mainly temporary accommodation) also forms a significant part of the HRPR capital programme accounting for approximately £149M of the £262M budgeted over the MTFS period. The section below provides a summary narrative of some of the core projects within the HRPR directorate.

14.17 **Highways - Carriageway Resurfacing, Bridges and Footway Improvements:** The Highways programme delivers works covering carriageway resurfacing, bridges and footway works. The 2023/24 programme has an allocation £4.562M. Of this budget, approximately £1.1m is allocated for the carriageway resurfacing programme; £0.9m for the footways improvements and 0.8M towards TfL LIP programme for the year. Up to 80% of the budget

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will fund the carriageway resurfacing and footway improvements programme determined from early scope work including surveys and a prioritisation assessment whilst the remaining 20% of the budget will cover fees, surveys, emergencies, accidents etc.

### **Asset Management Programme – Corporate Estate Management Programme CEMP)**

- 14.18 **Reactive / Unplanned Works:** Funding from the Asset Management Programme (AMP) has continued to support reactive and much needed capital works across the operational corporate estate of 85 buildings including buildings in the Catford complex. Reactive works are undertaken by the Facilities Management team covering three key areas: fabric, mechanical and engineering (M&E) and residual or H&S related.
- 14.19 **Planned Works:** A new programme of planned lifecycle capital works across the operation estate began in 2021/22 following a condition survey of the estate. The programme, Corporate Estate Maintenance Programme (CEMP), is designed to ensure that the council's assets are invested in and are fit for purpose. Benefits include less interruptions to critical operations due to building or equipment failure, longer asset life, improved efficiency and energy performance, increased safety and compliance, and reduced repair costs.
- 14.20 There is currently £4.9m committed funds in the programme to the end of 2023/24. This first phase of the programme will deliver improvements to around 32 assets; covering a vast array of repairs and improvements, all of which seek to ensure the buildings are safe, watertight, and fit for purpose for the services being delivered from them. This includes new roofs, new windows, damp and drainage work, improved working conditions for frontline staff, mechanical and electrical improvements, and general decorations.
- 14.21 There is a requirement for a further £5.9m funding for the CEMP for the current MTFS (through to 2026/27) to enable continued planned maintenance across the council's corporate estate. This includes circa £800k for short-term improvements to Wearside to upgrade the welfare/changing facilities, limited internal improvements to the fleet and canteen blocks, and traffic management improvements. The £800k funding for Wearside has been included within the programme for 2023/24 but is conditional on the scope of works (which will need to align to the strategic intent for the site) being confirmed by EMT. We are funding these from reserves so does not impact wider financing considerations. The remaining £5.1m call on the Capital Programme has not yet been included in the Table 8.
- 14.22 It is intended that the condition surveys are re-commissioned in 2025/26 which will help re-set the programme and provide more up to date evidence for prioritising works across the estate. The CEMP continues to be delivered in parallel to the Asset Review, helping to define future investment need of the estate.

### **Public Sector Decarbonisation Scheme (PSDS) Programme:**

- 14.23 In March 2020 Lewisham Council approved their Climate Emergency Strategic Action Plan which supports the Council's aspiration to be carbon neutral by 2030. In October 2020 the Department for Business, Energy and Industrial Strategy (BEIS) launched the Public Sector Decarbonisation Scheme (PSDS) to fund energy saving projects in public buildings.
- 14.24 In January 2021 the Council submitted a successful bid under PSDS Phase 1 and was awarded a total funding envelope of just under £3m for capital works to deliver heat decarbonisation and energy efficiency measures at five corporate sites. In 2022 the Council carried out a further review of its sites and identified further buildings that had aging, or non-functioning gas boilers and in October that year made a bid for funding under PSDS Phase 3b. Funding from this round will be used to fund heat decarbonisation and energy efficiency measures at Honor Oak Youth & Community Centre in 2023-24.

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- 14.25 The estimated total cost for this site is £614k, of which £167k is grant funding from PSDS 3b; £60k s106 carbon offset funds and the remainder being funded from the CEMP. The project will be delivered through the CEMP and works will include air source heat pump, replacement double glazed windows, solar photovoltaic roof panels and new LED lights to replace the fluorescent light fittings.
- 14.26 The maintained school's estate have also benefited from the PSDS funding. Three school projects were delivered in 2021/22 as part of the Phase 1 of the scheme, and funding has been secured to carry out decarbonisation works at a fourth school (Downderry Primary) in 2023/24 as part of Phase 3. The forecast spend for PSDS school projects in 2023/24 is £800k, with another £600k due to be spent in 2024/25.
- 14.27 These PSDS works provide a significant carbon reduction and the Council is also benefiting from the retrofit of its critical energy infrastructure that has reached, or passed, its useful life as well as building fabric upgrades that will improve the comfort levels for the users of the various corporate buildings benefiting from this funding. Further funding will need to be identified for match-funding for any future PSDS (or equivalent) applications to continue to roll out decarbonisation measures across the corporate estate. A recent heat plan (funded from Low Carbon Skills Fund) has identified proposed measures and outline costs across the corporate estate which will support future applications and/or council-led initiatives. Any heat decarbonisation delivery across the Council's estate will be planned to align with future corporate estate programme works and available resources at the time.
- 14.28 **Beckenham Place Park East:** Works will shortly commence on the restoration of the east side of the park this will use green space to deliver a new flood alleviation scheme for the Ravensbourne River, new and upgraded pathways, a playground, MUGA, activity trail and open-air gym along with extensive tree planting. The Old Bromley Road route to the park will receive upgraded tree planting and rain gardens to combat surface water flooding. Works are expected to commence in August 2023 and complete in April 2024. Funding for the £3.8M project is from various sources including the Council, Environment Agency and the GLA.
- 14.29 **Levelling Up Fund – Lewisham Town Centre:** In June 2022 Mayor and Cabinet approved the submission of a bid to the Government's Levelling Up Fund for Lewisham Town Centre. In early 2023 the Government approved the bid for £19m of Levelling Up Fund with match funding of £5m from the Council. All £24m is capital funding. The programme will deliver a revitalisation of Lewisham street market, improvements to the public realm and a transformation of Lewisham Library into a Culture and Business Hub.
- 14.30 The programme has mobilised and work begun on the three elements of the programme. A report will be brought to Mayor and Cabinet in the autumn to seek approval on the procurement approach, allocation of match funding and provide an update on the progress of the programme.
- 14.31 In July 2021 Mayor and Cabinet endorsed the Catford Town Centre Framework, which sets out the council's regeneration aspirations for the town centre. This includes a number of early deliverables which form 'phase 1' and plans to redevelop council assets, including Laurence House, the Old Town Hall and Civic Suite, Milford Towers and the shopping centre.
- 14.32 Thomas Lane Yard now forms part of the Building for Lewisham programme and has secured c.£500k budget from the Housing Revenue Account to progress designs and submit a planning application. The former Catford Constitutional Club is now on site, with a build programme of approximately one year. Expected spend of c.£2M in 23/24, within an overall budget of 2.8M. Separately, the council has section 106 funding to deliver improvement works between Catford stations with an estimated budget of £1.4M over the period.

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- 14.33 The realignment of the A205 and improvements to the A21 also form part of phase 1. The council has secured £10M Housing Infrastructure Fund grant to support the road scheme and is expecting to make a contribution of up to £3.7m from Community Infrastructure Levy. This contribution will be match funded by TfL. The remaining funding of c. £44M is anticipated to come from Department for Transport's Major Road Network fund, for which TfL are currently progressing a business case application. The council forecasts spend of c.£2M in 23/24 funded via the HIF.
- 14.34 The road realignment creates significant open space in the town centre which will be owned by the council. Initial design work will be paid for by the HIF but further capital expenditure of c.£4.5m will be required to develop the design and deliver the public realm scheme once the road completes. Further funding will need to be identified to cover these costs.
- 14.35 The council had previously established a capital budget of c.£5m to support the regeneration of Catford Town Centre. The remaining budget of c.£420k is forecast to be exhausted by 25/26. Expected spend is c.£175k in 23/24, c.£150k in 24/25 and c.£130k.
- 14.36 The council is currently reviewing how it begins to deliver its Framework aspirations on council-controlled land. The remaining budget will support the procurement of the recommended delivery route, greenest town centre aspirations and development of design work. This will also include design work for a new civic campus. However, this budget is expected to be fully spent on internal staffing costs, consultancy advice, legal and financial advice to secure the chosen delivery route.
- 14.37 Future work streams to support the delivery of the Framework will require an estimated budget of c.£1m over the next three to five years. Depending on the delivery route chosen, the council may be required to significantly invest to support the redevelopment and delivery of council-controlled assets in the town centre, which is not included within the current profile.
- 14.38 A number of grant funding opportunities are being explored to support the delivery of the council's greenest town centre aspirations. This includes decarbonisation, waste and recycling and demolition.

### **Housing Delivery Programme**

- 14.39 The housing development programme is now being delivered by an in-house development team. Up until February 2023 this programme was being led and delivered by our wholly owned company Lewisham Homes. Since bringing this programme in house we have undertaken a review of existing and future development opportunities and routes for delivery.
- 14.40 The current programme comprises 1300 homes at various stages of development and delivery as outlined below.
- Schemes in delivery 22-26: pre/post DLP - *(c400 homes either on site or in aftercare)*
  - Preconstruction: In or pre-planning phase - *(c300 homes)*
  - Pipeline identified sites including regeneration - *(600 homes incl Achilles c340 homes)*
- 14.41 Programme delivery has and continues to be impacted by current market conditions. Rising interest rates coupled with build cost inflation is creating uncertainty in the delivery of the programme. As a result, and due to these unprecedented pressures, materials and labour cost increase significantly across the sector. There is also further pressure arising from cost of compliance, fire safety and sustainability improvements for existing stock.

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- 14.42 The programme is therefore being consistently reviewed to maintain value for money and overall viability and risk mitigation in a challenging market. A consequence of this is a continual realignment of the programme by for example moving some projects to the small sites programme for further review. The first phase of this review has seen sites at Evelyn, Markwell, Dacres and Hensford paused pending further viability and project analysis. It is likely paused projects will be moved into a small sites programme, other paused schemes if they are identified as subsequently progressing or revisited at a later date. The profiling of the capital programme spend therefore has removed any future expected spend for these schemes and so if the budget was to be re-allocated this could only be done if capacity remained within the programme at that point.
- 14.43 Included within the new build programme we have two modular sites at Edward Street and Home Park which have suffered significant disruption due to contractor insolvency. It is being proposed through a separate cabinet paper that these two sites are removed from the current capital programme, cost recovery continued, and next steps are taken to explore other uses for the site. This report which outlines the detail of these sites is included within our July 2023 Cabinet agenda.
- 14.44 The total cost of delivering this programme is £438.4 million, based on spend to date and current estimates going forwards. The spend profile for this programme has been reprofiled over a longer period and the programme is under review pending project likelihood and approval. The revised profile is below:-

**Table 10: BfL Programme re-profiling**

Re-profile HRA BFL information	23/24	24/25	25/26	26/27	Future years	Total
	£m	£m	£m	£m	£m	£m
HRA New Build construction & on-going costs	32.5	55.2	52.9	20.8	152.3	313.7

Compared to the current agreed budget profile, which is:-

Original Profile March 2023	23/24	24/25	25/26	26/27	27/28	Total
	£m	£m	£m	£m	£m	£m
HRA New Build construction & on-going costs	84	121.3	74.2	16.5	19.6	315.6

- 14.45 The Housing Revenue Account (HRA) financial model has been updated to reflect actual spend for 2022/23 and the resultant slippage in the general capital programme, including decent homes and the BfL programme which has resulted in a reprofiling of expenditure to future years.
- 14.46 HRA funds, including reserves, revenue contributions, grants and borrowing approvals are fully committed to contribute to investment requirements and to ensure that there are sufficient resources available to fund the on-going 30-year business plan.
- 14.47 There is a continuing need to invest in decent homes and to significantly increase the supply of housing in the borough over the medium to long term. The business plan is reviewed each year to ensure that the resources available from HRA reserves and other funding such as grants and borrowing can be profiled appropriately to meet the business needs.
- 14.48 To ensure efficient use of RTBs, GLA grant rates in the current competing environment, officers are working to optimise the allocation of RTB receipts and other grant funding to

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ensure that these are applied to council priority sites, in need of much needed subsidy. There is also close monitoring of predicted RTB receipt spend, to ensure that the receipts are spent within the required timescales.

- 14.49 The inflation increase, overall cost of delivery and baseline interest rates alongside a cap on rental revenue has activated reviews and changes of our core assumptions. These assessments and programme scrutiny is ongoing. Further updates at regular intervals within the delivery programme will be brought back to members for progress, assurance and key approvals.

## 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 11 – 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
<b>Apr-22</b>	18,614,933	19,605,534	990,602	10.3%	10.8%	0.5%
<b>May-22</b>	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 12 - 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
<b>Apr-22</b>	8,123,664	7,495,565	(628,099)	14.1%	13.0%	-1.1%
<b>May-22</b>	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.

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## 18.0 CRIME AND DISORDER, CLIMATE AND ENVIRONMENT IMPLICATIONS

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

## 19.0 EQUALITIES IMPLICATIONS

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

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

### Background Papers

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

### Report Author and Contact

Nick Penny, Head of Service Finance [nick.penny@lewisham.gov.uk](mailto:nick.penny@lewisham.gov.uk); or

David Austin, Director of Finance at [david.austin@lewisham.gov.uk](mailto: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		
<b>Children and Young People's Subtotal</b>					<b>2,500</b>	<b>-</b>	<b>2,500</b>		
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	-		

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<b>Communities Subtotal</b>					<b>4,179</b>	<b>4,179</b>	<b>-</b>		
2020/21	CUS04	HRPR	Zahur Khan	Income generation - increase in commercial waste charges	100	100	-		Work continuing to deliver the saving in 23/24
<b>Place and Housing Subtotal</b>					<b>100</b>	<b>100</b>	<b>-</b>		
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
<b>Corporate Resources Subtotal</b>					<b>800</b>	<b>800</b>	<b>-</b>		
<b>Total</b>					<b>7,579</b>	<b>5,079</b>	<b>2,500</b>		

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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	-		
<b>Children and Young People's Subtotal</b>			<b>2,271</b>	<b>2,271</b>	-		
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	-		
<b>Communities Subtotal</b>			<b>3,177</b>	<b>3,177</b>	-		
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
<b>Place and Housing Subtotal</b>			<b>3,287</b>	<b>3,287</b>	-		
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	-		
<b>Corporate Resources Subtotal</b>			<b>260</b>	<b>260</b>	-		
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	-		
<b>Chief Executive Subtotal</b>			<b>783</b>	<b>783</b>	-		
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	-		
<b>Corporate Items Subtotal</b>			<b>2,110</b>	<b>2,110</b>			
COR_SAV_01	ALL	Review of Corporate Budgets - triennial fund valuation	650	650	-		Salary budgets adjusted
A-03	ALL	Corporate Transport arrangements	50	50	-		
<b>Council Wide Subtotal</b>			<b>700</b>	<b>700</b>			
<b>TOTAL</b>			<b>12,587</b>	<b>12,587</b>	-		

### 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
<b>Total</b>	<b>1,269.789</b>	<b>1,282.189</b>	<b>12.400</b>	<b>(1,032.380)</b>	<b>(1,032.380)</b>	<b>0.000</b>	<b>237.409</b>	<b>249.809</b>	<b>12.400</b>
COR Items	46.913	46.913	0.000	(20.643)	(20.643)	0.000	26.270	26.270	0.000
<b>GF Total</b>	<b>1,316.702</b>	<b>1,329.102</b>	<b>12.400</b>	<b>(1,053.023)</b>	<b>(1,053.023)</b>	<b>0.000</b>	<b>263.679</b>	<b>276.079</b>	<b>12.400</b>

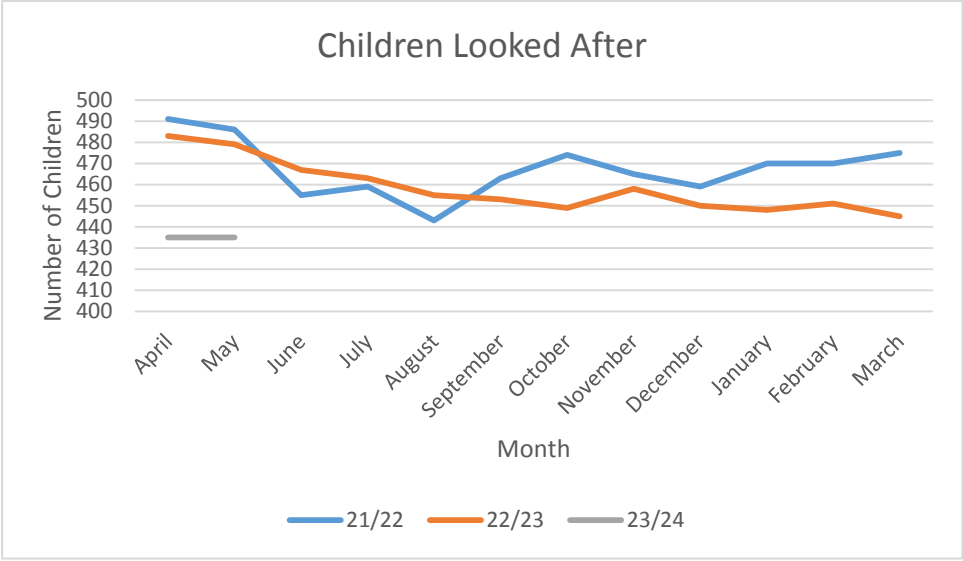
This table shows the gross expenditure and gross income budgets by directorate, this shows the overall expenditure the council incurs per directorate which is funded by income including specific government grants and other controllable income.

### Is this report easy to understand?

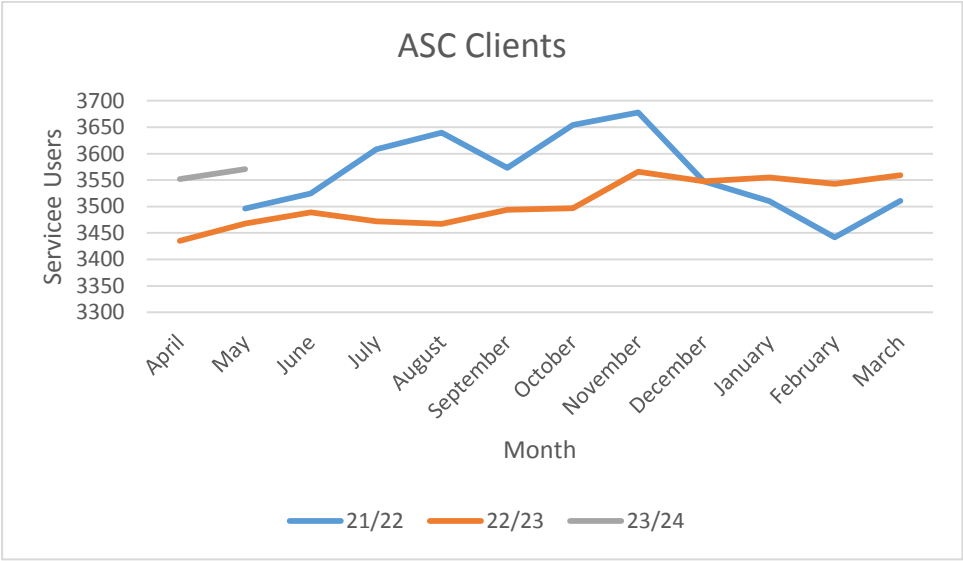
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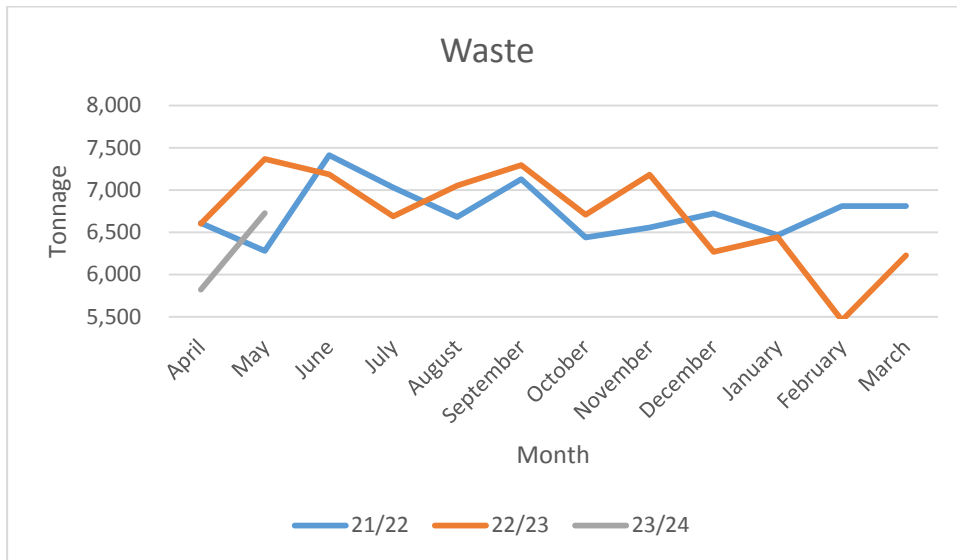
**Appendix D – Key Performance Indicators**



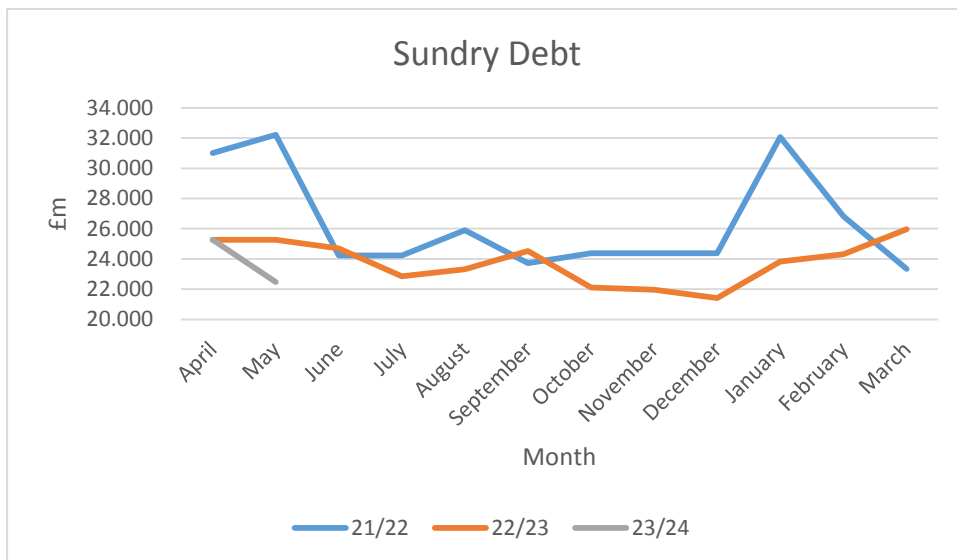
This graph shows the CLA's from 21/22 onwards, this shows the trend that the number of CLA's supported by the service is decreasing. The source document is the monthly performance report.



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.

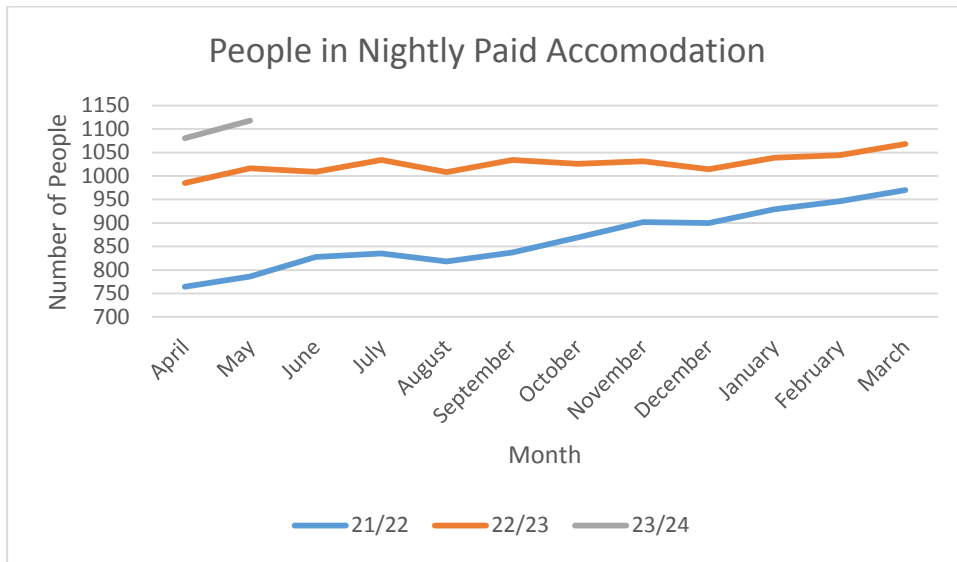


This graph shows the level of sundry debt from 21/22 onwards, the debt in May 2023, is at a lower level than in the comparable month in 21/22 and 22/23. The source document is the debt file produced from the oracle financial system.

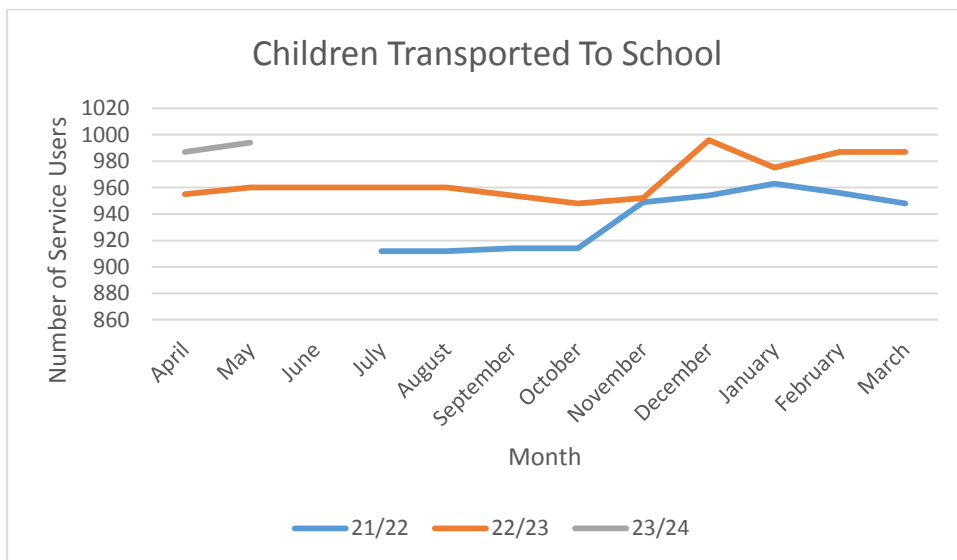
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This graph shows the number of people in nightly paid accommodation from 21/22 onwards, the level has increased from 786 in April 2021 to a high of 1,118 in May 2023. The data is sourced from the academy system.



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

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**Appendix E – Audit Response: Recommendation extended to suggest Council to consider applying scenario planning to annual budget as well as MTFP**

Scenario	Assumption	2023/24 Budget £m	Impact £'m
Pay award	5% pay award was budgeted for as part of budget setting 23/24. The risk is a further 1% is awarded.	7.1	1.4
Net non-pay inflation	4.8% was budgeted for as part of budget setting 23/24, this is the risk a further 2% is required.	5	2
Increase in people requiring Support from ASC	Initial modelling undertaken as per census data, this is being further refined.	84	0.7
Average Children Looked After cost in CSC increasing	Modelling work being undertaken, the average cost of children is increasing including several high cost placements which makes the spend sensitive to volatility	29	TBC
Increase in children requiring home to school transport	35 children increase factored into the monitoring position however due to the increased number of EHCP's there is a risk this could be higher	6.8	0.5
Increase in Nightly Paid Service Users	Numbers have continued to increase since the budget was set for 23/24. Other contributory factors included lengths of stay increasing as well as rents increasing by c20%	5.7	3
High Needs Block deficit becomes a general fund pressure (currently ringfenced to the Dedicated Schools Grant).	The current deficit is £13m however there is a risk of a further pressure of £5m for 23/24. There is a risk the DSG override may be removed in April 26 as per the current legislation.	289.9	18
Schools Academisation	There is a risk of schools moving to academies	0	TBC
Children's and Young People's ofsted inspection	The ofsted inspection leading to additional service requirements which there is no budget for.	0	TBC

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