Public Accounts Select Committee

Financial Monitoring 2023/24

Date: Thursday 21st September 2023

Key decision: No

Class: Part 1

Ward(s) affected: None Specific

Contibutors: 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 July 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 showing a £13.5m overspend after the commitment of £10m from corporate provisions and reserves, consistent with the change in MTFS approach approved in July. On a like for like basis this is an adverse movement of £11.1m since Period 2, primarily in the areas of temporary accommodation, children's social care and legal services. The position assumes delivery of £16m of the £20.2m savings programme for 2023/24.

The Dedicated Schools Grant is expected to overspend by £5m on the High Needs block due to the level of demand exceeding the funding available.

The Housing Revenue Account is projecting an overspend of £6.4m due to the volume and value of repairs and maintenance works exceeding the budgeted level.

Capital expenditure profiles of £72.7m for the general fund and £121.4m for the Housing revenue account have been set following a reprofiling exercise undertaken in July 2023. To date £2.5m or 3% of the general fund expenditure and £12.9m or 11% of the HRA expenditure has been incurred, as at the 31 July.

At the 31 July, 34.3% of council tax due had been collected which is (1.3% or £2.3m) below the targeted level, at the same date, 44.4% of business rates due had been collected which remains (0.6% or £0.3m) 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

13th September – Period 4 (July) Financial Monitoring 2023/24 to Executive Management Team

21st September – Period 4 (July) Financial Monitoring 2023/24 to Public Accounts Select Committee

1st November - Period 4 (July) 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 31 July. The key areas to note are as follows:

1.2 The General Fund (GF) has a forecast overspend of £13.5m 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 and £10m from corporate provisions and reserves, consistent with the change in MTFS approach approved in July. On a like for like basis this is an adverse movement of £11.1m since Period 2, primarily in the areas of temporary accommodation, children social care and legal services.

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 £10.9m of the £12.6m 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 a financial pressures as the year continues, work is ongoing to 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 £5m on the high needs block, this is set out in more detail in section 13 of the report.

1.6 The Housing Revenue Account (HRA) is projected to overspend by £6.4m due to the volume and value of repairs and maintenance works exceeding the budgeted level, this is set out in more detail in section 14 of the report.

1.7 The capital budgets have been reprofiled in July 2023. The profiled capital expenditure for the general fund capital programme is £72.7m and £121.4m for the HRA capital programme. This is set out in more detail in section 15 of the report.

1.8 As at 31st July, 34.3% of council tax due had been collected which remains (1.3% or £2.3m) adrift of the targeted level. At the same date, 44.4% of business rates due had been collected which remains (0.6% or £0.3m) adrift of the targeted level. This is set out in more detail in section 16 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 July 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 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

3.2 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 and extreme climate events, 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 £13.5m as shown in the table below:

Table 1 – General Fund Outturn Position for 2023/24

Directorate	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement Period 2 v Period 4
	£m	£m	£m	£m	£m
Children and Young People	75.2	86.6	11.4	7.8	3.6
Communities	85.4	86.4	1.0	1.0	0.0
Place and Housing	27.7	37.7	10.0	3.0	7.0
Corporate Resources	37.8	37.0	(0.8)	0.0	(0.8)
Chief Executive	11.2	13.1	1.9	0.6	1.3
Directorate Total	**237.4**	**260.9**	**23.5**	**12.4**	**11.1**
Corporate Items	26.3	26.3	0.0	0.0	0.0
Corporate Reserves	0.0	(10.0)	(10.0)	0.0	(10.0)
General Fund Total	**263.7**	**277.2**	**13.5**	**12.4**	**1.1**

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 financial impact of the fair cost of care reform. A further £10m has been committed from corporate provisions and reserves, consistent with the change in MTFS approach approved in July. The reported position does not include the financial impact of any of the risks set out in Section 11 of this report.

4.3 There is a £11.1m adverse movement on the Directorate's monitoring position since Period 2, as detailed below:

Children and Young People: £3.6m adverse movement on Children's Social Care, including costs arising from the development of new social workers as part of the services long term sufficiency and service improvement strategy. There is also additional placement costs due to the level of high needs placements in comparison to 2022/23.

- **Place and Housing:** £7m increase in the projected cost of nightly paid services as there continues to be an increase in the number of people requiring the service, people are remaining in the accommodation longer due to challenges moving them into suitable permanent accommodation and the cost of securing and maintaining arrangements also continues to increase as find new housing and retaining supply continues to be a challenge.
- **Corporate Resources:** £0.8m favourable movement since Period 2, a £0.5m projected underspend on concessionary fares, £0.2m as a result of a reduction in supported accommodation costs in Residents and Business Services and £0.1m staffing underspend within Assurance.
- **Chief Executive:** £1.3m adverse movement since Period 2 due to the projected expenditure on Legal Services for general fund work undertaken across the council.

`

4.4 The £11.1m adverse movement on Directorate net expenditure is largely negated by £10m of reserves funding, which has been set aside to provide in year pressures funding which will be added to the base budget in 2024/25.

4.5 London Council's recently undertook a survey across the 33 London Boroughs, of the 24 boroughs that responded (including Lewisham), 22 are reporting an overspend on general fund services. The average Quarter 1 (June) overspend for the boroughs who responded was 3.4% of the total budget, the Lewisham overspend at Period 4 is 5% after the application of corporate funding.

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's Social Care savings are being reviewed on a line by line basis 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 and can be delivered 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 £10.9m of these will be achieved as part of the above budget monitoring position, should this not be the case then the reported pressure will worsen. Again, the Children's Social Care savings are being reviewed, as detailed above, 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.

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	1.0	3.8
Community Services	7.4	7.2	0.2
Place and Housing	3.4	3.4	0.0
Corporate Resources	1.1	1.1	0.0
Chief Executives	0.8	0.6	0.2
Corporate Items/All	2.8	2.8	0.0
Totals	**20.2**	**16.0**	**4.2**

6.0 CHILDREN AND YOUNG PEOPLE DIRECTORATE

6.1 **Children's Social Care:** The Projected outturn for 2023/24 is £9.1m, an adverse movement of £3.6m since Period 2, which was based on the draft outturn for 2022/23.

- Workforce £0.5m overspend: There is a pressure of £0.5m on staff related costs due to costs arising from the development of new social workers as part of the services long term sufficiency strategy and implementing OFSTED recommendations in the Emergency Duty team from November 2022.
- Placements £6.8m overspend: The placements pressure in 2022/23 was £4.4m, the increase since then (despite the number of children supported being relatively stable) is due to the cost per child. Through the increased preventative work the service has led, the net reduction in residential placements achieved the previous year has been maintained, but the level of need for those requiring such placements has increased and there has been difficulty in finding appropriate placements due to challenges in the national residential market as identified in last year's national review of Children's Social Care. As such more bespoke placements have had to be created which can be very expensive. One of the key drivers for cost is staff ratios, negotiations with providers often lead to the provider mandating much higher staffing levels than we would recommend in order for them to accept the placement. If we do not agree to the ratios, we risk the placement being lost and alternatives are challenging to find and more costly.
- Remainder of the Service £1.8m overspend: This relates to other expenditure supporting Section 17, Non Recourse to Public Funds and Other expenditure and expenditure is in line with the level incurred during 2022/23.

6.2 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. Further opportunities similar to this are being sought, however these are medium to long term solutions.

6.3 As these 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.

6.4 The service as part of the high cost panel review process, considers all young people with

`

an endeavour to limit their stay in high cost provision and also where appropriate secure funding from partner organisations. The aim is to find alternative placements within a 3 to 4 month timeframe, however this is not always possible. Following amendments to the care planning placement and case review regulations, it has been illegal to place children under 16 years of age in unregulated placement. This ban came into force from the 9th September 2021, after a government consultation on the reform for unregulated provision. This is a significant driver behind the increased cost per child that the market are demanding.

6.5 This work is aimed at further reducing the number of Children Looked After (CLA's), in July 2022 there were 463 CLA's compared to 432 CLA's in July 2023. This reduction is positive and reflects the work being undertaken by the service, however children entering the social care system 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 intervention and support, this service remains high risk statutory and regulated.

6.6 The average Quarter 1 (June) overspend for the boroughs who responded was 5% for Children's Social Care.

6.5 **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 (EHCP's). The new academic year will bring further demand for EHCP's, an estimate of this demand has been built into the forecasts but will be revised in October/November once the impact of the new academic year is realised. The average Quarter 1 (June) overspend for the boroughs who responded was 4.7% for Education Services.

6.6 **Family, Quality and Commissioning:** £0.5m underspend due to service redesign in relation to Children and Adolescent Mental Health Service (CAMHS) and additional grant funding in the Youth Offending Service. The service is currently undergoing a period of transition and transformation as it works towards the intervention and support model. The service has benefited from new government initiatives including the Family support grant.

6.4 The table below shows the reported position at Period 4 compared to Period 2:

Table 4 – Children and Young People's Forecast Position

Directorate	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement Period 2 v Period 4
	£m	£m	£m	£m	£m
Children's Social Care Services	53.6	62.7	9.1	5.5	3.6
Education Services	15.5	18.3	2.8	2.8	0.0
Schools	(2.5)	(2.5)	0.0	0.0	0.0
Families, Quality and Commissioning	8.1	7.6	(0.5)	(0.5)	0.0
Executive Director, Provisions & Reserves	0.5	0.5	0.0	0.0	0.0
Directorate Total	**75.2**	**86.6**	**11.4**	**7.8**	**3.6**

`

7.0 COMMUNITY SERVICES DIRECTORATE

7.1 **Adult Social Care and Commissioning:** £1m forecast overspend at Period 4, unchanged from Period 2. This position assumes the achievement of £7.2m of the £7.4m savings programme for 2023/24, including those carried forward from previous years. The underlying reason for the overspend remains hospital discharges, which continue to show a post pandemic surge, 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 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 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.

7.3 There is a risk that the cost of children transitioning to adulthood exceeds the additional funding provided to cover these costs. The service are working with colleagues in Children's Social care to plan for children who are likely to require an adult care package in the future. The average Quarter 1 (June) overspend for the boroughs who responded was 5.2% for Adult Social Care.

7.4 The table below shows the reported position at Period 4 compared to Period 2:

Table 5 – Communities Forecast Position

Directorate	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement Period 2 v Period 4
	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	71.4	72.4	1.0	1.0	0.0
Public Health	0.0	0.0	0.0	0.0	0.0
Communities, Partnerships & Leisure	14.0	14.0	0.0	0.0	0.0
Culture, Learning & Libraries	0.0	0.0	0.0	0.0	0.0
Directorate Total	**85.4**	**86.4**	**1.0**	**1.0**	**0.0**

8.0 PLACE AND HOUSING

8.1 **Strategic Housing:** £9m pressure reported at Period 4, compared to £2m at Period 2, the adverse movement of £7m is on Temporary Accomodation costs (TA), specifically nightly paid accommodation. At July 2023 there are 1,144 people in nightly paid services compared to 764 in April 2021 and 985 in April 2022, there is an increase of 64 since April 2023 alone. In addition, people are staying longer in TA as the service is unable to move them on due to the lack of suitable alternative accommodation. The reported pressure is after £3.5m additional budget allocated as part of the budget setting process for 2023/24 and reflects the continuing pressures in rental values as noted in paragraph 8.6 below.

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 TA and more specifically in nightly paid accommodation. The forecast Limitation Recharge for the year is a total of £17.2m which is £6.2m more than the total for 2022/23 and £7.4m more than the budgeted level. This is a key contributor to the reported £9m pressure.

8.3 Arrears on Nightly Paid rental income have increased by £0.5m since the start of the financial year, projecting using a straight-line method would show an increase in arrears of £2m for the year, and an impairment charge of £1.8m which is £1.5m above the budgeted level. This is based on current collection rates which are currently below 90%, but are expected to improve as the year progresses, similar to the 2022/23 pattern of performance which recovered to a 95% collection rate. The current forecast includes an assumption that nightly paid bad debt impairment charged is based on a similar figure as 2022/23 and is set at £0.9m, some £0.6m more than the £0.3m budgeted level. This will be closely monitored and updated as the year progresses.

8.4 The remaining £1.0m pressure is due to £0.4m additional incentive payments over and above the budget level, these payments are made to landlords with the aim of diverting clients away from the more expensive nightly paid accommodation. The remaining £0.6m is due to repairs on the Private Sector Landlord stock exceeding the budgeted level.

8.5 It should be noted that there continues to be pressure from nightly paid landlords with requests to increase or notifications to increase the current rental charge to off-set the increase in utilities and other costs. The IBAA rates which is a pan-London benchmark for target rents for nightly paid accommodation has increased by 10% and is putting pressure on the service via the HB limitation recharge as outlined above and has impacted the current forecast overspend.

8.6 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 receive the highest HB limitation recharge at 70% of the total. The service are seeking to minimise the use of the most expensive nightly paid provider as far as possible and when there is no alternative to using these properties, move people 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.

8.7 Moving tenants into long term accommodation has become more and more challenging over recent years, the average length of TA tenancies ending in the last year was 1.5 years however when we factor in TA tenants changing address, the average length of stay goes up to 2 years and when we factor in tenants who have been in TA for many years and not left, we estimate that the true average length of stay is closer to 3 years. It should be noted that the number of new tenancies has reduced significantly over recent years, from a high of c1100 in 2019, to 800 in 2021 and 600 in 2022, this suggests that the cost increase is driven by the length of stay and cost of housing as oppose to new entrants to the system.

8.8 The average Quarter 1 (June) overspend for the boroughs who responded was 17%.

8.9 There is a significant risk this will increase further as the year progresses, using the same percentage increase that was seen in the recharge for 2022/23 (which was a movement of 20% between the start and the end of the year), the current forecast would worsen by a further £0.6m. The potential transfer of Milford Towers from the Housing Revenue Account (HRA) to the General Fund would worsen the reported position by a further £1m, meaning there is the potential for the position to worsen by £1.6m, as shown in section 11.

`

8.10 **Public Ream:** £1m pressure on Street Environmental Services, due to operational costs in refuse collection and street management. The service are working to manage these costs down in this and the next financial year, an example of which is making changes to mobile crews which will reduce costs but will take time to fully implement.

8.11 The table below shows the reported position at Period 4 compared to Period 2:

Table 6 – Place and Housing Forecast Position

Directorate	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement Period 2 v Period 4
	£m	£m	£m	£m	£m
Public Realm	18.5	19.5	1.0	1.0	0.0
Planning	1.1	1.1	0.0	0.0	0.0
Strategic Housing	8.4	17.4	9.0	2.0	7.0
Inclusive Regeneration	(0.5)	(0.5)	0.0	0.0	0.0
Housing, Regeneration & Public Realm Reserves & Provisions	0.2	0.2	0.0	0.0	0.0
Directorate Total	**27.7**	**37.7**	**10.0**	**3.0**	**7.0**

9.0 CORPORATE RESOURCES DIRECTORATE

9.1 A £0.8m underspend is reported on the Corporate Resources directorate at Period 4, an improvement of £0.8m since Period 2. The £0.3m of service underspend is due to £0.1m of staffing vacancies in the Assurance service and £0.2m of underspend on supported accomodation within Residents and Business services.

9.2 The concessionary fares budget is held within Corporate Resources but is shown on a separate line reflecting that this is not expenditure that the service can influence. The expenditure is based on the number of people travelling on public transport who are eligible for free or discounted travel. It is expected that the expenditure in 2023/24 will be £0.5m less than the budgeted level.

9.3 The table below shows the reported position at Period 4 compared to Period 2:

`

Table 7 – Corporate Resources Forecast Position

Directorate	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement Period 2 v Period 4
	£m	£m	£m	£m	£m
Resident & Business Services	10.1	9.9	(0.2)	0.0	(0.2)
IT & Digital Services	11.1	11.1	0.0	0.0	0.0
Assurance	2.8	2.7	(0.1)	0.0	(0.1)
Finance	6.1	6.1	0.0	0.0	0.0
Concessionary Fares	8.4	7.9	(0.5)	0.0	(0.5)
Resources Reserve	(0.7)	(0.7)	0.0	0.0	0.0
Directorate Total	**37.8**	**37.0**	**(0.8)**	**0.0**	**(0.8)**

10. CHIEF EXECUTIVES DIRECTORATE

10.1 **Legal Services:** At Period 4, Legal Services are projecting expenditure of £1.9m over and above the budget. The pressure is due to agency expenditure to deliver Social Care legal work (there are challenges recruiting in this area) and the level of workload, there are also cost pressures on property legal as well the more complex Capital development schemes, this includes disputes, contract drafting, advice on grants/structuring/tax VAT/grant regimes.

10.2 The table below shows the reported position at Period 4 compared to Period 2:

Table 8 – Chief Executive Forecast Position

Directorate	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement Period 2 v Period 4
	£m	£m	£m	£m	£m
Communications & Engagement	2.7	2.7	0.0	0.0	0.0
Law & Corporate Governance	5.8	7.7	1.9	0.6	1.3
People & Organisational Development	2.7	2.7	0.0	0.0	0.0
Directorate Total	**11.2**	**13.1**	**1.9**	**0.6**	**1.3**

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 reported pressure is based on the current level of service users continuing for the remainder of 2023/24. A key contributor to the pressure is the increase in the limitation recharge due to the increase in nightly paid service users (64 between April and July 2023), using the same percentage increase that was seen for the final 8 months of 2022/23 (which was a movement of 20% between the start and the end of the year), there is a risk of a further £0.6m adverse movement. There is also the risk of a £1m pressure for the potential transfer of Milford Towers from the HRA to the general fund, meaning the current forecast could worsen by a further £1.6m.

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, inflation requests for 2023/24 are still being worked through by the services.

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 £0.1m.

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 7.9% in June 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. CORPORATE PROVISIONS and RESERVES

12.1 The tables below provide more detailon the Council's corporate provisions revenue budgets and earmarked reserves positions.

12.2 Collectively these are held for either specific service purposes, centrally held corprorate expenditure or for corporate risks and pressures mitigation.

`

Table 9 – Corporate Provisions 2023/24

Corporate Items	£m
Working balances	3.9
Service pressures (Allocated)	6.4
Capital financing (Committed)	14.8
Pension strain (Cost of Restructures)	5.4
Levies (statutory)	2.8
Salary and energy inflation	10.6
Grant risk held centrally	(20.5)
Other risk & pressures	2.9
TOTAL	**26.3**

12.3 The majority of the budgets held are to either meet the Council's revenue cost of financing its capital programme and borrowing, or held for inflationary pressures. The service pressure budgets held centrally have been considered and included within the directorate reporting.

12.4 The 2023/24 opening balances for the Council's corporate earmarked reserves are in table 10 below:

Table 10 – Earmarked Reserves Balances 2023/24

Name of Reserve	Opening Balance 01/04/23 £m
Specific Revenue Earmarked – Corporate	38.1
Specific Revenue Earmarked - Collection Funds	15.0
Specific Revenue Earmarked - Corporate Resources	10.7
Specific Revenue Earmarked – Place	4.4
Specific Revenue Earmarked – Housing	1.7
Specific Revenue Earmarked – Communities	4.5
Specific Revenue Earmarked – CYP	3.0
Specific Revenue Earmarked - Chief Executive	1.1
S31 Covid Business Rates Grant	0.0
Covid Grants	0.5
Sinking Funds (incl PFI)	33.8
Insurance	14.4
Capital Reserves (incl S106)	59.5
Ringfenced Reserves	18.7
General Fund Reserves	**205.4**
Schools Reserves and External Funds	20.1
Total	**225.5**

12.5 The reserves balances are built up via contributions from revenue budgets, either planned or at year end via the carry forward process, or from specific grants or monies received. Unlike provisions these budgets do not recur each year and are therefore once off funding sources.

`

13. DEDICATED SCHOOLS GRANT

13.1 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 adjustment, the table below shows the projected outturn position for the DSG for 2023/24 against the funding available.

Table 11 – 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	76.9	26.3	337.5
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	77.2	26.3	289.6
Expenditure	182.8	3.3	82.2	26.3	294.6
Total Spend	182.8	3.3	82.2	26.3	294.6
Variance	**0.0**	**0.0**	**5.0**	**0.0**	**5.0**

13.2 **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.

13.3 **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.

13.4 **High Needs Block:** High Needs continues to show a pressure against the available funding. Lewisham has been progressing a mitigation plan and is now working 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 £5m.

13.5 **Early Years Block:** The Early Years block has confirmed the final numbers for 2022/23, there is a clawback of £0.8m leaving an unused balance of £0.8m. The application of this (subject to Schools forum agreement, and not reflected in the numbers above) is proposed to be used to support the high number of early year EHCP pressure on the high needs block, with some funding to support the implementation of the extension of the Early Years Scheme as announced in the spring budget statement.

13.6 Overall the validation of the 2022/23 has noted a significant reduction in pupil numbers taking up the entitlement for the Early Years offer, circa 3% for 3 and 4 year olds and 10% for 2 year olds. This has been reflected in the funding for 2023/24, which has seen an overall reduction in funding of £1.4m, again this remains provisional until the Jan 2024 count. Assuming the position is as forecast, most of the reduction would be mitigated by lower allocations to providers, this will however have implications for budgets centrally managed by the LA, budgets for which are derived as a agreed percentages from actual take up. The financial impact of which is £0.1m.

13.7 The table below shows what the DSG deficit would be at the end of 2023/24, based on the projected outturn position at Period 4.

`

Table 12 – 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	0.0	0.0	5.0	0.0	5.0
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
Deficit/(Surplus) at end of 2022/23	**(0.4)**	**0.0**	**18.0**	**(1.5)**	**16.1**

14.0 HOUSING REVENUE ACCOUNT

14.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2023/24. The reported overspend of £6.4m is due to the forecast level of repairs and maintenance for 2023/24 compared to the budget.

Table 13 – Housing Revenue Account

Housing Revenue Account	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement Period 2 v Period 4
	£m	£m	£m	£m	£m
Housing	13.0	12.7	(0.3)	0.0	(0.3)
Lewisham Homes & Repairs & Maintenance	45.6	53.1	7.5	0.0	7.5
Resources	2.1	2.1	0.0	0.0	0.0
Centrally Managed Budgets	(60.7)	(61.5)	(0.8)	0.0	(0.8)
Total	**0.0**	**6.4**	**6.4**	**0.0**	**6.4**

14.2 There is a significant income target from the charging of major works at leaseholder properties of £12.0m, which is based on the General Capital programme allocation of £81.0m, as well as work undertaken in previous financial years. Work undertaken on a leaseholder property will move to billing in advance based on estimates later in the financial year once works are ready to start on site. As at the end of July 2023, a total of £1.2m 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 estimated total of £3.9m of charges to be raised for prior years' work, with additional charges for the current years' programme being worked on. There is a risk that the income raised in 2023/24 may be less than the budget level, currently no income shortfall is included within the above forecast.

14.3 Repairs & Maintenance (R&M) is currently forecast to exceed the budget level by £7.5m. Lewisham Homes are currently undertaking an analysis of the expenditure incurred so far this year to assess whether any of this is capital. Lewisham Homes continue to advise of significant pressures on the R&M budget and Direct Labour Organisation (DLO) account and are in discussions with the authority to assess if any additional resources are available.

`

14.4 Whilst income from tenant's rents and service charges, garage rents and leaseholder service charges are being projected to budget, it would be expected that additional income may arise due in part to void levels being lower than the budgeted level and the completion of the leaseholder service charge audit in September 2023. This will continue to be monitored and reported later in the financial year once there is more certainty over the position. In addition, bad debt impairments charge to the HRA are forecast to be £1.0m lower than budgeted, based on the current levels of debt projected forward for the remainder of the financial year and is included in the forecast.

14.5 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.

14.6 Lewisham Homes have produced a forecast of £70.0m for the capital programme costs against the general capital allocations budget of £81.0m, this will be continually updated. Any underspends or slippage in the capital programme will be re-profiled to 2024/25. Lewisham Homes have also produced a forecast of £28.7m for the HRA element of the BfL programme against a budget allocation of £31.1m. This will be continually updated with any underspends or slippage in the HRA BfL programme re-profiled to 2024/25.

14.7 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 the council 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 a better understanding of costs that are incurred relating to the transition of services from Lewisham Homes to Lewisham Council, with existing revenue budgets utilised where available and reasonable to do so for non-transition / business as usual work.

14.8 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.

15.0 CAPITAL EXPENDITURE

15.1 The table below sets out the Capital Programme that was reported in the Period 3 Monitoring report.

`

Table 14 – Capital Programme from Period 3 Monitoring Report

Capital Programme from P3 Monitoring Report						
	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
Community	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
Place	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
Total GF	**70.8**	**74.9**	**80.3**	**14.0**	**9.3**	**249.3**
HRA	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
BfL - HRA	31.1	53.6	49.7	6.0	0.0	140.4
HRA Capital Programme	81.1	67.0	66.8	51.3	51.2	317.4
Other HRA	1.4	0.9	0.0	0.0	0.0	2.3
LBL Managed HRA Programme	6.3	2.2	3.1	3.2	0.0	14.8
Housing Management System	0.0	0.0	0.0	0.0	0.0	0.0
Total HRA	**119.9**	**123.7**	**119.6**	**60.5**	**51.2**	**474.9**

15.2 Since Period 3, there has been several projects added to the programme after being reviewed and signed off at the Regen & Capital Programme Delivery Board (RCPDB).

15.3 The below table details the projects that have been added to the programme:

`

Table 14 – New Capital Projects Added

New Capital Projects Added						
	2023/24	2024/25	2025/26	2026/27	Future Years	Total
	£m	£m	£m	£m	£m	£m
Willow Way	0.5	7.1	14.2	7.1	0.0	**28.8**
Parker House	0.5	5.5	11.0	5.5	0.0	**22.4**
Lewisham Library - Culture and Business Hub	0.3	2.7	4.8	0.2	0.0	**8.0**
Wearside Depot Refurbishment Works	0.6	0.3	0.0	0.0	0.0	**0.9**
Honor Oak Youth Club & Community Centre	0.7	0.0	0.0	0.0	0.0	**0.7**
Small and Complex Sites	0.1	0.1	0.1	0.0	0.0	**0.3**
Edmund Waller Resource Base	0.2	0.0	0.0	0.0	0.0	**0.2**
Dalmain Primary School Climate Adaptation Works	0.1	0.0	0.0	0.0	0.0	**0.1**
Repair of Listed Tombs - St Margaret's Old Churchyard	0.0	0.1	0.0	0.0	0.0	**0.1**
Launcelot Resource Base	0.1	0.0	0.0	0.0	0.0	**0.1**
Total	**2.9**	**15.8**	**30.0**	**12.7**	**0.0**	**61.5**

15.4 The paragraphs below summarise the scope of each of the new schemes above £0.5m:

15.5 **Willow Way:** The Strategic Development team have been in discussion with an adjacent landowner who wishes to purchase the Council's land to add to their existing holdings at Willow Way. There have been advanced discussions with Kitewood Plc. to develop joint proposals that deliver the planning required mini-Masterplan for the area. Kitewood Plc are the joint landowner. The aim of this proposal is to use the Council's existing land value and GLA grant and DLUHC RTB receipts to create an outcome that delivers affordable units whilst maximising positive NPV. The Strategic Development team have developed a proposal for a Development Agreement with Kitewood, on a scheme which the partner would finance and where the Council would inject GLA grant, land value and DLUHC RTB receipts, to deliver positive financial and affordable housing outcomes. This scheme would/could deliver circa 220 residential units starting in September 2024, subject to Masterplan proposals being in conformity with the Local Plan, at that time. The Council will aim to buy 50% of the scheme, 110 residential units, 74 Target Rent and 34 Shared Ownership units.

15.6 **Parker House:** The Strategic Development team have been in discussion with an adjacent landowner who wishes to purchase the Council's land to add to their existing holdings at Parker House/Evelyn Court. There have been advanced discussions with Landgate Plc. to develop joint proposals that deliver the planning required mini-Masterplan for the area. Landgate Plc are the joint landowner. The aim of this proposal is to use the Council's existing land value and GLA grant and DLUHC RTB receipts to create an outcome that delivers affordable units whilst maximising positive NPV. The Strategic Development team have developed a proposal for a Development Agreement with Landgate, on a scheme which the partner would finance and where the Council would inject GLA grant, land value and DLUHC RTB receipts, to deliver positive financial and affordable housing outcomes. This scheme would/could deliver circa 150 residential units starting in September 2024,

`

subject to Masterplan proposals being in conformity with the Local Plan, at that time. The scheme has been delayed by 6 months due to redesign issues related to fire safety. The Council will aim to buy c50%, by habitable rooms, of the scheme, 69 residential units, 31 Target Rent and 38 Shared Ownership units. The social rented component will tenure mix is reflective of the fact that the “social rent” core is a c31 units low rise block whilst the private sale component is a tower block, that lends itself to a mixture of private sale and shared ownership units.

15.7 **Lewisham Library – Culture & Business Hub:** The Lewisham Library refurbishment project is project two of three within the Levelling Up Programme. The library works project will provide a flagship cultural and civic space to attract visitors and address the acute lack of office space for SMEs. It will upgrade facilities for the archives service and expand the library’s hospitality, to help activate the day and night-time economy across the town centre. The refurbishment of the building will also address the required health and safety, mechanical, electrical, plumbing, fabric, DDA and compliance issues. The refurbishment of the internal and external fabric will aim to deliver energy savings and help towards the Councils commitment to be Carbon neutral by 2023.

15.8 **Wearside Depot Refurbishment Works:** Following a condition survey carried out on 14th February 2019, it was reported that there is a need for repair works to be carried out in the Shower Block, the Canteen, Fleet Building and Salt Store. In the Shower Block, conditions are particularly poor with outdated facilities, leaking plumbing and defective lighting. In addition to the problems associated with wear and tear a number of health and safety related improvements are needed to address risks identified throughout the depot. These risks relate to safe movement of large vehicles and segregated pedestrians throughout the site and improvements to safety in the vehicle repair workshops. The proposed works to give the building a lift includes the following:

- Shower block works – completely new male and female toilet and changing rooms, new flooring, electrical works, walls, redecoration and lockers/furnishings.
- Fleet Building refurbishment works – modify and modernise layout on ground and first floors to meet service needs and redecorate throughout.
- Security/Reception - deep clean make good and redecorate the reception and disabled toilet, includes provision of new chairs and blinds to reception area.
- Salt Store – window repairs, rainwater goods repair/replacement, door renewal and isolated structural repairs
- Wearside yard H&S works – design and implement new yard one way system, redefine parking and pedestrian areas, provide pedestrian barrier protection and wheel stops for large vehicles, line and number all bays, directional markings and yellow lining, provide new suite of signposts.
- Fleet workshops – renewal of anti-slip paint flooring and addition of fall arrest working at height equipment.
- Generator building - clearance of obsolete equipment and removal of housing.

15.9 **Honor Oak Youth Club & Community Centre:** In October 2022 Lewisham Council made a bid under the Public Sector Decarbonisation Scheme (PSDS) Phase 3b, which provides Government grants to fund heat decarbonisation and energy efficiency measures and was awarded grant funding of £872,604 for work to five sites including 50 Turnham Road, SE4 2JD. The estimated total project expenditure to these sites is £2,813,554. The work to the building will include the installation of:

`

- An air source heat pump
- Replacement double glazed windows
- Solar photovoltaic roof panels
- New LED lights to replace the fluorescent light fittings.
- The works will provide a significant carbon reduction and the Council will also benefit 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 users of the Youth Club and Community Centre.

15.10 The table below sets out the budget and profile over the MTFS period for the Capital Programme for 2023/24 as of 31st July 2023.

Table 16 - Current Capital Programme

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
Community	1.0	0.0	0.0	0.0	0.0	1.0
CYP	10.3	8.2	1.7	0.0	0.0	20.2
Place	27.3	21.3	44.6	6.6	2.0	101.8
GF Housing	33.6	61.2	64.0	20.2	7.3	186.3
Total GF	**72.7**	**90.7**	**110.3**	**26.8**	**9.4**	**309.9**
HRA	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
BfL – HRA	31.1	53.6	49.7	6.0	0.0	140.5
HRA Capital Programme	81.1	67.0	66.8	51.3	51.2	317.5
Other HRA	1.4	0.9	0.0	0.0	0.0	2.3
LBL Managed HRA Programme	6.3	2.2	3.1	3.2	0.0	14.8
Housing Management System	1.4	0.0	0.0	0.0	0.0	1.4
Total HRA	**121.4**	**123.7**	**119.7**	**60.6**	**51.2**	**476.5**

15.11 The current Capital Programme totals £786.4m. This is split into £309.9m General Fund (GF) and £476.5m Housing Revenue Account (HRA). For 2023/24 there is an allocation of £194.1m of which £72.7m is for GF & £121.4m for the HRA. Detail on key schemes within the Capital Programme can be found within the “Capital Programme Update” also going to PASC in September 2023. The main sources of financing the Capital programme over the MTFS period are laid out in the below table:

Table 17 - Programme Financing

General Fund Financing Source	Funding Amount (£m)
Capital receipts	12.6
Capital reserves	8.0
CIL	0.0
Corporate reserves	19.4
Grants and contributions	112.3
Prudential borrowing	105.1
HRA Receipts	6.8
RTB Receipts	30.5
S106	15.2
Total GF	**309.9**
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	259.8
Total HRA	**476.5**

15.12 Total Prudential Borrowing of £364.9m across the MTFS period, of which £105m is for GF projects & £259.8m is for HRA projects. Accurate borrowing forecasts are important for the council, and they link heavily with the TMS. There are currently no approved projects that make use of the CIL funds that the Council holds, however there are plans to use this for upcoming projects. The financing profile of the Capital Programme is flexible and may change as the Council is constantly looking for external funding opportunities such as additional grants and contributions.

`

Table 17 – P4 Spend Monitoring

Directorate	Project / Programme	Spend to 31 July 2023	2023/24 Budget
GF		£m	£m
Resources	ICT - Tech Refresh	0.0	0.6
Community	Safer Communities	0.2	0.5
Community	Parks, Sports and Leisure	0.0	0.6
CYP	CYP – Other	0.0	0.4
CYP	Education Services - School Places Programme	0.1	2.3
CYP	Education Services - School Minor Works Programme	0.0	4.8
CYP	Children's Social Care	0.0	1.9
CYP	Families, Quality and Commissioning - Youth Service	0.0	1.0
Place	Highways & Bridges – TfL	0.0	0.7
Place	Highways & Bridges – LBL	0.1	4.6
Place	Asset Management Programme	0.6	3.9
Place	Corporate Estates Maintenance Programme	0.6	4.8
Place	Lewisham Gateway	0.0	6.8
Place	Catford Programme	0.3	4.8
Place	Beckenham Place Park (Inc. Eastern Part)	0.1	1.2
Place	Planning	0.0	0.2
Place	Public Realm	0.0	0.1
Place	Climate Resilience	0.0	0.1
Place	General Fund Housing	0.3	31.1
Housing	Housing Services	0.3	2.5
	Total General Fund	**2.5**	**72.7**
HRA			
HRA	Building for Lewisham Programme – HRA	3.1	31.1
HRA	HRA Capital Programme (Inc. Decent Homes)	9.5	81.1
HRA	Housing Management System – HRA	0.2	1.4
HRA	Other HRA Schemes	0.1	1.4
HRA	LBL Managed HRA Programme	0.0	6.3
	Total HRA	**12.9**	**121.4**

15.13 The current in-year expenditure across all projects is 8%. If spend is consistent across the year, we would expect spend at Period 4 to be 33%. This pattern of low spend in the early periods of the year is expected for numerous reasons such as lag times on setting up Purchase orders and receiving invoices from suppliers. Also, for CYP schemes, the bulk of the work is due to be completed over the school holidays so spend won't occur until after this. In most cases, project managers are still forecasting to spend the majority of the in-year budget.

`

16.0 COLLECTION FUND

Council Tax

16.1 As at 31st July, £62.4m of Council Tax has been collected representing 34.3% of the total amount due for the year. This is £2.3m below the 35.6% target required in order to reach 96% for the year.

Table 18 – 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	18,626,595	19,716,342	1,089,747	10.3%	10.8%	0.5%
May-22	33,178,784	34,867,211	1,688,427	18.3%	19.2%	0.9%
Jun-22	47,574,501	49,540,837	1,966,336	26.2%	27.2%	1.1%
Jul-22	62,414,655	64,700,344	2,285,689	34.3%	35.6%	1.3%

Business Rates

16.2 As at 31st July, £24.9m of Business Rates has been collected representing 44.4% of the total amount due for the year. This is £0.3m below the level required in order to reach 99% for the year.

Table 19 - 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%
Jun-22	16,716,746	19,674,889	2,958,143	29.7%	35.0%	5.3%
Jul-22	24,939,038	25,268,082	329,044	44.4%	45.0%	0.6%

16.3 Work is ongoing to review and clear the exceptions listing (suspense account) which is expected to reduce the gap between cash collected and cash need to meet the profiles above.

17.0 DEBT

17.1 The outstanding sundry debt at 31st July 2023 is £18.7m down from £26m in April 2023. Debt collection activity continues on a day to day basis and if all avenues to recover debt are explored then write offs are consider. There is provision for £17.3m of debt.

18.0 AGENCY STAFF

18.1 The table below shows the number of agency staff paid £400 a day or more by Directorate, appendix D shows a list of the staff.

`

Table 20 – Agency Staff paid over £400 a day

Directorate	March	April	May	June	July
Chief Executive	8	7	7	8	7
Children and Young People	6	5	6	8	8
Community Services	2	1	0	0	0
Corporate Resources	2	3	3	3	4
Place and Housing	14	15	14	15	16
Totals	**32**	**31**	**30**	**34**	**35**

19.0 FINANCIAL IMPLICATIONS

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

20.0 LEGAL IMPLICATIONS

20.1 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.

21.0 CRIME AND DISORDER, CLIMATE AND ENVIRONMENT IMPLICATIONS

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

22.0 EQUALITIES IMPLICATIONS

22.1 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.

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

Background Papers

Short Title of Report	Date	Location	Contact
Budget Report 2023/24	1st March 2023 (Council)	1st 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

Is this report easy to understand?
Please give us feedback so we can improve.
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

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	-		

Is this report easy to understand?

Please give us feedback so we can improve.
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

Communities Subtotal					**4,179**	**4,179**	**-**		
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**		

Is this report easy to understand?

Please give us feedback so we can improve.

Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

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		Work is underway between finance and the service to review the deliverability of these savings or whether they have been delivered already with the financial impact consumed by other costs.
F-03	CYP	Children Service reconfiguration - fostering	250	-	250		
Children and Young People's Subtotal			**2,271**	**1,021**	**1,250**		
COM_SAV_01	COM	Introduction of Electronic Call Monitoring	650	450	200		Delays in implementing ECM due to IT issues

Is this report easy to understand?
Please give us feedback so we can improve.
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

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	-		
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**	**2,977**	**200**		
HRPR_SAV_01	HRPR	Temporary Accommodation Cost Reduction	200	200	-		
HRPR_INC_01	P&H	Additional Yellow Box Junction Enforcement &	105	105	-		

Is this report easy to understand?
Please give us feedback so we can improve.
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

		Moving Traffic Contravention by CCTV					
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	-		
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	-		

Is this report easy to understand?

Please give us feedback so we can improve.

Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

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	-		
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	-		
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	-		
F-18	P&H	Controlled Parking Zone Extension	1,000	1,000	-		
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	-		

Is this report easy to understand?
Please give us feedback so we can improve.
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

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, Realignments and Restructures	500	500	-		
Chief Executive Subtotal			**783**	**550**	**233**		
COR_SAV_02	CORP ITEMS	Review of Corporate Budgets - interest	2,000	2,000	-		
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	-		
A-03	ALL	Corporate Transport arrangements	50	50	-		
Council Wide Subtotal			**700**	**700**			
TOTAL			**12,587**	**10,904**	**1,683**		

Is this report easy to understand?

Please give us feedback so we can improve.

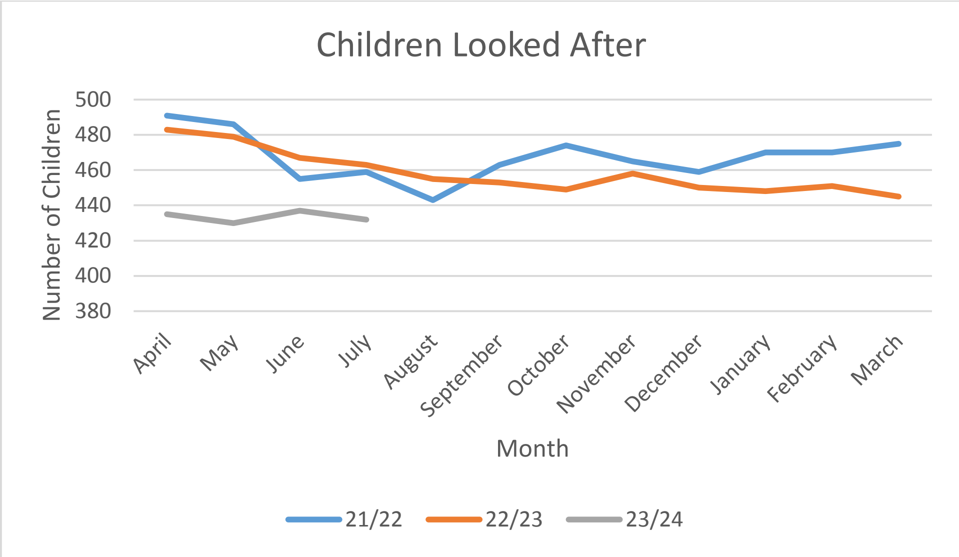
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

Appendix C – Gross Budgets by Directorate

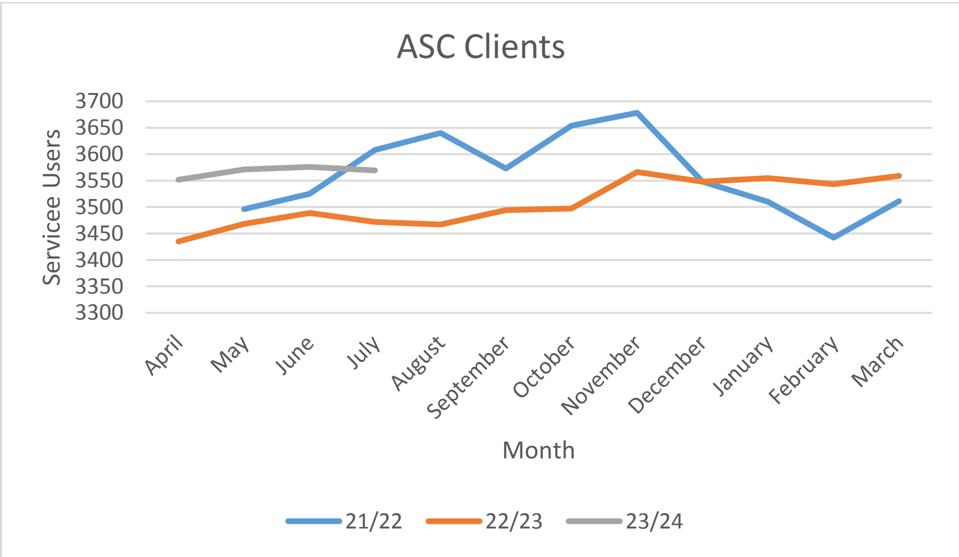
Directorate	Expenditure Budget	Expenditure Forecast	Variance	Income Forecast	Variance	Net Budget	Net Forecast	Variance
CYP	741.471	752.871	11.400	(666.230)	0.000	75.241	86.641	11.400
COMM	189.671	190.671	1.000	(104.270)	0.000	85.401	86.401	1.000
P&H	117.210	127.210	10.000	(89.469)	0.000	27.740	37.740	10.000
COR	209.462	209.162	(0.300)	(172.164)	(0.500)	37.797	36.997	(0.800)
CE	11.901	13.801	1.900	(0.672)	0.000	11.229	13.129	1.900
Total	**1,269.715**	**1,293.715**	**24.000**	**(1,032.806)**	**(0.500)**	**237.409**	**260.909**	**23.500**
COR Items	46.913	46.913	0.000	(20.643)	0.000	26.270	26.270	0.000
GF Total	**1,316.628**	**1,340.628**	**24.000**	**(1,053.449)**	**(0.500)**	**263.679**	**287.179**	**23.500**

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.

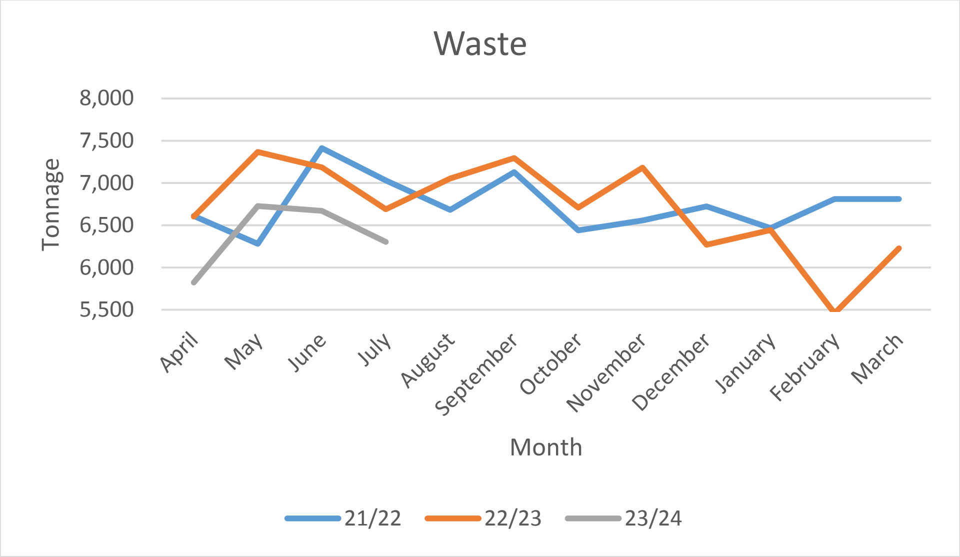
Appendix D – Key Performance Indicators



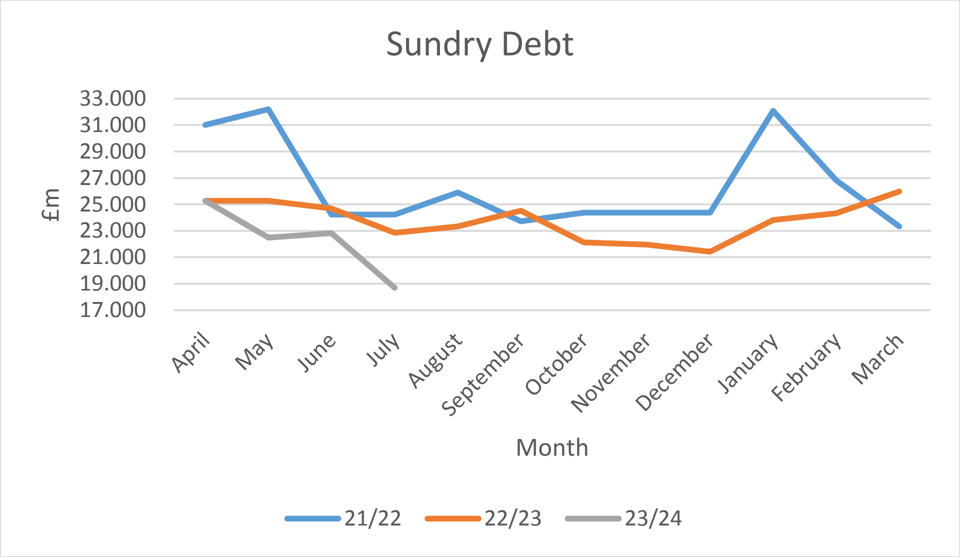
This graph shows the CLA's from 21/22 onwards, this shows the trend that the number of CLA's supported by the service is decreasing. The source document is the monthly performance report.



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

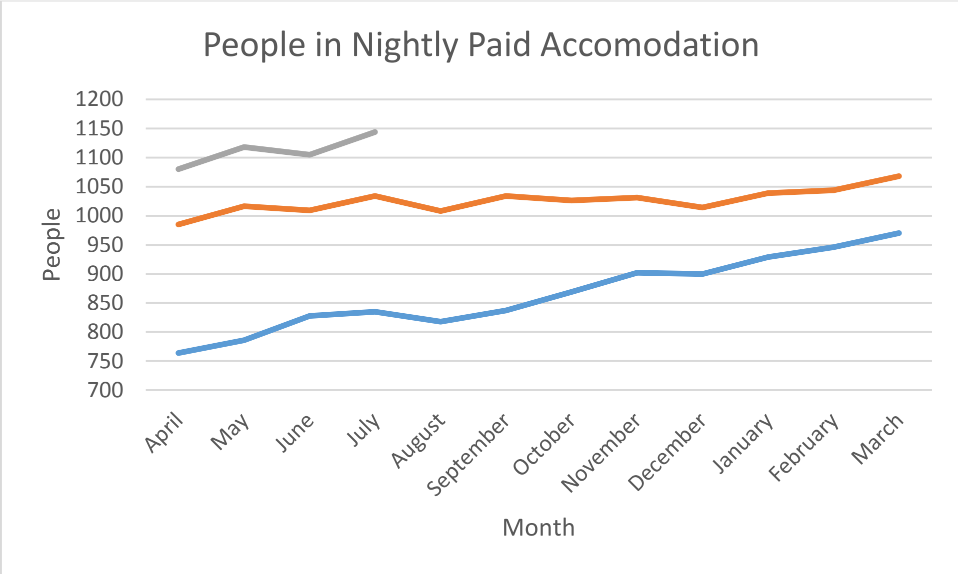


This graph shows the wasted in tonnages from 21/22 onwards. The source document is a monthly SELCHP Waste Delivery File from Veolia.

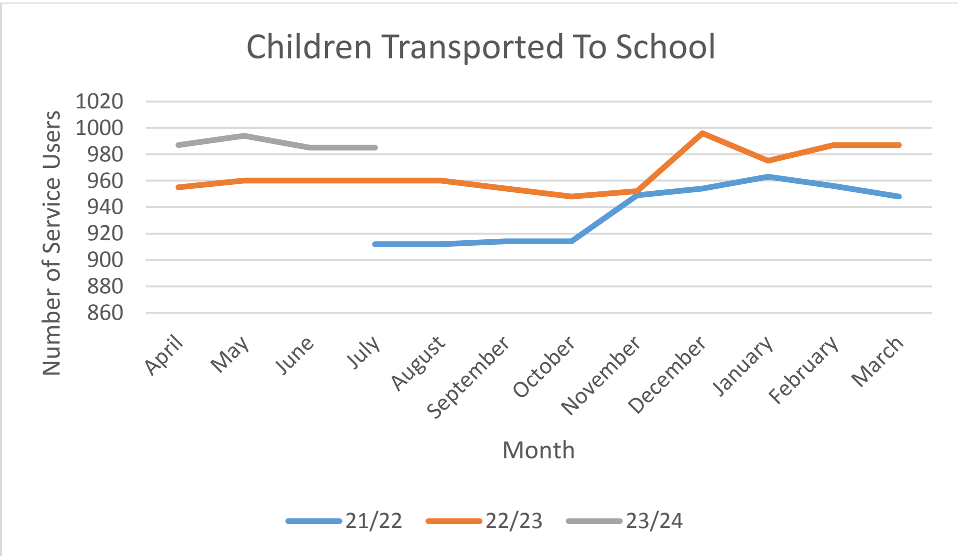


This graph shows the level of sundry debt from 21/22 onwards, the debt in May 2023, is at a lower level than in the comparable month in 21/22 and 22/23. The source document is the debt file produced from the oracle financial system.

Is this report easy to understand?
Please give us feedback so we can improve.
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports



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 1,144 in July 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 packge. The data source is Routewise.

Is this report easy to understand?
Please give us feedback so we can improve.
Go to https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports

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 contributary 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 futher 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