



Public Accounts Select Committee

Capital Programme Update - 2023/24

Date: Thursday 21st September 2023

Key decision: No

Class: Part 1

Ward(s) affected: None Specific

Contributors: Director of Inclusive Regeneration, Director of Finance, Head of Property, Estates and Capital Programmes

Outline and recommendations

This report sets out details of the Council's current capital programme.

Members are asked to note the current programme projects, budgets and financing.

Timeline of engagement and decision-making

9th August 2023 – Briefing with Chair of Public Accounts Select Committee to agree focus of update

1.0 Executive Summary:

- 1.1 This report sets out details of the Council's current capital programme over the Medium-Term Financial Strategy (MTFS) period 2024 – 2028 including the current year 2023/24. The capital programme is a rolling programme set within this period, and this report provides a summary and supporting detail for the programmes and projects to which capital resources have been committed and shows the budget for each and how they are financed.

2.0 Policy Context:

- 2.1 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

2.2 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.

2.3 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.

2.4 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.

2.5 The Council's capital programme plays a key part in the achieving the values set out above and underpins a number of workstreams to deliver associated outcomes. This ranges from investing in exiting assets and ensuring that they remain fit for purpose while at the same time seeking to deliver major housing programmes building resilience across communities in the borough.

3.0 Recommendations:

3.1 Members are asked to note the contents of this report and that this report will form the basis of further capital budget reporting to Public Accounts Select Committee and Mayor & Cabinet as part of the budget setting process in early 2024.

4.0 Background:

4.1 Capital expenditure is distinct from revenue expenditure in that it covers expenditure on items such as land and buildings that results in a tangible asset that can be classified as such on the Council's balance sheet.

- 4.2 The capital programme therefore reflects budgets and expenditure on the Council's many physical assets such as schools, roads, major infrastructure projects, cultural buildings, parks as well as major housing programmes such as the Building for Lewisham Programme (BfL) and the housing condition investment programme.
- 4.3 The overall capital programme is split into two key constituent parts: Housing Revenue Accounts (HRA) and the General Fund. The former is focused mainly on delivering works and programmes to the Council's existing housing stock or developing new ones and the latter seeks to invest in the general fund portfolio of all non-housing assets including parks, highways, schools, corporate buildings etc.
- 4.4 The Council sets its Capital Programme over a Medium-Term Financial Strategy planning period. This is because the nature of the projects and programmes mean that the associated expenditure is incurred over a number of years rather than a single financial year. The capital programme for 2023/24 was included as part of the overall Budget Report to Mayor & Cabinet and Council earlier this year and this report updates on changes since then and sets the scene for further updates to Public Accounts Committee and Mayor & Cabinet in early 2024.
- 4.5 Financial monitoring of the programme is carried out in a similar way to the revenue budget monitoring and reported to Mayor & Cabinet as part of the periodic Financial Forecasts Report and at year end through the Outturn Report. Operational financial monitoring together with programme/project delivery is managed through a number of boards as set out in section 5 (governance and programme management) below.

5.0 Governance and Programme Management

- 5.1 The Capital Programme is managed through a number of boards as follows:
- The Regeneration and Capital Board has overall oversight of the Capital Programme including delivery strategy for the programme once agreed by Mayor and Cabinet. This is co-chaired by the Executive Directors of Place and Corporate Resources.
 - The Regeneration & Capital Programme Delivery Board (RCPDB) reviews and agrees project initiation documents (PIDs) and delivery and monitoring of existing projects picking up on any project/programme slippage. This board primarily focusses on general fund projects which includes those housing schemes within the general fund such as those relating to temporary accommodation and land assembly.
 - The Officer New Homes Programme Board (ONHPB) focuses on housing projects and has overall oversight of the Building for Lewisham programme.
 - The Children and Young People's Strategic Asset Board has oversight of schools and other CYP programmes and projects together with their related funding.
 - The Asset Review Board made up of representatives from all directorates provides oversight for the Council's ongoing non-They housing asset review by ensuring that proposals for asset use are joined up across the council and that asset use is optimised. The group is also overseeing the development of a Corporate Asset Strategy.
- 5.2 Programmes and projects follow a number of standard processes and documentation. For General Fund projects a Project Initiation Document (PID) must be completed that

sets out the details of the project and this needs to be approved at the RCPDB within an allocated budget before a budget or expenditure code is allocated.

- 5.3 Where necessary a report must be prepared for M&C to agree the project, budgets and financing. In some cases, Mayor and Cabinet approval may be required to award contracts for approved projects.
- 5.4 ONHPB provide oversight for all housing delivery projects. Where necessary reports are prepared for M&C to agree projects, budgets and financing. Once the project is agreed a regular highlight report is required to update the RCPDB or ONHPB on progress. At the completion of a project a closure report is completed for consideration by RCPDB or ONHPB.

6.0 Current Capital Programme:

- 6.1 The table below sets out the Capital Programme for the next four-year period as agreed in the 2023/24 budget report.

Table 1: 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
Total General Fund	51.5	16.6	14.4	4.3	0.0	86.8
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
Total HRA	142.0	149.5	91.0	11.5	0.0	394.0

- 6.2 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.
- 6.3 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.
- 6.4 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.

- 6.5 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.
- 6.6 The table below sets out the MTF5 budget profile of the Capital Programme for 2023/24 as of 30th June 2023.

Table 2: 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
Total General Fund	70.8	74.9	80.3	14.0	9.4	249.3
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 Sys.	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

- 6.7 The main sources of financing the general fund programme over the MTF5 period are:

Table 3: 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
Total GF	249.3
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
Total HRA	474.9

6.8 Directorate Capital Programme

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

6.8.1 Corporate Resources Directorate

6.8.1.1 **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.

6.8.2 Community Services Directorate

6.8.2.1 **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.

6.8.2.2 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.

6.8.3 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.

6.8.3.1 **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.

6.8.3.2 **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.

6.8.4 Housing Regeneration and Public Realm (Place)

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.

6.8.4.1 **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 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.

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

6.8.4.2.1 **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.

6.8.4.2.2 **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.

6.8.4.2.3 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.

6.8.4.2.4 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 [Table 2 above](#).

6.8.4.2.5 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.

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

6.8.4.3.1 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.

6.8.4.3.2 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.

6.8.4.3.3 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.

6.8.4.3.4 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.

6.8.4.3.5 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.

- 6.8.4.4 **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.
- 6.8.4.5 **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. The programme has mobilised, and work begun on the three elements of the programme. A report will be taken 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.
- 6.8.4.6 **Catford Town Centre:** 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.
- 6.8.4.6.1 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.
- 6.8.4.6.2 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.
- 6.8.4.6.3 The road realignment will create 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.
- 6.8.4.6.4 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.

- 6.8.4.6.5 The council is currently reviewing how it begins to deliver its Framework aspirations on council-controlled land in Catford. The remaining budget will support the procurement of the recommended delivery route, development of our greenest town centre vision 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.
- 6.8.4.6.6 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.
- 6.8.4.6.7 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.
- 6.8.4.7 **Housing Delivery Programme:** 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.
- 6.8.4.7.1 The current programme comprises over 800 homes at various stages of development and delivery as outlined below.
- Schemes in delivery 22-26: pre/post DLP – *(c345 homes either on site or in aftercare)* [made up of 300 housing acquisitions; Elderton (5 Social homes); New Cross (35 Social homes) and Walsham (5 Social homes)] in addition to 112 buyback completions.
 - Preconstruction: In or pre-planning phase – *(c270 homes) homes [Drakes (33 Social homes); Fairlawn (12 Social homes); Greystead (33 Social homes); Ladywell (47 Social homes and 55 Shared Ownerships); Manor (10 Social homes); Mayfield (23 Social homes and 41 Shared Ownerships) and Valentines (26 Social homes and 15 Shared Ownerships)]*
 - Pipeline identified sites including estate regeneration – *c400 Homes [made up of Achilles (123 Social homes and 161 Shared Ownership); Parker House (38 Social homes); Thomas Lane Yard (36 Social homes and 61 Shared Ownerships) and Willow Way (74 Social homes and 34 Shared Ownerships)]*
- 6.8.4.7.2 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.

6.8.4.7.3 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.

6.8.4.7.4 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.. A recommendation on the management of these sites was included in the September 2023 Mayor and Cabinet.

6.8.4.7.5 The total cost of delivering the development 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 viability reviews and approval. The revised profile is below:-

Table 4: BfL Programme Re-Profile

Re-profile HRA BFL information	2023/24	2024/25	2025/26	2026/27	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	2023/24	2024/25	2025/26	2026/27	2027/28	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

6.8.4.7.6 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.

6.8.4.7.7 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.

6.8.4.7.8 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.

6.8.4.7.9 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 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.

6.8.4.7.10 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.

7.0 Financial Implications

7.1 Capital grants that the council receives to spend on Capital Projects often have conditions attached to the use of the grant, such as type of spend permitted or the timeframe for spend. Failure to comply with these conditions could mean the council must repay the grant which would cause an additional call on reserves or an increase in borrowing to fund the spend.

7.2 Although slippage within the Capital Programme is common and to be expected, it has an impact on the Treasury Management Strategy. This is because the timing of capital spend has a large impact on how much and when the Council must borrow.

7.3 The revised capital programme as set out in this report and presented to previously has been incorporated into the Treasury Management Mid-Year Review being presented to Mayor & Cabinet on the 20th September 2023.

8.0 Legal Implications:

8.1 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.

9.0 Crime and Disorder, Climate and Environment Implications:

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

10.0 Equalities Implications:

10.1 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.

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

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