Public Accounts Select Committee

Financial Monitoring 2023/24

Date: Thursday 30th November 2023

Key decision: No

Class: Part 1

Ward(s) affected: None Specific

Contibutors: Executive Director for Corporate Resources

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Outline and recommendations

This report presents the financial monitoring position for the 2023/24 financial year, setting out the position as at 30 September 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 £18.2m 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 £4.7m since Period 4, largely due to an increase in the number of and unit cost of Children with a high level of need as well as an increase in demand in Adult Social Care.

The extended leadership team are working on savings and cost avoidance measures to manage down the forecast overspend for the remainder of 2023/24 with ongoing cost avoidance measures being worked on for implementeation in 2024/25. This to ensure the 2024/25 Medium Term Financial Strategy (MTFS) position holds. An updated MTFS, to include more recent inflation numbers is being presented to the committee at this meeting.

The Dedicated Schools Grant is expected to overspend by £3m on the High Needs block due to the level of demand exceeding the funding available.

The Housing Revenue Account is projecting an overspend of £6.6m due to the volume and value of repairs and maintenance works exceeding the budgeted level and a shortfall of income for major works charged to leaseholders.

The current capital expenditure profiles are £72.9m for the GF and £116.6m for the HRA. To date £7.2m or 10% of the GF expenditure and £26.4m or 23% of the HRA expenditure has been incurred as at the 30th September.

At the 30 September, 49.9% of council tax due had been collected which is (2.3% or £4.2m) below the targeted level, at the same date, 59.5% of business rates due had been collected which remains (3.5% or £1.9m) 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.

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Timeline of engagement and decision-making

8th November 2023 – Period 6 (September) Financial Monitoring 2023/24 to Executive Management Team

30th November 2023 – Period 6 (September) Financial Monitoring 2023/24 to Public Accounts Select Committee

1.0 EXECUTIVE SUMMARY

1.1 This report sets out the financial forecasts for 2023/24 as at 30 September. The key areas to note are as follows:

1.2 The General Fund (GF) has a forecast overspend of £18.2m 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 £4.7m since Period 4, largely in the areas of children and adults social care. This is set out in more detail in Section 4 and Sections 6-11 of the report.

1.3 The GF reported position assumes delivery of £7m of the £7.6m legacy savings from 2023/23 or earlier and that £9.5m of the £12.6m new savings for 2023/24 are delivered, if these savings cannot be delivered, this will worsen the reported position. With regards to savings not achieved to-date, services have been asked to find alternatives for this year to remain within the overall savings target. Where alternative savings have been found, services have been asked to ensure that sufficient action has been taken to ensure that savings are sustainable going forward. This is set out in more detail in Section 5 of the report.

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 12 of the report.

1.5 The dedicated schools grant (DSG) is projected to overspend by £3m on the high needs block, this is set out in more detail in section 14 of the report.

1.6 The Housing Revenue Account (HRA) is projected to overspend by £6.6m due to the volume and value of repairs and maintenance works exceeding the budgeted level and a shortfall of income for major works charged to leaseholders. This is set out in more detail in section 15 of the report.

1.7 The capital budgets have been reprofiled in July 2023. The current capital expenditure profiles are £72.9m for the GF and £116.6m for the HRA. To date £7.2m or 10% of the GF expenditure and £26.4m or 23% of the HRA expenditure has been incurred as at the 30th September. This is set out in more detail in section 16 of the report.

1.8 As at 30 September August, 49.9% of council tax due had been collected which remains (2.3% or £4.2m) adrift of the targeted level. At the same date, 59.5% of business rates due had been collected which remains (3.5% or £1.9m) adrift of the targeted level. This is set out in more detail in section 17 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 September 2023, projected to the year-end, 31 March 2023.

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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

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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 £18.2m as shown in the table below:

Table 1 – General Fund Outturn Position for 2023/24

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£m	£m	£m	£m	£m
Children and Young People	75.2	89.7	14.5	11.4	3.1
Communities	85.5	87.5	2.0	1.0	1.0
Place	19.4	20.4	1.0	1.0	0.0
Housing	8.4	18.4	10.0	9.0	1.0
Corporate Resources	38.0	37.0	(1.0)	(0.8)	(0.2)
Chief Executive	11.2	12.9	1.7	1.9	(0.2)
Directorate Total	**237.7**	**265.9**	**28.2**	**23.5**	**4.7**
Corporate Items	26.0	26.0	0.0	0.0	0.0
Corporate Reserves	0.0	(10.0)	(10.0)	(10.0)	0.0
General Fund Total	**263.7**	**281.9**	**18.2**	**13.5**	**4.7**

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 12 of this report.

4.3 There is a £4.7m adverse movement on the Directorate's monitoring position since Period 4, as detailed below:

Children and Young People: £2.6m adverse movement on Children's Social Care, including costs arising from a need to employ additional staff whilst newly Qualified Social Workers complete their induction training as part of the Workforce Strategy supporting the Sufficiency and Service Improvement Strategy. There is also additional placement costs due to the level of high needs placements in comparison to 2022/23. In addition there is a £0.5m adverse movement in the Education Services largely due to increased transport costs following the 2023/24 academic intake and their home to school transport needs being addressed.

- **Communities:** £1m increase in the forecast on Adult Social Care care package costs due to increases in demand for Residential care packages from Physical support clients, as well as increases in Learning Disabilities direct payments packages.

- **Housing:** £1m adverse movement due to the transfer of Milford Towers from the HRA to the GF.

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- **Corporate Resources:** £0.2m underspend within Facilities Management.

  Chief Executive: £0.2m improvement due to vacant posts in Policy and Information Governance.

5.0 SAVINGS DELIVERY

5.1 At the start of 2023 there were £7.6m of savings from 2022/23 (and older) which remained undelivered, an assessment of the expected delivery of these savings has been made, it is assumed £4.5m can be delivered in 2023/24, this is reflected in the monitoring position. Of the remainer, £2.5m Children's Social Care savings have been reviewed on a line by line basis and have been delivered, but the financial benefit has been negated by increased placements costs due to the reason set out in this report, meaning that these have been moved to green in the savings tracker. The remaining £0.6m delayed savings are within Adult Social care and the service still expect to deliver these in 2024/25, all of the above is reflected in the monitoring position.

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 £9.5m 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. These are shown in appendix A 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**

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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	3.5	1.3
Community Services	7.4	5.4	2.0
Place and Housing	3.4	3.2	0.2
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**	**16.5**	**3.7**

6.0 CHILDREN AND YOUNG PEOPLE DIRECTORATE

6.1 **Children's Social Care:** The Projected outturn for Children's Social care in 2023/24 is £11.7m, an adverse movement of £2.6m since Period 4. The overspend is explained below:

- Workforce £1m overspend: There is a pressure on staff related costs due to agency 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 £8.9m 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, as the service are supporting more children with high levels of need. 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

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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 placements. 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 and forecasting the expenditure on high cost (£7k a week plus) placements is extremely volatile, as there is huge uncertainty over their length of stay.

6.6 **Education Services:** £3.3m pressure at Period 6, £0.5m increase from Period 4. The cost pressure is due to the cost of home to school transport of £1.8m (after £1.5m of corporate pressures funding, added to the budget in 2023/24), there was a net increase of 50 children requiring home to school transport in September following the 2023/24 academic year intake. The remaining pressure is £1m pressure on Children with complex needs which has emerged as a pressure since the budget setting process for 2023/24 and £0.5m pressure on Education Psychologists due to the continued increasing numbers of Education, health and care plans (EHCP's).

6.7 **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.

6.8 The table below shows the reported position at Period 6 compared to Period 4:

Table 4 – Children and Young People's Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Children's Social Care Services	53.6	65.3	11.7	9.1	2.6
Education Services	15.3	18.6	3.3	2.8	0.5
Schools	(2.5)	(2.5)	0.0	0.0	0.0
Families, Quality and Commissioning	8.3	7.8	(0.5)	(0.5)	0.0
Executive Director, Provisions & Reserves	0.5	0.5	0.0	0.0	0.0
Directorate Total	**75.2**	**89.7**	**14.5**	**11.4**	**3.1**

7.0 COMMUNITY SERVICES DIRECTORATE

7.1 **Adult Social Care and Commissioning:** £2.1m forecast overspend at Period 6, an adverse movement of £1.1m since Period 4. The adverse movement is due to increased demand for Residential care packages from Physical support clients, as well as increases in Learning Disabilities direct payments packages. The projected level of pressure on Adult Social Care is £4.1m, this takes into account anticipated health funding in 2023/24, as well as assumed delivery of the savings detailed in appendix A, 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 £2.1m.

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7.2 This position assumes the achievement of £5m of the £7m 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 (some of which is once off) to help mitigate this pressure and known funding has been assumed within the current projection.

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 is working with colleagues in Children's Social care to plan for children who are likely to require an adult care package in the future.

7.4 **Communities, Partnerships & Leisure:** An income overachievement of £0.1m within Bereavement services has emerged since Period 4.

7.5 The table below shows the reported position at Period 6 compared to Period 4:

Table 5 – Communities Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Adult Social Care & Commissioning	71.4	73.5	2.1	1.0	1.1
Public Health	0.0	0.0	0.0	0.0	0.0
Communities, Partnerships & Leisure	14.1	14.0	(0.1)	0.0	(0.1)
Culture, Learning & Libraries	0.0	0.0	0.0	0.0	0.0
Directorate Total	**85.5**	**87.5**	**2.0**	**1.0**	**1.0**

8.0 PLACE

8.1 **Public Ream:** There is a £0.7m pressure on Street Environmental Services due to operational costs in refuse collection and street management. The service is continuing to manage these costs down by reconfiguring services and anticipates this will be achieved by the start of next financial year, this is being largely mitigated in year by an income overachievement of £0.6m. Strategic Transport are forecasting an overspend of £0.1m due to ongoing consultancy costs.

8.2 **Planning:** There is a £0.6m pressure on the Planning division, as they continue to experience staffing pressures with costs increasing due to the demand for planning, urban design and conservation staff. The service is forecasting an overspend of £0.4m on the Planning Service, along with a £0.2m forecast overspend in Building Control which is due to a reduction in income levels.

8.3 **Regeneration:** £0.2m overspend due to unachievable savings relating to income generation.

8.4 The table below shows the reported position at Period 6 compared to Period 4:

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Table 6 – Place Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Public Realm	18.5	18.7	0.2	1.0	(0.8)
Planning	1.1	1.7	0.6	0.0	0.6
Inclusive Regeneration	(0.5)	(0.3)	0.2	0.0	0.2
Housing, Regeneration & Public Realm Reserves & Provisions	0.2	0.2	0.0	0.0	0.0
Directorate Total	**19.4**	**20.4**	**1.0**	**1.0**	**0.0**

9. HOUSING

9.1 **Strategic Housing:** £10m pressure reported at Period 6, £1.0m adverse movement from Period 4 due to the transfer of Milford Towers from the HRA to the GF. At September 2023 there are 1,101 people in nightly paid services compared to 764 in April 2021 and 985 in April 2022. In addition, people are staying longer in Temporary Accomodation (TA) as the service is unable to move them out 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.

9.2 The Housing Benefit (HB) limitation recharge and consequent forecast overspend is mainly related to the increase in the number of people accommodated in TA and more specifically in nightly paid accommodation which has risen from 745 at the start of April 2021 to 1,101 at the end of September 2023. The average number of people accommodated in 2022/23 was 1,026 (865 2021/22) and the average for 2023/24 is 1,109. This increase in numbers has put additional pressure on the service in terms of landlord payments and recharges for Housing Benefit payments which have exceeded the caps and limits (otherwise known as HB limitation recharges) and therefore not payable through the DWP Housing Benefit claim.

9.3 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. The HB limitation recharge forecast total is based on an average increase of £0.3m per month until year end. However, it is unlikely that the full impact of the increase in numbers for 2022/23 to 2023/24 is reflected in the current forecast recharge which may be expected to fluctuate depending on the numbers of clients accommodated. As this is a demand lead service, variations in the numbers accommodated would see a corresponding decrease/increase in the recharge applied to the service.

9.4 Arrears on Nightly Paid rental income have increased by £0.6m since the start of the financial year, projecting using a straight-line method would show an increase in arrears of £1.6m for the year, and an impairment charge of £1.5m. This is based on current collection rates which currently stands at 93.9%, and is 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, £0.6m

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more than the budgeted level. This will be closely monitored and updated as the year progresses.

9.5 The remaining £1.0m pressure is due to £0.4m additional incentive payments over and above the budget level, 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.

9.6 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.

9.7 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.

9.8 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.

9.9 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.

9.11 The table below shows the reported position on the Housing directorate, with this section to be expanded over the coming months:

Table 7 – Housing Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Strategic Housing	8.4	18.4	10.0	9.0	1.0
Directorate Total	**8.4**	**18.4**	**10.0**	**9.0**	**1.0**

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10.0 CORPORATE RESOURCES DIRECTORATE

10.1 A £1m underspend is reported on the Corporate Resources directorate at Period 6, an improvement of £0.2m since Period 4.

10.2 **Resident and Business Services:** £0.4m underspend due to the reduction in supported accommodation costs and an underspend within Facilities Management.

10.3 **IT and Digital Services:** £0.1m underspend due to vacancies within the Programme Management Office.

10.3 **Assurance:** £0.1m underspend due to staff vacancies across the teams.

10.4 **Finance:** £0.1m overspend due to the level of audit fees.

10.5 **Concessionary Fares:** 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.

10.6 The table below shows the reported position at Period 6 compared to Period 4:

Table 8 – Corporate Resources Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Resident & Business Services	10.3	9.9	(0.4)	(0.2)	(0.2)
IT & Digital Services	11.1	11.0	(0.1)	0.0	(0.1)
Assurance	2.8	2.7	(0.1)	(0.1)	0.0
Finance	6.1	6.2	0.1	0.0	0.1
Concessionary Fares	8.4	7.9	(0.5)	(0.5)	0.0
Resources Reserve	(0.7)	(0.7)	0.0	0.0	0.0
Directorate Total	**38.0**	**37.0**	**(1.0)**	**(0.8)**	**(0.2)**

11. CHIEF EXECUTIVES DIRECTORATE

11.1 **Law and Governance:** At Period 6, Law and Governance are projecting expenditure of £1.7m over and above the budget, an improvement of £0.2m from Period 4. There is a £1.9m pressure in Legal Services due to agency and external 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. This is partially mitigated by a £0.2m underspend due to vacancies within Policy and Information Governance.

11.2 The table below shows the reported position at Period 6 compared to Period 4:

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Table 9 – Chief Executive Forecast Position

Directorate	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£	£	£m	£	£
Communications & Engagement	2.7	2.7	0.0	0.0	0.0
Law & Corporate Governance	5.8	7.5	1.7	1.9	(0.2)
People & Organisational Development	2.7	2.7	0.0	0.0	0.0
Directorate Total	**11.2**	**12.9**	**1.7**	**1.9**	**(0.2)**

12. GENERAL FUND RISKS

12.1 Below is a list of potential risks, some of which are being worked through and quantified for 2023/24.

12.2 **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.

12.3 **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 (21 between April and September 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.

12.4 **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.

12.5 **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.

12.6 **General inflationary costs:** The impact of general inflation (CPI currently 6.7% in September 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.

12.7 **Cost of capital programme slippage and inflation:** The impact of high inflation has been a slowdown in capital programme delivery and higher capital cost. The revenue impact of this is the inability to fully capitalise revenue costs with the risk that these then fall to revenue budgets. Furthermore, as schemes are being brought forward it's important that the full revenue charges are levied for these, including the minimum revenue provision charge, and interest costs, either from external or internal borrowing and that these are properly accounted for and charged to the relevant schemes.

12.8 **Pension Fund:** The annual monitoring between valuations may poses a financial risk to the council, with fluctuations in the value of the funds assets and liabilities requiring an

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increase in the Council's employers contribution.

12.9 **Children's Social Care:** Volatility in the length of stay for children in high cost placements means the placements forecast which is based on the service placements tracker could significantly fluctuate. The tracker assumption is that for any current placements costing £17k per week, that they run for a maximum of 3 months (unless otherwise known), with the care package value then dropped down to £5k per week. This assumption is an estimate and subject to review, currently it would appear packages are lasting longer than 3 months due to lack of capacity in the market. The current forecast for Children's Social Care assumes £0.4m of new children (2 high cost children for 13 weeks) moving into high cost placements from January onwards and assumes all existing high costs placements have been stepped down to £5k a week packages by the middle of January. Five additional child for this period would cost £1m.

13. CORPORATE PROVISIONS and RESERVES

13.1 The tables below provide more detail on the Council's corporate provisions revenue budgets and earmarked reserves positions.

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

Table 10 – Corporate Provisions 2023/24

Corporate Items	£m
Working balances	3.9
Service pressures (Allocated)	6.1
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	**26.0**

13.3 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.

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

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Table 11 – 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**

13.5 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.

14. DEDICATED SCHOOLS GRANT

14.1 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 12 – 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	24.8	336.1
In Year Virement	(0.7)	0	0.7	0	0.0
ESFA Holdback	(47.5)	0.0	(0.4)	0.0	(48.0)
DSG Budget	182.8	3.3	77.1	24.8	288.1
Expenditure	182.5	3.3	80.1	24.8	290.8
Total Spend	182.5	3.3	80.1	24.8	290.8
Variance	**(0.3)**	**0.0**	**3.0**	**0.0**	**2.7**

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14.2 **Schools Block:** There is an underspend in the Growth fund of £0.3m, which will be carried forward, £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.

14.3 **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.

14.4 **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 transfers of £0.7m from the schools block and a further £0.6m from the Early Years unused balance 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 £3m. It should be noted that the £3m is an improvement from the previous forecast position of £5m, of which, £0.6m is the transfer of Early years funding.

14.5 **Early Years Block:** The DfE has confirmed the final numbers for 2022/23; there is a clawback of £0.8m leaving an unused balance of £0.8m. Schools forum has agreed to the proposal to support the high number of early year EHCP pressure on the high needs block £0.6m and additionally £0.2m to support the pressure on the Inclusion Fund. The high needs block forecast includes this income.

14.6 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.

14.7 The table below shows what the DSG deficit would be at the end of 2023/24, based on the projected outturn position at Period 6.

Table 13 – DSG Overall Position

DSG Overall	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
DSG Projected Outturn 2023/24	(0.3)	0.0	3.0	0.0	2.7
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	3.0	0.0	2.7
Deficit/(Surplus) at end of 2023/24	**(0.7)**	**0.0**	**13.9**	**(1.3)**	**12.0**

15.0 HOUSING REVENUE ACCOUNT

15.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2023/24. The reported overspend of £6.6m is due to the forecast level of repairs and maintenance for 2023/24 compared to the budget as well as an income shortfall on major works rechargeable to leaseholders.

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Table 14 – Housing Revenue Account

Housing Revenue Account	Net Budget	Net Forecast	Period 6 Variance	Period 4 Variance	Movement Period 4 v Period 6
	£m	£m	£m	£m	£m
Housing, Regeneration and Public Realm – Housing	13.0	13.7	0.7	(0.3)	1.0
Lewisham Homes & Repairs & Maintenance	45.6	47.9	2.3	7.5	(5.2)
Resources	2.1	2.1	0.0	0.0	0.0
Centrally Managed Budgets	(60.7)	(57.1)	3.6	(0.8)	4.4
Total	**0.0**	**6.6**	**6.6**	**6.4**	**0.2**

15.2 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 September 2023, a total of £3.5m 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 an 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. The forecast has been updated to reduce Major Works income to £6.8m, an underachievement of £5.2m on the current budgeted level.

15.3 Repairs & Maintenance (R&M) is currently forecast to exceed the budget level by £2.3m. Lewisham Homes have undertaken an analysis of the expenditure incurred so far this year to assess whether any of this is capital, this resulted in £2.3m being moved from revenue R&M to Capital this month, Lewisham Homes have advised that up to £10m could be recharged from revenue to capital this financial year, against an allocation of £5m, and have adjusted their forecasts accordingly. 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, there is a high risk this overspend worsens as the year progresses.

15.4 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.

15.5 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 and

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the insourcing of Lewisham Homes. 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.

15.6 Lewisham Homes have produced a forecast of £77m for the capital programme costs, which include up to £10m of Capitalised repairs/void costs against the general capital allocations budget of £81m, this will be continually updated as the year progresses. Any underspends or slippage in the capital programme will be re-profiled to 2024/25. Lewisham Homes have also produced a forecast of £20.4m 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.

15.7 Following the December 2022 Mayor and Cabinet decision to bring Lewisham Homes 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.

15.8 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.

16.0 CAPITAL EXPENDITURE

16.1 The table below sets out the Capital Programme that was reported in the P4 Monitoring report.

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Table 15 – Capital Programme from P4 Monitoring Report

Capital Programme from P4 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	0.6
Community	1	0	0	0	0	1
CYP	10.3	8.2	1.7	0	0	20.2
Place	27.3	21.3	44.6	6.6	2	101.8
GF Housing	33.6	61.2	64	20.2	7.3	186.3
Total GF	**72.8**	**90.7**	**110.3**	**26.8**	**9.3**	**309.9**
HRA	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
BfL – HRA	31.1	53.6	49.7	6	0	140.5
HRA Capital Programme	81.1	67	66.8	51.3	51.2	317.5
Other HRA	1.4	0.9	0	0	0	2.3
LBL Managed HRA Programme	0.0	8.4	3.1	3.2	0	14.8
Housing Management System	1.4	0	0	0	0	1.4
Total HRA	**115**	**129.9**	**119.6**	**60.5**	**51.2**	**476.5**

14.2 Since Period 4, there have been several projects that have been added to the programme or had changes to their budget. These have been reviewed and signed off at the Regen & Capital Programme Delivery Board (RCPDB). The below table details the changes to the Capital Programme:

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Table 16 – Capital Programme Changes

Capital Programme Changes						
	2023/24	**2024/25**	**2025/26**	**2026/27**	**Future Years**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
LUF P1 - Market Regeneration	0.5	3.0	7.4			**10.9**
LUF P3 - High Street Regeneration	0.4	5.8	0.3			**6.4**
Other New Projects & Changes	0.7	0.5	1.1			**2.3**
Total	**1.6**	**9.3**	**8.7**	**0.0**	**0.0**	**19.6**

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

- **LUF P1 – Market Regeneration:** This project seeks to design and deliver an upgraded market facility including new market canopy, upgraded service yard, high quality surface finishes, high quality street furniture, renovation of clock tower, improved public realm, footway and highways, improved walking and cycling infrastructure and greening.
- **LUF P3 – High Street Regeneration:** This project seeks to design and deliver improvements to Lewisham High Street, Station Road, Rennel Street, Lewis Grove, and parts of Molesworth Street and Limes Grove. The project seeks to deliver an improved public realm which will be attractive, welcoming, and safer for residents of all ages. To ensure longevity, the public realm will also be high quality, durable and maintainable. The scheme will introduce more greenery on the named streets with more places to sit, stop and enjoy the town centre.

16.4 To set both these projects in context. These are two of three separate but connected projects forming the Levelling Up Fund Project (the LUF). These projects are primarily funded through the councils £19m LUF grant award, plus around £5m of LBL match funding comprising of S106/CIL & receipts from a disposal.

16.5 The table below sets out the budget and profile over the MTFS period for the Capital Programme for 2023/24 as of 30th September 2023.

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Table 17 – 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	9.9	9.1	1.7	0.0	0.0	20.7
Place	27.8	29.7	53.2	6.6	2.0	119.4
GF Housing	33.6	61.2	64.0	20.2	7.3	186.3
Total GF	**72.9**	**100.0**	**118.9**	**26.8**	**9.4**	**328.0**
HRA	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
BfL - HRA	32.6	53.6	49.7	6.0	0.0	141.9
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	0.0	8.4	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	**116.6**	**130.0**	**119.7**	**60.6**	**51.2**	**478.0**

16.6 The current Capital Programme totals £806.0m. This is split into £328.0m General Fund (GF) and £478.0 Housing Revenue Account (HRA).

16.7 For 2023/24 there is an allocation of £194.1m of which £72.7m is for GF & £121.4m is for HRA.

16.8 The Capital Programme is currently undergoing a mid-year re-profiling exercise, in which project managers have a chance to update the budget profiles of their schemes. This will also be an opportunity to identify any projects where the budget is no longer required & therefore there may be a potential to free up some funding within the capital programme. The re-profiled Capital Programme will be detailed in the upcoming 2024/25 Budget Report.

16.9 The main sources of financing the Capital programme over the MTFS period are laid out in the below table:

Table 18 - Programme Financing

General Fund Financing Source	Funding Amount (£m)
Capital receipts	13.3
Capital reserves	7.1
CIL	2.7
Corporate reserves	20.8
Grants and contributions	127.1
Prudential borrowing	113.6
HRA Receipts	0.1
RTB Receipts	27.3
S106	15.8
Total GF	**328.0**
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	261.3
Total HRA	**478.0**

16.10 Total Prudential Borrowing of £364.9m across the MTFS period, of which £113.6m is for GF projects & £261.3m is for HRA projects. Accurate borrowing forecasts are important for the council, and they link heavily with the TMS.

16.11 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.

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Table 19 – P4 Spend Monitoring

Directorate	Project / Programme	Spend to 30 Sep 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	0.2	0.6
CYP	CYP - Other	0.0	0.4
CYP	Education Services - School Places Programme	1.2	2.3
CYP	Education Services - School Minor Works Programme	1.5	4.3
CYP	Children's Social Care	0.0	1.9
CYP	Families, Quality and Commissioning - Youth Service	0.0	1.0
Place	Highways & Bridges – TfL	0.1	0.7
Place	Highways & Bridges – LBL	0.8	4.9
Place	Asset Management Programme	0.7	4.5
Place	Corporate Estates Maintenance Programme	0.8	4.8
Place	Lewisham Gateway	0.0	6.8
Place	Catford Programme	0.4	4.3
Place	Beckenham Place Park (Inc. Eastern Part)	0.2	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	0.8	31.1
Housing	Housing Services	0.4	2.5
	Total General Fund	**7.2**	**72.9**
HRA			
HRA	Building for Lewisham Programme - HRA	5.6	32.6
HRA	HRA Capital Programme (Inc. Decent Homes)	20.2	81.1
HRA	Housing Management System - HRA	0.4	1.4
HRA	Other HRA Schemes	0.2	1.4
	Total HRA	**26.4**	**116.6**

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16.12 The current in-year expenditure across all projects is 18%. If spend is consistent across the year, we would expect spend at Period 6 to be 50%. 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.

16.13 There are also certain projects with large current years budgets, where the spend is forecast to be spent in the latter half of the year. An example of this is the Housing Acquisition Programme which has an in-year budget of £22m yet current spend of £0m.

16.14 Despite the low current spend, the current forecast outturn for 2023/24 is £165.2m. This equates to 87% of the current budget.

17.0 COLLECTION FUND

Council Tax

17.1 As at 30th September, £90.8m of Council Tax has been collected representing 49.9% of the total amount due for the year. This is £4.2m below the 52.2% target required in order to reach 96% for the year.

Table 20 – 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-23	18,626,595	19,730,719	1,104,124	10.3%	10.8%	0.5%
May-23	33,178,784	34,874,205	1,695,421	18.3%	19.2%	0.9%
Jun-23	47,574,501	49,542,533	1,968,032	26.2%	27.2%	1.1%
Jul-23	62,414,655	64,708,338	2,293,683	34.3%	35.6%	1.3%
Aug-23	76,625,692	79,804,236	3,178,544	42.1%	43.9%	1.8%
Sep-23	90,782,444	94,935,251	4,152,807	49.9%	52.2%	2.3%

Business Rates

17.2 As at 31 August, £33.3m of Business Rates has been collected representing 59.5% of the total amount due for the year. This is £1.9m below the level required in order to reach 99% for the year.

Table 21 - 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-23	8,123,664	7,495,565	(628,099)	14.1%	13.0%	-1.1%
May-23	12,632,550	14,105,804	1,473,254	22.4%	25.0%	2.6%
Jun-23	16,716,746	19,674,889	2,958,143	29.7%	35.0%	5.3%
Jul-23	24,939,038	25,268,082	329,044	44.4%	45.0%	0.6%
Aug-23	29,266,569	30,270,968	1,004,399	52.2%	54.0%	1.8%
Sep-23	33,306,413	35,238,208	1,931,795	59.5%	63.0%	3.5%

17.3 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

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above.

18.0 FINANCIAL IMPLICATIONS

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

19.0 LEGAL IMPLICATIONS

19.1 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.

20.0 CRIME AND DISORDER, CLIMATE AND ENVIRONMENT IMPLICATIONS

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

21.0 EQUALITIES IMPLICATIONS

21.1 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.

21.2 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

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APPENDIX A – 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	Comment
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 has been undertaken to deliver these savings, however the financial impact has been negated by the increase in high cost placements.
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	300	350		Delays in implementing ECM due to IT issues. Plus increase in demand

COM_SAV_02	COM	Delegation of Care Plan Budgets to Operation Managers	100	41	59		Slippages in Neighbourhood 4 with levels of authorisations to date higher than prior year
COM_SAV_03	COM	Care Plan Reassessment	1,000	-	1,000		ASC savings shortfall reported in the monitoring position, work is ongoing to fully deliver these savings.
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	-		

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A-02	COM	Hybrid roles - enforcement	13	13	-		
C-07	COM	Review Short breaks provision.	50	50	-		
Communities Subtotal			**3,177**	**1,768**	**1,409**		
HRPR_SAV_01	HRPR	Temporary Accommodation Cost Reduction	200	200	-		
HRPR_INC_01	P&H	Additional Yellow Box Junction Enforcement & Moving Traffic Contravention by CCTV	105	105	-		
HRPR_INC_02	P&H	Replacement Bin Charging	50	50	-		
HRPR_INC_03	P&H	Increase the charge for Bulky Waste collections	20	20	-		
HRPR_INC_04	P&H	Charge for mattress collections	25	25	-		
HRPR_INC_05	P&H	Increase the charge for fridge/freezer collections.	78	78	-		
HRPR_INC_06	P&H	Review of fees charged for Garages	130	130	-		
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		Service are actively working towards delivering the saving
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	-		

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C-39	P&H	Aligning the Kickstart scheme with Government plans	25	25	-		
D-10	P&H	Commercial Estate Review	50	-	50		Service is actively working towards increasing income.
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**	**3,112**	**175**		
COR_SAV_03	COR	Reduction in utilities costs of the Catford Complex	150	150	-		
D-14	COR	Facilities Management	100	100	-		
C-08	COR	IT - mobile telephony review	10	10	-		
Corporate Resources Subtotal			**260**	**260**			
CEX_SAV_01	CEX	Review of Elections Budget	50	50	-		
CEX_SAV_03	CEX	Legal Invest to Save	233	-	233		Work is required to reduce external legal expenditure to deliver this saving.
ALL_SAV_02	CEX	Senior Management Reductions, 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	-		

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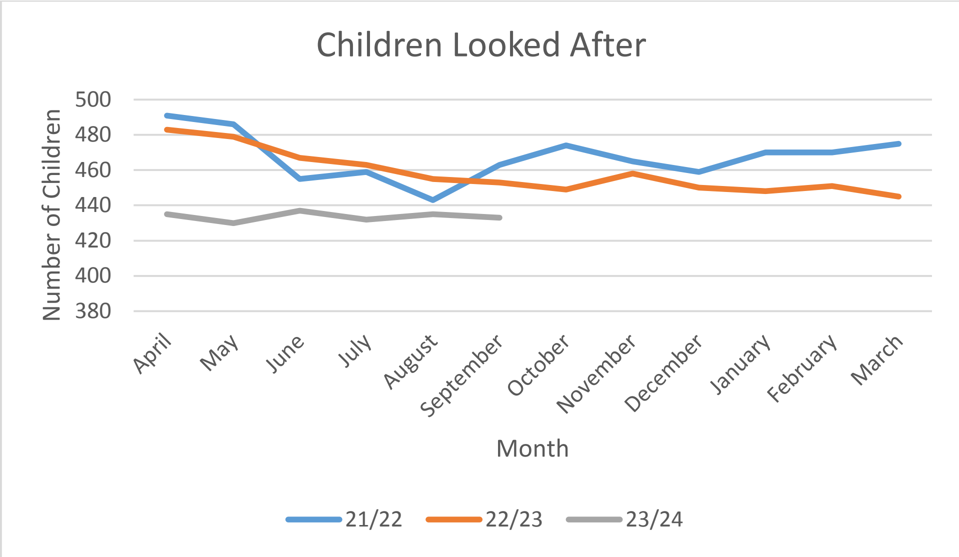
COR_INC_01	CORP ITEMS	Removal of 28 day empty property exemption for Council Tax	110	110	-		
Corporate Items Subtotal			**2,110**	**2,110**			
COR_SAV_01	ALL	Review of Corporate Budgets - triennial fund valuation	650	650	-		
A-03	ALL	Corporate Transport arrangements	50	50	-		
Council Wide Subtotal			**700**	**700**			
TOTAL			**12,587**	**9,520**	**3,067**		

Appendix B – Gross Budgets by Directorate

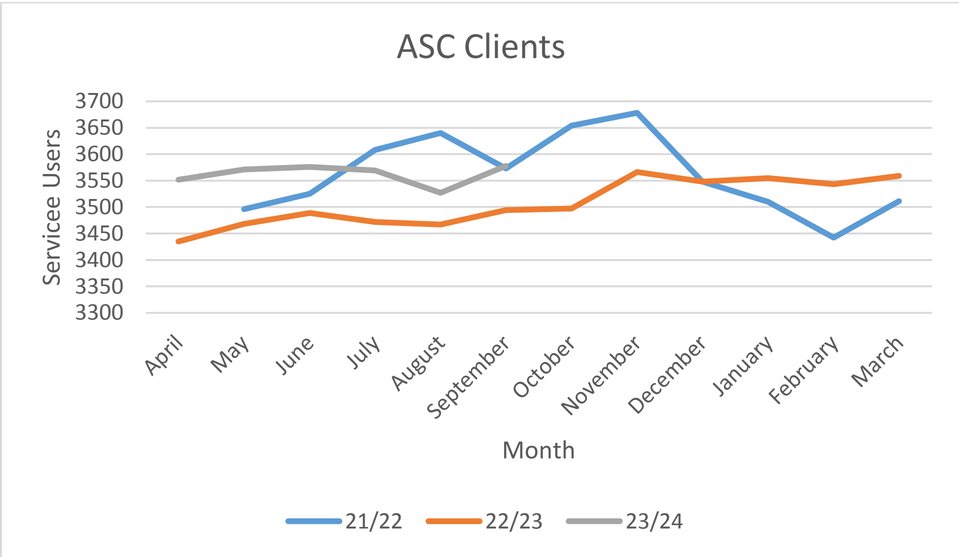
Directorate	Expenditure Budget	Expenditure Forecast	Variance	Income Budget	Income Forecast	Variance	Net Budget	Net Forecast	Variance
CYP	741.471	755.971	14.500	(666.230)	(666.230)	0.000	75.241	89.741	14.500
COMM	189.671	191.771	2.100	(104.270)	(104.370)	(0.100)	85.401	87.401	2.000
P&H	117.210	128.210	11.000	(89.469)	(89.469)	0.000	27.740	38.740	11.000
COR	209.462	208.962	(0.500)	(171.664)	(172.164)	(0.500)	37.797	36.797	(1.000)
CE	11.901	13.601	1.700	(0.672)	(0.672)	0.000	11.229	12.929	1.700
Total	**1,269.715**	**1,298.515**	**28.800**	**(1,032.306)**	**(1,032.906)**	**(0.600)**	**237.409**	**265.609**	**28.200**
COR Items	46.913	36.913	(10.000)	(20.643)	(20.643)	0.000	26.270	16.270	(10.000)
GF Total	**1,316.628**	**1,335.428**	**18.800**	**(1,052.949)**	**(1,053.549)**	**(0.600)**	**263.679**	**281.879**	**18.200**

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.

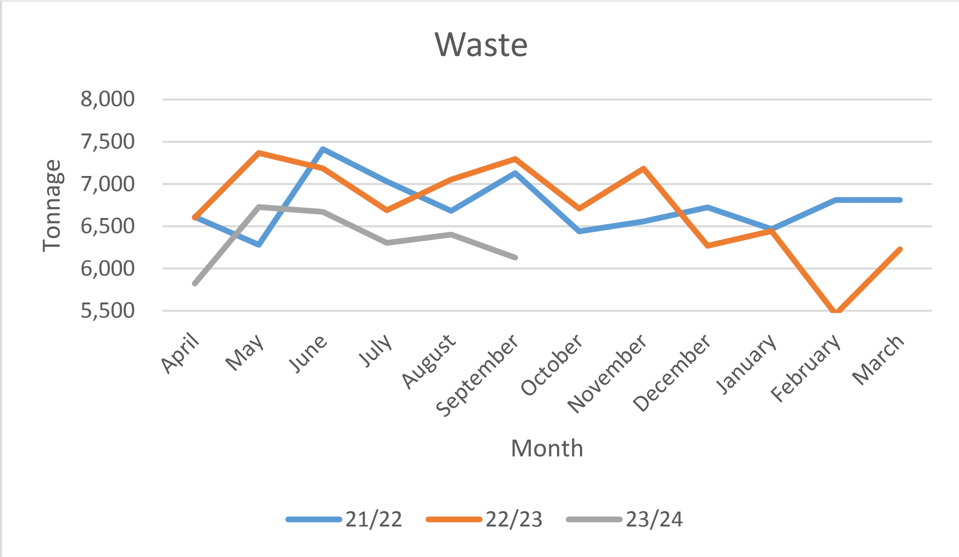
Appendix C – Key Performance Indicators



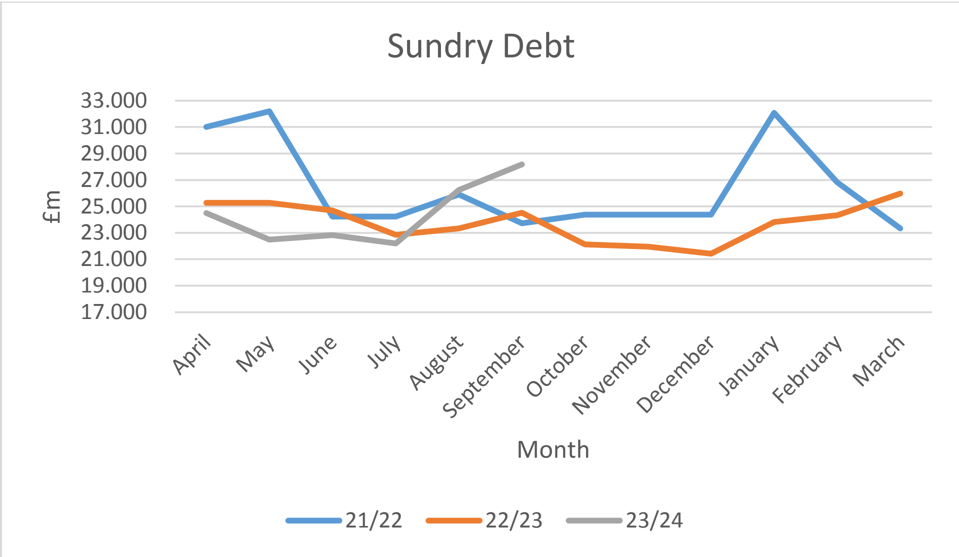
This graph shows the CLA’s from 21/22 onwards, this shows the trend that the number of CLA’s supported by the service is decreasing. The source document is the monthly performance report.



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. It should be noted c£5m one off debt has been raised in the past 2 months which has since been paid.

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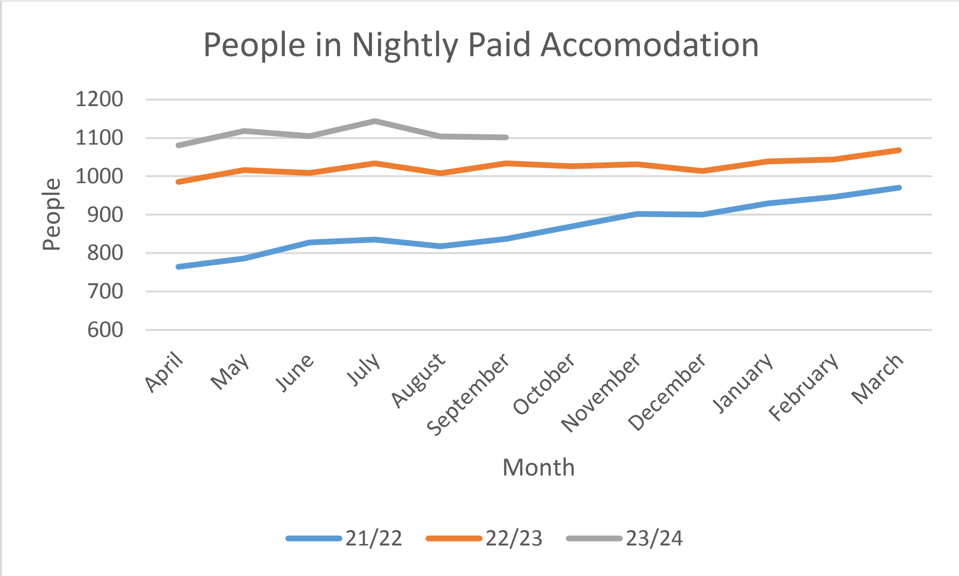
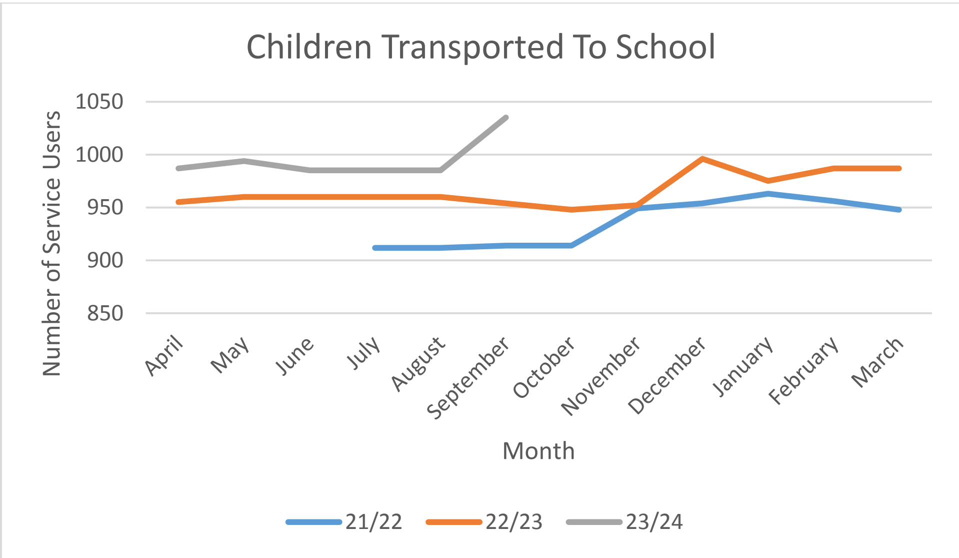


This graph shows the number of people in nightly paid accommodation from 21/22 onwards, the level has increased from 786 in April 2021 to a high of 1,144 in July 2023. The data is sourced from the academy system.



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.

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Appendix D – 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. A pay award 1% above the 5% modelled has a financial impact of £1.4m.	7.1	1.4
Net non-pay inflation	4.8% was budgeted for as part of budget setting 23/24, this £2m impact is if inflation is awarded in line with recent CPI levels.	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	Children with a high level of need continue to increase. These children are often in high cost placements costing £17k per week for approx 13 weeks x 5 additional children	29	1.1
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	0.6

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 £3m for 23/24 (as reported above). There is a risk the DSG override may be removed in April 26 as per the current legislation.	289.9	3
Schools Academisation	There is a risk of schools moving to academies	0	TBC
Children's and Young People's ofsted inspection	The ofsted inspection leading to additional service requirements which there is no budget for.	0	TBC

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