Lewisham

Public Accounts Select Committee

Financial Monitoring 2023/24 – Period 8

Date: 29 January 2024

Key decision: No.

Class: Part 1

Wards affected: None Specific

Contributors: Executive Director of Corporate Resources

Outline and recommendations

This report presents the financial monitoring position for the 2023/24 financial year, setting out the position as at 30 November 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 £19.9m overspend after the commitment of £11.5m 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 £6.4m since Period 4.

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 implementation in 2024/25. This to ensure the 2024/25 Medium Term Financial Strategy (MTFS) position holds.

Timeline of engagement and decision-making

10th January 2024 – Period 8 (November) Financial Monitoring 2023/24 to Executive Management Team

24th January 2024 – Period 8 (November) Financial Monitoring 2023/24 to Mayor and Cabinet

29th January 2024 – Period 8 (November) Financial Monitoring 2023/24 to Public Accounts Select Committee

1. Summary

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

1.2. The General Fund (GF) has a forecast overspend of £19.9m 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 £11.5m 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 £6.4m since Period 4, due to increased costs arising people having a higher level of need and therefore more costly package costs in Children's and Adult's 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 delivery of £9.5m of the £12.6m new savings for 2023/24, if this level of 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 achieve 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 these alternatives are sustainable going forward. The Period 8 position also includes delivery of £1.5m cost avoidance measures which Directors have confirmed have been delivered or are on track to be delivered, a further £0.6m of measures are currently being worked on, once delivery is confirmed or on track, these will improve the position currently reported. 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 £6.2m 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 November 2023. The current capital expenditure profiles are £58.1m for the GF and £88.0m for the HRA. To date £14.9m or 26% of the GF expenditure and £38.8m or 44% of the HRA expenditure has been incurred as at the 30th November. This is set out in more detail in section 16 of the report.

1.8. As at at 30 November, 65.6% of council tax due had been collected which remains (2.8% or £5.1m) adrift of the targeted level. At the same date, 76.3% of business rates due had been collected which remains (3.7% or £2.1m) adrift of the targeted level. This is set out in more detail in section 17 of the report.

2. Recommendations

2.1. The purpose of this report is to set out the financial forecasts for 2023/24 as at the end of November 2023, projected to the year-end, 31 March 2024.

2.2. Public Accounts Select Committee are asked to: Note the current financial forecasts for the year ending 31 March 2024 and that the Executive Management team continue to work in bringing forward action plans to manage down budget pressures within their directorates.

2.3. Public Accounts Select Committee are asked to: Note that Lewisham has been allocated £1m of grant funding as a local authority in tranche 3 of the Delivering better Value (DbV) initiative. The bid is based on workstreams that the local authority will progress based on the findings from case study work undertaken, with the focus on training, development and culture change, aimed at supporting Lewisham to reduce the historic deficit on the high needs block.

2.4. Public Accounts Select Committee are asked to: Note the write off of unrecovrable business rates debts totalling £166k as set out in paragraph 18.2.

3. Policy Context

3.1. The Council's strategy and priorities drive the budget with changes in resource allocation determined in accordance with policies and strategy. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's Corporate Strategy (2022-2026):

- Cleaner and Greener
- A Strong Local Economy
- Quality Housing
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

3.2. This financial position demonstrates the impact of the very severe financial constraints which have been imposed on Council services with the cuts made year on year, despite the increasing demand to deliver services to the growing number of borough residents. The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy.

3.3. The Council’s strong and resilient framework for prioritising action has served the organisation well in the face of austerity and on-going cuts to local government spending. This continues to mean, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone.

3.4. This joint endeavour helps work through complex challenges, such as the pressures faced by health and social care services, and to secure investment in the borough for new homes, school improvements, regenerating town centres, renewed leisure opportunities and improvement in the wider environment. This work has and continues to contribute much to improve life chances and life opportunities across the borough through improved education opportunities, skills development and employment. There is still much more that can be done to realise our ambitions for the future of the borough; ranging from our work to increase housing supply and business growth, through to our programmes of care and support to some of our most vulnerable and troubled families.

3.5. The pace, scope and scale of change has been immense: the current cost of living crisis is demanding agility, creativity, pace, leadership, organisational and personal resilience, strong communications and an unerring focus on the right priorities. The service and finance challenges following Covid are now blending with the wider economic implications of a decade of austerity and erosion of public services, the trading changes arising from Brexit, and the impacts from other global events (e.g. war in Ukraine and extreme climate events, etc..) on supply chains and inflation levels.

3.6. While we do not yet fully understand what all of the long-term implications of the above will mean for the borough, there have been many clear and visible impacts on our residents, Lewisham the place and also the Council. We know that coronavirus disproportionately affected certain population groups in Lewisham, matching patterns that have been identified nationally and internationally: older residents, residents born in the Americas & the Caribbean, Africa or the Middle East & Asia, and residents in the most deprived areas of the borough have considerably higher death rates. We know that more Lewisham residents are claiming unemployment benefits compared to the beginning of this year and that food insecurity has increased in the borough.

4. General Fund Position

4.1. The Council is reporting an overspend on general fund activities of £19.9m as shown in the table below:

Table 1 – General Fund Outturn Position for 2023/24

Directorate	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8
	£m	£m	£m	£m	£m
Children and Young People	75.2	92.2	17.0	11.4	5.6
Communities	85.5	88.7	3.2	1.0	2.2
Place	19.4	20.2	0.8	1.0	(0.2)
Housing	8.4	18.3	9.9	9.0	0.9
Corporate Resources	38.0	35.9	(2.1)	(0.8)	(1.3)
Chief Executive	11.2	12.4	1.1	1.9	(0.8)
Salary Pay Award	0.0	1.5	1.5	0.0	1.5
Directorate Total	**237.7**	**269.1**	**31.4**	**23.5**	**7.9**
Corporate Items	26.0	26.0	0.0	0.0	0.0
Corporate Provisions and Reserves	0.0	(11.5)	(11.5)	(10.0)	(1.5)
General Fund Total	**263.7**	**283.6**	**19.9**	**13.5**	**6.4**

4.2. The above position assumes energy costs can be managed within the funding set aside 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 £11.5m 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 £6.4m adverse movement on the Directorate's monitoring position since Period 4, the key movements are highlighted below:

- **Children's Social Care:** an adverse move of £5m since Period 4, largely due to the volume of high costs children. Currently there are 20 high cost children (average £10.8k per week) in the placements tracker. The tracker assumption is that these children will be in high cost placements till the end of February, following this it is expected that these children will be placed into care placements costing on average £5k a week. There has also been a net increase in need across packages of care with increased costs as a result.
- **Adult Social Care:** an adverse movement of £2.5m since Period 4, of which £1m is due to an increase in Learning Disability packages of care. There is an increase in children transitioning to Adulthood, with 4 costing on average £8k per client per week now reflected in the forecasts.
- **Remainder:** Net improvement of £1.1m across the rest of the services.

4.4. The remainder of the adverse movement relates to the financial impact of the recently agreed pay award, which is £1.5m over and above the funding which had been set aside corporately as part of budget setting 23/24. This is funded from corporate provisions and reserves in 2023/24 and being addressed as part of budget setting.

5. Savings and In Year Cost Avoidance

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 which is reflected in the monitoring position. Of the remainder, £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 reasons 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 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**

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**

5.4. Due to the level of financial pressure in 2023/24, Directors and Executive Directors have been working on in year cost avoidance measures to reduce costs. In November, measures totalling £2.1m were agreed at EMT, of which upon review £0.4m were already reflected in the monitoring position. Discussions have been held with Directors/Executive Directors and for Period 8, £1.1m has been identified as on track to be delivered or delivered and is therefore reflected in the position, £0.6m remains available to improve the reported position in future periods once delivery has been confirmed and validated. A line by line breakdown is shown in appendix B below:

6. Children and Young People's Directorate

6.1. **Children's Social Care:** The Projected overspend for Children's Social care in 2023/24 is £14.1m, an adverse movement of £5m since Period 4. This adverse movement is due to an increase in the number of high-cost children, with these children having longer stays than previously anticipated in the placements tracker due to challenges moving these children into suitable lower cost placements (extended till end of February 2024, unless they have a specified end date) and the impact of a net increase in care being provided to other children looked after. The overspend is explained in more detail below:

- **Workforce £1.5m overspend:** There is a pressure on staffing due to agency staff carrying the case load for newly qualified social workers as they gain experience. This approach is part of the development of new social workers as part of the services long term sufficiency strategy. The remainder is due to implementing OFSTED recommendations in the Emergency Duty team from November 2022.
- **Placements £10.8m overspend:** The placements pressure in 2022/23 was £4.4m, the increase since then (despite the number of children supported being relatively stable) is due to the cost per child, as the children receiving support have higher levels of need. A major problem is 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. A further £0.4m of increased demand/growth for the remainder of 2023/24 is included within the reported position, with further demand risk shown in Section 12.

- **Remainder of the Service £1.8m overspend:** This relates to expenditure supporting Section 17, Non Recourse to Public Funds and Other expenditure and the forecast is in line with the level of costs incurred during 2022/23.

6.2. There are currently 20 children receiving a package of care costing £7k a week or higher, the average cost of these children is £10.8k per week with the most expensive child costing £17.5k per week. There are significant challenges finding suitable placements for these children, the forecast assumption is that 19 of these children remain in their current placements till the 29th February 2024, 1 has an agreed end date before this. This is reviewed monthly and unless an end date is agreed, are extended in the placement's tracker. Currently after the end of February, it is assumed they will reduce from their current placements (average £10.8k) to placements costing on average £5k per week.

6.3. 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.

6.4. 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.

6.5. The service as part of the high cost panel review process, considers all young people with an endeavour to limit their stay in high cost provision and also where appropriate secure funding from partner organisations. The aim is to find alternative placements within a 3 to 4 month timeframe, however this is not always possible. Following amendments to the care planning placement and case review regulations, it has been illegal to place children under 16 years of age in unregulated 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:** The Projected overspend for Education services in Period 8 is £3.7m, an adverse movement of £0.9m since Period 4, due to the level of demand on home to school transport and children with complex needs. The overspend is explained below:

- **Home to School Transport:** The pressure is £2.3m, after £1.5m of corporate pressures funding, added to the budget in 2023/24. There is 173 more children been transported to school by taxi or passenger services in November 2023 compared to November 2022, a further £0.2m of growth is included within the forecast position for 2023/24.
- **Children with complex needs:** A pressure of £1m has emerged since the budget setting process due to the level of demand and cost of care exceeding the budgeted level.
- **Education Psychologists:** There is an £0.5m pressure on Education Psychologists due to the continued increasing number of Education, health and care plans (EHCP's), this increase is exacerbated by challenges recruiting to substantive posts which has led to extensive usage of expensive agency staff. There are currently 6 vacancies, some of which have been recruited to from September 2024. The new academic year has continued to show further demand for EHCP's, which was been built into the forecasts and will be revised again in the spring term.

6.7. There are minor underspends of £0.1m across the rest of the service.

6.8. **Families, Qualities and Commissioning:** The projected underspend for Family, Quality and Commissioning for 2023/24 is £0.8m, an improvement of £0.3m on the Period 4 position due to mitigating actions taken by the service. The underspend is following a service redesign in Children and Adolescent Mental Health Service (CAMHS) and a lower take up of Remand bed nights 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, making best use of government grants, such as the Supporting Families Grant and funding from Public Health and the Integrated Care Board (formally CCG).

6.9. The table below shows the reported position at Period 8 compared to Period 4:

Table 4 – Children and Young People's Forecast Position

Directorate	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8
	£	£	£m	£	£m
Children's Social Care Services	53.6	67.7	14.1	9.1	5.0
Education Services	15.3	19.0	3.7	2.8	0.9
Schools	(2.5)	(2.5)	0.0	0.0	0.0
Families, Quality and Commissioning	8.3	7.5	(0.8)	(0.5)	(0.3)
Executive Director, Provisions & Reserves	0.5	0.5	0.0	0.0	0.0
Directorate Total	**75.2**	**92.2**	**17.0**	**11.4**	**5.6**

7. Community Services Directorate

7.1. **Adult Social Care and Commissioning:** There is a £3.5m forecast overspend at Period 8, an adverse movement of £2.5m since Period 4. The adverse movement is due to increases in the number of Learning Disabilities transitions from Children's Social care, which are now reflected in the forecast. There is also an increase in Learning Disabilities supported accommodation costs for revised care packages.

7.2. The projected level of pressure on Adult Social Care is £5.5m, this takes into account anticipated health funding in 2023/24, as well as delivery of the savings and 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 £3.5m.

7.3. 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.

7.4. There is an ongoing risk that the numbers and cost of children transitioning to adulthood continue to increase and exceed 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.

7.5. **Communities Partnerships & Leisure:** An underspend of £0.3m is expected within the service due to additional income and a reduction in the general fund subsidy to the Adult Learning Service.

7.6. The table below shows the reported position at Period 8 compared to Period 4:

Table 5 – Communities Forecast Position

Directorate	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8
	£	£	£m	£	£
Adult Social Care & Commissioning	71.4	74.9	3.5	1.0	2.5
Public Health	0.0	0.0	0.0	0.0	0.0
Communities, Partnerships & Leisure	14.1	13.8	(0.3)	0.0	(0.3)
Directorate Total	**85.5**	**88.7**	**3.2**	**1.0**	**2.2**

8. Place

8.1. **Public Realm:** A balanced position is reported on the Division, an overall improvement of £1m since Period 4. There is a £0.3m 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. Other service areas within the division are forecasting a combined overspend of £0.2m. The total overspend is being mitigated in year by income overachievements and in-year one-off cost reduction measures within the Division.

8.2. **Planning:** There is a £0.6m pressure on the Planning division, which continues to experience staffing pressures with costs increasing due to the demand for planning, urban design and conservation staff. The planning application fees which are set nationally by government were due to increase this financial year, but this has now been delayed by government and will now only be introduced from December 2023 so predicted income is affected. 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 8 compared to Period 4:

Table 6 – Place Forecast Position

Directorate	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8
	£	£	£m	£	£
Public Realm	18.5	18.5	0.0	1.0	(1.0)
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**	**20.2**	**0.8**	**1.0**	**(0.2)**

9. Housing

9.1. **Strategic Housing:** £9.9m pressure reported at Period 8, a £0.9m adverse movement since Period 4. At November 2023 there are 1,181 people in nightly paid services compared to 764 in April 2021 and 985 in April 2022. In addition, people are staying longer in Temporary Accommodation (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 pressure on the service.

9.2. The Housing Benefit (HB) limitation recharge and consequent forecast overspend is largely due to the increase in the number of people accommodated in TA and more specifically in nightly paid accommodation which has risen from 764 in April 2021 to 1,181 at the end of November 2023. The average number of people accommodated in 2022/23 was 1,026 (865 2021/22) and the average for 2023/24 is 1,124. 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. The HB limitation recharge forecast is based on an average increase of £0.3m per month until year end. 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 £0.9m since the start of the financial year, projecting using a straight-line method would show an increase in arrears of £1.3m for the year, and an impairment charge of £1.2m. This is based on the current collection rates which currently stands at 93.9%, and is expected to improve as the year progresses, in line with the trend in 2022/23 which saw collection recover to 95% by the end of the financial year. 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 more than the budgeted level. This will be closely monitored and updated as the year progresses.

9.5. The remaining £0.9m pressure is due to £0.3m 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 £0.7m is due to repairs on the Private Sector Landlord stock exceeding the budgeted level, with £0.1m of cost avoidance actions partially netting this down.

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 taking into consideration 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, suggesting 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 as set out in Section 12.

9.10. The table below shows the reported position on the Housing directorate:

Table 7 – Housing Forecast Position

Directorate	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8
	£	£	£m	£	£
Strategic Housing	8.4	18.3	9.9	9.0	0.9
Directorate Total	**8.4**	**18.3**	**9.9**	**9.0**	**0.9**

10. Corporate Resources

10.1. A £2.1m underspend is reported on the Corporate Resources directorate at Period 8, an improvement of £1.3m since Period 4, due to additional income and a further underspend on the concessionary fares budget.

10.2. **Resident and Business Services:** £1m underspend due to the reduction in supported accommodation costs and additional income across the service.

10.3. **IT and Digital Services:** £0.3m underspend due to vacancies within the Programme Management Office as well as the wider team.

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

10.5. **Finance:** Balanced position.

10.6. **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 £0.7m less than the budgeted level.

10.7. The table below shows the reported position at Period 8 compared to Period 4:

Table 8 – Corporate Resources Forecast Position

Directorate	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8
	£	£	£m	£	£
Resident & Business Services	10.3	9.3	(1.0)	(0.2)	(0.8)
IT & Digital Services	11.1	10.8	(0.3)	0.0	(0.3)
Assurance	2.8	2.7	(0.1)	(0.1)	0.0
Finance	6.1	6.1	0.0	0.0	0.0
Concessionary Fares	8.4	7.7	(0.7)	(0.5)	(0.2)
Resources Reserve	(0.7)	(0.7)	0.0	0.0	0.0
Directorate Total	**38.0**	**35.9**	**(2.1)**	**(0.8)**	**(1.3)**

11. Chief Executive

11.1. **Communications and Engagement:** An underspend of £0.1m due to holding a post vacant, to mitigate some of the council's financial pressure.

11.2. **Law and Governance:** The service are projecting expenditure of £1.4m over and above the budget. There is a £1.8m pressure in Legal Services due to agency and external expenditure to deliver Social Care legal work (challenges recruiting in this area) and the level of workload. There are also cost pressures on property work as well as 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 £0.4m underspend due to vacancies within Policy and Information Governance.

11.3. **People & Organisational Development:** An underspend of £0.2m due to vacancies across the services, held to mitigate some of the council's financial pressure.

11.4. The table below shows the reported position at Period 8 compared to Period 4:

Table 9 – Chief Executive's Forecast Position

Directorate	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8
	£	£	£m	£	£
Communications & Engagement	2.7	2.6	(0.1)	0.0	(0.1)
Law & Corporate Governance	5.8	7.2	1.4	1.9	(0.5)
People & Organisational Development	2.7	2.5	(0.2)	0.0	(0.2)
Directorate Total	**11.2**	**12.4**	**1.1**	**1.9**	**(0.8)**

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 (101 between April and November 2023), using the same percentage increase that was seen for the final 4 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. **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.

12.5. **General inflationary costs:** The impact of general inflation (CPI currently 3.9% in November 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 if costs continue to increase further pressures may emerge.

12.6. **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.

12.7. **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 increase in the Council's employers contribution.

12.8. **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 £7k or higher per week, that they run for a maximum of 3 months (unless otherwise known), with the forecast 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, five additional high cost child for the period January-March would cost £1m.

13. Corporate Provisions and Reserves

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

13.1. 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.

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

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**

13.3. 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**

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 (DBV) 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, 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.

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 8.

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	5.0	(0.2)	4.5
Deficit/(Surplus) at end of 2023/24	**(0.7)**	**0.0**	**16.0**	**(1.5)**	**13.8**

15. Housing Revenue Account

15.1. The table below sets out the Period 8 forecast for the Housing Revenue Account (HRA) in 2023/24. The forecast is an overspend of £6.2m, after taking mitigation action to reduce the gross pressure of £19.4m. The key overspends are £7.7m on Repairs and Maintenance (R&M), which includes £3m of Direct Labour Organisation (DLO) deficits and a major works income deficit of £7.8m which is based on the bills that have been raised as at November 2023. It should be noted that this overspend could increase further due to ongoing challenges with regards to the volume of and cost of R&M. The balanced HRA budget seen in the table includes a budgeted contributions to/from reserves which is to be used to fund the HRA major works and new supply programme and is included as a part of the 30 year HRA business plan.

15.2. The current forecast for R&M is a total spend of £24.1m which is £4.7m in excess of the budget, in addition, forecasts for the DLO trading account show a deficit of £3m for the year. The volume of work continues to impact on the R&M account which could increase the current overspend forecast. Major works charges to leaseholders are being forecast to the current amount raised as at Period 8 of £4.6m which is an under recovery of income of £7.8m against the budget for charges to be raised of £12.4m.

15.3. The HRA budget has been revised to take account of the final closing position for 2022/23 as well as updating stock numbers, forecast income, expenditure carry forwards, loss of stock and Lewisham Homes insourcing.

Table 14 – Housing Revenue Account

Housing Revenue Account	Net Budget	Net Forecast	Period 8 Variance	Period 4 Variance	Movement Period 4 v Period 8

	£m	£m	£m	£m	£m
Housing Management and Strategy	27.6	30.2	2.6	(0.3)	2.9
Lewisham Homes Fee	11.7	11.7	0.0	0.0	0.0
Repairs and Maintenance	19.4	25.6	6.2	7.5	(1.3)
Resources	2.3	2.2	(0.1)	0.0	(0.1)
Centrally Managed Budgets	(61.0)	(63.5)	(2.5)	(0.8)	(1.7)
Total	**0.0**	**6.2**	**6.2**	**6.4**	**(0.2)**

15.4. Mitigation actions taken to reduce the potential £19.4m pressure are as follows: £2.5m Rent in excess of budget from buy backs and new build in 2023/24, £5.6m contribution to capital from revenue not released due to programme slippage, £1m of Milford Towers income currently in the general fund for TA costs and £0.5m lower interest costs as borrowing less than forecast due to programme slippage.

15.5. In addition, bad debt impairments charge to the HRA are forecast to be £1m 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. Any additional income or underspends in these areas will be fed into the forecast in later periods.

15.6. The current 30-year HRA financial model has been refreshed, with the final outturn for 2022/23 as well as the latest updates for the general capital programme, revised stock numbers and reserves allocations incorporated into the plans. Budgets will be updated shortly to reflect starting stock numbers from 1 April 2023, as well as incorporating the latest consolidation update for the new supply programme to reflect the latest position. The revisions to the budgets will be agreed and processed and may push some of the planned capital and new supply expenditure into 2024/25 due to a re-programming of works and programme delays.

15.7. The 2023/24 forecast for capital spend is £65.6m for the HRA Capital Programme (Inc. Decent Homes), which includes up to £10m of Capitalised Repairs/Voids costs. The forecast spend for the HRA element of the Building for Lewisham (BfL) programme is £21.4m. Both of these have been reprofiled in November 2023, again slippage has been reprofiled to future years. These are shown in Section 16.

16. Capital Expenditure

16.1. The current Capital Programme totals £751.8m. This is split into £275.2m General Fund (GF) and £476.6 Housing Revenue Account (HRA). For 2023/24 there is an allocation of £147.1m of which £58.1m is for GF & £89.0 is for HRA.

16.2. For comparison, the Period 4 Capital Programme totalled £786.4m, split into £309.9m GF and £476.5m HRA. For 2023/24 there was an allocation £194.1m of which £72.7m was for GF & £121.4m was for HRA.

16.3. Since Period 4 there have been many changes to the Capital Programme such as:

- Schemes being added to / removed from the Capital Programme or Schemes having their budgets increased / decreased. These changes have been approved at the Regeneration & Capital Board (RCB) or the Officers New Homes Programme Board (ONHPB).
- A Re-Profiling exercise, in which project managers adjusted the budget profiles for their schemes to reflect more up to date cash flow forecasts. In the majority of cases, this led to slippage of 2023/24 budget into future years.

These changes have left the current Capital Programme as below:

Table 15 – P8 Capital Programme

Re-Profiled Budget	2023/24	2024/25	2025/26	2026/27	Future Years	Total
GF	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**

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Resources	0.0	0.6	0.0	0.0	0.0	0.6
Community	1.9	3.4	4.8	0.2	0.0	10.3
CYP	7.5	9.2	3.8	0.2	0.0	20.8
Place	20.1	32.7	47.4	6.4	2.0	108.7
GF Housing	28.5	51.2	39.4	7.2	8.5	134.9
Total GF	**58.1**	**97.0**	**95.5**	**14.1**	**10.5**	**275.2**
HRA	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
BfL - HRA	21.4	22.3	63.7	34.4	0.0	141.8
HRA Capital Programme (Inc. Decent Homes)	65.6	82.5	66.8	51.3	51.2	317.5
Aids & Adaptions	0.5	0.5	0.0	0.0	0.0	1.0
HRA Allowances for Buybacks & Brockley PFI	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	**89.0**	**113.8**	**133.7**	**88.9**	**51.2**	**476.6**
Total Capital Programme	**147.1**	**210.8**	**229.2**	**103.0**	**61.7**	**751.8**

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

Table 16 – Programme Financing

Re-Profiled Financing	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**Future Years**	**Total**
GF	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**

Capital Receipts	0.1	0.9	1.1	0.5	1.8	4.4
Capital Reserves	4.1	2.7	0.8	0.0	0.0	7.5
CIL	0.0	1.3	2.5	0.0	0.0	3.8
Corporate Reserves	6.4	7.7	0.9	0.8	0.8	16.6
Grants	13.5	30.2	52.7	9.5	2.4	108.3
Prudential Borrowing	23.5	39.1	31.1	3.0	5.5	102.1
Revenue Contribution	0.1	0.0	0.0	0.0	0.0	0.1
RTB Receipts	3.9	8.2	4.3	0.0	0.0	16.4
S106	6.5	7.1	2.0	0.3	0.0	16.0
Total GF	**58.1**	**97.0**	**95.5**	**14.1**	**10.5**	**275.2**
HRA	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Major Repairs Reserve	26.2	26.7	27.2	27.7	28.2	136.0
Revenue Contribution	5.9	2.0	2.2	2.9	5.8	18.8
RTB	1.4	3.1	13.6	7.6	0.0	25.7
Grants	4.4	1.3	18.6	11.9	0.0	38.1
Prudential Borrowing	51.1	80.7	72.1	38.7	17.2	259.9
Total HRA	**89.0**	**113.8**	**133.7**	**88.9**	**51.2**	**476.6**
Total Capital Programme	**147.1**	**210.8**	**229.2**	**103.0**	**61.7**	**751.8**

16.5. Total Prudential Borrowing of £362.0m across the MTFS period, of which £102.1m is for GF projects & £259.9m is for HRA projects. Accurate borrowing forecasts are important for the council, and they link heavily with the TMS. 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. Details on the 2023/24 spend as at 30th

November 2023 are laid out in the following table.

Table 17 – P8 Spend Monitoring

Directorate	Project / Programme	Spend to 30 Nov 2023	2023/24 Budget
GF		**£m**	**£m**
Resources	ICT - Tech Refresh	0.0	0.0
Community	Safer Communities	0.2	0.3
Community	Parks, Sports and Leisure	0.3	0.6
Community	Beckenham Place Park (Inc. Eastern Part)	0.3	0.8
Community	LUF Programme - Cultural Hub	0.2	0.3
CYP	CYP - Other	0.0	0.0
CYP	Education Services - School Places Programme	1.4	1.8
CYP	Education Services - School Minor Works Programme	2.4	3.6
CYP	Children's Social Care	0.1	1.6
CYP	Families, Quality and Commissioning - Youth Service	0.0	0.5
Place	Highways & Bridges – TfL	0.2	0.8
Place	Highways & Bridges – LBL	1.7	4.8
Place	Asset Management Programme	1.3	3.1
Place	Corporate Estates Maintenance Programme	1.0	2.2
Place	Strategic Regeneration - Lewisham Gateway	2.1	4.2
Place	Strategic Regeneration - Catford Programme	0.7	4.0
Place	Planning	0.0	0.1
Place	Public Realm	0.0	0.1
Place	Climate Resilience	0.0	0.0
Place	LUF Programme - Public Realm	0.0	0.9

Housing	General Fund Housing	2.2	27.0
Housing	Housing Services	0.8	1.5
	Total General Fund	**14.9**	**58.1**
HRA			
Building for Lewisham Programme - HRA	Building for Lewisham Programme - HRA	8.1	21.4
HRA Capital Programme (Inc. Decent Homes)	HRA Capital Programme (Inc. Decent Homes)	30.4	65.6
Housing Management System - HRA	Housing Management System - HRA	-0.1	1.4
Other HRA Schemes	Other HRA Schemes	0.3	0.5
	Total HRA	**38.8**	**89.0**
	Total Capital Programme	**53.7**	**147.1**

16.6. The current in-year expenditure across all projects is 37%. If spend is consistent across the year, we would expect spend at Period 8 to be 66%. 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. 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.

16.7. As the programme has recently been re-profiled, the budget 2023/24 figures are based on up-to-date cash flow figures. Therefore, barring any major changes to the capital programme, we are expecting to spend close to the budgeted amount of £147m. The following section outlines some of the key schemes with large spend remaining in year:

Children and Young People:

- **Amersham and Northover:** Currently £0.1m spend against a £1.6m 23/24 budget. The programme now confirmed with contractor & has started on site so more certainty around spend in 23/24, subject to no further delays.
- **Riverside Youth Club**: Currently £0m spend against a £0.5m 23/24 budget. Contractor is now onsite, and contract will be signed imminently. Following this, spend will rapidly increase.

Place:

- **Footway Works**: Currently £0.2m spend against a £1m 23/24 budget. Footway works are now underway and expected to be completed in early 2024.

- **Non-Works Charges**: Currently no spend against a £0.9m 23/24 budget. Awaiting authorisation for a fee journal to go through for Apr to Oct of £0.5m, there will also be a further £0.4m spend.
- **CEMP**: Currently £0.9m against a £1.7m 23/24 budget. Work currently being procured with most of the work to be completed in 23/24.
- **Lewisham Gateway (Phase 2)**: Currently £2m spend against a £4.1m 23/24 budget. This spend will come in tranches, primarily towards YE.
- **Catford Constitution Club'(CCC)**: Currently £0.5m spend against a £1.6m 23/24 budget – Updated cashflow has recently been provided by the contractor & this shows spend will pick up in remaining months.
- **A205 Road Realignment**: Currently £0.1m spend against a £2.1m 23/24 budget. There are several large invoices expected from TFL that will make up this £2.1m. Potentially also a large reduction in project budget due to discussions on where the grants will be held.

GF Housing:

- **Achilles Street**: Currently £0m spend against a £0.5m 23/24 budget - 1 buyback is active and likely to complete in 23/24 which be the £0.5m spend.
- **Housing Acquisition Programme**: Currently £15k spend against a £22m 23/24 budget. Programme is arranged to start at the end of November. After this, spend is expected to gear up quickly.
- **Disabled Facilities Grant**: Currently £0.6m spend against a £1m 23/24 budget. A large portion of this will be various capitalisation journals done at YE.

BFL:

- **Buy Back Lewisham`s ex council homes**: Currently no spend against a £2m 23/24 budget. There have been refurbishment costs which has gone to HRA rather being coded to project code. Spend is expected on code once resolved.
- **New Cross Road Acquisition:** £1.7m spend against £4.6m budget. PM has suggested £4.6m is still realistic.
- **Walsham House Garages**: Currently £0.7m spend against a £1.3m 23/24 budget. Spend is expected to pick up in coming months.

17. Collection Fund

17.1. **Council Tax:** As at 30th November, £119.4m of Council Tax has been collected representing 65.6% of the total amount due for the year. This is £5.1m below the 68.5% target required in order to reach 96% for the year.

Table 21 – 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%
Oct-23	105,390,484	109,623,619	4,233,135	57.9%	60.2%	2.3%
Nov-23	119,366,579	124,484,768	5,118,189	65.6%	68.5%	2.8%

17.2. **Business Rates:** As at 30th November, £42.4m of Business Rates has been collected representing 76.3% of the total amount due for the year. This is £2.1m below the level required in order to reach 99% for the year.

Table 22 - 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%
Oct-23	37,993,749	40,234,845	2,241,096	68.0%	72.0%	4.0%
Nov-23	42,481,015	44,555,536	2,074,521	76.3%	80.0%	3.7%

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

18. Debt Write Offs

18.1. The council reviews it's outstanding debt throughout the financial year with write offs undertaken when all avenues have been exhausted to recover the debt and/or it is not financially viable to pursue it further. Debts of over £50k require approval from Mayor and Cabinet.

18.2. NNDR – there are 2 x debtors who owe over £50k for which write offs are required. Effect London Limited owe the council £59k, however the company was dissolved on the 10th May 2023 rendering the debt unrecoverable. Preservation and Promotion of the Arts owe the council £107k however they have been wound up and ceased trading, the council have been advised that recovery of this debt is not possible. Debt write offs of £1.1m have been made during 2023/24 for debts totalling under £50k.

19. Treasury Management Update

19.1. The 2021 CIPFA Treasury Management Codes of Practice requires the Council to provide quarterly monitoring of Treasury Management including the Prudential Indicators to members.

Table 23 – Borrowing

Borrowing as at 31 December 2023	**Actual £m**
PWLB Loans	90.5
LOBO Loans	94.5
PFI and other finance	185.1
Total Debt	**370.1**

Table 24 – Investments

Investments as at 31 December 2023	**Actual £m**
Direct Investments	220.0
Certificates of Deposit	55.0
Money Market Funds	35.2
Total Investments	**310.2**

19.2. During the quarter ended 31st December 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Executive Director of Corporate Resources reports that no difficulties are envisaged for the current or future years in complying with these indicators.

19.3. There are two measures of limiting external debt; the 'operational boundary' and 'authorised limit for external debt', which the Council reports on as part of its prudential indicators. The table below shows Operational Boundary as at 31 December 2023.

Table 25 – Operational Boundary as at 31st December 2023.

Operational Boundary	Limit for 2023/24 £m	Actual as at 31/12/23 £m	Not exceeded limit
Total Debt	**503.9**	**370.1**	✓

Table 26 – Authorised Limit for External Debt as at 31st December 2023.

Authorised Limit for External Debt	Limit for 2023/24 £m	Actual as at 31/12/23 £m	Not exceeded limit
Total Debt	**554.3**	**370.1**	✓

20. Financial implications

20.1. This report concerns the projected financial outturn for 2023/24. Therefore, any financial implications are contained within the body of the report.

21. Legal implications

21.1. 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.

22. Equalities implications

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

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

23. Climate change and environmental implications

23.1. There are no specific climate and environment implications directly arising from this report.

24. Crime and disorder implications

24.1. There are no specific crime and disorder implications directly arising from this report.

25. Health and wellbeing implications

25.1. There are no specific health and wellbeing implications directly arising from this report.

26. Background papers

26.1. Budget Report 2023/4.

26.2. [Microsoft Word - 2023 24 Budget Report Council 1March clean (lewisham.gov.uk)]

27. Report author(s) and contact

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

27.2. Katharine Nidd, Director of Finance, katharine.nidd@lewisham.gov.uk

28. Appendices

28.1. Please attach appendices as separate documents and list them below.

28.2. Appendix A: Savings to be delivered 2023/24

28.3. Appendix B: Cost Avoidance Measures

28.4. Appendix C: Key Performance Indicators

28.5. Appendix D: Audit Response

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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	-		

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E-14	COM	Changes to leisure concessions for older people	95	95	-		
A-02	COM	Hybrid roles - enforcement	13	13	-		
C-07	COM	Review Short breaks provision.	50	50	-		
Communities Subtotal			**3,177**	**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 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	-		
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

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							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**		

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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	-		
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 – Cost Avoidance Measures

Directorate Budget	Title	SLT lead	2023/24 Cost Avoidance Measure £'000	Achieved as at Period 8 £'000	Further Work to Deliver / Verify Delivery of Savings £'000	Delivery Confidence (Green, Amber or Red)	Comment
Chief Executive	Lewisham Life	Helen Clarke	35	35	-		Achieved/On Track to be achieved
Chief Executive	Executive Support Structure	Helen Clarke	35	35	-		Achieved/On Track to be achieved
Chief Executive	People and Organisation Development Savings Proposal	Sherene Russell-Alexande	200	200	-		Achieved/On Track to be achieved
Chief Executive	Electoral services 1	Jeremy Chambers	8	8	-		Achieved/On Track to be achieved
Chief Executive	Electoral services 3	Jeremy Chambers	25	25	-		Achieved/On Track to be achieved
Chief Executive	Electoral services 4	Jeremy Chambers	10	10	-		Achieved/On Track to be achieved
Chief Executive	Mayor's Office	Jeremy Chambers	12	12	-		Achieved/On Track to be achieved
Chief Executive	Staffing reduction – Corporate Policy	Jeremy Chambers	72	72	-		Achieved/On Track to be achieved

Children and Young People	Placements: payments efficiency for placement providers	Lucie Heyes	20	-	20		Further monitoring needed
Children and Young People	S17 & Placements: reduced spot purchasing of youth support.	Lucie Heyes	200	-	200		Further monitoring needed
Children and Young People	Outreach Inclusion Service – Management action	Angela Scattergood	18	-	18		Action taken but cost saving in the DSG - high needs.
Children and Young People	Outreach Inclusion Service – Management action	Angela Scattergood	6	-	6		Action taken but cost saving in the DSG - high needs.
Children and Young People	Outreach Inclusion Service – Management action	Angela Scattergood	46	-	46		Action taken but cost saving in the DSG - high needs.
Children and Young People	Primary phase Alternative Provision Commissioning costs – Management Action	Angela Scattergood	70	-	70		Action taken but cost saving in the DSG - high needs.

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Children and Young People	Contribution from the Participation Team – Ongoing saving	Angela Scattergood	10	-	10		Action taken but cost saving in the DSG - high needs.
Children and Young People	Use of grant funding to provide administrative support within Lewisham Learning	Angela Scattergood	15	-	15		Action taken but cost saving in the DSG - high needs.
Children and Young People	Virtual Schools	Angela Scattergood	61	-	61		Action taken but cost saving in the DSG - high needs.
Children and Young People	Reduction in staffing costs	Sara Rahman	350	200	150		Further staffing monitoring required in future months regarding full deliverability
Children and Young People	DBS	Angela Scattergood	15	15	-		Achieved/On Track to be achieved
Children and Young People	Grant maximisation	Sara Rahman	150	150	-		Achieved/On Track to be achieved
Communities	Leisure Services Savings	James Lee	30	10	20		Work to be undertaken to verify if committed spend can be stopped
Communities	Adult Learning Lewisham reduction in general fund subsidy for salary enhancements	James Lee	100	100	-		Achieved/On Track to be achieved

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Communities	Infrastructure investment	James Lee	30	30	-		Achieved/On Track to be achieved
Corporate Resources	Insurance Contract	Rich Clarke	68	68	-		Achieved/On Track to be achieved
Corporate Resources	Internal Audit Restructure	Rich Clarke	17	17	-		Achieved/On Track to be achieved
Corporate Resources	FM Other Costs	Maxine Gordon	60	60	-		Achieved/On Track to be achieved
Corporate Resources	Information Security and Solutions architecture.	Wendy Carr	74	74	-		Achieved/On Track to be achieved
Housing	Capitalise posts to disabled facilities Grant	Fen Beckman	73	73	-		Achieved/On Track to be achieved
Housing	Capitalise salary of the Housing Casework Office	Fen Beckman	21	21	-		Achieved/On Track to be achieved
Place	Apprenticeship Programme Resourcing	Patrick Dubeck	20	20	-		Achieved/On Track to be achieved
Place	One-Council Employment Support Proposal	Patrick Dubeck	24	24	-		Achieved/On Track to be achieved
Place	Flytipping	Paul Boulton	10	10	-		Achieved/On Track to be achieved
Place	Street Cleansing	Paul Boulton	40	40	-		Achieved/On Track to be achieved
Place	Commercial Waste	Paul Boulton	100	100	-		Achieved/On Track to be achieved

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Place	Garden Waste	Paul Boulton	100	100	-		Achieved/On Track to be achieved
Total			**2,125**	**1,509**	**616**		

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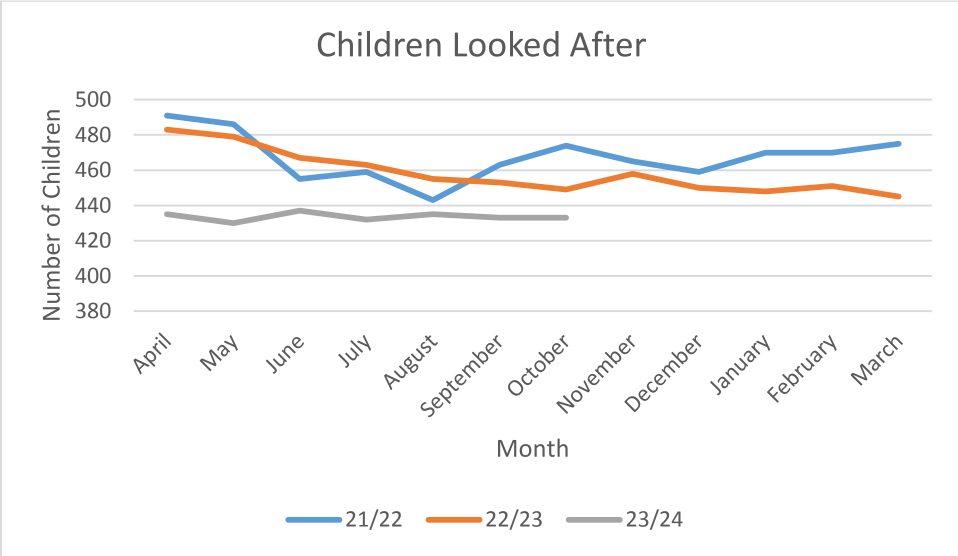
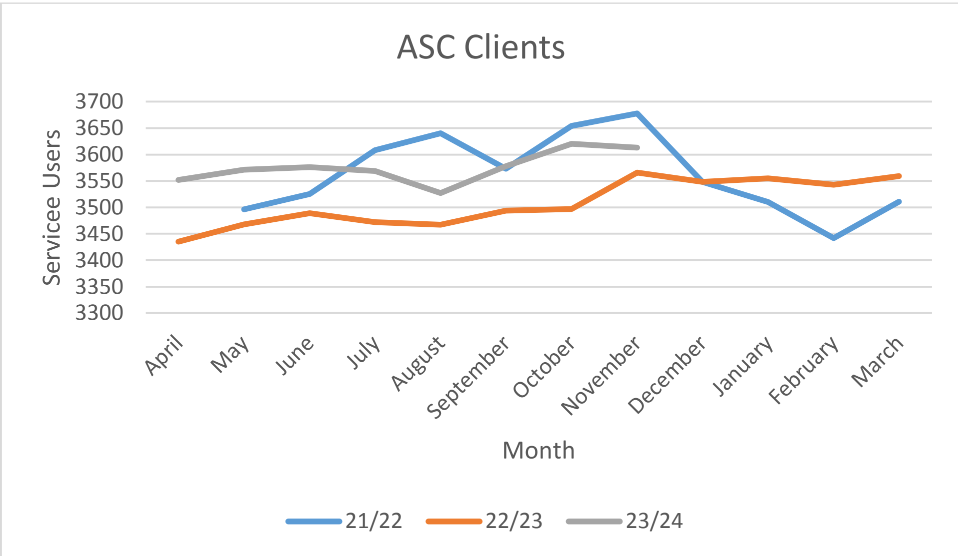
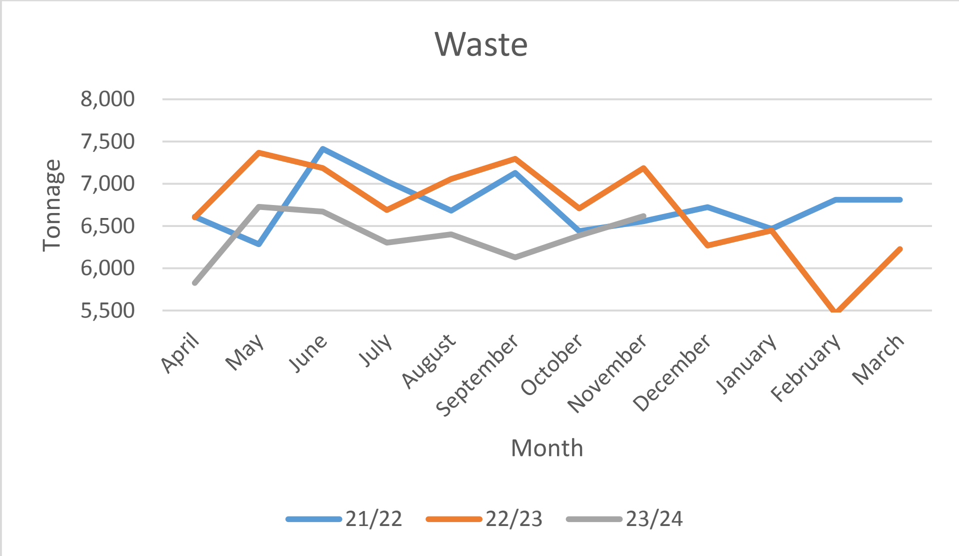
Appendix C – Key Performance Indicators



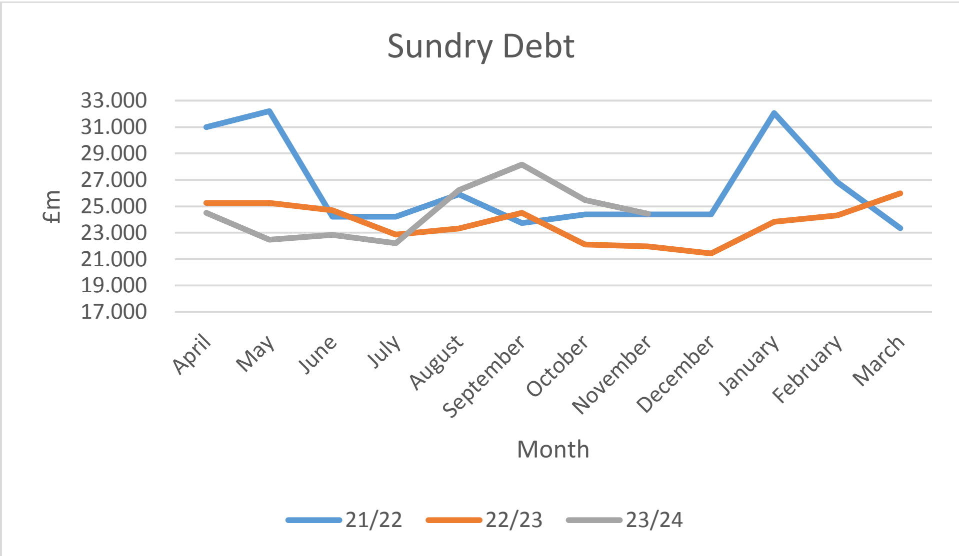
This graph shows the CLA's from 21/22 onwards, this shows the trend that the number of CLA's supported by the service is decreasing. The source document is the monthly performance report.



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.

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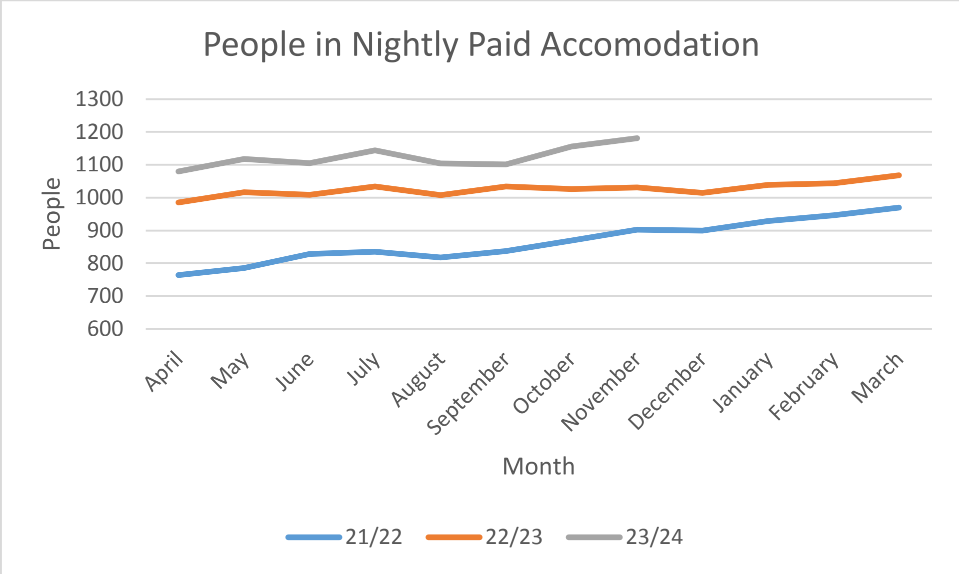
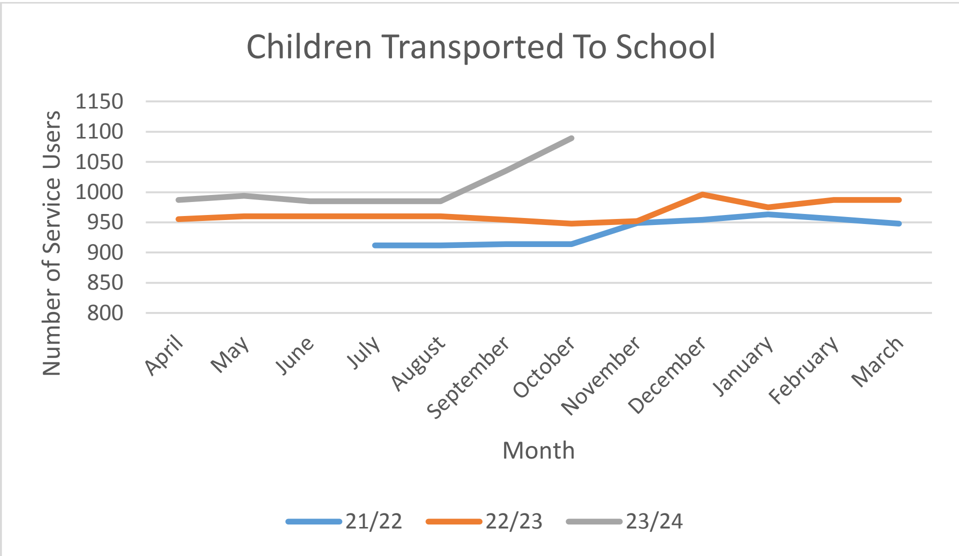


This graph shows the number of people in nightly paid accommodation from 21/22 onwards, the level has increased from 786 in April 2021 to a high of 1,186 in November 2023. The data is sourced from the academy system.



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