



## Public Accounts Select Committee

### Report title: 2024/25 Budget Report

**Date:** 29 January 2024

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Executive Director for Corporate Resources

### Outline and recommendations

The purpose of this report is to set out the overall financial position of the Council in relation to 2023/24 and to set the Budget for 2024/25. This report allows Mayor and Cabinet to recommend to Full Council the Council Tax to be agreed and housing rents to be set for 2024/25. It sets the Capital Programme for the next four years and the Council's Treasury Strategy for 2024/25.

The report provides information on the revenue budget reduction proposals necessary to help balance the budget for 2024/25, the allocation of budget growth to meet inflation pressures and service overspending and prepare to address the budget requirement for 2025/26.

Public Accounts Select Committee are asked to review the draft 2024/25 Budget Report (and appendices), appended, consider the comments of the Overview and Scrutiny Committee and Scrutiny Committee Chairs, and to note and refer on to Mayor and Cabinet on 7 February 2024.

## Timeline of engagement and decision-making

The Council Tax Base was approved by Council on the 17 January 2024.

Financial Monitoring P8 was approved by Mayor and Cabinet on 24 January 2024.

### 1. Summary

- 1.1 The appended draft report sets out the context and range of budget assumptions which Council is required to agree to enable it to set a balanced budget for 2024/25. These include the General Fund, grants, fees and charges, housing, schools funding, treasury and capital programme.

### 2. Recommendations

- 2.1 Public Accounts Select Committee are asked to:
- 2.2 review the draft 2024/25 Budget Report (and appendices);
- 2.3 consider the comments of the Overview and Scrutiny Committee and Scrutiny Committee Chairs; and
- 2.4 to note and refer on to Mayor and Cabinet on 7 February 2024.

### 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. The Council launched its Corporate Strategy in November 2022, with seven corporate priorities as stated below:

#### Corporate Priorities

- 3.2 The Council's corporate priorities are:

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

#### Values

- 3.3 Values are critical to the Council's role as an employer, regulator, securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers and members, between the

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council and partners and between the council and citizens. In taking forward the Council's Budget Strategy, we are guided by the Council's five core values:

- Ambitious;
- Inclusive;
- Collaborative;
- Accountable;
- Trustworthy.

- 3.4 The setting a balanced budget for 2024/25 directly supports the achievement of the Council's corporate priorities. As required under the CIPFA Financial Management Code of Practice, the Council must demonstrate how its budget is aligned to its corporate priorities. Appendix Y3 sets out how the proposed budget for 2024/25 would align to the seven priorities set out above.
- 3.5 As noted in the 2023/24 budget, the Council's strong and resilient framework for prioritising action has served the organisation well in the face of reductions to local government spending, growth in demand for services with a growing population and increasing costs due to inflation. 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.
- 3.6 This joint endeavour helps work through complex challenges, such as the pressures faced by health and social care services and housing, 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. Of course, there is still much more that can be done to realise our ambitions for the future of the borough; ranging from our work to support housing supply and business growth, through to our programmes of care and support to some of our most vulnerable and troubled families.
- 3.7 It remains clear that the Council cannot do all that it once did, nor meet all those expectations that might once have been met, for we are in a very different financial position than just a decade ago. Severe financial constraints have been imposed on Council services with budget reductions to be made year on year on year. The Council's responses to this on-going pressure are addressed in this report; including further budget reduction proposals for 2024/25 and noting that the Autumn Statement suggested that Local Government funding from 2025/26 would be severely constrained. This is pending a long overdue reset of the Fair Funding arrangements and review of Council Tax and Business Rates as revenue raising mechanisms to fund local services.
- 3.8 At the same time, as set out at section 6 of the report, the use of resources to address risks and pressures through positive investments is an opportunity. These investments are also supported via the capital programme at section 11. This spending deals with both existing pressures, principally for overspending services, additional significant inflationary pressures and supports the Council in refocusing and changing services where new opportunities and expectations for how the Council can better deliver them to support the community are identified.

The cost of living crisis continues to impact our residents, businesses, and the Council alike and the proposed 2024/25 budget seeks to continue to best support the borough as a whole.

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## **4. Structure Of The Report, Policy Context, And Background**

4.1 The 2024/25 Budget Report is structured as follows:

Section 1	Summary
Section 2	Recommendations
Section 3	Policy Context
Section 4	Structure of the Report, Policy Context, and Background
Section 5	Background
Section 6	General Fund Revenue Budget and Council Tax
Section 7	Future Years' Budget Strategy and Risks
Section 8	Dedicated Schools Grant and Pupil Premium
Section 9	Housing Revenue Account
Section 10	Treasury Management Strategy
Section 11	Capital Programme
Section 12	Consultation on the Budget
Section 13	Financial Implications
Section 14	Legal Implications
Section 15	Equalities Implications
Section 16	Climate Change and Environmental Implications
Section 17	Crime and Disorder Implications
Section 18	Health and Wellbeing Implications
Section 19	Background Papers
Section 20	Glossary
Section 21	Report Author and Contact
Section 22	Appendices

## **5. Financial implications**

5.1 The financial implications are as contained within the appended draft report for Mayor and Cabinet.

## **6. Legal implications**

6.1 The legal implications are as contained within the appended draft report for Mayor and Cabinet.

## **7. Equalities implications**

7.1 The equalities implications are as contained within the appended draft report for Mayor and Cabinet.

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## 8. Climate change and environmental implications

- 8.1 The climate change and environmental implications are as contained within the appended draft report for Mayor and Cabinet.

## 9. Crime and disorder implications

- 9.1 The crime and disorder implications are as contained within the appended draft report for Mayor and Cabinet.

## 10. Health and wellbeing implications

- 10.1 The health and wellbeing implications are as contained within the appended draft report for Mayor and Cabinet.

## 11. Background papers

Short Title of Report	Date	Location	Contact
Medium Term Financial Strategy	19 July 2023 (M&C)	1 <sup>st</sup> Floor Laurence House	David Austin
Budget Reductions Report 2023/24	24 January 2023 (M&C)	1 <sup>st</sup> Floor Laurence House	David Austin
Council Tax Base	17 January 2023 (Council)	1 <sup>st</sup> Floor Laurence House	David Austin

## 12. Glossary

Term	Definition
Collection Fund	A statement that shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.
General Fund	This is the main revenue account which summarises the cost of all services (except those related to Council Housing and Locally Managed Schools) provided by the Council.

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Housing Revenue Account	Reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure and how this is met by rents, subsidy and other income.
Reserves	Amounts set aside for purposes falling outside the definition of provisions made above are considered as reserves.
Revenue Support Grant	A general grant paid by Central Government to local authorities to help them finance the cost of their services, distributed on the basis of government relative needs formulas.

### 13. Report author and contact

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Financial implications on behalf of the Executive Director for Corporate Resources were provided by the report authors.

Legal implications on behalf of the Monitoring Officer were provided by Melanie Dawson

### 14. Appendices

Appendix 1 – Draft 2024/25 Budget Report

Appendix 2 – Draft Appendices to 2024/25 Budget Report

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