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MINUTES OF THE MAYOR AND CABINET

Wednesday, 7 February 2024 at 5.00 pm

PRESENT: Deputy Mayor (Acting as Mayor) Councillor Brenda Dacres, Councillors Chris Barnham, Paul Bell, Will Cooper, Amanda De Ryk and Louise Krupski

ALSO PRESENT: Councillor James Rathbone (PASC Chair), Jeremy Chambers (Director of Law and Corporate Governance), Emma Campbell Smith (Head of Governance and Committee Services), Councillor Rudi Schmidt (OSC Chair) and Jennifer Daothong (Chief Executive)

Apologies for absence were received from Councillor Juliet Campbell, Councillor Kim Powell and Councillor James-J Walsh

1. Minutes

The minutes of the last meeting were agreed as a true and accurate record.

2. Declaration of Interests

None

3. Matters raised by scrutiny and other constitutional bodies

The Mayor and Cabinet noted the views of the Overview and Scrutiny Committee and the Public Accounts Select Committee as presented by the respective Chairs, Cllrs Schmidt and Rathbone.

Cllr Schmidt, Chair of Overview & Scrutiny Committee, thanked officers and Cabinet Members for working with scrutiny colleagues. He was satisfied that proposals had been prepared with the utmost sensitivity to minimising the impact on residents. He noted that there had been particular interest in scrutinising the capital asset sale of the Honor Oak Depot and that officers had given assurances that further scrutiny would be possible when the details come to a future Mayor & Cabinet meeting.

Cllr Rathbone, Chair of the Public Accounts Select Committee, acknowledged that this was not a budget that anybody wanted to pass, having to make additional cuts and savings in addition to those previously budgeted for. He informed the meeting that, as a result of the proposals going through a full and rigorous scrutiny process, some proposals had been withdrawn, including cuts to funding for Lewisham's participation in the Lewisham Youth Games, and to electoral services. He also acknowledged that the need to make further cuts was not due to mismanagement, rather growing pressures on social care, special educational needs and emergency accommodation.

4. Council Budget 2024/25

Deputy Mayor (Acting as Mayor) Cllr Dacres introduced the item. She thanked her fellow councillors and officers, and recorded her thanks to Cllr De Ryk in particular.

The Acting Mayor summarised the council's financial position and pressures, and invited the Cabinet Member to move the recommendations.

Cllr De Ryk moved the report, thanked officers and scrutiny members, and stressed the need for close monitoring going forward. She highlighted some of the key pressures on the budget.

Cllr Cooper seconded the recommendations.

Cllr Barnham spoke about the consistent pressure on the CYP budget.

It was **MOVED**, **SECONDED** and **RESOLVED** that, having considered the views of those consulted on the budget, and subject to consideration of the outcome of consultation with business ratepayers and subject to proper process, as required, that Mayor and Cabinet:

General Fund Revenue Budget

1. notes and asks Council to note the 2023/24 forecast projected overall variance of £19.9m, after the use of corporate provisions and reserves, or 7.5% of the agreed budget of £263.680m as set out in section 6 of this report and that this year-end overspend will be met from corporate provisions and reserves;
2. endorses and asks Council to endorse the budget cut reduction measures of £2.315m and £8.423m, with an anticipated assumed minimum delivery of £5.6m in 2024/25, as set out in Section 6 of the report and summarised in Appendix Y1 and Y2a and Y2b;
3. agrees and asks Council to agree the allocation of £52.869m of resources from; the corporate risks and pressures, adult social care precept, new homes bonus, social care grant, ASC market sustainability and improvement fund, discharge grant, New Homes Bonus, Services Grant and reserves in 2024/25 to be invested in funding quantified budget pressures and opportunities, both recurring and once-off, as set out in section 6;
4. agrees and recommend that Council agree to delegate to the Executive Director of Corporate Resources the use of the new additional social care grant allocation instead of reserves for the funding of once off pressures in 2024/25, as set out in section 6;
5. agrees to recommend to Council that a General Fund Budget Requirement of £293.838m for 2024/25 be approved;
6. asks Council to agree to a 4.99% increase in Lewisham's Council Tax element. This will result in a Band D equivalent Council Tax level of £1,566.58 for Lewisham's services and £2,037.98 overall. This represents an overall increase in Council Tax for 2024/2/25 of 5.8% and is subject to the GLA precept for 2024/25 being increased by £37.26 (i.e. 8.58%) from £434.14 to £471.4, in line with the GLA's draft budget proposals;
7. notes the final Settlement Funding Assessment (SFA) figure for 2024/25 has not yet been announced and agrees to delegate authority to the Executive Director for Corporate Resources to include any change to the provisional SFA of £137,197,175 in the Budget report for Council with any difference to the position set out in this report covered from provisions and reserves as necessary;

8. notes the provisional and estimated precept and levies from the GLA and other bodies as detailed in Appendix Y6 and agrees to delegate authority to the Executive Director for Corporate Resources to include any changes once confirmed in the Budget report for Council with any difference covered from provisions and reserves as necessary;
9. notes and asks Council to note the Council Tax Ready Reckoner which, for illustrative purposes, sets out the Band D equivalent Council Tax at various levels of increase. This is explained in Section 6 of the report with more detail in Appendix Y4;
10. asks that the Executive Director for Corporate Resources issues cash limits to all Directorates once the 2024/25 Revenue Budget is agreed;
11. considers, and asks Council to consider, the Section 25 Statement from the Chief Finance Officer, the Executive Director for Corporate Resources. This is attached at Appendix Y5;
12. agrees and asks Council to agree the draft statutory calculations for 2024/25 as set out at Appendix Y6;
13. notes and asks Council to note the prospects for the revenue budget for 2024/25 and future years as set out in Sections 6 and 7;
14. agrees and asks officers to continue to develop firm proposals to redesign and transform services and inform the capital strategy by bringing them forward in good time to support the work towards a savings and investment round to help plan early to meet the future forecast medium term finance strategy objectives;

Other Grants (within the General Fund)

15. notes and asks Council to note the adjustments to and impact of various specific grants for 2024/25 on the General Fund as set out in section 6 of this report;

Fees and Charges

16. approves the approach to setting 2024/25 fees and charges for chargeable services in section 6 of the report and attached at Appendix Y8;

Dedicated Schools Grant and Pupil Premium

Schools Block

17. notes and recommends that Council notes the provisional gross Dedicated Schools Grant (DSG) allocation of £363.126m before the Department's adjustments to fund Academy schools;
18. notes and recommends that Council notes the provisional DSG allocation for £240.662m be the Schools' Budget (Schools Block) for 2024/25 covering both maintained schools and academies, and that this includes £7.5m of funding that schools currently receive via the Mainstream Additional Grant;
19. notes an increase in pupil unit funding for primary of £39 and secondary of £139 and that this also incorporates the Mainstream Additional Grant as mentioned above. However, there has been an overall reduction in primary age pupil by 351, partially off-set by an increase in secondary school numbers of 100;
20. notes that following the Schools Forum meeting on the 18 January 2024, submission has been made to the Department for Education recommending the application of the National Funding Formula (including unit values) allowing for a 0% uplift in Minimum Funding Guarantee (MFG);

21. agrees and recommends that Council agrees, as recommended by Schools Forum, the once-off transfer of circa £0.7m of Schools Block funding to the High Needs Block;

Central Schools Services Block (CSSB)

22. notes, and asks Council to note, the construct and allocation of £3.014m for the CSSB block allocation for 2024/25, a reduction of circa £0.295m from the £3.309m 2023/24 allocation;

High Needs Block (HNB)

23. notes, and asks Council to note, the provisional HNB £79.225m to support the Council's statutory duty with regards to Special Education Needs (SEN), a net increase of £2.373m relative to 2023/24. And that the HNB will be finalised in March for deductions arising for institutions funded by the Education and Skills Funding Agency (ESFA);
24. notes that the HNB is expected to overspend by £3m in 2023/24, increasing the cumulative overspend to circa £14m in total when prior year overspends are included based on the national accounting override issued by the Department of Education (DfE) and as part of which Lewisham is progressing a mitigation plan as part of the Delivering Better Value initiative (Phase 3);

Early Years Block (EYB)

25. notes, and asks Council to note, the Dedicated Schools Grant allocation to the EYB of £40.225m;
26. notes, and asks Council to note that the Department for Education has increased hourly funding for 3 and 4 year olds from £6.33 to £7.24 (14.4%) and with respect to 2 year old disadvantaged funding, the hourly rate has increased from £7.52 to £10.64 (41.5%);
27. notes, and asks Council to note, the introduction of new funding from 1 April 2024 for 2 year old working parent entitlement of £10.64 per hour and new funding for under 2 year olds from 1 September 2024 at £14.52 per hour;
28. notes that the maintained nursery supplementary funding allocation for 2024/25 is subject to change but is expected to increase by circa £89k, subject to movement in pupil numbers;

Pupil Premium

29. notes, and asks Council to note, that the pupil premium will continue in 2024/25, that the per-pupil funding is expected to increase by 1% for primary and 2% for secondary, with the total quantum confirmed in summer 2024;

Housing Revenue Account

30. notes, and asks Council to note, the consultation report on proposed service charge increases to tenants and leaseholders in the Brockley area, presented to tenants and leaseholders on 2 November 2023, as attached at Appendix X2a and X2b;
31. notes, and asks Council to note, the consultation report on proposed service charge increases to tenants and leaseholders presented to the remaining tenants and leaseholders on 13 November 2023 as attached at Appendix X3.
32. agrees, and asks Council to agree, to set an increase in dwelling rents of 7.7% (an average of £8.57 per week) – as per the Governments formula rent increases to be applied to rents for 2024/25 and as outlined in section 9 of this report;

33. agrees, and asks Council to agree, to set an increase in the hostels accommodation charge by 7.7% (or £3.10 per week), in accordance with Governments direction for formula rent increases to be applied to rents for 2024/25;
34. approves, and asks Council to approve, the following average weekly increases/decreases for dwellings for:
- a. service charges to PFI managed dwellings (Brockley) to ensure full cost recovery and 9.9% inflationary uplift for 2024/25;
 - caretaking 9.9% (£0.35)
 - grounds 9.9% (£0.21)
 - communal lighting 9.9% (£0.01)
 - bulk waste collection 9.9% (£0.15)
 - window cleaning 9.9% (£0.00)
 - tenants' levy 0.00% (£0.00)
 - b. service charges to Council managed dwellings:
 - caretaking 7.70% (£0.59)
 - grounds 7.70% (£0.10)
 - window cleaning 7.70% (£0.03)
 - communal lighting 7.70% (£0.10)
 - block pest control 7.00% (£1.80)
 - waste collection 7.70% (£0.07)
 - heating & hot water 7.70% (£1.23)
 - tenants' levy 0.00% (£0.00)
 - bulk waste disposal 7.70% (£0.05)
 - sheltered housing 0.00% (£0.00)
 - c. approves, and asks Council to approve, the following average weekly percentage changes for hostels and shared temporary units for;
 - service charges (hostels) – caretaking etc.; 7.70% or £5.92pw energy cost increases for heat, light & power; 10.0% or £0.71pw;
 - water charges increase; 7.70% or £0.02pw;
 - d. approves, and asks Council to approve, an increase in garage rents by 8.90% (£1.58 per week) for Brockley PFI and Council residents as outlined in Appendix X4;
 - e. notes, and asks Council to note, that the budgeted expenditure for the Housing Revenue Account (HRA) for 2024/25 is £224.3m, split £111.5m revenue and £112.8m capital, which includes the decent homes and new build programmes;
 - f. agrees the HRA Business Plan for 2024/25, as attached at Appendix X7;
 - g. notes the 2023/24 P8 HRA Capital Programme monitoring position and the Capital Programme potential future schemes and resources as set out in Section 11 of this report;
 - h. agrees to write-off 32 cases of Former Tenants' Arrears as set out in Appendix X5, totalling £561,449.14;

Treasury Management Strategy

35. approves and recommends that Council approves the Treasury Management Strategy 2024/25 including the prudential indicators and treasury indicators;

36. approves and recommends that Council approves the Annual Investment Strategy and Creditworthiness Policy, set out in further detail at Appendix Z2;
37. approves and recommends that Council approves the Investment Strategy as set out in section 10 of this report, along with the operational boundary & authorised limit for the year as set out in tables D4 and D5 in this report;
38. approves and recommends that Council approves the Minimum Revenue Provision (MRP) policy as set out in section 10.27 of the report;
39. agrees and recommends that Council agree to delegate to the Executive Director of Corporate Resources the authority during 2024/25 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;
40. approves and recommends that Council approves the overall credit and counterparty risk management criteria, as set out at Appendix Z2, the proposed countries for investment at Appendix Z5, and that it formally delegates responsibility for managing transactions with those institutions meeting the criteria to the .

Capital Programme

41. notes the capital programme position and recommends that Council approve the 2024/25 to 2027/28 Capital Programme of £558.0m as set out in section 11 of this report and Appendix W1;
42. agrees and recommends that Council agree to delegate to the Executive Director for Corporate Resources authority to amend the scheme mix within the Capital programme to respond to the risks as set out as long as this is done within the total programme parameters approved and that regular updates on the capital programme, reflecting any changes, are regularly reported back to Mayor & Cabinet.