Public Accounts Select Committee

Financial Monitoring 2023/24 – Period 10

Date: 14th March 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 January 2024.

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 £21.6m overspend after the commitment of £11.3m 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 £1.7m since Period 8.

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 13th March 2024 – Period 10 (January) Financial Monitoring 2023/24 to Executive Management Team 14th March 2024 – Period 10 (January) 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 January. The key areas to note are as follows:

1.2. The General Fund (GF) has a forecast overspend of £21.6m 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 £11.3m 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 £1.7m since Period 8, due to children staying in high cost placements longer than forecast and the children being supported having a higher level of need and therefore more costly package costs. This is set out in more detail in Section 4 and Sections 6-11 of the report.

1.3. The GF reported position reflects delivery of £10.5m of the £12.6m new savings for 2023/24. With regards to savings not achieved to-date, services have been asked to find alternatives in 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 10 position also includes delivery of £1.5m cost avoidance measures which Directors have confirmed have been delivered or are on track to be delivered. 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 £7m 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 £57.8m for the GF and £88.2m for the HRA. To date £21.6m or 37% of the GF expenditure and £51.7m or 59% of the HRA expenditure has been incurred as at the 31st January. This is set out in more detail in section 16 of the report.

1.8. As at at 30 January, 81% of council tax due had been collected which remains (3.3% or £5.8m) below the targeted level. At the same date, 90.4% of business rates due had been collected which remains (3.6% or £2m) below 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 January 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.

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 £21.6m as shown in the table below:

Table 1 – General Fund Outturn Position for 2023/24

Directorate	Net Budget	Net Forecast	Period 10 Variance	Period 8 Variance	Movement Period 8 v Period 10
	£m	£m	£m	£m	£m
Children and Young People	76.8	95.6	18.9	17.0	1.9
Communities	87.2	90.4	3.2	3.2	0.0
Place	20.6	21.2	0.6	0.8	(0.2)
Housing	8.7	18.7	10.0	9.9	0.1
Corporate Resources	39.2	37.0	(2.2)	(2.1)	(0.1)
Chief Executive	12.3	13.4	1.1	1.1	(0.0)
Salary Pay Award	0.0	1.3	1.3	1.5	(0.2)
Directorate Total	**244.8**	**277.7**	**32.9**	**31.4**	**1.5**
Corporate Items	18.9	18.9	0.0	0.0	0.0
Corporate Provisions and Reserves	0.0	(11.3)	(11.3)	(11.5)	0.2
General Fund Total	**263.7**	**285.3**	**21.6**	**19.9**	**1.7**

4.2. The above position includes energy costs of £3.3m over and above the budgeted level, due to the higher energy tariffs. These are funded by budget set aside corporately. £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 £11.3m 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 £1.7m adverse movement on the Directorate's monitoring position since Period 4, the key movements are highlighted below:

- **Children's and Young People's:** an adverse move of £1.9m due to children in high cost placements costing £7k plus being extended through to the end of the financial year (previous monitoring assumption was 3 months only) and an increase in need for several children already in placements.
- **Place:** an favourable movement of £0.2m due to additional income across the service.
- **Housing:** an adverse movement of £0.1m due to increase repairs costs in Private Sector Leased properties
- **Corporate Resources:** a favourable movement of £0.1m due to holding staff vacancies.
- **Pay Award:** The 2023/24 impact of the pay award over and above the budgeted level is £1.3m, £0.2m lower than previously anticipated. This means

the Corporate Provisions and Reserves is showing a lower drawdown by £0.2m.

5. Savings and In Year Cost Avoidance

5.1. As part of budget setting for 2023/24, £12.6m of savings were agreed. At Period 10, it is assumed that £10.5m of these will be achieved as part of the above budget monitoring position. The savings not currently on track to be achieved are shown below in appendix A of this report.

5.2. 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	2023/24
	£m
Children & Young People	2.3
Community Services	3.2
Place and Housing	3.3
Corporate Resources	0.3
Chief Executives	0.8
Corporate Items/All	2.8
Totals	**12.6**

Table 3 – Savings Programme delivery status

Savings Programme by Directorate	Savings to be delivered	Expected Delivery	Shortfall
	£m	£m	£m
Children & Young People	2.3	1.0	1.3
Community Services	3.2	2.8	0.4
Place and Housing	3.3	3.1	0.2
Corporate Resources	0.3	0.3	0.0
Chief Executives	0.8	0.6	0.2
Corporate Items/All	2.8	2.8	0.0
Totals	**12.6**	**10.5**	**2.1**

5.3. 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 10, £1.1m has been identified as on track to be delivered or delivered and is therefore reflected in the position. A line by line breakdown of those not currently on track to be achieved are 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 £15.9m, an adverse movement of £1.8m since Period 8. 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. This is due to challenges moving these children into suitable lower cost placements (now extended till end of March 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 22 children receiving a package of care costing £7k a week or higher, the average cost of these children is £11.5k per week with the most expensive child costing £20.1k per week. There are significant challenges finding suitable placements for these children, the forecast assumption is that all of these children remain in their current placements till the end of the financial year. The previous forecasting assumption was that they would move into placements costing on average £5k per week from the 29th February 2024.

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 10 is £3.8m, an adverse movement of £0.1m since Period 8. 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 165 more children been transported to school by taxi or passenger services in January 2024 compared to January 2023, a further £0.1m 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. **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).

6.8. The table below shows the reported position at Period 10 compared to Period 8:

Table 4 – Children and Young People's Forecast Position

Children's Social Care Services	Net Budget	Net Forecast	Period 10 Variance	Period 8 Variance	Movement Period 8 v Period 10
	£	£	£m	£m	£m
Children's Social Care Services	54.1	70.0	15.9	14.1	1.8
Education Services	15.9	19.7	3.8	3.7	0.1
Schools	(2.5)	(2.5)	0.0	0.0	0.0
Families, Quality and Commissioning	8.7	7.9	(0.8)	(0.8)	(0.0)
Executive Director, Provisions & Reserves	0.5	0.5	0.0	0.0	0.0
Directorate Total	**76.8**	**95.6**	**18.9**	**17.0**	**1.9**

7. Community Services Directorate

7.1. **Adult Social Care and Commissioning:** There is a £3.5m forecast overspend at Period 10, unchanged from Period 8. The reported pressure is due to an increase 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 £6.6m 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 10 compared to Period 8:

Table 5 – Communities Forecast Position

Directorate	Net Budget	Net Forecast	Period 10 Variance	Period 8 Variance	Movement Period 8 v Period 10
	£	£	£m	£m	£
Adult Social Care & Commissioning	72.5	76.0	3.5	3.5	0.0
Public Health	0.0	0.0	0.0	0.0	0.0
Communities, Partnerships & Leisure	14.7	14.4	(0.3)	(0.3)	(0.0)
Directorate Total	**87.2**	**90.4**	**3.2**	**3.2**	**0.0**

8. Place

8.1. **Public Realm:** A £0.1m underspend is reported on the Division, an improvement of £0.1m since Period 8. Street Environmental Services have reduced the operational costs in refuse collection and street management. There is a forecast overspend on consultancy costs of £0.2m and other service areas within the division are forecasting an overspend of £0.1m. 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 £0.7m pressure on the Planning division, an adverse movement of £0.1m since Period 8. The service 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 £0.5m on the Planning Service, along with a £0.2m forecast pressure in Building Control which is due to a reduction in income levels.

8.3. **Regeneration:** £0.1m overspend due to unachievable savings relating to income generation, a small improvement since Period 8 due to additional rental income from previously uncharged properties.

8.4. **Housing, Regeneration & Public Realm Reserves & Provisions:** £0.1m of budget has been held to mitigate some of the pressures listed above.

8.5. The table below shows the reported position at Period 10 compared to Period 8:

Table 6 – Place Forecast Position

Directorate	Net Budget	Net Forecast	Period 10 Variance	Period 8 Variance	Movement Period 8 v Period 10
	£	£	£m	£m	£
Public Realm	19.6	19.5	(0.1)	0.0	(0.1)
Planning	1.1	1.8	0.7	0.6	0.1
Inclusive Regeneration	(0.2)	(0.1)	0.1	0.2	(0.1)
Housing, Regeneration & Public Realm Reserves & Provisions	0.1	(0.0)	(0.1)	0.0	(0.1)
Directorate Total	**20.6**	**21.2**	**0.6**	**0.8**	**(0.2)**

9. Housing

9.1. **Strategic Housing:** £10m pressure reported at Period 10, a £0.1m adverse movement since Period 8 due to an increase in the forecast cost of repairs on Private Sector Leased properties . At December 2023, there are 1,169 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 1,169 at the end of December 2023. The average number of people accommodated in 2022/23 was 1,026 (865 2021/22) and the average for 2023/24 is 1,129. 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 £1.1m since the start of the financial year, projecting using a straight-line method would show an increase in arrears of £1.5m for the year, and an impairment charge of £1.5m. This is based on the current collection rates which currently stands at 93.9%. 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 £1m 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 £0.8m 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 10 Variance	Period 8 Variance	Movement Period 8 v Period 10
	£	£	£m	£m	£
Strategic Housing	8.7	18.7	10.0	9.9	0.1
Directorate Total	**8.7**	**18.7**	**10.0**	**9.9**	**0.1**

10. Corporate Resources

10.1. A £2.2m underspend is reported on the Corporate Resources directorate at Period 8, an improvement of £0.1m since Period 8.

10.2. **Resident and Business Services:** £0.9m 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 held within the Programme Management Office as well as the wider team.

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

10.5. **Finance:** £0.2m underspend due to decisions taken to hold recruitment in the Pensions and Payroll team.

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 10 compared to Period 8:

Table 8 – Corporate Resources Forecast Position

Directorate	Net Budget	Net Forecast	Period 10 Variance	Period 8 Variance	Movement Period 8 v Period 10
	£	£	£m	£m	£
Resident & Business Services	11.0	10.1	(0.9)	(1.0)	0.1
IT & Digital Services	11.3	11.0	(0.3)	(0.3)	(0.0)
Assurance	2.8	2.7	(0.1)	(0.1)	(0.0)
Finance	6.4	6.2	(0.2)	0.0	(0.2)
Concessionary Fares	8.4	7.7	(0.7)	(0.7)	0.0
Resources Reserve	(0.7)	(0.7)	0.0	0.0	0.0
Directorate Total	**39.2**	**37.0**	**(2.2)**	**(2.1)**	**(0.1)**

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 £1.9m 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 £0.5m 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 10 compared to Period 8:

Table 9 – Chief Executive's Forecast Position

Directorate	Net Budget	Net Forecast	Period 10 Variance	Period 8 Variance	Movement Period 8 v Period 10
	£	£	£m	£m	£
Communications & Engagement	2.8	2.7	(0.1)	(0.1)	(0.0)
Law & Corporate Governance	6.7	8.1	1.4	1.4	(0.0)
People & Organisational Development	2.8	2.6	(0.2)	(0.2)	0.0
Directorate Total	**12.3**	**13.4**	**1.1**	**1.1**	**(0.0)**

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. The impact of collecting below the target comes out in future year's budget as the Collection Fund is modelled on a rolling basis. So any under-collection in the current year (see section 17 below) becomes the first draw on next year's assumed income, in turn reducing the budget available to fund services next year and thereby adding to the funding gap in the MTFS.

12.3. **Business Rates:** 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.

12.4. **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 (89 between April and December 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.

12.5. **General inflationary costs:** The impact of general inflation (CPI currently 4% in January 2024) 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. **Central Government Funding priority changes:** The risk that changing grant regimes and conditions means the capital programme funding plans are changing repeatedly adding in risk of needing to repay grant and/or change borrowing plans at risk to the Treasury Management Strategy.

12.8. **Pension Fund:** The annual monitoring between valuations may poses a financial risk to the council, with fluctuations in the value of the funds assets and liabilities requiring an increase in the Council's employers contribution. Currently the Fund valuations across the investment portfolio are within the tolerances as advised by the Council's appointed actuaries.

13. Corporate Provisions and Reserves

13.1. The tables below provide more detail on the Council's corporate provisions revenue budgets and earmarked reserves positions. 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
Energy inflation	3.4
Grant risk held centrally	-20.5
Other risk & pressures	2.9
TOTAL	**18.8**

13.2. 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.

13.3. 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**

13.4. 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 10.

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 10 forecast for the Housing Revenue Account (HRA) in 2023/24. The forecast is an overspend of £7m, after taking mitigation action to reduce the gross pressure of £21m. The key overspends are £9.7m on Repairs and Maintenance (R&M) and a major works income deficit of £7.5m which is based on the bills that have been raised as at December 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 £25m which is £5.6m in excess of the budget, in addition, forecasts for the DLO trading account show a overspend 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 £4.9m which is an under recovery of income of £7.5m 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 10 Variance	Period 8 Variance	Movement Period 10 v Period 8
	£m	£m	£m	£m	£m
Housing Management and Strategy	27.6	28.4	0.8	0.8	0.0
Lewisham Homes Fee	11.7	12.1	0.4	0.4	0.0
Repairs and Maintenance	19.4	29.1	9.7	9.7	0.0
Resources	2.3	2.2	(0.1)	(0.1)	0.0
Centrally Managed Budgets	(61.0)	(64.8)	(3.8)	(3.8)	0.0
Total	**0.0**	**7.0**	**7.0**	**7.0**	**0.0**

15.4. Mitigation actions taken to reduce the potential £21m pressure are as follows: £3m 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 £1.3m 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 £63.7m 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 £20.4m. 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 table below sets out the Current Capital Programme as at 31st January 2024. For future reports a risk exercise will be undertaken on each capital scheme to show potential risks/financial challenges being faced such as:

- Scheme overspends, including impact on contingency,
- Contractual risk and variations to the planned schemes
- abortive cost which will need to be funded by revenue,
- Significant slippage and revised delivery timelines,
- Changes in grant regimes,
- The impact of these changes on borrowing

Table 15 – Current Capital Programme

Re-Profiled Budget	2023/24	2024/25	2025/26	2026/27	Future Years	Total
GF	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Resources	0.0	0.6	0.0	0.0	0.0	0.6
Community	1.9	5.5	4.8	0.2	0.0	12.4
CYP	7.6	9.7	5.2	0.2	0.0	22.8
Place	19.8	30.7	9.0	1.6	1.2	62.2
GF Housing	28.5	51.2	39.4	7.2	8.5	134.9
Total GF	**57.8**	**97.6**	**58.5**	**9.2**	**9.7**	**232.8**
HRA	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Building for Lewisham Programme - HRA	21.6	22.3	63.7	34.4	0.0	142.0
HRA Capital Programme (Inc. Decent Homes)	65.6	82.5	66.3	50.8	50.7	316.0
Housing Management System	0.5	0.5	0.4	0.0	0.0	1.4
Aids & Adaptions	0.5	0.5	0.5	0.5	0.5	2.5
HRA Allowances for Buybacks & Brockley PFI	0.0	6.9	3.1	3.2	0.0	13.3
Total HRA	**88.2**	**112.8**	**134.2**	**88.9**	**51.2**	**475.3**
Total Capital Programme	**146.1**	**210.4**	**192.7**	**98.1**	**60.9**	**708.1**

16.2 The current Capital Programme totals £708.1m. This is split into £232.8m General Fund (GF) and £475.3 Housing Revenue Account (HRA). For 2023/24 there is an allocation of £146.1m of which £57.8m is for GF & £88.2m is for HRA. The main sources of financing the Capital programme over the MTFS period are laid out in the below table:

Table 16 – Current Capital Programme Financing

Financing Type	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	3.2	3.6	0.8	0.0	0.0	7.6
CIL	0.0	3.0	2.5	1.0	0.7	7.3
Corporate Reserves	6.4	4.5	0.9	0.8	0.8	13.3
Grants	13.9	30.7	14.4	3.7	0.9	63.4
Prudential Borrowing	23.5	39.1	31.1	3.0	5.5	102.2
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	6.8	7.7	3.4	0.3	0.0	18.2
Total GF	**57.8**	**97.6**	**58.5**	**9.2**	**9.7**	**232.8**
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	3.2	13.6	7.6	0.0	25.8
Grants	4.4	1.7	18.1	13.8	0.0	38.0
Prudential Borrowing	50.3	79.2	73.1	36.8	17.2	256.6
Total HRA	**88.2**	**112.8**	**134.2**	**88.9**	**51.2**	**475.3**
Total Capital Programme	**146.0**	**210.4**	**192.7**	**98.1**	**60.9**	**708.1**

16.3 Total Prudential Borrowing of £358.8m across the MTFS period, of which £102.2m is for GF projects & £256.6m 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 additional funding opportunities such as additional grants and contributions. Details on the 2023/24 spend and forecast spend as at 31st January 2024 are laid out in the following table:

Table 17 – P9 Capital Spend Monitoring

Directorate	Project / Programme	Spend to 31 Jan 2024	2023/24 Forecast	2023/24 Budget
GF		**£m**	**£m**	**£m**
Resources	ICT - Tech Refresh	0.0	0.0	0.0
Community	Safer Communities	0.2	0.3	0.3
Community	Parks, Sports and Leisure	0.4	0.5	0.6
Community	Beckenham Place Park (Inc. Eastern Part)	0.8	0.8	0.8
Community	LUF Programme - Cultural Hub	0.2	0.3	0.3
CYP	CYP - Other	0.0	0.1	0.1
CYP	Education Services - School Places Programme	1.6	1.8	1.8
CYP	Education Services - School Minor Works Programme	2.7	3.5	3.6
CYP	Children's Social Care	0.2	0.9	1.6
CYP	Families, Quality and Commissioning - Youth Service	0.0	0.2	0.5
Place	Highways & Bridges – TfL	0.3	0.8	1.2
Place	Highways & Bridges – LBL	2.5	4.8	4.9
Place	Asset Management Programme	1.9	2.5	3.1
Place	Corporate Estates Maintenance Programme	1.4	1.9	2.2
Place	Strategic Regeneration - Lewisham Gateway	3.4	3.4	4.2
Place	Strategic Regeneration - Catford Programme	1.4	3.5	3.1
Place	Planning	0.0	0.0	0.1

Place	Public Realm	0..00	0.0	0.1
Place	Climate Resilience	0.0	0.0	0.0
Place	LUF Programme - Public Realm	0.4	0.9	0.9
Housing	General Fund Housing	3.0	26.6	27.0
Housing	Housing Services	1.0	1.5	1.5
	Total GF	**21.3**	**54.3**	**57.8**
HRA				
Building for Lewisham Programme - HRA	Building for Lewisham Programme - HRA	10.3	19.6	21.6
HRA Capital Programme (Inc. Decent Homes)	HRA Capital Programme (Inc. Decent Homes)	40.9	63.6	65.6
Housing Management System - HRA	Housing Management System - HRA	0.0	0.5	0.5
Aids & Adaptations	Aids & Adaptations	0.4	0.5	0.5
	Total HRA	**51.7**	**84.2**	**88.2**
	Total Capital Programme	**73.0**	**138.5**	**146.1**

16.4 The current in-year expenditure across all projects is 50% of budget. If spend is consistent across the year, we would expect spend at Period 10 to be 83%. We expect the spend to be lower than forecast for most of the year 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 £0.7m. As the programme has recently been re-profiled, the 2023/24 Budget figures are based on recent cash flow figures. Therefore, barring any major changes to the capital programme, we are forecasting to spend £138.5m which is close to the budgeted amount of £146m. The following section outlines some of the key schemes with large spend remaining in year.

CYP:

- **Amersham and Northover** – Currently £0.2m spend against a forecast of £0.9m. The programme now confirmed with contractor & has started on site so more certainty around spend in 23/24, subject to no further delays.

Place:

- **Footway Works** – Currently £0.4m spend against a £1m 23/24 budget. Footway works are now underway and expected to be completed in early 2024.
- **CEMP** – Currently £1.2m against a £1.7m 23/24 budget. Work currently being procured with most of the work to be completed in 23/24.

- **Catford Constitution Club'(CCC)** – Currently £0.6m spend against a £1.1m 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 £0.6m spend against a £1.3m 23/24 budget. There are several large invoices expected from TFL that will make up this £1.3m.

GF Housing:

- **Housing Acquisition Programme** – Currently £0.7m spend against a £22m 23/24 budget. This Programme has now started, and many acquisitions are lined up. Spend is expected to gear up quickly.

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 -** £1.9m spend against £2.9m forecast. The scheme is currently in delay, however the project manager has suggested the £2.9m is still realistic.

16.5 The following section details key areas of slippage & the reasoning for this slippage.

CYP:

- **Amersham and Northover** – Forecasting a spend of £0.9m against a budget of £1.6m. There have been some issues with the contractors causing some minor delays to the project.

Place:

- **Lewisham Gateway (Phase 2)** – Forecasting a spend of £3.4m against a budget of £4.2m. Issues with cladding have led to a slippage of a tranche for £0.8m. This will now be completed in Summer 2024.

GF Housing:

- **Canonbie Road** – Forecasting no spend against a budget of £0.3m. This budget was for defects, and this project is now out of defects with no further spend expected.

BFL:

- **New Cross Road Acquisition** – Forecasting spend of £2.9m against a budget of £4.6m as this scheme is currently in delay.

HRA:

- The HRA Capital programme is forecasting spend of £64.1m against a budget £66.1m. This is due to various vacancies within the team leading to a lack of capacity to deliver this spend.

17. Collection Fund

17.1. **Council Tax:** As at 30th January, £147.3m of Council Tax has been collected representing 81% of the total amount due for the year. This is £5.8m below the 84.3% 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%
Dec-23	133,324,057	138,493,956	5,169,899	73.3%	76.3%	2.9%
Jan-24	147,275,269	153,089,581	5,814,312	81.0%	84.3%	3.3%

17.2. **Business Rates:** As at 30th January, £50.2m of Business Rates has been collected representing 90.4% of the total amount due for the year. This is £2m 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%
Dec-23	47,444,486	48,424,932	980,446	85.2%	87.0%	1.8%
Jan-24	50,201,153	52,224,825	2,023,672	90.4%	94.0%	3.6%

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. Financial implications

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

19. Legal implications

19.1. The Council is under a duty to maintain a balanced budget. Pursuant to section 28 of the Local Government Act 2003, the Council is under a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.

20. Equalities implications

20.1. 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.

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

21. Climate change and environmental implications

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

22. Crime and disorder implications

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

23. Health and wellbeing implications

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

24. Background papers

24.1. Budget Report 2023/4: [Microsoft Word - 2023 24 Budget Report Council 1March clean (lewisham.gov.uk)]

25. Report author(s) and contact

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26. Appendices

26.1. Please attach appendices as separate documents and list them below.
26.2. Appendix A: Savings to be delivered 2023/24
26.3. Appendix B: Cost Avoidance Measures
26.4. Appendix C: Key Performance Indicators
26.5. Appendix D: Audit Response

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	Finance View
F-02	CYP	Children Social Care Demand management	1,000	-	1,000		Work is underway between finance and the service to review the deliverability of these savings or whether they have been delivered already with the financial impact consumed by other costs.
F-03	CYP	Children Service reconfiguration - fostering	250	-	250		
Children and Young People's Subtotal			**1,250**	**-**	**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
Communities Subtotal			**750**	**341**	**409**		
HRPR_INC_08	P&H	Housing Programme Commercial Units' Income Generation	75	-	75		

D-10	P&H	Commercial Estate Review	50	-	50		
D-11	P&H	Business Rates revaluation of Council owned properties	50	-	50		Still waiting to conclude the revaluation review with Wilkes and Head
Place and Housing Subtotal			**175**	**-**	**175**		
CEX_SAV_03	CEX	Legal Invest to Save	233	-	233		Work is required to reduce external legal expenditure to deliver this saving.
Chief Executive Subtotal			**233**	**-**	**233**		

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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
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. Work needed to identify how this can improve the GF
Children and Young People	Outreach Inclusion Service – Management action	Angela Scattergood	6	-	6		Action taken but cost saving in the DSG - high needs. Work needed to identify how this can improve the GF

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Children and Young People	Outreach Inclusion Service – Management action	Angela Scattergood	46	-	46		Action taken but cost saving in the DSG - high needs. Work needed to identify how this can improve the GF
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. Work needed to identify how this can improve the GF
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. Work needed to identify how this can improve the GF
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. Work needed to identify how this can improve the GF
Children and Young People	Virtual Schools	Angela Scattergood	61	-	61		Action taken but cost saving in the DSG - high needs. Work needed to identify how this can improve the GF

Children and Young People	Reduction in staffing costs	Sara Rahman	350	200	150		Further staffing monitoring required in future months regarding full deliverability
Communities	Leisure Services Savings	James Lee	30	10	20		No further savings available here
Total			**2,125**	**1,509**	**616**		

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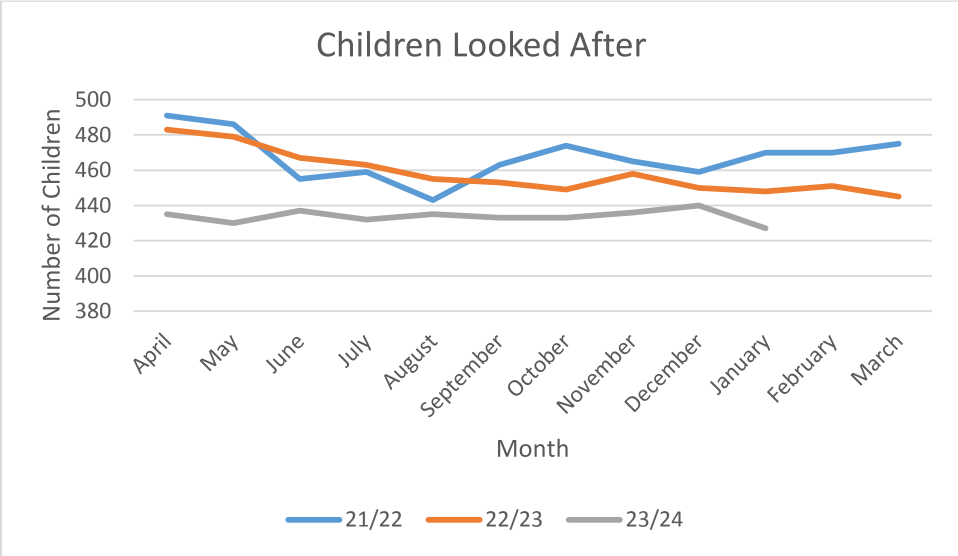
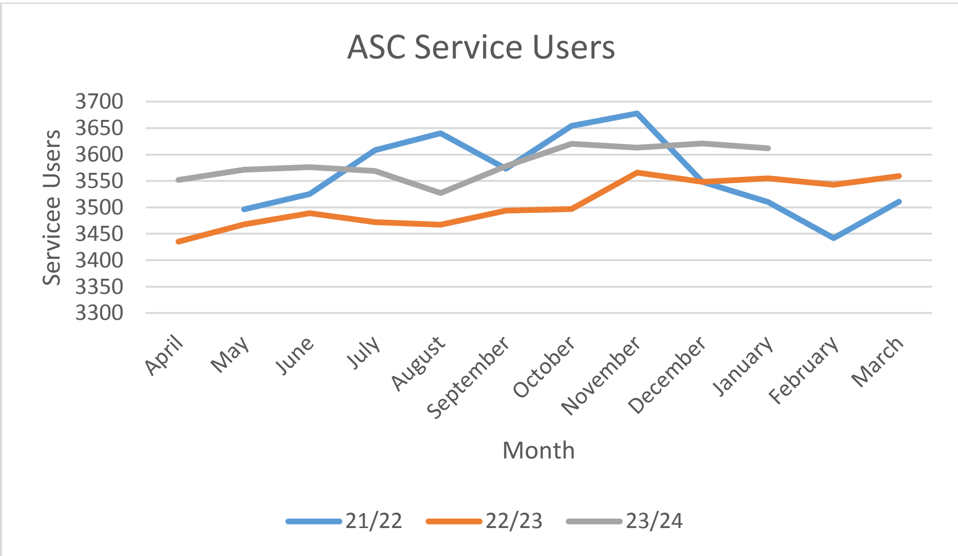
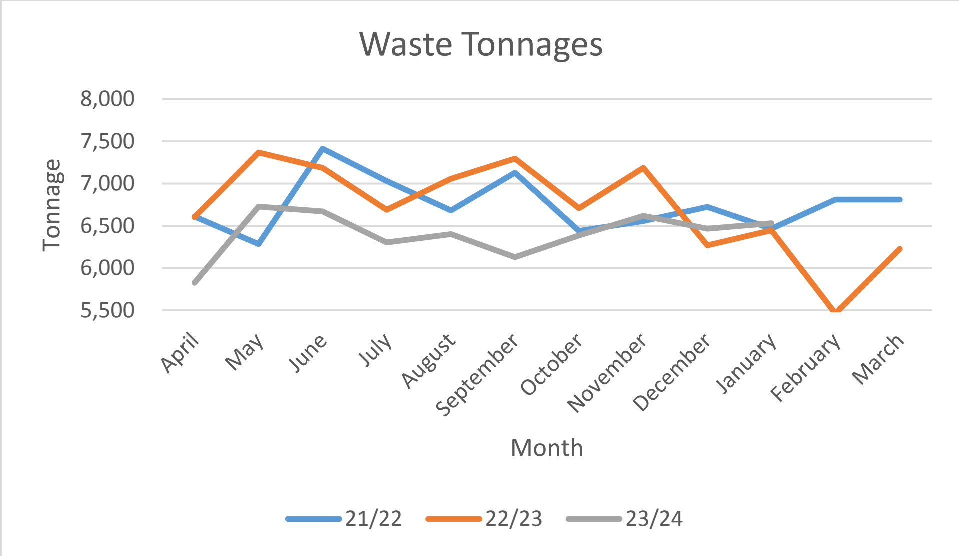
Appendix C – Key Performance Indicators



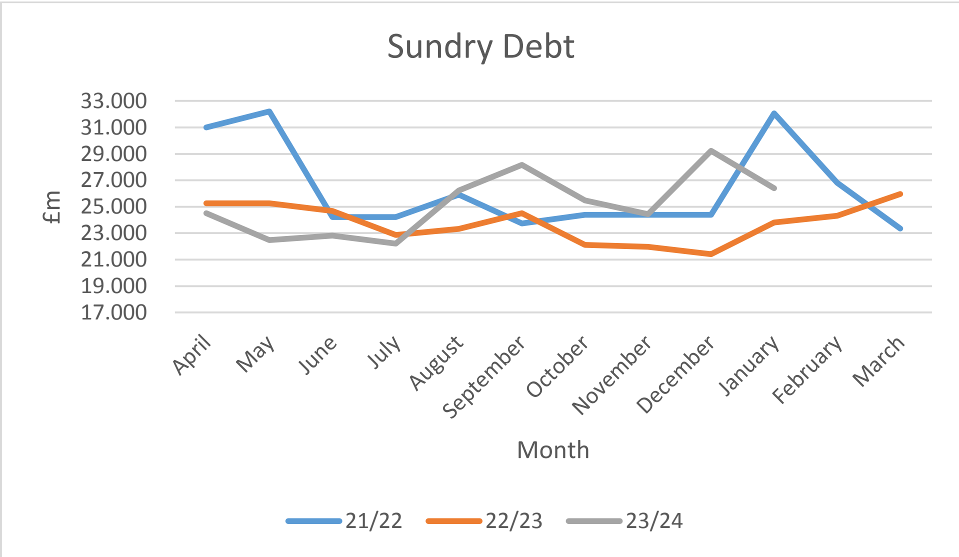
This graph shows the CLA’s from 21/22 onwards, this shows the trend that the number of CLA’s supported by the service is decreasing. The source document is the monthly performance report.



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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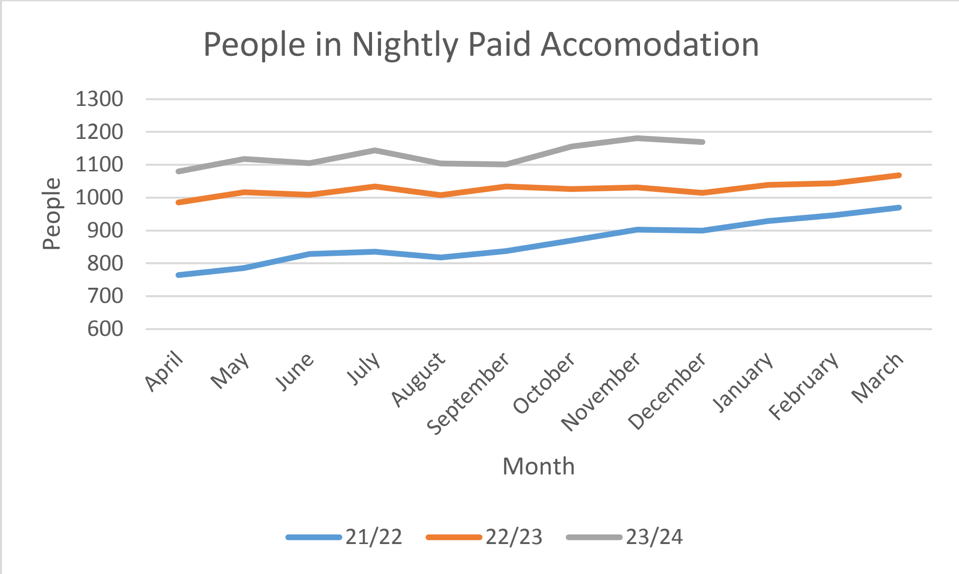
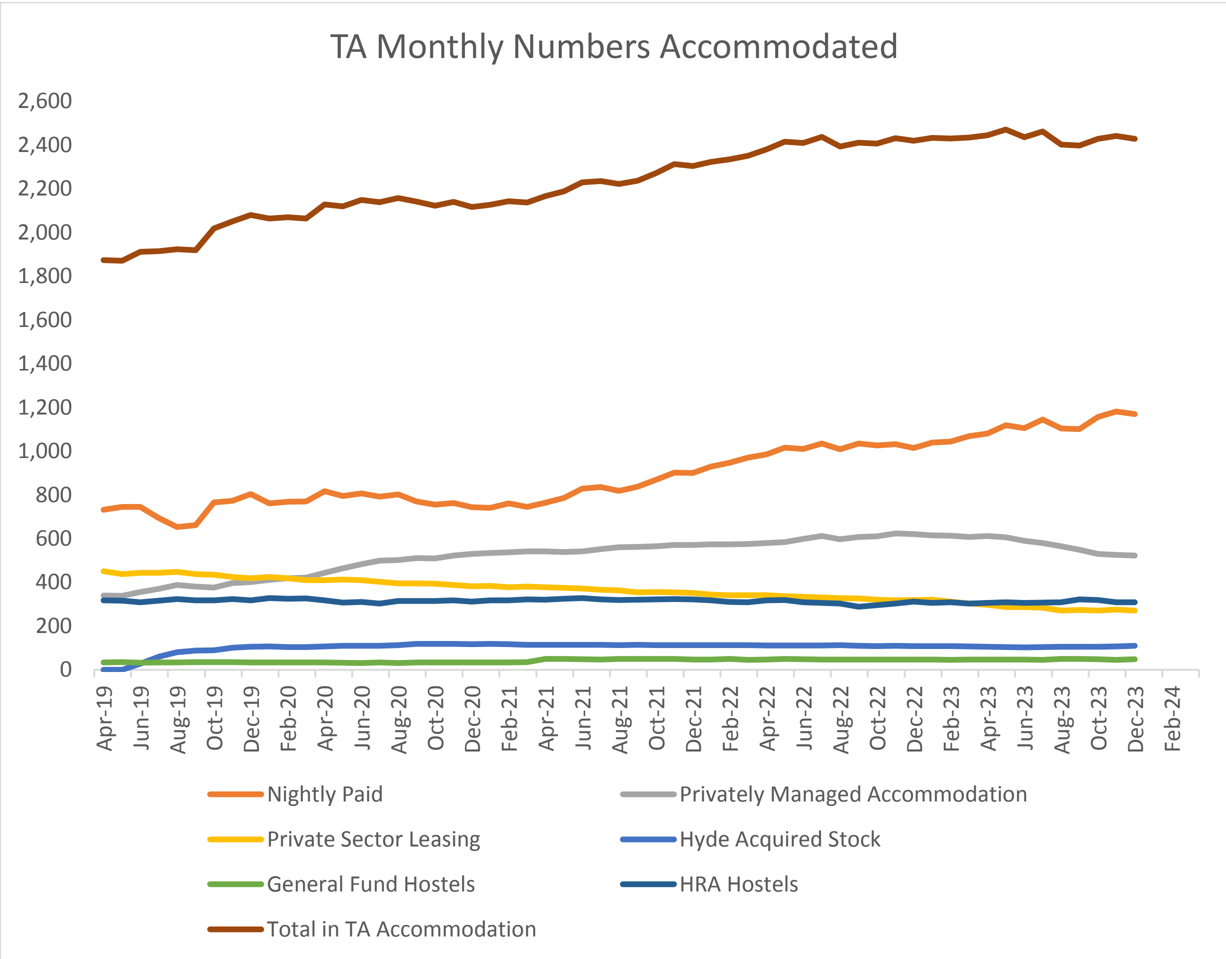


This graph shows the number of people in nightly paid accommodation from 21/22 onwards, the level has increased from 786 in April 2021 to a high of 1,186 in November 2023. The data is sourced from the academy system.



TA numbers broken down by accommodation type. The data is sourced from the academy system.

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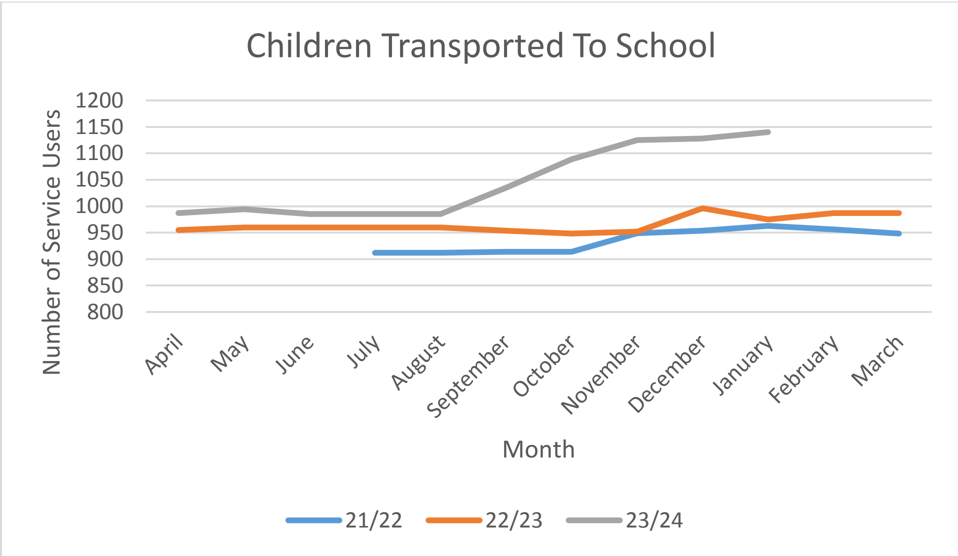

This graph shows the number of children transported from home to school, the number of EHCP's continues to increase and approx. 1/3rd of children who have an EHCP require a transport package. The data source is Routewise.

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

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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. This has been included with budget setting 2024/25 calculations.	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 the higher level of CPI earlier in 2023/24.	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 £11k per week for approx 8 weeks x 5 additional children	29	0.4
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 further pressure of £3m for 23/24 (as reported above). There is a risk the DSG override may be removed in April 26 as per the current legislation.	289.9	3

Schools Academisation	There is a risk of schools moving to academies	0	TBC
Children's and Young People's ofsted inspection	The ofsted inspection leading to additional service requirements which there is no budget for.	0	TBC

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