

<b>Public Accounts Select Committee</b>		
<b>Report title</b>	2019/20 Revenue Budget Cuts – Draft M&C Report	
<b>Key decision</b>	No	Item No. 5
<b>Ward</b>	All wards	
<b>Contributor</b>	Executive Director for Resources & Regeneration	
<b>Class</b>	Part 1 (open)	07 November 2018

## **1. PURPOSE**

- 1.1. To set out the draft officer revenue budget cuts proposals for consideration by Scrutiny, to enable their comments to be taken by Mayor & Cabinet (M&C) when receiving these cuts on the 21 November, as part of the preparation of a balanced budget for 2019/20 and future years.

## **2. EXECUTIVE SUMMARY**

- 2.1. The Council's net General Fund budget for 2018/19 is £241.3m. This is based on using reserves for the fifth consecutive year to balance the budget and follows four years of Directorates overspending, in part due to the delivery of cuts becoming harder. The current forecast for 2018/19 is an overspend of £11.4m (at July 2018), of which £1.3m relates to previously agreed but as yet undelivered cuts.
- 2.2. To put the Council's finances on a sustainable footing, the Medium Term Financial Strategy identifies the need for £30m of ongoing cuts in the two years to 2020/21 - £17m in 2019/20 and £13m in 2020/21. This is on top of the need to address the persistent in-year overspend in Directorate budgets.
- 2.3. The MTFs anticipates that an additional £25m worth of cuts will be required in the two years following 2020/21. However, these projections remain tentative pending confirmation of any policy, funding, or wider implications from the Chancellor of the Exchequer's Autumn Budget in November and Local Government Finance Settlement announcement in December, and the next Comprehensive Spending Review (CSR) and Fair Funding Review, expected in 2019.
- 2.4. From 2010 to 2020 this will bring the total cuts required to £194m, of which £164m have been agreed with £162.7m delivered and £1.3m in the forecast overspend. This report concentrates on £21m of the £30m budget cuts required to balance the budget over the next two years. Table 1 below shows the agreed budget cuts since 2010 by directorate.

**Table 1: Agreed Budget Cuts by Directorate from 2010/11**

Year	CYP	COM Services	CUS Services	Res. & Regen.	In-year / Corp.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2010/11	1,494	801	759	1,135	3,300	7,489
2011/12	6,386	5,744	3,591	4,614	113	20,448
2012/13	4,395	4,611	3,529	4,020		16,555
2013/14	6,469	6,930	2,453	5,082		20,934
2014/15	6,123	11,255	2,843	4,273		24,494
2015/16	4,240	16,118	3,381	3,771	700	28,210
2016/17	3,476	6,892	3,339	3,108	1,400	18,215
2017/18	4,297	10,000	4,182	3,756		22,236
2018/19	824	1,151	294	1,087	1,500	4,856
<b>Total</b>	<b>37,704</b>	<b>63,502</b>	<b>24,371</b>	<b>30,847</b>	<b>7,013</b>	<b>163,437</b>

Source: Council savings and budget reports.

2.5. These cuts have been made in the context of government funding for Local Authorities in England being reduced by 63% over the decade from 2010, Council's facing inflationary pressures of over 20% since 2010, and in Lewisham the demands on the Council increasing as the population has risen to over 300,000 from the 2011 census position of 275,000, a 10% increase.

2.6. The detail presented in this report identifies potential cuts proposals from officers of £20.8m over the two year period 2019/20 to 2020/21. By Directorate and Division these proposals are outlined in table 2 below:

**Table 2: Summary of Budget Cuts by Directorate and Division**

Directorate / Division	19/20	20/21	Total
	£'000	£'000	£'000
<b>Children and Young People (CYP)</b>			
Children's Social Care	1,550	1,350	2,900
Joint Commissioning and Targeted Support	25	825	849
<b>CYP Total</b>	<b>1,575</b>	<b>2,175</b>	<b>3,749</b>

Directorate / Division	19/20	20/21	Total
	£'000	£'000	£'000
<b>Community Services</b>			
Adult Social Care	2,091	1,982	4,073
Crime Reduction, Supporting People, and Enforcement	555	221	776
Culture & Community Services	1,190	975	2,165
<b>Community Total</b>	<b>3,836</b>	<b>3,178</b>	<b>7,014</b>
<b>Customer Services</b>			
Technology & Change	100	0	100
Environment	817	1,975	2,792
Housing	405	696	1,101
Public Services	1,786	1,124	2,910
<b>Customer Services Total</b>	<b>3,108</b>	<b>3,795</b>	<b>6,903</b>
<b>Resources and Regeneration</b>			
Financial Services	90	350	440
Legal Services (excl. elections)	50	32	82
Policy & Governance	10	259	269
Strategy	30	135	165
Corporate Resources	230	-	230
Human Resources	78	78	156
Planning	50	50	100
Regeneration and Place	318	1,405	1,723
<b>Resources and Regeneration Total</b>	<b>856</b>	<b>2,309</b>	<b>3,165</b>
<b>Council Total – cuts proposed</b>	<b>9,374</b>	<b>11,457</b>	<b>20,831</b>
Cuts required (per July 18 MTFS)	17,000	13,000	30,000
<b>Budget gap</b>	<b>7,626</b>	<b>1,543</b>	<b>9,159</b>

2.7. The report presents a summary of the cuts proposed with detailed proformas provided for each of the proposed cuts for 2019/20 and 20/21 by Directorate appended to this report.

- 2.8. At this stage, if all the proposed cuts are agreed and there are no further proposals, nor any surprises from the local government finance settlement in December, the Council's budget for 2019/20 would need to be set using £7.6m of reserves.
- 2.9. There is scope for two additional rounds of budget cuts to be taken through the decision process as part of setting the 19/20 budget, as detailed in section 10 below. Consideration of how the gap for 2019/20 will be closed, either through proposals for further cuts or the use of reserves, will be addressed in subsequent reports to Mayor and Cabinet up to and including the 2019/20 budget report in February 2019.
- 2.10. Overall the strategic focus for services in terms of the Medium term Financial Strategy is on:
- Catching-up and delivering unachieved budget cuts in 2018/19 and taking management action to bring overspends back in-line with budgets;
  - Continuing the work to manage demand, improve service effectiveness and efficiency, and generate income to bring the return for this work through the financial monitoring in 2019/20; and
  - Work on bringing forward further proposals to close the budget gap as soon as possible, including through 2018/19 and 2019/20 so that part year effects can be taken.

### **3. RECOMMENDATIONS**

- 3.1. Scrutiny committees are asked to review and comment on these proposals and recommendations and that their feedback is referred on by Public Accounts Committee for Mayor & Cabinet as follows:
- 3.2. Mayor and Cabinet are asked to:
- 3.2.1. Note the progress with identifying budget cuts, the £7.6m shortfall against the target for 2019/20, and the implications for the use of reserves.
- 3.2.2. Review the new cuts proposals presented in Section 9 and Appendices 1 to 4, totalling £20.8m and referenced:
- CYP1 to CYP7
  - COM1 to COM17
  - CUS1 to CUS14
  - RES1 to RES19
- 3.2.3. Consider the comments of the Public Accounts Select Committee of the 7 November 2018, which incorporates the views of the respective select committees.

- 3.2.4. Authorise officers to carry out consultations where staff consultation is necessary in relation to the proposal and delegate the decision to the relevant Executive Director for the service concerned.
- 3.2.5. Authorise officers to carry out consultations where public consultation is necessary in relation to the proposal and ask officers to report back to the Mayor with the outcome, for a decision to be made.
- 3.2.6. Where no consultation is required, either:
- agree the cut proposal, or
  - delegate the decision to the relevant Executive Director for the service concerned.
- 3.2.7. Or, request officers to complete further work to clarify the proposal and that officers then re-submit the proposal at the earliest opportunity for a decision.

#### **4. STRUCTURE OF THE REPORT**

- 4.1. The report is structured into the following sections with supporting appendices.

Section	Title
1	Purpose of the report
2	Executive summary
3	Recommendations
4	Structure of the report
5	Policy Context
6	Financial Context
7	Lewisham 2020
8	Approach to 2019/20 Budget Cuts
9	Proposed Budget Cuts
10	Timetable
11	Financial implications
12	Legal implications
13	Conclusion
14	Background documents
	Appendices

#### **5. POLICY CONTEXT**

- 5.1. The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy. The Council's vision "together, we will make Lewisham the best place in London

to live, work and learn” was adopted by the Lewisham Strategic Partnership as part of the Sustainable Community Strategy, along with six over-arching priorities:

#### Sustainable Community Strategy

- **Ambitious and achieving:** where people are inspired and supported to their potential.
- **Safer:** where people feel safe and live free from crime, antisocial behaviour, and abuse.
- **Empowered and responsible:** where people are actively involved in their local area and contribute to supportive communities.
- **Clean, green, and liveable:** where people live in high quality housing and can care for and enjoy their environment.
- **Healthy, active and enjoyable:** where people can actively participate in maintaining and improving their health and well-being.
- **Dynamic and prosperous:** where people are part of vibrant communities and town centres, well connected to London and beyond.

#### Corporate Priorities

The Council’s ten ‘enduring’ priorities were agreed by full Council and are the principal mechanism through which the Council’s performance is reported and through which the impact of saving and spending decisions are assessed. The Council’s priorities also describe the Council’s contribution to the delivery of Lewisham’s Sustainable Community Strategy priorities.

- **Community Leadership and Empowerment:** developing opportunities for the active participation and engagement of people in the life of the community.
- **Young people’s achievement and involvement:** raising educational attainment and improving facilities for young people through partnership working.
- **Clean, green, and liveable:** improving environmental management, the cleanliness and care for roads and pavements, and promoting a sustainable environment.
- **Safety, security, and a visible presence:** partnership working with the police and others to further reduce crime levels and using Council powers to combat anti-social behaviour.
- **Strengthening the local economy:** gaining resources to regenerate key localities strengthen employment skills and promote public transport.
- **Decent Homes for all:** investment in social and affordable housing to achieve the decent homes standard, tackle homelessness, and supply key worker housing.
- **Protection of children:** better safeguarding and joined up services for children at risk.

- **Caring for adults and older people:** working with health services to support older people and adults in need of care.
- **Active, healthy citizens:** leisure, sporting, learning, and creative activities for everyone.
- **Inspiring efficiency, effectiveness, and equity:** ensuring efficiency and equity in the delivery of excellent services to meet the needs of the community.

### Values

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

- We put service to the public first.
- We respect all people and all communities.
- We invest in employees.
- We are open, honest, and fair in all we do.

5.3. Very severe financial constraints have been imposed on Council services with cuts to be made year on year on year, and this on-going pressure is addressed here in this report, incorporating further budget cuts for 2019/20.

## **6. FINANCIAL CONTEXT**

6.1. The Council has a net General Fund budget for the current financial year, 2018/19, of £241.3m. The schools Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA) are discrete and so do not form part of this report.

6.2. In addition, the Council receives and spends other income and grants for General Fund services which are budgeted for on a net nil basis – i.e. expenditure matches the level of income. These include: Public Health, Better Care Fund & improved Better Care Fund, fees and charges; and various grants for areas such as troubled families and homelessness. Any overspend in these areas has to be met from other resources in the General Fund.

6.3. In 2017/18 the Council ended the financial year with a Directorate overspend position of £16.5m with the largest pressures being in the areas of Children's Social Care, Children's Joint Commissioning, and Environment services. These pressures arise from a combination of:

- The impact of government policy changes;

- Market developments and responses to inspection findings;
  - Demand pressures as the population of Lewisham grows; and
  - Difficulties in delivering agreed cuts with the full financial impact.
- 6.4. The 2018/19 budget is under pressure from the need to deliver services within the available level of financial resource and identify further reductions. The 2018/19 budget was set using £8.6m of reserves as insufficient cuts were agreed. This cuts shortfall is carried forward and forms part of the £17m target for 2019/20. Any unachieved cuts in 2019/20 will most likely have to be met by using reserves and will then also be carried forward to 2020/21, increasing the budget reductions requirement for that year.
- 6.5. Furthermore, Directorates are currently forecasting an end of year overspend in the region of £11.4m, including £1.3m of as yet unachieved cuts. Any overspend also has to be met from the use of the Council's once-off reserves and provisions.
- 6.6. In the nine years between 2010/11 and 2018/19 the Council has agreed budget cuts of £164m of which £162.7m have been delivered and £1.3m form part of the forecast overspend for 2018/19 as noted above.
- 6.7. In July 2018, the Council's Medium Term Financial Strategy (MTFS) was presented to members. This referenced a number of risks, the likelihood and impacts of which remain uncertain. The main risks are in the areas of:
- reducing preventative services;
  - changes in regulations and standards;
  - government policy and funding changes; and
  - demographic change and wider social implications linked to the above.
- 6.8. For 2019/20 and beyond, to put the Council's finances on a sustainable footing, the MTFS identifies the need for £30m of ongoing cuts in the two years to 2020/21 – split £17m in 2019/20 and £13m in 2020/21.
- 6.9. The MTFS also anticipates that post 2020 approximately £25m of further cuts will be required over the two year period starting 2021/22. These longer dated cuts projections remain uncertain pending confirmation of any policy, funding, or wider economic changes. These estimates will be revisited for any implications from the Chancellor of the Exchequer's Autumn Budget in November and in the 2019/20 provisional Local Government Finance Settlement announcement in December. And, looking further ahead, more fundamentally for the impacts from the next Comprehensive Spending Review (CSR) expected in 2019, including a Fair Funding Review.
- 6.10. The Council's four year Revenue Support Grant settlement comes to an end in 2019/20. There is uncertainty as to the level of funding the Council will receive after 2019/20. Funding baselines for local authorities, as determined

by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.

- 6.11. The government is therefore undertaking a Fair Funding Review to update the needs formula and set new funding baselines for the start of the new 75% (currently 100% retention with the pilot pool) business rates retention scheme, from April 2020.
- 6.12. It is expected that the 2020/21 provisional local government finance settlement will be announced in December 2019. Until then, the uncertainty in the Council's future funding forecasts remains.

## 7. LEWISHAM 2020

- 7.1. The cuts proposals are considered through the lens of the enabling approaches, set out in the Lewisham 2020 strategy, to help with monitoring the impact of the cuts and service changes.
- 7.2. The Lewisham 2020 themes are:
- Creating the conditions where communities will be able to support themselves;
  - Actively exploring all opportunities to share services;
  - Digitising our services and our interactions with residents (to help simplify and manage demand); and
  - Developing entrepreneurial approaches to income generation, particularly in relation to assets.
- 7.3. Table 3 below summarises examples of cuts made to date and proposed (as set out in this report) by Lewisham 2020 transformation theme.

**Table 3: Examples of cuts**

Transformation theme	Examples - proposed
<b>Communities supporting themselves</b>	<ul style="list-style-type: none"> <li>• Strengthening community support and personalisation of adult social care</li> <li>• Looking to community for action where grant funding and local assemblies budgets reduced</li> </ul>
<b>Sharing Services</b>	<ul style="list-style-type: none"> <li>• None at this time</li> </ul>
<b>Digitising services</b>	<ul style="list-style-type: none"> <li>• Children and Adult Social Care system improvements</li> <li>• Improved access to public services and automation</li> </ul>

Transformation theme	Examples - proposed
<b>Income generation</b>	<ul style="list-style-type: none"> <li>• Timely charging and collection of debt (e.g. for adult social care services)</li> <li>• Arts (e.g. Broadway Theatre) and events (e.g. parks)</li> <li>• Changes to charges for garden and commercial waste, lumber, and bereavement services</li> <li>• Income from commercial estate, electric vehicle charging points, and for planning services</li> </ul>
<b>Managing demand</b>	<ul style="list-style-type: none"> <li>• Working with market providers for children and adult social care services to improve access to lower cost provision options (better outcomes at lower cost)</li> <li>• Alternative more cost effective temporary accommodation provision</li> <li>• Stopping members car run service.</li> </ul>

7.4. In addition to the approaches noted above, the level of cuts required continues to require work on cost control in all areas (e.g. use of agency staff, contract management, etc.) and an acceptance of more service and financial risk through ever leaner corporate governance, risk and control arrangements.

## 8. APPROACH TO 2019/20 BUDGET CUTS

8.1. Over the past five years, the Lewisham Future Programme was the Council's approach to carry out a fundamental review of services and drive organisational change in order to meet the required reductions in spending needed to set balanced budgets. This Programme focused on the areas of greatest spend, recognising that in consecutive years of significant spending reductions, even greater innovation, focus on the customer, and cross-cutting thinking was required to deliver budget cuts whilst attempting to minimise the impacts on the residents and customers of Lewisham.

8.2. Five years on, the continuing use of reserves to set the annual budget and urgency for the Council to further reduce its budget has not diminished the imperative for cuts. There still remains significant pressure on the Council's limited resources to meet the growing demands of the people it serves.

8.3. Officers have therefore recognised the need for a fresh approach to the budget cuts process which will look differently at the pressures, risks, and opportunities which lie ahead. With a new administration developing a new community strategy and new chief executive evaluating options and the priorities for change, the approach for bringing forward cuts proposals for 2019/20 has reverted to a rigorous back to basics approach, focused on the Directorates accountability for delivering services to budget.

- 8.4. This year has therefore seen the reintroduction of the Star Chamber process. Targets have not been set by service area or work strand. Instead, Heads of Service were asked to set out the full range of cuts that could be made (including any investment required) for 2019/20 and 2020/21, setting out the risks, and possible mitigations, up to their boundaries with statutory responsibilities.
- 8.5. The Executive Management Team held Star Chamber meetings with each Executive Director summarising the financial position for their services and the actions being taken to manage costs within budget. Heads of Service then presented their cuts proposals for the following two years. The purpose of the EMT Star Chamber sessions was to ensure that all options are considered, and any financial interdependencies between services were not overlooked.

### ***The Decision making process***

- 8.6. The decision making process for budget cuts depends on the nature of each individual cut being proposed. The decision depends on the scale and impact of the proposal and the actions required to deliver it. For example; a proposal requiring staff consultation can either be reserved by Mayor and Cabinet to themselves or follow the usual delegation for employment matters to the chief executive. In either case the decision can only be taken after completion of the consultation and a full report setting out the equalities, legal and financial implications for the decision maker.
- 8.7. Table 4 below shows the combination of criteria possible for a proposal (the first three rows) with the remaining rows identifying the options for concluding the decision available to Mayor & Cabinet. Appendix 8 shows which proposals require consultation etc.

**Table 4: Options for Decisions**

<b>Decision combinations</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Key Decision - >£500k and/or specific ward impact	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>Y</b>
Public Consultation	<b>N</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>Y</b>
Staff Consultation	<b>N</b>	<b>N</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>Decision routes for M&amp;C</b>						
M&C agree to consult – proposal to return to M&C for decision			✓	✓	✓	✓
M&C take decision – no consultation required	✓	✓				
Delegate to Exec. Dir. to consult and take decision				✓	✓	

Delegate to Exec. Dir. – no consultation required	✓	✓				
Other – e.g. seek clarification, reject, endorse.	✓	✓	✓	✓	✓	✓

## 9. PROPOSED BUDGET CUTS

- 9.1. The £20.8m of cuts presented in overview in this section all relate to the cuts required of £30m for 2019/20 and 20/21. The proposed cuts are presented by Directorate and have passed through the Star Chamber process.
- 9.2. A number of proposals relate to increasing income generation, whilst others require an initial investment to facilitate the changes necessary to reduce costs. Further details are presented setting these details out in the proformas at Appendices 1 to 4.

### *Children and Young People's Directorate*

- 9.3. The Directorate of Children and Young People has proposed budget cuts of £3.7m over a period of two years. This represents 7% of the directorate's net budget. The majority of cuts are from the children's social care budget, mainly improving systems and increasing efficiencies.
- 9.4. The detailed proposals are attached at Appendix 1 to this report and summarised in table 5 below:

**Table 5: Summary of Children and Young People's Proposed Budget Cuts**

Division	Ref	Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
<b>Children's Social Care</b>					
The service covers all Children's Social Care functions including early help. The service works with children who need to be looked after and safeguarded from harm. The service provides support to families to promote children's upbringing in their own families, provided that this is consistent with the child's welfare.					
<b>Net Budget</b> £41.7m					
<b>Proposed Cuts</b> £2.9m, representing 7% of the net budget					
	CYP1	More efficient use of residential placements	500	300	800
	CYP2	Improved placement process and more efficient systems with rigorous control through operating model and IT	250		250

Division	Ref	Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
	CYP3	Systematic and proactive management of the market for independent fostering	350	600	950
	CYP4	Commission semi-independent accommodation for care leavers	250	250	500
	CYP5	Residential framework for young people - Joint South East London Commissioning Programme	200	200	400
		<b>Subtotal</b>	<b>1,550</b>	<b>1,350</b>	<b>2,900</b>
<p><b>Joint Commissioning and Targeted Support</b></p> <p>The service provides all the functions related to individual children with complex and/or special educational needs; the Educational Psychology service; support for schools re crime and liaison with the Youth Offending Service (YOS); securing integrated workforce strategy and practice across the partnership.</p> <p>The Children and Young People's Joint Commissioning Team are responsible for designing, commissioning and contract managing the delivery of a wide range of services on behalf of the local authority and Lewisham Clinical Commissioning Group.</p> <p><b>Net Budget</b> £11.8m</p> <p><b>Proposed Cuts</b> £849k, representing 7% of the net budget</p>					
	CYP6	Cease funding for former CYP funded post in Voluntary Action Lewisham	25	25	49
	CYP7	Early Help Redesign		800	800
		<b>Subtotal</b>	<b>25</b>	<b>825</b>	<b>849</b>
<b>CYP Total</b>		<b>Total</b>	<b>1,575</b>	<b>2,175</b>	<b>3,749</b>

### ***Community Services Directorate***

- 9.5. The following cuts are proposed by the Community Services Directorate over a period of two years. The total cuts represent 8% of the Directorate's total net budget. Over half of the total cuts are to the Adult Social Care budget focussing on cost reduction over the two year period.
- 9.6. Details of each proposal can be found in Appendix 2 of this report. A supplementary report on the cost of Adult Social Care is attached to this report at Appendix 2b. The report aims to improve understanding of the service and provides information on the weekly cost of a care package by

service user type, how many people in that group receive that type of care, and a typical type of care a person might receive for that weekly cost.

**Table 6: Summary of Community Services Proposed Budget Cuts**

Division	Ref	Summary of Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
<b>Adult Social Care</b>					
The service offers a range of care and support services to help frail, disabled and other vulnerable adults to remain independent, active and safe. Support is provided in their own homes, in a community setting or in a care home.					
<b>Net Budget</b> £71.3m					
<b>Proposed Cuts</b> £4.1m, represents 6% of net budget					
	COM1	Managing demand at the point of access to adult social care services	122		122
	COM2	Ensuring support plans optimise value for money	250	250	500
	COM3	Increase revenue from charging Adult Social Care clients	159		159
	COM4	Reduce costs for Learning Disability and Transitions	900	1,000	1,900
	COM5	Increased focus of personalisation	260	482	742
	COM6	Reduction in Mental Health Residential care costs	300	200	500
	COM7	Reduction in Adult Social Care contribution to Mental Health Integrated Community Services	100	50	150
		<b>Subtotal</b>	<b>2,091</b>	<b>1,982</b>	<b>4,073</b>
<b>Crime Reduction, Supporting People, &amp; Enforcement</b>					
The service covers Crime reduction, safer neighbourhood initiatives and CCTV. Supporting children and young people who are involved in or are the victims of crime. Enforcement and Regulation activities including Trading Standards, Environmental Health and licensing activities.					
<b>Net Budget</b> £9.9m					
<b>Proposed Cuts</b> £776k, representing 8% of net budget					
	COM8	Change in the public engagement responsibilities for air quality and dedicated funding	-	60	60

Division	Ref	Summary of Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
	COM9	Cut to intensive housing advice and support service	300	-	300
	COM10	Crime, Enforcement & Regulation reorganisation	255	161	416
		<b>Subtotal</b>	<b>555</b>	<b>221</b>	<b>776</b>
<b>Culture &amp; Community Services</b>					
The service covers libraries, arts and entertainment, adult education, community/neighbourhood development and leisure, sports and recreation activities.					
<b>Net Budget</b> £9.2m					
<b>Proposed Cuts</b> £2.2m representing £24% of net budget					
	COM11	Hub Libraries cuts to staffed opening hours	-	450	450
	COM12	Cut to Main Grants budget	600	400	1,000
	COM13	Reduction in Arts, Development and Events Funding	145	-	145
	COM14	Reduce Local Assemblies funds	270	-	270
	COM15	Extend use of Broadway theatre	-	50	50
	COM16	Cultural and Community Development Service Staffing	75	75	150
	COM17	Ending the Small and Faith Fund	100	-	100
		<b>Subtotal</b>	<b>1,190</b>	<b>975</b>	<b>2,165</b>
<b>Community Total</b>			<b>3,836</b>	<b>3,178</b>	<b>7,014</b>

### ***Customer Services Directorate***

9.7. The following cuts are proposed by Customer Services directorate over a period of two years. These proposals represent a reduction of 17% of the directorate's net budget. Eight out of the fourteen proposals are centered on increasing income, and three proposals will require investment in order to be achieved.

9.8. Details of each proposal can be found in Appendix 3 of this report:

**Table 7: Summary of Customer Services Proposed Budget Cuts**

Division	Ref	Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
<p><b>Technology &amp; Change</b>                      The service area co-ordinates and manages the provision and maintenance of ICT tools; identifying, supporting and leading transformation and continuous improvement that can be enabled or assisted by ICT.  <b>Net Budget</b> £4.9m  <b>Proposed Cuts</b> £100k, representing 2% of the net budget</p>					
	CUS1	Printing reduction	100	-	100
		<b>Subtotal</b>	<b>100</b>	<b>-</b>	<b>100</b>
<p><b>Environment</b>                      The service area includes the following - Waste Management (refuse &amp; recycling), Cleansing, Green Scene (parks and open spaces), Fleet and Passenger Services, Bereavement Services and Markets.  <b>Net Budget</b> £19.8m  <b>Proposed Cuts</b> £2.8m, representing 14% of the net budget</p>					
	CUS2	Income Generation – Increase of Garden Waste Subscription	278	485	763
	CUS3	Income Generation - Events in Parks	200	300	500
	CUS4	Income Generation – Increase in Commercial Waste Charges	150	300	450
	CUS5	Increase charge for the collection of Domestic Lumber from households	30		30
	CUS6	Bereavement Services increase income targets	67	67	134
	CUS7	Reduce sweeping frequency to residential roads to fortnightly.		823	823
	CUS8	Close the 4 remaining Automated Public Toilets within the Borough	92		92
		<b>Subtotal</b>	<b>817</b>	<b>1,975</b>	<b>2,792</b>
<p><b>Strategic Housing</b>                      The service area includes the following - Housing Needs (including Housing Options and Home Search), Housing Partnership &amp; Development and Private Sector Housing.  <b>Net Budget</b> £5.4m  <b>Proposed Cuts</b> £1.1m, representing 20% of the net budget</p>					

Division	Ref	Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
	CUS9	Cost reductions in homelessness provision – income generation and net budget reductions	405	696	1,101
		<b>Subtotal</b>	<b>405</b>	<b>696</b>	<b>1,101</b>
<p><b>Public Services</b>  The service area provides the 'front door' to a wide range of services across the Council. This area includes Customer Contact Centre, Registrars, Revenues, Benefits, Emergency Planning and Parking Management.  <b>Net Budget</b> £10.7m  <b>Proposed Cuts</b> £2.9m representing 26% of the net budget</p>					
	CUS10	Invest to save – create revenues protection team	806	394	1,200
	CUS11	Process automation in Revenues and Benefits	-	250	250
	CUS12	Invest to save – improve Housing Benefit overpayment recovery	480		480
	CUS13	Invest to save – improve sundry debt collection	-	480	480
	CUS14	Parking Service – revenue review	500	-	500
		<b>Subtotal</b>	<b>1,786</b>	<b>1,124</b>	<b>2,910</b>
<b>Customer Services Total</b>		<b>Total</b>	<b>3,108</b>	<b>3,795</b>	<b>6,903</b>

### ***Resources and Regeneration Directorate***

- 9.9. The directorate for Resources and Regeneration has proposed cuts of £3.2m over two years, representing a 14% reduction in the directorate's net budget.
- 9.10. Only a third of the proposals relate to 2019/20, the majority of reductions will occur in 2020/21, with most of the cuts relating to Regeneration and Place. Seven out of the nineteen proposals will require a level of investment before the reductions can be realised.
- 9.11. Full details of each proposal are attached as Appendix 4 to this report.

**Table 8: Summary of Resources and Regeneration Proposed Budget Cuts**

Division	Ref	Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
<b>Financial Services</b>					
The service area provides financial guidance, advice and support for managers to ensure sound financial management in all areas of business activity; provides administrative support for back office business processes; administers the pension fund, provides a payroll service whilst ensuring compliance and probity throughout.					
<b>Net Budget</b> £3.0m					
<b>Proposed Cuts</b> £440k, representing 15% of the net budget					
	RES1	Benefits Realisation of Oracle Cloud	90	350	440
		<b>Subtotal</b>	<b>90</b>	<b>350</b>	<b>440</b>
<b>Legal Services (excl. elections)</b>					
The service area is responsible for ensuring legal compliance, facilitate the fulfilment of Council objectives in a way that is resistant to legal challenge, and ensure robust decision making processes.					
<b>Net Budget</b> £2.3m					
<b>Proposed Cuts</b> £82k, representing 4% of the net budget					
	RES2	Legal fees increase	50	32	82
		<b>Subtotal</b>	<b>50</b>	<b>32</b>	<b>82</b>
<b>Policy &amp; Governance</b>					
The service area oversees generic policy development, performance management and service redesign. Undertakes research and evaluates emerging themes and issues of strategic importance. Ensures that intelligence is effectively co-ordinated and utilised. Provides support for elected Members in fulfilment of their duties as ward representatives, decision makers and scrutiny councillors, helping them achieve greater democracy and public engagement in the local decision making. Provides business and secretariat support to the Chief Executive and Executive Directors.					
<b>Net Budget</b> £4.5m					
<b>Proposed Cuts</b> £269k, representing 6% of the net budget					
	RES3	Executive Office – Administrative Support Staff Reduction	-	104	104
	RES4	Policy, Service Design and Intelligence – Reduction on staffing	-	155	155
	RES5	Withdrawal of Councillor Car Run Delivery Service	10		
		<b>Subtotal</b>	<b>10</b>	<b>259</b>	<b>269</b>
<b>Strategy</b>					

Division	Ref	Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
<p>The service area provides corporate leadership, bringing local public agencies together to deliver the Sustainable Community Strategy priorities; leads on the Council's community governance agenda; supports the work of Mayor and Cabinet in their leadership roles; promotes the reputation of the Council, working to enhance service delivery through information campaigns, building sustainable relationships and dialogue with residents and other stakeholders.</p> <p>In addition, it provides employment and business support for the local economy; maintenance of the local economic assessment; strategic leadership on business employment and the European Union (EU).</p> <p><b>Net Budget</b> £2.2m</p> <p><b>Proposed Cuts</b> £165k, representing 8% of the net budget</p>					
	RES6	Increase income supporting the Funding Officer post and review the Economy and Partnerships Function	30	80	110
	RES7	Reduce corporate apprenticeships salaries budget	-	55	55
		<b>Subtotal</b>	<b>30</b>	<b>135</b>	<b>165</b>
<p><b>Corporate Resources</b></p> <p>The service area facilitates the Council's Strategic Finance activities (managing the cuts and budget setting process, providing corporate finance advice (including procurement), performing treasury management functions and managing the pension fund) to support delivery of Council objectives.</p> <p>It also oversees the Council's governance, risk and controls processes; coordinates and provide assurance on the framework of internal control, undertakes investigations, and delivers professional guidance and support in respect of insurances, risk management and health &amp; safety.</p> <p><b>Net Budget</b> £2.5m</p> <p><b>Proposed Cuts</b> £230k, representing 9% of the net budget</p>					
	RES8	Insurance costs – premium reduction	30	-	30
	RES9	Insurance costs – self-insurance reserves	200	-	200
		<b>Subtotal</b>	<b>230</b>	<b>-</b>	<b>230</b>
<p><b>Human Resources</b></p> <p>The service area is responsible for enabling and supporting the organisation to attract, recruit, retain and develop a skilled and high performing workforce committed to helping the Council achieve its outcomes.</p> <p><b>Net Budget</b> £2.6m</p> <p><b>Proposed Cuts</b> £156k, representing 6% of the net budget</p>					

Division	Ref	Proposals	2019/20	2020/21	Total
			£'000	£'000	£'000
	RES10	Cease graduate programme	78	78	156
		<b>Subtotal</b>	<b>78</b>	<b>78</b>	<b>156</b>
<b>Planning</b>					
The service area is responsible for ensuring that the development and use of land in the long term public interest are achieved through a positive and proactive approach to shaping, considering, determining and delivering development proposals.					
<b>Net Budget</b> £0.7m					
<b>Proposed Cuts</b> £100k, representing 14% of the net budget					
	RES11	Increase in pre-application fees	50	50	100
		<b>Subtotal</b>	<b>50</b>	<b>50</b>	<b>100</b>
<b>Regeneration and Place</b>					
The service area works to renew the physical fabric of the borough sustainably, and enhance the overall economic well-being of Lewisham through programme management capital delivery; school place expansion programme; town centre regeneration; asset strategy; contract management; maintenance of the corporate estate (including investment assets); and Transport (including highways improvement and lighting).					
<b>Net Budget</b> £7.4m					
<b>Proposed Cuts</b> £1.7m, representing 23% of the net budget					
	RES12	Catford complex office rationalisation	-	250	250
	RES13	Reduction in Business Rates for the Corporate Estate	-	100	100
	RES14	Corporate Estate Facilities Management Contract Insourcing	100	100	200
	RES15	Commercial Estate Growth		500	500
	RES16	Commercial Property Investment Acquisitions	140	140	280
	RES17	Beckenham Place Park – income generation	28	105	133
	RES18	Electric Vehicle charging points	50	50	100
	RES19	School crossing patrol		160	160
		<b>Subtotal</b>	<b>318</b>	<b>1,405</b>	<b>1,723</b>
<b>Resources and Regeneration Total</b>		<b>Total</b>	<b>856</b>	<b>2,309</b>	<b>3,165</b>

## 10. TIMETABLE

- 10.1. The key dates for considering this cuts report via scrutiny and Mayor and Cabinet (M&C) are as follows:

Review of budget cuts proposals	Healthier	Children & Young People	Sustainable	Housing	Safer Stronger	Public Accounts
Select Ctte.	9 Oct	17 Oct	29 Oct	31 Oct	5 Nov	7 Nov
M&C	21 November					

- 10.2. The M&C decisions are then subject to the usual Business Panel scrutiny call in process and reconsideration at the following M&C if necessary. The M&C report will be presented to the Overview and Scrutiny Business Panel on the 4 December 2018.
- 10.3. If required, two more cuts rounds can be taken through the decision process, still with the possibility (if no consultation required) of achieving a full-year effect of cuts in 2019/20. The key dates for these rounds are as follows:

Review of Cuts proposals	Healthier Communities	Children & Young People	Sustainable Development	Housing	Public Accounts	Safer Stronger
Select Ctte.	3 Dec	6 Dec	12 Dec	17 Dec	20 Dec	19 Dec
M&C	16 January 2019					
Select Ctte.	16 Jan	24 Jan	30 Jan	31 Jan	5 Feb + Budget	4 Feb
M&C	6 Feb + Budget					

- 10.4. The Overview and Scrutiny Business Panel for these rounds will be 29 January and 19 February respectively.

## 11. FINANCIAL IMPLICATIONS

- 11.1. This report is concerned with the cuts proposals to enable the Council to address the future financial challenges it faces. There are no direct financial implications arising from the report other than those stated in the report and appendices itself.

## **12. LEGAL IMPLICATIONS**

### **Statutory duties**

- 12.1. The Council has a variety of statutory duties which it must fulfil by law. The Council cannot lawfully decide not to carry out those duties. Even where there is a statutory duty there is often a discretion about the level of service provision. Where there is an impact on statutory duty that is identified in the report. In other instances, the Council provides services in pursuit of a statutory power, rather than a duty, and though not bound to carry out those activities, decisions about them must be taken in accordance with the decision making requirements of administrative law.

### **Reasonableness and proper process**

- 12.2. Decisions must be made reasonably taking into account all relevant considerations and disregarding all irrelevant matters. These are particular to the service reductions proposed and are set out in the body of the report. It is also imperative that decisions are taken following proper process. Depending on the particular service concerned, this may be set down in statute, though not all legal requirements are set down in legislation. For example, depending on the service, there may be a need to consult with service users and/or others and where this is the case, any proposals in this report must remain proposals unless and until that consultation is carried out and the responses brought back in a further report for consideration with an open mind before any decision is made. Whether or not consultation is required, any decision to discontinue a service would require appropriate notice. If the Council has published a procedure for handling service reductions, there would be a legitimate expectation that such procedure will be followed.

### **Staffing reductions**

- 12.3. If service reductions would result in redundancy, then the Council's usual redundancy and redeployment procedure would apply. If proposals would result in more than 20 but fewer than 100 redundancies in any 90 day period, there would be a requirement to consult for a period of 30 days with trade unions under Section 188 Trade Union and Labour Relations (consolidation) Act 1992. The consultation period increases to 45 days if the numbers are 100 or more. This consultation is in addition to the consultation required with the individual employees. If a proposal entails a service re-organisation, decisions in this respect will be taken by officers in accordance with the Council's re-organisation procedures.

### **Equalities Legislation**

- 12.4. 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.

- 12.5. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
- 12.6. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed in the paragraph above.
- 12.7. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 12.8. The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:  
<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>
- 12.9. <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>
- 12.10. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
- The essential guide to the public sector equality duty.
  - Meeting the equality duty in policy and decision-making.
  - Engagement and the equality duty: A guide for public authorities.
  - Objectives and the equality duty. A guide for public authorities.
  - Equality Information and the Equality Duty: A Guide for Public Authorities.

- 12.11. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:  
<https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>
- 12.12. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”.<https://www.equalityhumanrights.com/en/advice-and-guidance/making-fair-financial-decisions>. It appears at Appendix ix and attention is drawn to its contents.
- 12.13. The equalities implications pertaining to the specific service reductions are particular to the specific reduction.
- 12.14. Members are reminded that the overall equalities in respect of these cuts and the other scrutinised and presented to Mayor & Cabinet in September 2015 were considered through the individual proposals and overall. Appendix xi presents that information for ease of reference.

### **The Human Rights Act**

- 12.15. Since the introduction of the Human Rights Act 1998 (HRA) the rights set out in the European Convention on Human Rights (ECHR) have been incorporated into UK law and can be enforced in the UK courts without recourse to the European courts.
- 12.16. Those articles which are particularly relevant in to public services are as follows:-
- |            |   |   |
|------------|---|---|
| Article 2  | - | the right to life   |
| Article 3  | - | the right not to be subject to inhuman or degrading treatment   |
| Article 5  | - | the right to security of the person                             |
| Article 6  | - | the right to a fair trial                                       |
| Article 8  | - | the right to a private and family life, home and correspondence |
| Article 9  | - | the right to freedom of thought, conscience and religion        |
| Article 10 | - | the right to freedom of expression                              |
| Article 11 | - | the right to peaceful assembly                                  |
| Article 14 | - | the right not to be discriminated against on any ground         |
- The first protocol to the ECHR added
- |           |   |   |
|-----------|---|---|
| Article 1 | - | the right to peaceful enjoyment of property |
| Article 2 | - | the right to education                      |
- 12.17. Some of these rights are unconditional, such as the right not to be tortured or subject to degrading treatment. Others may be limited in finite and well

defined circumstances (such as the right to liberty. Others are qualified and must be balanced against the need of the wider community – such as the right to a private and family life. Where there are human rights implications associated with the proposals in this report regard must be had to them before making any decision.

### **Crime and Disorder**

12.18. Section 17 of the Crime and Disorder Act 1998 requires the Council to have regard to the likely effect on crime and disorder when it exercises its functions, and the need to do all that it reasonably can to prevent crime and disorder in its area.

### **Best value**

12.19. The Council remains under a duty under Section 3 Local Government Act 1999 to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. It must have regard to this duty in making decisions in respect of this report.

### **Environmental implications**

12.20. Section 40 Natural Environment and Rural Communities Act 2006 states that “every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions to the purpose of conserving biodiversity”. No such implications have been identified in this report.

### **Specific legal implications**

12.21. Members’ attention is drawn to the specific legal implications arising in relation to particular proposals set out in the relevant proforma in Appendices 1 to 4 of this report.

### **Equalities Implications**

12.22. Each budget cut proposal reviews the potential equalities implications for those impacted. In this case, they are mainly all Low or Not Applicable (N/A). There are seven exceptions, four high and three medium.

12.23. The assessed medium impacts are in respect of the following:

- Com9, cut to intensive housing advice and support service,
- Res4, the policy, service design and intelligence – reduction in staffing proposal, and;
- Cus9, cost reductions in homelessness provision – income generation and net budget reductions, Cus9.

- 12.24. The equality implications assessed as high are as follows:
- Com8, Change in the public engagement responsibilities for air quality and dedicated funding,
  - Com10, Crime, Enforcement & Regulation reorganisation
  - Com11, Hub Libraries cuts to staffed opening hours; and
  - Com12, Cut to Main Grants budget

12.25. Subject to being agreed, these assessments will be kept under review as the cuts to services are implemented.

### 13. CONCLUSION

13.1. The Council expects to need to make further cuts between now and 2020/21 as the resources available to run services continue to be reduced and because insufficient budget reductions have been identified to date. This results in the Council having to use its reserves when setting the budget. This is not sustainable as reserves are only available on a once off basis.

13.2. The expected amount and timing of the cuts for 2019/20 and future years has been detailed above. However, the definitive position is dependent on the Autumn Budget and Local Government Finance Settlement due in November and December respectively.

### 14. BACKGROUND DOCUMENTS AND FURTHER INFORMATION

Short Title of Report	Date	Contact
Medium Term Financial Strategy <a href="http://councilmeetings.lewisham.gov.uk/documents/s58239/Medium%20Term%20Financial%20Strategy%202019-20.pdf">http://councilmeetings.lewisham.gov.uk/documents/s58239/Medium%20Term%20Financial%20Strategy%202019-20.pdf</a>	July 2018	David Austin
Budget 2018/19 <a href="http://councilmeetings.lewisham.gov.uk/documents/s55304/2018%2019%20Budget.pdf">http://councilmeetings.lewisham.gov.uk/documents/s55304/2018%2019%20Budget.pdf</a>	February 2018	David Austin

#### Appendices

1. Children and Young People Budget Cuts Proposals
2. Community Services Budget Cuts Proposals
- 2b. The Cost of Adult Social Care
3. Customer Services Budget Cuts Proposals
4. Resources and Regeneration Budget Cuts Proposals
5. Corporate Savings Principles
6. Making Fair Financial Decisions Guidance
7. Policy and Equalities Analysis
8. Summary of Cuts proposals

For further information on this report, please contact:  
David Austin, Head of Corporate Resources on 020 8314 9114