

| PUBLIC ACCOUNTS SELECT COMMITTEE | | | |
|---|----------------------------------|-----------------|---------------|
| REPORT TITLE | Financial Forecasts 2018/19 | | |
| KEY DECISION | No | Item No. | |
| WARD | N/A | | |
| CONTRIBUTORS | Executive Director for Resources | | |
| CLASS | Part 1 | Date | 20 March 2019 |

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the financial forecasts for 2018/19 as at 31 January 2019. The key areas to note are as follows:
- i. There is a forecast overspend of £9.9m against the directorates' net general fund revenue budget as at the end of January 2019. As highlighted in previous reports, this is after the application of £6m to support the Children's Social Care base budget. This is set out in more detail in sections five to nine of this report. The position as at the end of January 2019 compares to a projected year outturn position of £10.4m as at the end of November 2018.
 - ii. The Dedicated Schools Grant (DSG) is expected to balance at the year end. It is expected that there will be 14 schools that will have a licensed deficit. This is set out in more detail in section 11 of this report.
 - iii. The Housing Revenue Account (HRA) continues to project an additional surplus of £2.8m, in addition to the £6.4m budgeted surplus that is forecast to be transferred to reserves at year-end (which creates a balanced budget for the year). This remains unchanged from the position reported to the end of May 2018. This is set out in more detail in section 12 of this report.
 - iv. As at 31 January 2019, some 82.4% of council tax due and 91.9% of business rates due had been collected. At this point last year, 82.7% of council tax due and 91.3% of business rates due had been collected. This is set out in more detail in section 13 of this report.
 - v. The Capital Programme spend as at 31 January 2019 is £53.5m, which is 61% of the revised budget of £87.3m. The capital expenditure up to month 10 in the last financial year was £64.2m, which was 63% of the revised budget of £102.4m, with the final outturn being 86% (£87.0m) of the revised budget of £100.7m.

2. PURPOSE

- 2.1 The purpose of this report is set out the financial forecasts for 2018/19 as at the end of January 2019, projected to the year end. This report provides a direct comparison to the position reported to the end of November 2018.

3. RECOMMENDATIONS

- 3.1 The members of the Executive Management Team are recommended to:
- 3.1.1 Note the current financial forecasts for the year ending 31 March 2019 and the action being taken by the Executive Directors to manage down the forecasted year-end overspend.

4. POLICY CONTEXT

- 4.1 The Corporate Strategy 2018-2022 sets out how the Council plans to deliver for residents over the next four years. The corporate priorities identified within the Corporate Strategy are:
- Open Lewisham
 - Tackling the housing crisis
 - Giving children and young people the best start in life
 - Building an inclusive local economy
 - Delivering and defending: health, social care and support
 - Making Lewisham greener
 - Building safer communities
- 4.2 Reporting financial results in a clear and meaningful format contributes to the Council's priorities and commitment to openness and accountability, efficiency, effectiveness and equity.
- 4.3 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 borough's residents.

5. DIRECTORATE FORECAST OUTTURN

- 5.1 The Oracle system's budget monitoring tool entitled 'planning and budgeting cloud service' (PBCS) is now fully available for use by budget holders. Alongside the systems integrator, the finance team continues to provide further support and training to budget holders on use of the PBCS system.
- 5.2 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a forecast year end overspend of £9.9m is being reported as at the end of January 2019, after the application of resources held corporately and the use of reserves. This compares to the £10.4m forecast overspend reported to the end of November 2018 and represents an improvement in the monitoring position by £0.5m.

Table 1 – Overall Directorate position for 2018/19

| Directorate | Gross budgeted spend | Gross budgeted income | Net budget 2018/19 | Variance Jan 2019 | Variance Nov 2018 |
|---------------------------------|----------------------|-----------------------|--------------------|-------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Children & Young People (1) (2) | 71.3 | (16.6) | 54.7 | 9.6 | 9.6 |
| Community Services | 172.2 | (81.3) | 90.9 | (1.9) | (0.9) |
| Customer Services (3) | 99.7 | (57.3) | 42.4 | 2.5 | 1.8 |
| Resources & Regeneration | 76.7 | (51.2) | 25.5 | (0.3) | (0.1) |
| Directorate Totals | 419.9 | (206.4) | 213.5 | 9.9 | 10.4 |
| Corporate Budgets | 27.9 | 0.0 | 27.9 | 0.0 | 0.0 |
| Net Revenue Budget | 447.8 | (206.4) | 241.4 | 9.9 | 10.4 |

(1) – gross figures exclude £290m Dedicated Schools' Grant expenditure and matching grant income

(2) – £6m has been applied to Children's Social Care in its entirety. It commits the remaining £1.7m of the 2018/19 risk and other budget pressures and draws £4.3m from reserves in advance of the proposed commitment from the 2019/20 budget for risks and other pressures.

(3) – gross figures exclude approximately £213m of matching income and expenditure for housing benefits

- 5.4 Officers are continually seeking to identify ways to manage down overspending budgets, but it is unlikely that this will be sufficient to balance the budget in this financial year. Furthermore, delivering a large package of revenue budget savings for 2018/19 is managerially complex and challenging. There is an inherent risk that some savings will be delivered later than planned, which would result in overspends within the year. As a result, officers will continue to focus on monitoring the progress of savings being implemented.
- 5.5 The table below sets out the proportion of agreed revenue budget savings to be delivered during the course of the year. Any variances are included in the overall forecasts shown in the table above.

Table 2 – Progress of 2018/19 savings

| Ref. | Saving | 2018/19 £'000 | Update at January 2019 |
|----------|---|------------------|--|
| A | Smarter & deeper integration of social care & health | | |
| A19 | Workforce productivity from better technology | 300 | Ongoing IT work on LAS liquid logic system. Will be met with risk of any shortfall covered by iBCF in 2018/19. |
| | Total | 300 | |
| B | Supporting People | | |
| B4 | Service economy rental income | 70 | Delivered |
| | Total | 70 | |

| Ref. | Saving | 2018/19 £'000 | Update at January 2019 |
|----------|--|------------------|---|
| D | Efficiently review | | |
| D2 | Corporate efficiency from Unallocated inflation | 1,000 | Delivered via cash limits set for 18/19 |
| | Total | 1,000 | |
| E | Asset Optimisation | | |
| E8 | Income from Private Rented Scheme (PRS) Joint Venture | 500 | In progress – Besson St contract signed |
| | Total | 500 | |
| I | Management and Corporate Overheads | | |
| I12 | Administrative budgets | 20 | Delivered |
| I13 | Finance function efficiencies through the implementation of Oracle Cloud | 200 | In progress – Oracle Cloud system now live for finance. HR & Payroll due April 2019 |
| I14 | Loss of seconded Police Officer to Counter Fraud team | 70 | Delivered |
| I15 | Balance sheet review of accounting policies | 1,000 | Subject to external independent review |
| | Total | 1,290 | |
| J | School Effectiveness | | |
| J18 | Statutory functions of School Effectiveness | 366 | Delivered as part of SLA agreements with schools for 2018/19 |
| | Total | 366 | |
| K | Statutory functions of School Effectiveness | | |
| K5 | Problem solving crime reduction | 30 | Delivered |
| | Total | 30 | |
| L | Culture and Community Services | | |
| L8 | Facilities management - retender of contract for Deptford Lounge | 130 | Delivered – Albany successful and managing this site. |
| | Total | 130 | |
| M | Housing strategy and non-HRA funded services | | |
| M8 | Reduced costs of providing nightly paid accommodation | 250 | On track to be delivered but at risk of demand pressures |
| | Total | 250 | |

| Ref. | Saving | 2018/19 £'000 | Update at January 2019 |
|----------|--|------------------|---|
| O | Public Services | | |
| O5 | Council Tax single person discount review | 500 | Delivered through data matching work |
| | Total | 500 | |
| P | Planning and Economic Development | | |
| P3 | Planning savings | 270 | In progress – subject to development demand to sustain income levels |
| | Total | 270 | |
| Q | Safeguarding and Early Intervention | | |
| Q6 | Developing alternative pathways for care | 100 | Savings delivered in housing costs for care leavers but offset by large overspend on placements budget from increased numbers in residential placements |
| Q7 | Review of Lewisham CAMHS | 50 | On hold |
| | Total | 150 | |
| | Grand Total (excluding Q7 CAMHS) | 4,806 | |

- 5.6 For the majority of the revenue budget savings, some £3.186m have either been delivered already or are expected to be delivered in full by the end of the financial year.
- 5.7 The saving which pertains to the finance function efficiencies through the implementation of Oracle Cloud (£200k) may only deliver a part year-effect in 2018/19. Furthermore, delays to developing alternative pathways to care could mean that this savings of (£100k) is not delivered in full in 2018/19. There is one further saving which relates to the review of Lewisham CAMHS of (£50k) which will not be progressing at all.

6. CHILDREN AND YOUNG PEOPLE'S SERVICES

- 6.1 As at the end of January 2019, the Children and Young People's directorate is forecasting a £9.6m overspend. The position remains unchanged from the variance reported to the end of November 2018. Members should note that this comes after an agreed injection of £6m to the Children's Social Care base budget approved by Mayor & Cabinet.

Table 3 – Children & Young People Directorate

| Service Area | Gross budgeted spend | Gross budgeted income – including grants* | Net budget | Forecast over/ (under) spend Jan 2019 | Forecast over/ (under) spend Nov 2018 |
|---|----------------------|---|-------------|---------------------------------------|---------------------------------------|
| | £m | £m | £m | £m | £m |
| Children's Social Care – includes No Recourse to Public Funds | 52.8 | (5.1) | 47.7 | 6.9 | 6.9 |
| Education, Standards and Inclusion | 1.8 | (1.4) | 0.4 | (0.1) | (0.1) |
| Targeted Services and Joint Commissioning | 21.0 | (8.4) | 12.6 | 2.8 | 2.8 |
| Schools | 0.0 | (1.7) | (1.7) | 0.0 | 0.0 |
| CYP Reserve | (4.3) | 0.0 | (4.3) | 0.0 | 0.0 |
| Total | 71.3 | (16.6) | 54.7 | 9.6 | 9.6 |

* The government grants include the Adoption Reform Grant, SEND reform grant and Troubled Families grant

- 6.2 The full year projection of the Children's Social Care spend has not changed since the last report. The numbers of children placed in residential, local authority fostering and agency fostering has increased by 38 compared with the same time in the previous year. Since July, the projections for placements and staffing projections have continued at previously forecasted levels.
- 6.3 The most significant cost pressures for the directorate fall within the *children's social care* division, which amounts to £6.9m. The key issues relating to the directorate's budget pressures have been set out in the following paragraphs.
- 6.4 With the injection of the £6m budget approved by M&C for Children Social Care, the Residential placement budget for *looked after children* is currently forecast to overspend by £0.3m and budget for independent fostering is also overspent by £0.5m although the unit costs and numbers in independent fostering are not out of line with other boroughs. The semi-independent placements are forecast to overspend by £0.3m, for placements of 40 young people. Special Guardianship orders (SGO), which are a rising cost with an increasing number of children being placed with family members, are set to overspend by £0.2m. Local authority fostering is in addition overspent by £0.6m as placements have increased by 21 since the start of the year. The placements budget is the primary focus of the Children's Social Care Improvement Programme, which commenced with the Placements Team being transferred into the Commissioning Team in order to strengthen gatekeeping, decision-making and to introduce more pro-active management of the local market.

- 6.5 Table 4 sets out the current trend of weekly unit costs and client numbers for the key placement types in this service area. The unit cost information set out in the table above, demonstrates the importance of reducing, both through alternative high quality provision and through earlier intervention, use of residential placements as these are extremely costly, with significant shortages in the regional and national market.

Table 4 – Client Numbers and Costs

| Placement Type | Weekly Unit Costs | | | |
|---------------------------|-------------------|--------------|--------------|--------------|
| | Nov 2018 (£) | Dec 2018 (£) | Jan 2019 (£) | Jan 2018 (£) |
| Local Authority Fostering | 440 | 440 | 440 | 454 |
| Agency Fostering | 912 | 907 | 907 | 901 |
| Residential Placement | 3,700 | 3,581 | 3,581 | 3,771 |
| Semi-Independent | 1,568 | 1,644 | 1,644 | 1,274 |
| SGOs | 160 | 160 | 160 | 134 |

| | Nov 2018 | Dec 2018 | Jan 2019 | Jan 2018 |
|---------------------------|------------|------------|------------|------------|
| Local Authority Fostering | 200 | 200 | 199 | 171 |
| Agency Fostering | 188 | 188 | 193 | 190 |
| Residential Placement | 50 | 50 | 50 | 43 |
| Semi-Independent | 44 | 40 | 39 | 40 |
| SGOs | 210 | 210 | 210 | 187 |
| Total | 692 | 688 | 691 | 631 |

- 6.6 Another major area of pressure within CYP is spend on staffing. Currently, the forecast is estimated at £3.9m overspend, which represents a reduction of £0.2m on the position reported at the end of November. Current data shows over 30% of staff in Children’s Social Care are agency staff. This is higher than the service aims for (maximum 10%) but mid-table for London.
- 6.6.1 There has been an issue around clarity of establishment and alignment between the budget and the establishment. This is the second urgent focus of the Children’s Social Care Improvement Programme which is re-base lining the establishment and working to match the budget against it. The caseloads of social workers are constantly monitored and are appropriate (recently endorsed by Ofsted).
- 6.6.2 The savings target for 2018/19 of £466k is expected to be fully met. However, slippages in historic savings are a factor in current in-year pressures.
- 6.6.3 As set out in detail in section 5, Members should note that the corporate allocation of £6m has been applied to the children’s social care budget in its entirety and has the impact of reducing the projected year-end variance down from £12.9m to £6.9m for 2018/19.

6.7 The Targeted Services and Joint Commissioning Division is forecast to overspend by £2.8m, which is unchanged from the position reported to the end of July 2018. Last year, the outturn, before the use of reserves was £4.3m for the service. The main pressure area is SEND Transport £2.0m. Work has been done to reduce demand and the percentage of children with EHCPs on transport compares well in London. However, overall numbers of EHCPs has increased by 242 since the January 2018 census to 2,259 and continues to do so. In addition, the reduced use of buses by adults' services has increased unit costs for children's transport because of increased down time. A review is being undertaken, following an initiative in LB Hillingdon which has realised large scale savings in SEND transport.

6.7.1 In addition, the budget for the Youth services does not match the value of the contract, creating a £600k overspend. The early help offer for families is funded exclusively from the Troubled Families (TF) Grant (attachment fees and payment by results). Although our TF claims are at the level expected by MHCLG, the income is £1.0m short of the expenditure on the early help offer and it relates to an unachievable savings income set up in 2015/16.

6.7.2 The Education psychologists' budget is forecast to overspend by £200k compared to £700k last year. Budget growth was awarded to reflect increased spending, pressure due to the demand for Education Health and Care Plans (EHCP), to reflect the doubling in the number of EHCPs and the pressure to complete within statutory timescales. The budget continues to overspend to meet demand but is subject to a comprehensive review to further benchmark spend and caseloads.

7. COMMUNITY SERVICES

7.1 As at the end of January 2019, the Community Services directorate is forecasting an underspend of £1.9m, which represents a £1m increase on the position reported to the end of November 2018. At the same time last year, the year-end forecast was an overspend of £1.2m with the actual year-end outturn being an underspend of £0.9m.

Table 5 – Community Services Directorate

| Service Area | Gross budgeted spend | Gross budgeted income | Net budget | Forecast over/ (under) spend Jan 2019 | Forecast over/ (under) spend Nov 2018 |
|-------------------------------------|----------------------|-----------------------|-------------|---------------------------------------|---------------------------------------|
| | £m | £m | £m | £m | £m |
| Adult Services Division | 120.7 | (49.5) | 71.2 | (0.9) | (0.2) |
| Cultural and Community Development | 16.7 | (7.5) | 9.2 | 0.0 | 0.1 |
| Public Health | 15.4 | (16.1) | (0.7) | (0.4) | (0.4) |
| Crime Reduction & Supporting People | 18.1 | (8.2) | 10.1 | (0.5) | (0.2) |
| Strategy & Performance | 1.3 | (0.0) | 1.3 | (0.1) | (0.1) |
| Reserves | 0.0 | 0.0 | (0.2) | (0.0) | (0.1) |
| Total | 172.2 | (81.3) | 90.9 | (1.9) | (0.9) |

- 7.2 For the new savings totalling £0.9m for 2018/19, achievement is predicted to be £0.6m. The one area of slippage is on staffing budgets in adult social care where there will only be a part-year effect.
- 7.3 The *adult services* division is forecast to underspend by £0.9m. At the same time last year an overspend of £1.7m was projected. The final outturn for 2017/18 was £0.8m.
- 7.3.1 Budgets have been supplemented in 2018/19 by increases in Improved Better Care Fund (iBCF) and by a 1% precept. Most of the additional funding has been used to fund increases in home care and residential/nursing budgets to reflect, respectively, increases in London Living Wage and National Living Wage. Additionally, transitions from Children's Services are expected to increase adult social care costs by £0.7m. This cost, along with demographic pressures for other client groups, is funded through the iBCF, as is the financial impact of earlier discharges from hospital. Additionally, the Council has been allocated £1.4m of the £240m national Winter Pressures funding. Plans for the use of this are being developed. Part will be used to develop and fund new initiatives to support hospital discharges, but part will be available to fund existing pressures. The monitoring position reported here assumes that £0.9m is used to fund existing spend.
- 7.3.2 Overall, staffing budgets are projected to overspend by £1.3m, with the largest pressures (£0.6m) being on budgets for Deprivation of Liberties Safeguards (DOLS) although compensating savings are projected on package and placement budgets.
- 7.3.3 Budgets for fees and charges are expected to be fully achieved, a significant improvement on 2017/18 following an exercise to bring financial assessments and charges up to date.
- 7.3.4 The projection assumes further spend on system improvements of £200k from the £855k Adult Social Care Support Grant. It also reflects the likely spend against the new funding for winter pressures announced this autumn. Finally, the increased underspend reflects revised assumptions on the level of recovery of unspent funds from recipients of direct payments.
- 7.4 The cultural and community services division is forecasting no overall variance.
- 7.4.1 There is a projected overspend on the Community Centres budget of £143k. A review was undertaken of the facilities management arrangements for the seven buildings directly managed by the Community Resources Team in order to deliver a full year saving of £70k for the 2017/18 financial year. This work included the option to outsource management functions to a third party provider with experience in either managing community facilities or to a social housing provider. Changes and delays in the implementation of this work coupled with a loss of income from the closure of several building during 2016/17 following the implementation of voluntary sector accommodation plan and additional running costs relating to the community hubs have all contributed to an underlying budget pressure. There have been delays in finalising a number of outstanding commercial rent agreements which are still in the process of being agreed with occupants of both the Sydenham and Leemore community hubs and this has impacted on the 2018/19 income position. In addition, work is progressing to transfer a further five community centres to Lewisham Homes early in 2019.

- 7.4.2 There is an overall net pressure on the Libraries Service which totals £84k. There will be an overspend of up to £100k in the Libraries Service resulting from LB Lewisham's agreed contribution to London Libraries Consortium (LLC) for the implementation of the new Libraries Services platform. An earmarked reserve of £80k had originally been requested against the 2017/18 underspend on the Libraries Service budget to mitigate this pressure. However, this carry forward request was not approved and this commitment has therefore had to be fully funded from the 2018/19 revenue budget. There is a further pressure of £35k which has resulted from the need to put additional security in place at Lewisham Library during operating hours following an incident at the Library. These two pressures are currently offset by underspends on staffing and other operational budgets.
- 7.4.3 There is a total projected underspend of £251k across the *Leisure Management* budget. A net underspend of £130k has resulted from a change in the accounting treatment for the budgeted contribution to the Discretionary Rate Relief Pool. This cost will now fall on the Collection Fund rather than on the revenue budget. In addition, there is an underspend of £113k on the Downham PFI unitary charge payment for 2018/19 which has resulted from a retrospective adjustment to the contract payments due under the PFI agreement for 2018/19. Smaller variances on client budgets make up the rest of the underspend.
- 7.4.4 The previously projected overspend on the Local Assemblies Devolved budget will now be covered by a budgeted drawdown from earmarked reserves of £45k. There is also a projected overspend on the Broadway Theatre budget of £83k which has resulted primarily from additional costs incurred on the Pantomime season which will not be covered from the income generated from the event.
- 7.4.5 Smaller overspends are projected on the *Community Sector Grant* Programme of £21k due to lost CCG funding, £17k on the *Deptford Lounge* budget as a result of once of costs relating to the implementation of the new management contract. A projected underspend of £116k on the *culture and community development* staffing resulting from a combination of staff turnover and vacancies will help to mitigate the divisional overspend position. The cost of the Adult Learning Lewisham (ALL) Service is currently expected to be fully externally funded from a combination of grant from the Education & Skills Funding Agency and student fee income.
- 7.5 An underspend of £0.4m is projected on the *public health* budget reflecting early achievement of savings.
- 7.6 The *crime reduction and supporting people* division is now projecting a forecast underspend of £0.5m for 2018/19. The initial budget pressure of £100k across the Division that was created following the transfer of Business Support staff from Customer Services has been absorbed within the overall position for the Division.
- 7.6.1 There is a projected underspend of £177k on the budget for secure remand placements. This has resulted from a combination of an increase in the level of government grant funding received from the Ministry of Justice for 2018/19 and the level of remand placements required by the courts continuing to be exceptionally low for the year to date. Historically, Secure Remand Placements can be a volatile area of spend as they are dependent on the age/vulnerability of the young person and the nature and severity of the offence that has been committed. The final decision on the nature and length of remand being made in the operation of the court process.

- 7.6.2 Despite budget pressures funding of £250k for 2018/19, there is still a projected pressure of £69k on the core staffing and operational budget for the *youth offending service* in 2018/19. This cost pressure follows the adverse service inspection by the Youth Justice Board, this resulted in a 'new' staffing structure being put in place to address the issues raised and to implement the HM Inspectorate of Prisons improvement plan.
- 7.6.3 There are further underspends on *environmental health* of £100k (staffing & income), the *prevention & inclusion team* of £148k (staffing), the *supporting people* budget of £59k (contract savings) and the *drug & alcohol* budget of £58k (operational marketing & publicity budgets). The *crime enforcement & regulation service* has a projected underspend of £97k resulting from an underspend on staffing budgets offset by pressures on licensing income/legal costs. These underspends are partially offset by a budget pressure of £59k on the CCTV service due to increased equipment & maintenance costs.
- 7.7 The *strategy and performance* service which included the directorate management team budget is projected to underspend by £0.1m.
- 7.8 There is no longer a projected variance shown against Community Services Reserves. An income budget has now been put in place to cover the drawdown from earmarked Reserves in respect of the Violence Against Women & Girls (VAWG) contract in the Supporting People Programme under Crime Reduction & SP Division (£119.5k) and the Local Assemblies Devolved budget under Cultural and Community Services Division (£45k) - this income is matched against expenditure budgets in the relevant service area.

8. CUSTOMER SERVICES

- 8.1 As at the end of January 2019, the Customer Services directorate is forecasting an overspend of £2.5m. At the same time last year, the year-end forecast was an overspend of £4.6m with the actual year-end outturn being an overspend of £5m.

Table 6 – Customer Services Directorate

| Service Area | Gross budgeted spend | Gross budgeted income | Net budget | Forecast over/ (under) spend Jan 2019 | Forecast over/ (under) spend Nov 2018 |
|-----------------------|----------------------|-----------------------|-------------|---------------------------------------|---------------------------------------|
| | £m | £m | £m | £m | £m |
| Strategic Housing | 28.8 | (23.2) | 5.6 | - | - |
| Environment | 37.0 | (16.8) | 20.2 | 0.9 | 0.9 |
| Public Services* | 28.9 | (17.3) | 11.6 | 0.3 | (0.3) |
| Technology and Change | 5.0 | 0 | 5.0 | 1.3 | 1.2 |
| Total | 99.7 | (57.3) | 42.4 | 2.5 | 1.8 |

* excludes £213m of matching income and expenditure in respect of housing benefits.

- 8.2 The *Strategic Housing* service is forecasting spend to budget for 2018/19. It should be noted that Tidemill security costs have not been reflected in the forecast for the service. These costs are expected to be in the region of £1.5m for the year. It had been anticipated that these costs could be capitalised, but it's been confirmed that the nature of these costs are not permissible for capitalisation purposes and are expected to be covered through the use of revenue reserves held corporately.
- 8.2.1 An overspend of £0.3m is forecast for the housing partnership and development area of the service, due to staffing costs for projects in the *housing strategy* team. The team is implementing a number of initiatives to increase the supply of affordable housing, manage the demand for homelessness provision through prevention work and increase the use of alternative provision to expensive nightly paid accommodation (expecting a cost reduction of £0.4m in the year) and create income generating schemes.
- 8.2.2 *Housing needs* is forecasting an underspend of £0.6m. A favourable variance of £0.4m is anticipated for bed and breakfast accommodation, predominately from a reduction in rents payable, as the service is gradually reducing the use of nightly paid accommodation by finding alternative provision at a cheaper rate. In addition, unbudgeted grant income of £0.6m is expected, partially offset by a reduction in rental income of £0.3m, following the move away from bed and breakfast accommodation to increased use of private sector landlords.
- 8.2.3 An overspend of £0.3m is expected for the year for *private sector housing*. The incentives paid to landlords is a means of reducing the cost of nightly paid accommodation either by preventing families becoming homeless or retaining PSL landlords. Spend of £0.5m in incentive payments is anticipated this year, which has in the past prevented the service from needing to spend around £1.5m in nightly paid accommodation costs.
- 8.2.4 The *no recourse to public funds* service is expecting to spend to budget. The budget funds the staffing costs of the team only. Other service costs are funded by Children and Young People's Directorate.
- 8.3 The *Environment division* is forecasting an overspend of £0.9m. In 2018/19, additional funding of £0.2m was provided for budget pressures in relation to domestic refuse collection and £0.15m for the shortfall in income from the garden waste subscription service. In addition, further funding for pressures from the costs of waste disposal in the strategic waste management service of £0.2m was allocated to the service.
- 8.3.1 As at the end of January 2019, a net overspend of £0.8m on *refuse services* is projected. The overspends on vehicle costs for refuse services as seen in previous years are not expected to occur at the same level following the purchase of a number new vehicles. However, there are still nine hired in vehicles in use, which is expected to create an overspend position for this year of £0.4m. There is also a shortfall of income projected for *trade refuse* of £0.2m within this overspend, which is in line with the income shortfall in 2017/18. In addition, recycling staff costs are anticipated to exceed the budget by £0.2m.

- 8.3.2 The *passenger services* budget is showing a net nil position for 2018/19. Additional budget funding of £500k was provided to the service for the 2018/19 financial year in order to mitigate a prior year saving allocated to the service. The cost of the service (£3.8m) will be fully recharged to directorates, predominately CYP (for SEN transport) and Community Services. A significant level of cost reductions have been achieved by Passenger Services across the two-year period which follows efforts to reduce demand for the service by both CYP-SEN and Community Services-Adults.
- 8.3.4 *Green scene* is forecasting an overspend of £0.1m in relation to grounds maintenance costs for parks and open spaces and costs of the arborists' service. Additional budget of £0.1m for the year was allocated to the arborist's service, to help alleviate budget pressures from the tree works, to prevent potential insurance and injury claims. Despite the additional funding, an overspend of £0.1m is anticipated across the green scene service area.
- 8.3.5 *Bereavement services* is forecasting an overspend of £0.1m in relation to staffing, grounds maintenance works and charges for the *coroners' court service* with London Borough of Southwark.
- 8.4 The *Public Services division* is forecasting an overspend position of £0.3m at the year-end. For the *revenue services* area, an overspend of £0.4m is anticipated, with £0.2m in the *council tax administration and court grant* area, primarily due to bank charges. A similar position was reported in 2017/18. The *council tax administration team* is anticipated to underspend by £0.1m on staffing costs. An overspend of £0.2m is expected in relation to agency staffing in the *central debtors team* and £0.1m in the *cashiers team*. Underspends for *council tax management* of £0.1m in relation to ICT hardware and other supplies and services. A shortfall income of £0.1m is also anticipated for the *bailiff service*.
- 8.4.1 In the *housing benefits* service area, there is a shortfall of £0.5m between the amount of housing benefit to be paid and the housing benefit subsidy (grant) due from Department for Work and Pensions (DWP) for the year. In 2016/17 and 2017/18, overpayments identified within the benefits system were particularly high, but following initiatives from DWP to detect error and fraud and reduce it, such as Real Time Information (RTI), overpayments of housing benefit were more easily detected and recovery action for these overpayments taken. A reduction in the number of overpayments created is being seen this year, due to changes in claimants' income being available more quickly and therefore a reduction the overpayments to be recouped from claimants has been seen. The impact of the reduction in potential income has been lessened by the forecast reduction in the bad debt provision associated with the reduction in overpayments made. However, a shortfall of £0.5m is nevertheless forecast for the year.
- 8.4.2 Across the service point area, an overspend of £0.3m is forecast, as a result of underachievement of income for business support services of £0.1m, an unfavourable variance for *customer service centre* of £0.1m in relation to agency costs combined with unbudgeted security costs and a shortfall in income for *registrars' service*, £0.1m.

- 8.4.3 The gross costs of the *parking service* are forecast at £1.1m above budget, due to the increase in bank charges arising from the rise in cashless parking charge payments, and an increase in overtime payments for enforcement. This is expected to be offset by a favourable variance of £1.8m from fixed penalty notices and pay and display charges, creating a £0.7m surplus for the parking service.
- 8.4.4 There is also an underspend forecast on *customer services reserves and management team* of £0.2m, relating to a transfer to reserves that is not anticipated to take place in 2018/19, due to the current overspend position.
- 8.5 The *Technology and Change* division is forecasting a £1.3m overspend. Following the notification of additional costs not previously forecast for the shared service, in relation to a service improvement programme, creating need for additional staffing costs and infrastructure related items and for prior year spend which has only recently been advised. In addition, potential telephony credits are not likely to be realised, where contracts with other telephony service providers at a higher rate were not migrated to the current provider, despite a contractual obligation to do so, in order to secure a contract. A forecast overspend of £0.8m is anticipated for the shared service.
- 8.5.1 Historically, the shared services budget has provided funding for the core element of the shared service, but the shared service arrangements include variable elements such as printing and the purchase of IT consumables, which are unbudgeted. In 2016/17, the service delivered budget savings of £1m, primarily through introducing the shared ICT service and reducing the cost of infrastructure contracts. For 2017/18, the division was expected to deliver a further saving of £0.35m, but a reduction in the division's budget, combined with a new pressure from software licences resulted in an outturn position for 2017/18 of £1.3m. Some savings have been made in 2018/19, following the extension of the shared service arrangements to the London Borough of Southwark in late 2017/18, in which the 2018/19 is seeing the full-year effect. However, these savings were lower than estimated, following the introduction of London Borough of Southwark as a partner in the service, rather than a customer of the service.

9. RESOURCES AND REGENERATION

- 9.1 As at the end of January 2019, the Resources and Regeneration directorate is forecasting an underspend of £0.3m. This is an improvement of £0.2m on the position reported as at the end of November 2018. At the same time last year, the year-end forecast was an underspend of £1.1m with the actual year-end outturn being an underspend of £1.9m. The overall position has been set out in Table 7.

Table 7 – Resources and Regeneration Directorate

| Service Area | Gross budgeted spend | Gross budgeted income | Net budget | Forecast over/ (under) spend Jan 2019 | Forecast over/ (under) spend Nov 2018 |
|---------------------------------|----------------------|-----------------------|-------------|---------------------------------------|---------------------------------------|
| | £m | £m | £m | £m | £m |
| Corporate Resources | 5.7 | (3.2) | 2.5 | (0.1) | (0.1) |
| Corporate Policy & Governance | 4.8 | (0.2) | 4.6 | (0.2) | (0.2) |
| Financial Services | 4.5 | (1.5) | 3.0 | 0.1 | 0.1 |
| Organisational Development & HR | 2.8 | (0.3) | 2.5 | (0.1) | (0.1) |
| Legal Services | 3.3 | (0.3) | 3.0 | 0.0 | 0.0 |
| Strategy | 5.0 | (2.8) | 2.2 | (0.2) | (0.2) |
| Planning | 2.6 | (1.9) | 0.7 | (0.2) | 0.0 |
| Regeneration & Place | 48.0 | (40.4) | 7.6 | 0.4 | 0.4 |
| Reserves | 0.0 | (0.6) | (0.6) | 0.0 | 0.0 |
| Total | 76.7 | (51.2) | 25.5 | (0.3) | (0.1) |

- 9.2 The corporate resources division (£0.1m), the corporate policy & governance division (£0.2m) and the strategy division (£0.2m) are forecasting underspends that are mainly due to vacancies. The organisational development and HR division is forecasting an underspend of £0.1m against salaries, income and supplies & services budgets.
- 9.3 The financial services division is forecasting an overspend of £0.1m due to pressures across salaries, supplies & services and income budgets. The *planning* division is forecasting an underspend of £0.2m that is mainly due to high levels of income. There is currently a balanced budget forecast for the *legal services* division.
- 9.4 The *regeneration & place* division is forecasting a net overspend of £0.4m. There are currently budget pressures in relation to a projected income shortfall on commercial rents (£0.3m); a continuing underachievement of budgeted income in relation to the sustainable energy levy (£0.1m) due to reduced energy consumption; utilities costs across the corporate estate (£0.2m) due to price increases; and a continuing pressure in relation to Garages (£0.2m). These pressures are partly offset by underspends forecast in relation to employee costs (£0.2m) due to vacancies; once-off income received in relation to costs incurred on Deptford Wharves CPO (£0.1m); and rental income in relation to the Old Town Hall (£0.1m).

10. CORPORATE PROVISIONS AND USE OF RESERVES

- 10.1 The *corporate financial provisions* include working balances, capital expenditure charged to the revenue account (CERA), and interest on revenue balances. These provisions are not expected to overspend although, with the impact of continued reductions in service budgets, there is ever greater pressure on working balances. Certainty on their outturn only becomes clear towards the end of the financial year.

11. DEDICATED SCHOOLS' GRANT

- 11.1 The Dedicated Schools Grant (DSG) for 2018/19 has provisionally been set by the Department for Education at £292.3m, although this will change during the year to reflect updated pupil numbers at January 2018. Further grants are given to schools and routed through the local authority. These include the pupil premium (£16m), post 16 funding (£8.1m) and the universal free school meals grant (£3m), making total funds of £319m.

Schools

- 11.2 There were nine schools with deficits at the year-end 31 March 2018 totalling £1.5m. It is anticipated that there will be 14 schools in deficit at the end of March 2019. These are not all the same schools as some schools expect to recover their current deficit during 2018/19, but others are projected to go into deficit.
- 11.4 The forecast cumulative revenue balances for the year to 2018/19 is a surplus of £13.9m which represents a reduction of £4.3m to the 2017/18 balance (£18.3m). Approximately 70% of schools are forecasting an in year deficit for 2018/19.
- 11.5 There are nine schools with loans with a total balance of £3m. Of this, seven are secondary schools and two are primary schools. All schools with deficits have a budget recovery plan and work will continue this year to ensure that this is delivered and sustainable.
- 11.6 It should be noted that the central side of the DSG is expected to end the year in balanced budget position.
- 11.7 There is on-going review of High Needs Block (HNB) budget in the DSG. The Council's finance team is working closely with service leads and HNB sub-group to finalise a position post September 2018 when the pupil places numbers will be confirmed.

12. HOUSING REVENUE ACCOUNT

- 12.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2018/19. The balanced HRA budget seen in the table includes a budgeted surplus of £4.0m, which is to be transferred to reserves at year end as a part of the 30-year HRA business plan.
- 12.2 The forecast position for January 2019 is for an additional surplus of £2.8m. There had been no additional surplus reported since the position to the end of May 2018. Within this January position, there is a net increase in expected income of £1.2m due to lower than budgeted void loss.
- 12.3 Bad debt impairments have been revised with a reduction of £1.3m in costs. Energy charges are currently forecasted to budget whilst billing issues relating to the new contract are resolved. However, given the underspend generated in 2017/18, it is expected that this may re-occur in 2018/19.
- 12.4 Repairs & Maintenance (R&M) is forecasting spend to budget. Lewisham Homes is currently reporting potential pressures within the R&M allocations for hostels. However, this is to be reviewed and is expected to be contained within overall allocations.
- 12.5 Major works income forecasts has been reduced to reflect the expected billing activity between February 2019 and the end of March 2019. Lewisham Homes are reporting that the net income of these transactions will be in the region of £2.4m, and, when added to bills raised between April 18 and January 19 will total £3m for the year. This is some £915k below the budgeted level.
- 12.6 The current 30-year HRA financial model has been recently refreshed, with the latest updates for the new build programme, general capital programme, GLA grant and Headroom borrowing bid incorporated into the plans. Budgets will be amended from October 2018 to reflect the latest position.

Table 8 – Housing Revenue Account

| Service Area | Expenditure Budget | Income Budget | 2018/19 budget | Forecast over/ (under) spend Jan 19 | Forecast over/ (under) spend Nov 18 |
|-----------------------------|--------------------|---------------|----------------|-------------------------------------|-------------------------------------|
| | £m | £m | £m | £m | £m |
| Customer Services – Housing | 15.0 | (3.5) | 11.5 | (0.1) | 0 |
| Lewisham Homes & R&M | 37.5 | 0 | 37.5 | 0 | 0 |
| Resources | 1.5 | 0 | 1.5 | 0 | 0 |
| Centrally Managed Budgets | 43.6 | (94.1) | (50.5) | (2.7) | (2.9) |
| Total | 97.6 | (97.6) | 0 | (2.8) | (2.9) |

13. COLLECTION FUND

13.1 As at 31 January 2019, £1111.9m of council tax had been collected. This represents 82.4% of the total amount due for the year of £135.8m. This is below the 'in year' profiled collection rate of 84.3% if the overall target for the year of 96% is to be met. At the same time last year, the collection rate to date was 82.7%.

13.2 Business rates collection is at 91.9%, an increase of 0.6% compared to the same period last year, and 5.02% lower than the profiled collection rate if the overall target rate for the year of 99% is to be achieved.

13.3 The table below shows the business rates cumulative collection rates and values from 2010/11 onwards, up to 31 January 2019:

Cumulative Collection by Year

| As at: | BILL YEAR: | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| April 2018 | Balance o/s | £2,484,433 | £2,654,472 | £2,701,232 | £3,718,574 | £3,830,488 | £4,339,179 | £4,923,074 | £8,086,408 |
| | % collected | 97.39% | 97.25% | 97.26% | 96.56% | 96.45% | 96.11% | 95.80% | 93.82% |
| May 2018 | Balance o/s | £2,478,661 | £2,647,932 | £2,696,690 | £3,706,702 | £3,812,467 | £4,320,694 | £4,872,635 | £7,846,148 |
| | % collected | 97.39% | 97.26% | 97.27% | 96.57% | 96.47% | 96.12% | 95.84% | 94.01% |
| June 2018 | Balance o/s | £2,472,185 | £2,640,695 | £2,689,536 | £3,697,818 | £3,798,824 | £4,294,657 | £4,832,619 | £7,610,060 |
| | % collected | 97.40% | 97.27% | 97.28% | 96.58% | 96.48% | 96.15% | 95.87% | 94.19% |
| July 2018 | Balance o/s | £2,464,493 | £2,633,099 | £2,676,928 | £3,682,038 | £3,777,160 | £4,271,146 | £4,794,367 | £7,376,480 |
| | % collected | 97.41% | 97.27% | 97.29% | 96.59% | 96.50% | 96.17% | 95.91% | 94.37% |
| August 2018 | Balance o/s | £2,460,353 | £2,628,797 | £2,672,572 | £3,669,496 | £3,766,850 | £4,258,220 | £4,754,796 | £7,228,599 |
| | % collected | 97.41% | 97.28% | 97.29% | 96.60% | 96.51% | 96.18% | 95.94% | 94.48% |
| Sept 2018 | Balance o/s | £2,455,020 | £2,622,360 | £2,667,794 | £3,659,588 | £3,753,674 | £4,228,577 | £4,720,917 | £7,097,971 |
| | % collected | 97.42% | 97.28% | 97.30% | 96.61% | 96.52% | 96.21% | 95.97% | 94.58% |
| Oct 2018 | Balance o/s | £2,445,611 | £2,610,498 | £2,658,785 | £3,649,602 | £3,737,412 | £4,193,669 | £4,671,419 | £6,972,595 |
| | % collected | 97.43% | 97.30% | 97.31% | 96.62% | 96.54% | 96.24% | 96.01% | 94.68% |
| Nov 2018 | Balance o/s | £2,442,031 | £2,604,567 | £2,652,292 | £3,639,846 | £3,721,292 | £4,166,314 | £4,633,502 | £6,860,370 |
| | % collected | 97.43% | 97.30% | 97.31% | 96.63% | 96.55% | 96.26% | 96.04% | 94.76% |
| December 2018 | Balance o/s | £2,435,602 | £2,594,010 | £2,645,959 | £3,631,672 | £3,711,302 | £4,153,892 | £4,606,255 | £6,772,856 |
| | % collected | 97.44% | 97.31% | 97.32% | 96.64% | 96.56% | 96.27% | 96.07% | 94.83% |
| January 2019 | Balance o/s | £2,431,796 | £2,586,745 | £2,640,431 | £3,619,807 | £3,698,450 | £4,134,584 | £4,563,107 | £6,638,122 |
| | % collected | 97.44% | 97.32% | 97.32% | 96.65% | 96.57% | 96.29% | 96.10% | 94.93% |

14. CAPITAL EXPENDITURE

14.1 The overall spend to 31 January 2019 is £53.5m, which is 61% of the revised budget of £87.3m. The capital expenditure up to month 10 in the last financial year was £64.2m, which was 63% of the revised budget of £102.4m, with the final outturn being 86% (£87.0m) of the revised budget of £100.7m.

14.2 The table below shows the current position on the major projects in the 2018/19 Capital programme (i.e. those over £1m in 2018/19).

| 2018/19 Capital Programme | Budget Report (February 2018) | Revised Budget (February 2019) | Spend to 31 Jan 2019 | Spent to Date (Revised Budget) |
|--|----------------------------------|-----------------------------------|----------------------------|---|
| | £m | £m | £m | % |
| GENERAL FUND | | | | |
| Schools - Pupil Places Programme | 17.7 | 3.6 | 2.3 | 64% |
| Schools - Other Capital Works | 1.1 | 4.8 | 3.0 | 63% |
| Highways & Bridges – LBL | 3.1 | 3.1 | 2.8 | 90% |
| Highways & Bridges – TfL | 0.0 | 3.8 | 0.8 | 21% |
| Highways & Bridges - Others | 1.1 | 3.4 | 0.8 | 24% |
| Catford town centre | 4.8 | 1.0 | 1.0 | 100% |
| Asset Management Programme | 3.9 | 2.4 | 1.1 | 46% |
| Heathside & Lethbridge Regeneration | 1.1 | 1.1 | 0.1 | 9% |
| Excalibur Regeneration | 0.0 | 2.6 | 0.8 | 31% |
| Lewisham Homes – Property Acquisition | 10.0 | 8.0 | 11.0 | 138% |
| Private Sector Grants and Loans (inc. DFG) | 1.7 | 3.0 | 0.8 | 27% |
| Fleet Replacement Programme | 2.6 | 2.9 | 2.9 | 100% |
| Beckenham Place Park | 5.5 | 3.2 | 3.9 | 122% |
| Smart Working Programme | 2.0 | 1.9 | 1.1 | 58% |
| Edward St. Development | 4.9 | 0.1 | 0.0 | 0% |
| Travellers Site Relocation | 1.1 | 0.0 | 0.0 | 0% |
| ICT Tech Refresh | 0.7 | 1.6 | 0.2 | 13% |
| Other General Fund schemes | 1.9 | 5.6 | 2.1 | 38% |
| TOTAL GENERAL FUND | 63.2 | 52.1 | 34.8 | 67% |
| | | | | |
| HOUSING REVENUE ACCOUNT | | | | |
| Housing Matters Programme | 28.0 | 5.1 | 2.9 | 57% |
| Decent Homes Programme | 43.9 | 29.0 | 15.6 | 54% |
| Other HRA schemes | 0.8 | 1.1 | 0.3 | 27% |
| TOTAL HOUSING REVENUE ACCOUNT | 72.7 | 35.2 | 18.8 | 53% |
| | | | | |
| TOTAL CAPITAL PROGRAMME | 135.9 | 87.3 | 53.5 | 61% |

14.3 The main sources of financing the programme are grants and contributions, and capital receipts from the sale of property assets. Some £29.8m has been received so far this year, comprising £13.0m (net) from Housing Right-To-Buy and other capital receipts and £16.8m of grants and contributions.

- 14.4 The paragraphs below set out further detail regarding the delivery of the Council's major capital schemes:

Highways

- 14.5 During 2018/19, investment from Transport for London (TfL) has been used to deliver major improvements to local streets, as part of the Local Implementation Plan (LIP) programme. This includes the completion of the Deptford High Street scheme, as part of TfL's major schemes programme, and builds on the continued regeneration of the town centre area. It also includes major works in Dartmouth Road (Forest Hill), Baring Road (Grove Park) and Sangley Road (Catford South) to provide improved pedestrian environments, support local businesses, and reduce traffic speeds.
- 14.6 Following the release of a new Mayor's Transport Strategy for London, a thorough review of the Council's LIP transport strategy is now underway, that will consider the Council's investment priorities for highways and transport over the next 5 years. As part of this review, the new strategy will need to consider the implications of cuts to the annual formula grants received from TfL, expected to be over £300,000 a year, as well as a two-year pause on maintenance funding from TfL, at a similar level of reduction. In September 2018, the new strategy was approved in draft by Mayor & Cabinet, and will focus on creating "Healthy Neighbourhoods" that reduce traffic flows, improve air quality, and create better environments for walking and cycling, as well as delivering speed reduction measures that support the Council's Borough-wide 20mph limit.
- 14.7 To offset the annual funding cuts from TfL, the Highways & Transport service continues to have success in bidding for additional funding, including being one of only seven London Boroughs to be awarded Liveable Neighbourhoods funding to deliver "Healthy Streets", as well as the proposed Cycle Superhighway which will run the full length of A200 Evelyn Street.
- 14.8 In addition, the Council continues to invest resources in maintaining its highway assets, most notably through its £3.5million programme of carriageway and footway resurfacing works. The budget for carriageways allows for 60 to 70 roads to be resurfaced each year and, until 2017, the majority of these roads were those in the worst condition and categorised as "Red" - lengths of road in poor overall condition and in need of immediate further engineering assessment with a planned maintenance soon. In 2018 we carried out resurfacing to 67 roads from the Council's programme.
- 14.9 As a result of the resurfacing programme, it is now anticipated that the Council will have repaired all those roads with a Condition Index of "Red" category by early 2019. The focus will now move to works to roads classified with Condition Index of "Amber" (lengths of road where some deterioration is apparent, which should be investigated within one year to determine the optimum time for planned maintenance treatment). Without a planned early intervention within a year or two, could result into further severe defects and move the Condition Index to "Red". Early intervention using appropriate design, based on carriageway coring information and other factors like bus routes, high volume of traffic, usage and environment will result in better value for money. There are still some 386 roads classified as Amber that require essential works and the Council's long-term investment strategy is taking effect as since 2013, the number of annual insurance claims against the Council for carriageway defects has reduced by approximately 50%.

- 14.10 As progress continues on the condition of carriageways, the balance of focus will also move towards the footways programme where there are still approximately 70 roads categorised as Red and the proposal is to carry out essential repairs to at least 10 roads each year.

Schools

Schools - Pupil Places Programme

- 14.11 Since December 2015, the Regeneration and Place Division has been working with colleagues in the Children and Young Peoples Directorate to develop a longer term strategy for the delivery of school places to meet identified needs across the borough and to do so in a sustainable and efficient manner. As part of this, a new cross directorate governance structure has been implemented and a new procurement strategy agreed; utilising two-stage design and build contracts which transfer risk away from the Council to the contractors. As primary place demand has levelled off recently across London, the priority for the programme is Special Educational Need and Disability provision. Four schemes are currently in development stages, two due for completion in 2019 and two by 2020.

Schools – Minor Works Capital Programme

- 14.12 The School Minor Works Programme (SMWP) is an ongoing programme of minor capital works to existing community school buildings, primarily relating to mechanical/electrical infrastructure and building fabric needs. The programme is grant funded by central government and has been consistently delivered on budget.

Early Years Programme

- 14.13 Works have taken place at three nurseries within the borough since 2017, providing additional facilities to enable the delivery of 30 hours free childcare per week, in line with government policy.

Housing Regeneration

- 14.14 In the past year excellent progress has been maintained on the Council's two main housing regeneration projects, at Heathside & Lethbridge and at Excalibur, which in combination will deliver 1,500 high quality new homes, of which half will be affordable homes of varying types. At Heathside & Lethbridge phase 4 completed this year delivering 121 new social homes, and all of the remaining residents on the old estate have now been successfully re-housed. At Excalibur the first new homes have completed, enabling the first residents to move out of their pre-fab homes into high quality modern homes at protected social rents.
- 14.15 Across the housing delivery programme there have been a number of achievements. As of January 2019, 429 of last administration's 500 social home programme are either complete, on-site or have received planning permission. All homes that make up this programme will have started on site in 2019. As well as the 500 new social homes, the Council has committed to delivering 1,000 additional new social homes over the next four years. A programme of sites, to fulfil this commitment, is expected to be prepared by spring 2019. More than 100 homes have now been purchased by Lewisham Homes to provide better and more financially viable accommodation for homeless households.

- 14.16 On Edward Street in Deptford, a new housing scheme that will provide 34 new homes for use as high-quality temporary accommodation for homeless families, using the next iteration of the precision manufacturing technology used to build PLACE/Ladywell received planning permission in November 2018. The development will also provide a community run nursery and commercial space on the ground floor. The build will generate rental income for the Council, as well as delivering significant savings by not having to house 34 families in expensive private temporary accommodation.
- 14.17 In relation to existing homes, in this past year Lewisham Homes has commenced Decent Homes works on the final homes required to achieve 100% decent homes, which is a significant landmark. Alongside this, the Council has helped 72 households with disabled facilities grant funding to make homes safer and more suitable. The priority in the coming year will be to continue to respond quickly to the Grenfell tragedy. Aluminium Cladding Materials (ACM) on three Lewisham Homes blocks has already been removed and will be replaced in the next financial year. The Council and Lewisham Homes will continue to work closely in partnership on any other investment requirements as they arise.

Other Schemes

Catford Town Centre

- 14.18 A masterplanner, Studio Egret West, has been appointed to develop a spatial plan or masterplan for Catford. The masterplan work which started in July this year will run for approximately 1 year. At the end the process, Council is expected to have a comprehensive masterplan that delivers on the Council's strategic objectives for a viable Town centre and as well as on local aspirations of its residents. TfL continues to be a key partner in progressing the road realignment which forms part of the masterplan process. Work has also continued on the engagement, meanwhile use and place making initiatives started in 2016. These activities continue to reach out to thousands of people and have led to growing interest in the overall regeneration of the Town Centre. The challenge for 2019 is to complete the masterplan process and begin the process of developing a strategy for delivery the strategic outcomes it contains.

Beckenham Place Park

- 14.19 The restoration of the west side of Beckenham Place Park has secured planning and listed building consent. Preparatory works commenced in winter 2017 and the main restoration of the landscape and a number of listed building commenced in April 2018. Work to the west side of the park will be complete by summer 2019. Works to the east side of the park led by the Environment Agency to create a flood storage scheme for the River Ravensbourne have been put on indefinite hold following a significant increase in the cost of delivering their proposals. Council officers are investigating alternative ways of bringing investment to the east side of the park.

Smart Working Programme

- 14.20 The Smarter Working programme seeks to consolidate offices and release sites for future redevelopment in Catford town centre, whilst refurbishing the council's main office site, Laurence House, to ensure it is fit for purpose until new council offices can be built. The ground floor has been refurbished to provide a modern, welcoming and better functioning reception for the Council. It opened to staff and the public in October 2018. Work has commenced on refurbishing floors 1 to 5, improving and extending toilet provision, delivering new meeting rooms and kitchens, improving the heating and ventilation system, new energy efficient LED lighting, decoration and a layout and furniture which supports and encourages agile working. The programme of work will continue until the autumn of 2019, one floor at a time.

Asset Management Programme

- 14.21 Over the past few years, the Asset Management Programme (AMP) has provided resources to fund much needed capital works across the operational corporate estate. These have been reactive works to building fabric such as roof replacement and mechanical works including boiler replacements and lift repairs across the estate of approximately 80 sites.
- 14.22 More recently, the programme has funded essential works to the Civic Suite, Laurence House reception as well as impending emergency repair works to the Broadway Theatre and other key sites and buildings.
- 14.23 Officers are in the process of commissioning a condition survey of the entire operational corporate estate of approximately 105 buildings across the circa 80 sites. The survey will help inform a future corporate capital works programme for the estate.

15. FINANCIAL IMPLICATIONS

- 15.1 This report concerns the financial forecasts for the 2018/19 financial year. However, there are no direct financial implications in noting these.

16. LEGAL IMPLICATIONS

- 16.1 The Council must act prudently in relation to the stewardship of Council taxpayers' funds. The Council must set and maintain a balanced budget.

17. CRIME AND DISORDER ACT IMPLICATIONS

- 17.1 There are no crime and disorder implications directly arising from this report.

18. EQUALITIES AND ENVIRONMENTAL IMPLICATIONS

- 18.1 There are no equalities or environmental implications directly arising from this report.

19. CONCLUSION

- 19.1 The council will continue to apply sound financial controls throughout the duration of the financial year. However, the short and medium term outlook remains difficult and the continued strong management and fiscal discipline will be required to enable the council to meet its financial targets for 2018/19 and beyond.

BACKGROUND PAPERS AND APPENDICES

| Short Title of Report | Date | Location | Contact |
|--|--|---|--------------------|
| Financial Outturn for 2017/18 | 7 th July 2018 (M&C) | 5 th Floor Laurence House | Selwyn Thompson |
| 2018/19 Budget | 21 st February 2018 (Council) | 5 th Floor Laurence House | David Austin |
| Financial Forecast for 2018/19 – Months 2, 4 and 6 | 11 th July, 10 th October and 21 st November 2018 (M&C) | 5 th Floor Laurence House | Selwyn Thompson |
| 2019/20 Budget | 6 th February 2019 (M&C) | 5 th Floor Laurence House | David Austin |

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