



Public Accounts Select Committee

Financial Forecasts 2019/20

Date: 18 March 2020

Key decision: No.

Class: Part 1

Ward(s) affected: N/A

Contributors: Executive Director for Corporate Services

Outline and recommendations

The purpose of this report is to set out the financial forecasts for 2019/20 as at the end of January 2020, noting any exceptional items to the end of February 2020, and projected to the year end.

This report is for internal purposes only at this stage the Public Accounts Select Committee is asked to:

Note the current financial forecasts for the year ending 31 March 2020 and the action being taken by the Executive Directors to manage down the forecasted year-end overspend.

Timeline of engagement and decision-making

This report sets out the financial forecasts for 2019/20 as at 31st January 2020, noting any exceptional items to the end of February 2019.

There is a forecast overspend of £4.2m against the directorates' net general fund revenue budget. This is set out in more detail in sections five to nine of this report. The main budget pressures are in the Children's & Young People and the Housing, Regeneration & Environment directorates.

Details of the Dedicated School Grant (DSG), Housing Revenue Account (HRA), Collection Fund and Capital Programme are set out in sections ten to thirteen.

1. Summary

- 1.1 This report sets out the financial forecasts for 2019/20 as at 31st January 2020, noting any exceptional items to the end of February 2019. The key areas to note are as follows:
- i. There is a forecast overspend of £4.2m against the directorates' net general fund revenue budget. This is set out in more detail in sections five to nine of this report. The main budget pressures are in the Children's & Young People and the Housing, Regeneration & Environment directorates.
 - ii. The Dedicated Schools Grant (DSG) is expected to balance at the year end. There are nine schools with loans totaling £2.4m. This is set out in more detail in section 10 of this report.
 - iii. The Housing Revenue Account (HRA) is currently projecting a surplus of £3.3m compared to a balanced budget previously reported. This is set out in more detail in section 11 of this report.
 - iv. As at 31st January 2020, some 82.7% of council tax due and 90.7% of business rates due had been collected. At this point last year, 82.4% of council tax due and 93.4% of business rates due had been collected. This is set out in more detail in section 12 of this report.
 - v. The Capital Programme spend as at 31st January 2020 is £89.1m, which is 52% of the revised 2019/20 budget of £170.1m. At this point last year, 61% of the revised budget had been spent, with the final outturn being 82% (£71.1m) of the revised budget of £87.0m. This has been set out in more detail in section 13 of this report and the appended documents.

2. Recommendations

- 2.1 The purpose of this report is to set out the financial forecasts for 2019/20 as at the end of January 2020, noting any exceptional items to the end of February 2020, and projected to the year end. 2.2 This report is for internal purposes only at this stage the Public Accounts Select Committee is asked to:
- 2.3 Note the current financial forecasts for the year ending 31 March 2020 and the action being taken by the Executive Directors to manage down the forecasted year-end overspend.

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3. Policy Context

- 3.1 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.
- 3.2 The information set out in the body of this report is consistent with the delivery of the Council's corporate priorities (contained within the new Corporate Strategy 2018-22), and is particularly relevant to the Council's strong and resilient framework for prioritising action which has assisted the organisation in the face of austerity and on-going cuts to local government spending. This continues to mean, that even with the prospect of the most daunting financial challenges facing the Council and its partners, the Council continues to work alongside our communities to achieve more than it could by simply working alone.

4. Background

4.1 This report sets out the financial forecasts for 2019/20 as at 31st January 2020, noting any exceptional items to the end of February 2019. The key areas to note are as follows:

- i. There is a forecast overspend of £4.2m against the directorates' net general fund revenue budget. This is set out in more detail in sections five to nine of this report. The main budget pressures are in the Children's & Young People and the Housing, Regeneration & Environment directorates.
- ii. The Dedicated Schools Grant (DSG) is expected to balance at the year end. There are nine schools with loans totaling £2.4m. This is set out in more detail in section 10 of this report.
- iii. The Housing Revenue Account (HRA) is currently projecting a surplus of £3.3m compared to a balanced budget previously reported. This is set out in more detail in section 11 of this report.
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- v. The Capital Programme spend as at 31st January 2020 is £89.1m, which is 52% of the revised 2019/20 budget of £170.1m. At this point last year, 61% of the revised budget had been spent, with the final outturn being 82% (£71.1m) of the revised budget of £87.0m. This has been set out in more detail in section 13 of this report and the appended documents.

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5. DIRECTORATE FORECAST OUTTURN

- 5.1 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a forecast year end overspend of £4.2m is being reported as at the end of January 2020. At the same time last year, an overspend of some £9.9m was forecast.

Table 1 – Overall Directorate position for 2019/20

Directorate	Gross budgeted spend	Gross budgeted income	Net budget 2019/20	Forecast over/ (under) spend January 2020	Forecast over/ (under) spend October 2019
	£m	£m	£m	£m	£m
Children & Young People (1) (3)	68.9	(9.8)	59.1	3.3	3.7
Community Services	179.7	(88.0)	91.7	(2.5)	(2.3)
Housing, Regeneration & Environment	123.4	(88.9)	34.5	2.7	2.6
Corporate Services (2)	62.5	(28.2)	34.3	0.7	1.4
Directorate Totals	434.5	(214.9)	219.6	4.2	5.4
Corporate Items	23.6	(0.0)	23.6	0.0	0.0
Net Revenue Budget	458.1	(214.9)	243.2	4.2	5.4

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

(2)

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

(3) – includes £5.4m of once-off funding for 2019/20 to be reviewed in 2020/21

6. CHILDREN AND YOUNG PEOPLE'S SERVICES

- 6.1 As at the end of January 2020, there is an anticipated overspend of £3.3m for the Children and Young People's Directorate. This is a decrease of £0.4m from the October position and arises as a result of reduced numbers of households that are being provided with support in the No Recourse to Public Funds service.

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Table 2 – Children & Young People Directorate

Service Area	Gross budgeted Spend	Gross budgeted income – including grants*	Net budget	Forecast Outturn for 2019/20	Forecast over/ (under) spend January 2019	Forecast Outturn as at the end of October 2019
	£m	£m	£m	£m	£m	£m
Children’s Social Care	43.7	(0.9)	42.8	44.5	1.7	1.7
No Recourse to Public Funds	4.0	(0.0)	4.0	2.6	(1.4)	(1.0)
Education, Standards and Inclusion	11.4	(1.7)	9.7	11.6	1.9	1.9
Joint Commissioning and Early Help	9.8	(5.5)	4.3	5.4	1.1	1.1
Schools	0.0	(1.7)	(1.7)	(1.7)	0.0	0.0
Total	68.9	(9.8)	59.1	62.8	3.3	3.7

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

* The budget has increased by £0.2m as a result of the transfer from Corporate Services in respect of the Tribal system budget which was formerly a part of the IMT budget.

6.2 Children’s Social Care

6.2.1 The largest areas of spend within the Children’s Social Care budget are on children’s placements (£30m), and staffing (£17m). Saving proposals of £1.575m were agreed in setting the placements budget for 2019/20. At this stage of the financial year, that budget is expected to be overspent by £0.5m after taking these savings. This represents no movement from the position reported in October and appears to be due to a net increase of fourteen placements in residential care compared to the figure reported in July. The nature of residential placements means that they are of a high cost compared to other categories of placement and support. The service is currently reviewing each placement to establish whether any costs are very short term (seasonal non-availability of foster carers, short term arrangements for UASCs) or whether these are new, longer term commitments. Results of that review will give an indication of the impact of the increase in numbers on future years budgets. Gatekeeping panels are in place to reduce numbers coming into care and reduce escalation to high cost placements, but the complexity of cases is also increasing.

6.2.2 Current spending against the staffing budget suggests that a balanced budget will be achieved at the end of the financial year. The service has reviewed its staffing structure with a view to remaining within the available budget going forward. It should

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be noted however that a budget pressure on the service arises from work to maintain/increase the pace of improvement following the recent Ofsted inspection of Children's Social Care (CSC). Initial proposals were considered by the CSC Improvement Board and have been taken away to be worked up further. This will need to be considered as a part of the wider Council budget strategy.

6.2.3 With regard to placements of children looked after, the table below shows placement numbers for the last four months of the current financial year, 2019/20. The information is based on figures obtained from the Commissioning and Performance teams and is under continuous review to improve accuracy and consistency. It can be seen that the total number of cases has increased this month but this is expected to be mitigated by other changes by the year end and not expected to have an impact on current projections.

6.2.4 **Table 3 – Looked After Children**

Looked After Children and care leavers Placement Numbers (Average)				
	October 2019	November 2019	December 2019	January 2020
LA Fostering (including kinship)	162	162	162	162
Agency Fostering	190	191	188	194
Residential Children's Homes	61	60	60	62
Semi-Independent placements	42	38	38	38
Leaving Care 18+	336	352	342	342
Special Guardianship Orders	224	224	226	226
Total	1,015	1,027	1,016	1,024

6.2.5 In 2019/20, the other *Children's Social Care* budgets (i.e. non-salaries and placements) are forecast to be overspent by £1.2m. This is in line with a similar overspend in 2018/19. It should be noted that there is a risk of additional pressures in this area as placement methods are reviewed, for example, an increased risk of legal challenge. As in previous years, this is offset by a £1.4m underspend in the budget for No Recourse to Public Funds, leaving a net underspend of £0.2m.

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- 6.2.6 The *No Recourse to Public Funds* service has significantly reduced the number of households that are being provided with support from 100 cases in April 2018, to 78 at the end of the last financial year. The vast majority of cases closed are because households have regularised their immigration status which provides them with recourse to public funds. This resulted in an underspend of approximately £1m as at the end of the last financial year, 2018/19.
- 6.2.7 Current activity suggests that this level of underspend is expected to increase. Whilst there is an increase in the number of new cases, it is offset by an increased number of closed cases. Based on current case activity, the budget is expected to underspend in the region of £1.4m by the end of this financial year.
- 6.2.8 The Section 17 budget, which includes non-housing NRPf spend, is a demand led budget and experiencing a pressure of £0.6m. This will need to be reviewed as part of the CSC budget setting process. This review should also aim to net off pressures on the budgets for Legal Fees of £0.2m and Looked After Children 'additional extras' of £0.4m. The net effect of this, after taking into account the NRPf underspend is an underspend of £0.2m.

6.3 Education Services

- 6.3.1 The main cost pressure within the *Education Services* division relates to SEN transport with a projected overspend of £2.0m. The overspend is consistent with the position for the previous two financial years. Consistent with the national position, the Council has experienced an increase in the numbers of pupils with Education, Health and Care Plans (EHCPs) while succeeding in decreasing the percentage of EHCP children on SEND transport. The Education Psychology (EP) and Specific Learning Difficulties (SPLD) team has pressure on the salary budget of £0.4m due to demand in the service, but this is alleviated by underspends in the Young People Relate service of £0.2m and Business Support and School Improvement recruitment totalling £0.2m.
- 6.3.2 Officers continue to progress work to manage demand. A review into the Council's use of transport is being undertaken this year. This review is being led by the Executive Director for Housing, Regeneration and Environment, but it is still too early to anticipate the full benefits in this financial year.

6.4 Joint Commissioning and Early Help

- 6.4.1 The early help offer for families is funded exclusively from the Troubled Families (TF) grant. Although the Council's TF claims are at the level expected by the Ministry of Housing, Communities and Local Government (MHCL), the service is again reporting a pressure of circa £0.9m. This is a legacy from the 2015/16 savings process. The TF grant was expected come to an end later this year, but current indications suggest that it will continue next year.

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6.4.2 A budget shortfall of £0.5m for the Youth Service contract, partially offset by an underspend in the Children’s Centres budget of £0.3m accounts for the balance of the overspend. The new contract for youth services is currently in the process of being negotiated and is expected to be within the reduced budget total.

6.4.3 The net effect of the above is that the *Joint Commissioning and Early Help* Division is reporting a budget pressure of some £1.1m for 2019/20.

6.5 Progress on Savings for 2019/20

The progress on revenue budget savings for the directorate have been set out in the table below. The comments are based on conversations between the finance officers and the service. As mentioned in 6.2.1 above saving proposals of £1.575m were agreed in setting the 2019/20 budget and the budget is expected to be overspent by £0.5m after taking these savings. Finance is working with the service to quantify the impact of action taken on each of the individual proposals and identify any other factors that may have impacted on the financial performance of this budget.

Table 4 – CYP Savings Tracker for 2019/20

Ref	Description	Division	£k	Comment
CYP01	More efficient use of residential placements	CSC	500	Delayed, no savings forecast
CYP02	Improved placement process and more efficient systems with rigorous control through operating model and IT	CSC	250	Actions undertaken but level of savings not yet quantifiable
CYP03	More systematic and proactive management of the market for independent fostering	CSC	350	Under review
CYP04	Commission semi-independent accommodation for care leavers	CSC	250	On track
CYP05	Residential framework for young people - Joint South East London Commissioning Programme	CSC	200	Saving under review
CYP06	Cease funding for former CYP funded post in Voluntary Action Lewisham	Joint Commissioning/ Early Help	25	On track
	Total		1,575	

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7. COMMUNITY SERVICES

- 7.1 As at the end of January 2020, the Community Services directorate is forecasting an underspend of £2.5m, which represents an increase of £0.2m on the underspend position reported at the end of October 2019.

Table 5 – Community Services Directorate

Service Area	Gross budgeted Spend	Gross budgeted income	Net budget	Forecast Outturn for 2019/20	Forecast over/ (under) spend January 2020	Forecast over/ (under) spend October 2019
	£m	£m	£m	£m	£m	£m
Adult Social Care	127.9	(55.4)	72.5	70.7	(1.8)	(2.0)
Cultural and Community Development	16.4	(7.9)	8.5	8.5	0.0	0.3
Public Health	14.9	(15.3)	(0.3)	(0.2)	0.1	0.0
Crime Reduction & Supporting People	19.2	(9.3)	10.0	9.2	(0.8)	(0.6)
Strategy & Performance	1.3	0	1.3	1.2	(0.1)	0.0
Reserves	0.0	(0.2)	(0.2)	(0.2)	0.0	0.0
Total	179.7	(88.0)	91.7	89.2	(2.5)	(2.3)

- 7.2 The most significant cost variance for the directorate falls within the *Adult Social Care division*. The following sections provide a summary of the revenue forecast by division. It provides an explanation of the cause of the variance and any movements from the previous period. It also makes clear what the impact of any management action or other intervention will have on the forecast projected to the year-end. Where any variance is impacted upon by demand driven activity, then these are also set out and made clear in this section.

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7.3 Adult Social Care Services

- 7.3.1 An underspend of £1.8m is projected in the *Adult Social Care* division. The budget has been increased in 2019/20 by the precept of £2m to fund the rise in London Living Wage costs and a rise in the improved Better Care Fund grant of £2.8m. There are cost pressures arising from transition and other demographic effects and from increased costs of care arising from the London and National Living Wage. However, the effects of these are less than the new level of resource available for 2019/20.
- 7.3.2 The net variance is £0.2m lower than at period 7 with increased projected spend on packages and placements partially offset by reduced overspends on staffing budgets. The pressure on package and placement budgets continues to be due, at least in part, to increased demand to speed up flow from UHL. In order to improve the performance of Lewisham hospital, LGT are in receipt of support from the National Director of Urgent and Emergency Care and there is pressure on the community system, particularly adult social care. These impacts have led to increased costs of care and support as people discharged often require more intense and costly care and support. There is also a £0.3m projected overspend on the cost of client transport.
- 7.3.3 Most of the revenue budget savings have been achieved. There has been improved management of enquiries and how these can be resolved by the staff who handle them. Such new approaches to demand management have reduced the numbers of older service users, particularly smaller care packages. An updated position of the progress of delivering the revenue savings has been set out in the table below.

Table 6 – Community Services Savings Tracker for 2019/20

Ref	Description	Division	£k	Comment
COM01	Managing demand at the point of access to adult social care services	ASC	122	On track
COM02	Ensuring support plans optimise value for money	ASC	250	On track
COM03	Increase revenue from charging Adult Social Care clients	ASC	159	Saving now fully achieved despite auto charging and configuration still not complete – prospect to improve charging in 20/21
COM04	Reduce costs for Learning Disability and Transitions	ASC	900	Work in progress – partial achievement (£700k savings) expected in 2019/20

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COM05	Increased focus of personalisation	ASC	260	On track
COM06	Reduction in Mental Health Residential care costs	ASC	300	On track
COM07	Reduction in Adult Social Care contribution to Mental Health Integrated Community Services	ASC	100	On track
COM09	Cut to intensive housing advice and support service	CR&SP	300	On track
COM10	Crime, Enforcement & Regulation reorganisation	CR&SP	255	On track
COM12	Cut to Main Grants budget	C&CD	600	On track for full year; part year effect (£400k savings) in 2019/20
COM13	Reduction in Arts, Development and Events Funding	C&CD	85	On track
COM14	Reduce Local Assemblies funds	C&CD	225	On track
COM16	Cultural and Community Development Service Staffing	C&CD	75	On track
COM17	Ending the Small & Faith Fund	C&CD	50	On track
	Total		3,681	

7.3.4 Consultation on a new staffing structure that is designed to increase the levels and skills mix of staff at the front door has now concluded and the new structure is being implemented, recruitment is now underway to fill vacant posts and thus further reduce agency spend. This along with more effective use of short term interventions, such as enablement are expected to contribute to some delay or reductions in the need for longer term care. Work to improve systems with projected costs of £400k has been delayed. Once this is in place, further revenue savings on package and placement budgets will be possible through better demand management. These have been assumed in the 2020/21 budget.

7.3.5 Officers from within the services of Joint Commissioning and Adult Social Care are working proactively to identify appropriate and cost effective solutions that will reduce some of the costs associated with long term care and support. These reductions are work in progress and have not been factored into the projections.

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- 7.3.6 The service is dealing with more complex levels of need from cases that are referred from the acute hospitals due to a reduced length of stay. In addition, the young people with special educational needs and/or disabilities that transition from children's services to adults' social care, tend to be more complex. On average there are 20 new transition cases each year costing £700k p.a.
- 7.3.7 Additionally, there has been an unexpected increase in the number of residential and nursing placements for service users aged 18 to 65. Transition was expected to increase learning disabilities numbers, but there has been an increase of 20 placements (28%) on other client groups also. Officers are investigating the reasons for this and will consider whether they could be avoided.
- 7.3.8 There are also emerging pressures on care home fees linked to concern about market sustainability. This was highlighted as a national concern by the Association for the Directors of Adult Social Services (ADASS) in a recent survey.

7.4 Cultural and Community Development

- 7.4.1 The *Cultural and Community Development* service is projecting no material variance. This represents a reduction of £0.2m to the projected overspend position which was reported at October 2019. The main movements are a net reduction of £0.1m on the grants budget primarily due to slippage in the set up cost of the Lewisham Disability Coalition (£36k) and an underspend on the Small Grants Programme (£29k) resulting from changes to allocation and delivery arrangements for the programme. There is also an increase of £0.1m in the projected underspend on the Libraries budget due to slippage in the potential costs arising from the proposed operational changes to the Local History Archive resulting from the development works at Lewisham Library.
- 7.4.2 The community sector grants programme is showing an overspend of £126k. An overspend of £200k was highlighted in the Main Grants Programme 2019-22 report to Mayor & Cabinet on 24th April 2019. A revenue budget saving of £600k was taken against the 2019/20 grants budget. However, the new 3-year programme came into effect on 1st August 2019 meaning that the existing programme was extended for four months resulting in the £200k budget pressure for 2019/20 with the full saving being achieved in a full year from 2020/21 onwards. This budget pressure has now been mitigated by slippage in the set up cost of the Lewisham Disability Coalition (£36k) and an underspend on the Small Grants Programme (£29k) resulting from changes to allocation and delivery arrangements for the programme. Other small variances make up the balance of the changes.
- 7.4.3 The Culture and Community Development core staffing team has been restructured in order to deliver a full year saving of £150k per annum. The new structure has now been put in place with an effective date of January 2020. There are redundancy costs arising from the restructure and it has been agreed that the statutory element of these costs will need to be covered from the service budget up to a maximum of £10k per employee. This additional cost will result in a net budget pressure of £14k on the service for 2019/20. There will be additional costs in 2020/21 (and 2021/22) arising

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from Lewisham being the 2021 Borough of Culture. These will be funded by a combination of external funding, growth and match funding from base budgets.

- 7.4.4 There is no material variance expected on that part of Community Centres budget held by Community Services Directorate. A number of outstanding commercial rent agreements on community hub buildings have now been finalised resulting in the receipt of outstanding lease and rental amounts which in some cases have been backdated to reflect prior occupation. There are still a small number of negotiations that are awaiting finalisation – it is anticipated these negotiations will be completed and that the organisations involved will be invoiced by the end of the financial year.
- 7.4.5 There is a projected overspend on the Broadway Theatre budget of £76k. The service has to strike a delicate balance between costs and income generation and additional staffing costs incurred on marketing and some event management costs are not expected to be covered from additional income generation. The pantomime agreement for 2019/20 is on a ‘hire only’ arrangement with the promoter accepting the risk and the hire fee fully covering our costs to prevent the risk of any potential overspend.
- 7.4.6 There is an overall projected net underspend on Events of £17k. The Blackheath Fireworks Events held in November overspent by £18k as a result of an income shortfall - despite every attempt being made to maximise contributions and sponsorship for the event. As part of the 2019/20 budget savings process the Lewisham Peoples Day was moved to a bi-annual event with no event being held in the summer of 2019 – the annual budget of £35k will not therefore be spent in the 2019/20 financial year but an earmarked reserve request will be made to carry the funding forward for the 2020 event.
- 7.4.7 There is projected underspend on the Leisure Management budget of £107k. This is primarily the result of a change in the accounting treatment for the budgeted contribution to the Discretionary Rate Relief Pool. This cost now falls on the Collection Fund rather than on the revenue budget for the service.
- 7.4.8 The Libraries budget is now expected to underspend by £80k. This has resulted from slippage in the potential costs arising from the operational changes to the Local History Archive. The proposed changes are necessary in order to ensure the safeguarding of the local history and archive collection based at Lewisham Library whilst the proposed development works are undertaken.
- 7.4.9 The Adult Learning Lewisham (ALL) service has gross expenditure of £4m which it is anticipated will be fully covered in 19/20 from a combination of grant funding from the Education and Skills Funding Agency and the GLA of £3.4m and student fee/other income of £0.6m. Although staffing budgets are tightly drawn following the need to absorb the impact of the April 19 pay award and some uncertainty around the funding for the Teachers’ Pension increase no variance is currently projected.

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7.5 Public Health

7.5.1 The *Public Health* division has a planned revenue budget saving on staffing which has not yet been delivered in full and therefore an overspend of £0.1m is projected. Activity on sexual health budgets has increased over the past six months months and projected spend has now risen above budgeted levels. Overall, the Public Health service is projected to overspend by £0.1m.

7.6 Crime Reduction and Supporting People

7.6.1 The *Crime Reduction and Supporting People* service is currently projecting an underspend of £0.8m. This represents an increase of £0.2m in the underspend position reported as at the end of October 2019. There are several areas on change from the October report. An increase of £53k in the underspend on Secure Remand placements in the Youth Offending Service due to a steady fall in remand bed nights over the Nov 19-Jan 20 period. An increase of £90k in the projected underspend on overall staffing budgets resulting from the use of additional MOPAC grant received for Serious Youth Violence (£200k-confirmed Nov 19) – in order to maximise the use of this new grant funding existing projected staffing spend has been moved from core funding in the Prevention & Inclusion, Youth Offending and Crime, Enforcement & Regulation Teams. There has also been an increase of £35k in the staffing underspend in the Environmental Health - Food Safety Team as a result of staff turnover and the inability to recruit suitable agency staff.

7.6.2 There is a projected underspend of £240k on the budget for secure remand placements in the Youth Offending Service. This in part is due to better demand management by the service and in part due to an increase in the level of grant received from the Youth Custody Service in 2019/20. Historically this budget has been quite volatile in nature as the remand placements are at the discretion of the court and are based on the age/vulnerability of the young person and the nature of the offence that has been committed. The projected underspend has increased in recent months due to a steady fall in bed night numbers over the November 19 to January 20 period.

7.6.3 There is a projected underspend on the Environmental Health budget of £158k. This primarily relates to staffing in the Food Safety Team. There has been a significant increase in staff turnover in the Food Safety Team and a difficulty in recruiting suitable replacement agency staff to carry out food inspection activity.

7.6.4 The Youth Offending core budget is projected to underspend by £97k, this variance has resulted primarily from underspends on staffing budgets as a result of staff turnover and recruitment lag in filling vacant posts within the service. The Crime, Enforcement and Regulation budget is projected to underspend by £103k which again is primarily due to staff turnover and recruitment drag coupled with some additional income generated from licensing activity. The Prevention & Inclusion staffing budget is also expected to underspend by £82k mainly due to the part year impact of a staff secondments. The staffing underspends figures in all three services areas have been exacerbated by the need to maximise the use of the MOPAC grant for Serious Youth

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Violence (£200k) resulting in £90k of core staffing costs now being met from grant funding for 19/20.

7.6.5 There are also expected underspends of £83k on the Supporting People service resulting from contract savings and on the Drug and Alcohol Service of £52k due to a reduction in spend on activity based rehabilitation and detoxification services.

7.7 **Strategy and Performance**

7.7.1 The *Strategy and Performance* division is projected to underspend by £0.1m.

7.8 **Reserves**

7.8.1 There is no projected variance shown against Community Services Reserves. An income budget has now been put in place to cover the drawdown of £157k from earmarked Reserves in respect of Sports Development & Leisure Management. This covers specific works to be undertaken in conjunction with the Leisure Management contractor Fusion Lifestyles across several of the leisure centre sites including The Bridge and Wavelengths - this income budget is matched against expenditure budgets in the relevant service area.

7.9 **Trends in activity**

7.9.1 The following paragraphs show trends in activity in adult social care.

Table 7 – Number of 18+ Clients in service:

Adults 18+ in each type of care (numbers)				
	Oct-19	Nov-19	Dec-19	Jan 20
Residential	453	446	449	449
Nursing	283	288	287	292
Non-Residential	2,161	2,169	2,178	2,183
Total	2,897	2,903	2,914	2,924

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Table 8 – Average Weekly Cost of 18+ Clients in service:

Adults 18+ in each type of care (average cost)				
	Oct-19	Nov-19	Dec-19	Jan 20
Residential	£ 1,098	£ 1,102	£ 1,104	£ 1,095
Nursing	£ 806	£ 828	£ 836	£ 810
Non-Residential	£ 390	£ 392	£ 391	£ 390
Average Gross v. Numbers	£ 541	£ 544	£ 545	£ 540

Table 9 – Weekly Gross Cost of 18+ Clients in service:

Adults 18+ in each type of care (gross cost)				
	Oct-19	Nov-19	Dec-19	Jan 20
Residential	£ 497,601	£ 491,551	£ 495,636	£ 491,476
Nursing	£ 228,064	£ 238,591	£ 240,010	£ 236,604
Non-Residential	£ 842,184	£ 850,091	£ 852,497	£ 851,121

8. HOUSING, REGENERATION & ENVIRONMENT

- 8.1 As at the end of January 2020, the Housing, Regeneration & Environment directorate is forecasting an overspend of £2.7m, an adverse movement of £0.1m on the reported position to the end of October. At the same time last year, the year-end forecast was an overspend of £1.1m, with the actual year-end outturn being an overspend of £1.7m.

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Table 10 – Housing, Regeneration & Environment Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn 2019/20	Forecast over/ (under) spend January 2020	Forecast over/ (under) spend October 2019
	£m	£m	£m	£m	£m	£m
Strategic Housing	32.6	(26.8)	5.8	5.8	0.0	0.0
Environment	38.0	(17.5)	20.5	23.1	2.6	2.4
Regeneration	49.9	(42.1)	7.8	8.2	0.4	0.3
Planning	2.7	(2.0)	0.7	0.4	(0.4)	(0.2)
Reserves / Provisions	0.2	(0.5)	(0.3)	(0.3)	0.0	0.1
Total	123.4	(88.9)	34.5	37.2	2.7	2.6

8.2 The most significant cost pressures for the directorate fall within the *Environment* division. The following sections provide a summary of the revenue forecast by division. It provides an explanation of the cause of the variance and any movements from the previous period. It also makes clear what the impact of any management action or other intervention will have on the forecast projected to the year-end. Where any variance is impacted upon by demand driven activity, then these are set out and made clear in this section also. This section also provides a directorate summary of the progress being made on delivering agreed savings for 2019/20 and what impact if any, slippage on those savings is having on the overall directorate position.

8.3 ***Strategic Housing***

8.3.1 The net budget for *Strategic Housing* in 2019/20 is £5.8m. The forecast position for January 2020 is for spend to budget, no change from the reported position in October 2019. However, pressures are being monitored within the group regarding incentive payments for which there is no budget, as well as bad debt for nightly paid accommodation and numbers of units acquired for Privately Managed Accommodation (PMA), with no subsequent reduction in numbers in nightly paid accommodation.

8.3.2 It is expected that management action currently being taken to control costs and bad debt pressures, together with the use of DHP and other grants will result in a balanced position at year end.

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- 8.3.3 The Private Sector Leasing (PSL) service is forecast to overspend by £110k compared to a reported overspend of £60k in October. However, as more units are taken on under the leasing agreement, this over-spend may increase as rents are increasing. In addition, there has been activity in incentive payments, for which there is no specific budget, which are used to retain existing properties. There is limited cover for this in the current financial year and if spend is at the same level as 2018/19 (£550k) the service will need to call upon reserves to recover the position. R&M costs are forecast to exceed allocated budgets and are adding to the pressure within this area. Total number of PSL stock at the start of the financial year is 462 units.
- 8.3.4 Bed and Breakfast (B&B) is forecast to overspend by £161k after the use of grants given specifically for this purpose (covering the HB limitation recharge), compared to the breakeven position reported in October. The potential over-spend is related to the increased need to provide cover for bad debt impairment (as narrated below). Throughout the year, new units will continue to come on line in our own stock and be complemented by the Hyde Acquisition properties, and the use of Privately Managed Accommodation (PMA). These should contribute to reducing the requirement for additional B&B spend.
- 8.3.5 Actual numbers in B&B are at 761 tenancies at the end of January 2020 compared to 765 tenancies at the end of October 2019. This number has been kept relatively stable over the last few months due to the continuation of incentive payments to landlords and clients (finding their own accommodation to rent). In 2018/19, a total of 593 preventions were made using this resource. If this resource was not available and these clients had to be housed in nightly paid accommodation, this would have cost an additional £3.6m to the service.
- 8.3.6 The B&B arrears have increased by £613k since the beginning of the year. Some of these arrears relates to Children's placements and NRPF client groups. After removing this from the B&B arrears, the projection is in the region of £600k. The current budget is £300k. Management action needs to be taken to address this issue to keep spend in line with current budget levels.
- 8.3.7 The PMA as a product is a cost to the Council and will contribute to the pressure in the Housing division, but to a lesser extent than if B&B accommodation was used. PMA is currently forecast to underspend by under-spend by £260k compared to £76k underspend in October. Again, this is after the use of specific grant given for this purpose (covering HB limitation recharge). The total number of PMA stock at the start of the financial year is 359 units. Stock at the start of January has risen to 450 units, up from 408 units in October, increasing the pressure in this area. This resulted in moving the forecast in this area up by some £753k to an over-spend in the region of £800k. However, additional flexible homelessness support grant funding (FHSG) has been used to reduce this back to similar levels to previous months.
- 8.3.8 The forecast overspend in the Housing Needs Group is mainly due to salaries cost overruns. This is being discussed with the service group managers to identify potential posts which should be funded via specific new burdens and flexible homelessness support grant funding.
- 8.3.9 The Housing, Partnership and Development division is forecast to overspend by £308k compared to a £302k forecast overspend in October. The overspend comes as a result of additional repairs costs on the PLACE Ladywell scheme as well as additional costs being incurred by the Strategic Housing and Development teams. This area is currently being updated to separately show the costs associated with the strategic housing management service and the new build and development service; the latter will be located under the Regeneration division. This is now shown as separate units in the monitoring statement.

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8.4 ***Environment***

- 8.4.1 The *Environment* division is forecasting a net overspend of £2.6m, which represents an increased overspend of £0.2m to that reported in October. This is set against an overspend of £1.9m in 2018/19 and £0.8m agreed revenue budget savings for 2019/20.
- 8.4.2 The refuse collection services is forecast to be £1.7m overspent, accounting for almost two thirds of the total overspend in Environment. With the introduction of the fortnightly refuse collection and weekly garden and food waste services in recent years, unforeseen operational issues emerged that have added to the underlying budgetary pressures and were explored further at a meeting of this Committee on 24th September 2019.
- 8.4.3 Staff costs are anticipated to exceed the budget by £611k, an increase of £86k from October, and a slight improvement of £31k on the 2018/19 overspend. Some £44k of this staffing overspend relates to the trade waste service and of the remaining £567k staffing overspend, between £250k - £300k can be attributed to the two additional dry recycling collection rounds as each refuse vehicle has a driver and a crew of three staff. The additional bulk collection rounds adds another £130k staffing pressures.
- 8.4.4 As seen in previous years, the overspends on vehicle costs for refuse services are reducing following the purchase of a number of new vehicles in 2018/19. However, there are still ten hired in vehicles in use, which is expected to create an overspend position for this year of £620k, down from £669k last year and no change from position reported in October. Mayor & Cabinet recently approved a report for the acquisition of a fleet of new Euro Low Emission Zone compliant vehicles. Once these vehicles have arrived, it will avoid the need to hire refuse vehicles, although pressures still remain due to the hired vans used to deliver and collect bins to/from households and trade waste customers. The new vehicles will not be delivered in full before October 2020 so will have minimal impact on this year's overspend.
- 8.4.5 There is also a shortfall of income projected for *trade refuse* of £476k. This is £138k worse than the shortfall in 2018/19 and an £8k improvement on October's reported position based on current amounts invoiced. The income budget for 2019/20 included an additional £150k savings agreed through the Star Chamber process, but it has not been possible to achieve this target as numbers of trade customers have reduced as shown in the Table 11. Work is being undertaken to analyse the customer base and develop more streamlined marketing, contract and debt collection processes to increase the income stream from trade waste and in line with the recommendations of the APSE review. An additional 400 – 450 customers would be required in order to achieve this year's income targets. An additional £300k income target was agreed for 2020/21 and this would require another 300 – 350 customers next year (700-800 customers over the next two years) based on analysis of average income per customer.

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Table 11 – Trade Refuse

	2016/17	2017/18	2018/19	2019/20
Income Budgets	1,951,000	2,048,000	2,048,000	2,198,000
Income Actuals / Forecast	1,775,986	1,746,770	1,714,415	1,722,000
Number of Trade customers	2,195	2,097	2,084	1,874

- 8.4.6 For strategic waste management services the forecast overspend of £138k is being reported, a £49k improvement on October's forecast. The pressures are due to SELWDG related costs for the disposal of refuse for the London Borough of Greenwich, unachievable income recharge budget, and overspends on staffing and supplies and services in civic amenities. A one year contract for the disposal of dry recyclables commenced on 1st July 2019 as an interim position. The existing contract expired as the current contractor does not wish to extend, so this will allow sufficient time for a thorough procurement process. The cost is estimated at £1.3m, an increase of £0.4m on 2018/19. There will be a request for this to be funded from corporate reserves as in previous years.
- 8.4.7 Whilst total waste collection volumes have decreased by 8% over the last five years, the contractual costs of disposal have increased at a greater rate. This has been magnified by the change in the mix, where volumes of incineration waste has declined by 14,000 tonnes (14%) whilst composting volumes have increased by 10,400 tonnes (576%) over the same period. The former is currently charged at £63.52 per tonne for disposal whilst the latter costs up to £79 per tonne. Recycled tonnages has actually decreased by almost 2,000 tonnes (10%) over the same period but the cost is forecast to increase by £0.4m this year as the unit cost has increased by £6.17 (8.4%) pursuant to a new dry recycling contract. These rising costs described above, faced with an 8% fall in volumes over five years require further analysis. The service will work on getting a better understanding of waste disposal volumes and increasing numbers of households and how this drives costs both in terms of collection and disposal rounds needed. Table 12 sets out waste disposal volumes for the last five years.

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Table 12 – Waste Disposal Volumes

Waste Type	2014/15	2015/16	2016/17	2017/18	2018/19	April - Dec 2019/20	2019/20 Forecast
Total waste sent for incineration	99,829	99,573	99,835	94,930	85,558	64,140	86,931
Total waste sent to landfill	372	856	958	499	362	46	46
Total waste sent for recycling	18,863	19,231	17,329	16,091	15,801	12,585	16,449
Total waste for composting	1,804	1,372	2,626	7,597	12,138	9,145	12,026
Total waste sent for re-use	725	992	1,303	1,050	811	504	605
Total waste sent for RDF	7,668	8,030	2,003	2,284	2,982	1,845	2,336
Total waste collected (tonnes)	129,260	130,055	124,055	122,451	117,653	88,266	118,392

8.4.8 Further work is being done to refine, develop and link both the service operating and budgetary models so that pressures are clearly identified, costed and highlighted at an early stage of the annual business and financial planning cycle. This will enable the Council and service to take appropriate remedial actions. This could include a review of the current model of service delivery in terms of number of rounds, staffing mix between permanent and temporary staff, and other key inputs in order to secure greater efficiencies and optimal service delivery.

8.4.9 The street management service is forecasting a £150k overspend, £40k worse than the £110k overspend reported in October and a significant improvement on the £327k overspend in 2018/19. This improvement is largely due to the transfer of £200k budget from Directorate inflation reserves to fund this pay pressure. Most of this overspend is due to staffing, with a small element of residual spend (£31k) for public conveniences which should be centrally funded. Management are undertaking a detailed analysis of this staffing pressure to have a better understanding of the cost drivers. An area which may require greater attention is the levels of long term sickness.

8.4.10 The Green Scene service is forecasting an overspend of £103k, which represents a £54k improvement on October's position; this improvement is largely due to additional forecast income for activities and events held at Beckenham Place Park. A balanced view has been taken on the likely Parks & Open Spaces contract cost for the year as there can be a significant degree of price volatility each month. There are shortfalls on the increased Green Scene income budget of £50k, £53k overspend on the Parks & Open Spaces contract. Grounds maintenance costs in the arborists' service add

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£156k pressures, partially offset by £40k additional income in pest control and £90k unbudgeted HRA income recharges in the arborist service.

- 8.4.11 The passenger services budget is forecast to break even for 2019/20. The cost of passenger services for 2019/20 is expected to reach £4.1m and it is anticipated that this cost will be recharged to the Directorates using the service, predominately CYP (for SEN transport) and Community Services (Adults). The overall cost of the service is expected to be £0.2m higher than the 2018/19 cost of £3.9m. This overall cost increase is due to a combination of the staff pay awards and an increase in transport costs resulting from the need to hire in replacement vehicles pending the purchase of new buses under the Fleet Replacement Programme.
- 8.4.12 The fleet service is expected to show a balanced budget position for 2019/20 compared to the small net underspend of £8k shown in the October monitoring. The Fleet hire rates are set at the beginning of the year to recover the costs of routine maintenance on the core fleet vehicles – the charges are expected to cover the cost of fleet staffing, external maintenance services and replacement parts. The costs of non-routine maintenance, fuel and hired in vehicles are all charged out to users at cost. The increasing age of the fleet has meant that the costs of routine maintenance have been increasing over the last few years resulting in deficits of over £100k in each of the last two years. Hire rates have been increased for 2019/20 to compensate and this coupled with an increase in income from Lewisham Homes is expected to ensure a balanced position for fleet with any surplus generated from new hire rates being refunded to service users.
- 8.4.13 Bereavement services is forecasting a net overspend of £654k, a deterioration of £185k on October's reported position. This overspend is due to a combination of shortfalls in cemeteries and crematoria income (£395k), overspend on cemeteries supplies and services equipment (£186k), increased charges for the *coroners court service* (£66k) with the London Borough of Southwark, staffing overspends (£43k) and underspends on premises related expenditure (£36k). Most of this adverse movement is due to a £185k increase in forecast spend on cemeteries supplies and services equipment.
- 8.4.14 Lewisham's contribution to the Coroners Consortium this year is forecast to be £476k, an increase of £65k on last year and £66k more than budgeted mainly due to a £57k under-recovery of 2018/19 costs by the London Borough of Southwark, and outside the control of the service.
- 8.4.15 With the 7.5% increase in cost of burials from 1st April 2019, there was an expectation that income would rise, reflected in a £67k savings proposal, £44k of which was applied to the cemeteries income budget. The current numbers of deaths and resultant burials and cremations are significantly less than last year, leading to a sizeable shortfall against the income budget.
- 8.4.16 The service will incur additional expenditure in the year resulting from work to create four new burial plots at Hither Green and Grove Park Cemeteries; the cost of creating the plots is in the region of £27k and work is in the latter stages of completion.
- 8.4.17 Cremation charges were reduced by 7.5% from 1st April 2019 with the aim of making the services more affordable, but current figures do not suggest a commensurate increase in market share. Due to the nature of the service, it is difficult to predict the numbers of burials and cremations for the year, as volatile factors such as the weather and possible influenza epidemic, amongst others, all play a role.

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8.5. **Regeneration**

- 8.5.1 The Regeneration division is forecasting a £399k overspend, which represents a deterioration of £110k on the position previously reported in October. This movement is primarily due to increased overspends of £62k and £37k for the Property Strategy and Highways & Transportation divisions respectively.

Table 13 – Regeneration

Division	January Variance	October variance
	£k	£k
Property Strategy	287	225
Highways and Transport	108	71
Estate Compliance	58	55
Capital Programme Delivery	0	0
Commercial and Investment Delivery	(54)	(62)
Total	399	289

- 8.5.2 The main pressures are in the Property Strategy division where income from commercial rents is projected to underachieve the budget by £123k, partly due to void rent loss and limited rent review opportunities this year. The 2018/19 outturn was a £99k overspend. Utility costs are forecast to exceed the budget by £316k, mainly due to rising prices. The Building Control service is forecasting a £184k overspend due to re-absorption of two Customer Services staff and the recruitment of a third in order to maintain service delivery. There is also an under recovery of income arising from staff vacancies, including a Building Control Manager, who would have been responsible for leading on income generation. The rents underspend of £193k is due to rent now being paid by the NHS for the use of Laurence House and the surrender of a previously rented building. Further re-alignment of salary budgets within the Property Strategy service is reflected in a forecast underspend of £78k. Some posts have only just been filled part way through the year and other posts are being held vacant in order to support agency costs.
- 8.5.3 The overspend in the Highways and Transport division is due to a combination of pressures, primarily staffing/agency costs to provide temporary cover for delivery of schemes (£47k) and a 2.5% uplift on Lewisham's contribution towards the Street Lighting PFI contract (£48k) which still has seventeen years to run.

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Underachievement of capital fees is forecast at £33k due to the challenges of generating sufficient fees through the capital programme to meet the income target whilst additional section 278 and section 106 income is projected to bring in an extra £37k.

- 8.5.4 Within the Estate Compliance division the projected overspend position is due to realignment of staffing budgets so that members of staff now sit under the correct service (£72k), pressures on the security (£25k) and building cleaning services (£25k) across the corporate estate, both due to the increase in the 2019/20 London Living Wage. These cost pressures are partially offset by forecast underspends in the health & safety service (£50k) as a result of delays in the risk tender process and the schools estates (£14k) where an existing member of the team has completed the compliance training so now the service can deliver the annual review from within the service area instead of using a consultant.
- 8.5.5 There is a staffing underspend of £54k in the Commercial and Investment Delivery division due to a vacancy and reduced employee expenses. All staffing costs for the Capital Programme Delivery team will be recharged to the relevant projects and external grants.

8.6. **Planning**

- 8.6.1 The Planning Service is forecasting a £364k underspend, an improvement of £191k on the previous position reported in October.
- 8.6.2 Development Management are forecast to be underspent by £351k compared to a £154k underspend in October, the change primarily due to increased development control fees and photocopy income. There was concern in the first few months of the year that fee income may not be as high as in previous years; however current forecasts show we should achieve similar or higher levels to last year. Resourcing within the enforcement team is ongoing and may impact on the budget position.
- 8.6.3 Land Charges are forecasting a £7k overspend due to reduced staffing and supplies and services costs, an improvement on the £11k forecast overspend reported in October.
- 8.6.4 Strategic Planning are currently forecasting to underspend by £19k compared to an £8k underspend reported in October, mainly due to increased forecast Design Review Panel (DRP income). Corporate funding has been awarded to cover costs incurred in preparing the affordable housing supplementary planning document.
- 8.6.5 It should, however, be noted that the Council is in the process of preparing a new Local Plan, a statutory planning document setting out the council strategy and policies for future growth and change in the borough over a 15 year plan period; this has the potential to increase expenditure as a number of studies will need to be commissioned to contribute to the evidence base of the plan. This expenditure is likely to be incurred over 2019/20 and 2020/21. The Service are also managing greater demands for planning guidance where costs are unrecoverable. The implications of additional work streams on budgets and resources are being kept under review.

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8.7 **Reserves and Provisions**

8.7.1 Reserves and Provisions constitutes the costs of the Executive Director, Housing Revenue Account recharge income for bin collection and deliveries to Lewisham Homes and Brockley PFI and provisions for pay and non-pay inflation. £475k has been allocated to services with underlying pressures within the Environment division, leaving £107k remaining unallocated. There is also a shortfall of £126k against the income recharge budget to Lewisham Homes for the provision of refuse collection and disposal services, resulting in an overall balanced budget for this division.

8.8 **Progress on Savings for 2019/20**

Table 14 - Housing, Regeneration & Environment Progress on Savings

Ref	Description	Division	£k	Comment
CUS02	Income Generation – increase of Garden Waste Subscription	Environment	278	On-track. Based on current subscription of 10,000 customers @ 80 per annum. Subscribers increasing (70 per week), likely to average 50 per week until autumn. Likely to achieve income target
CUS03	Income Generation – Events in Parks	Environment	200	£50k shortfall based on current events planned
CUS04	Income Generation – increase in Commercial Waste Charges	Environment	150	Nil savings likely to be achieved. Ongoing review of potential and existing trade customers and improved operational processes
CUS05	Increase charge for the collection of Domestic Lumbar from households	Environment	30	Most of the savings (£26k) likely to be achieved. Agreed proposal is more difficult to achieve as final proposal based on four items per visit which differs from original proposal based on 3 items per visit
CUS06	Bereavement Services – increase income targets	Environment	67	Nil savings likely to be achieved. Income difficult to forecast dependant on death rate and uptake of services. Based on lower numbers of deaths, cremations and burials to date than last year, target not likely to be achieved – ongoing analysis to inform reporting

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CUS08	Close the four remaining Automated Public Toilets	Environment	92	Will be achieved as likely small overspend to be met by corporate as per proposal. Full closure in July 2019.
CUS09	Cost reductions in homelessness provision – income generation and net	Strategic Housing	405	On-track but risk remains that the numbers in bed & breakfast will not reduce as planned
RES11	Increase in pre-application fees	Planning	100	On-track
RES14	Corporate Estate Facilities Management Contract Insourcing	Regeneration	100	On-track. FM advised 20/21 savings not achievable, should only be £100k in total across both years.
RES17	Beckenham Place Park – income generation	Regeneration	28	Nil savings due to delay in agreeing lease
RES18	Electric Vehicle charging points	Regeneration	50	£30k savings likely to be achieved due to delays in contract sign off
Total			1,500	

9. CORPORATE SERVICES

9.1 As at the end of January 2020, the Corporate Services directorate is forecasting an overspend of £0.7m. The overall position has been set out in Table 15.

Table 15 – Corporate Services Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn for 2019/20	Forecast over/ (under) spend January 2020	Forecast over/ (under) spend October 2019
	£m	£m	£m	£m	£m	£m
Corporate Resources	5.9	(3.2)	2.7	2.6	(0.1)	(0.1)
Corporate Policy & Governance	4.7	0.0	4.7	4.4	(0.3)	(0.4)

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Financial Services	5.4	(1.5)	3.9	4.0	0.1	0.4
OD & Human Resources	3.0	(0.3)	2.8	2.7	(0.1)	0.0
Legal Services	3.4	(0.5)	2.9	2.9	0.0	0.0
Strategy	5.4	(2.8)	2.6	2.4	(0.2)	0.0
IT & Digital Services	5.9	0.0	5.9	7.1	1.2	1.2
Public Services	28.8	(18.5)	10.3	10.4	0.1	0.3
Reserves	0.0	(1.4)	(1.4)	(1.4)	0.0	0.0
Total	62.5	(28.2)	34.3	35.0	0.7	1.4

9.2 The *Corporate Resources* division is forecasting an underspend of £0.1m, mainly due to vacant posts. The *Corporate Policy and Governance* division is forecasting an underspend of £0.3m. This is mainly on staffing budgets, including the Chief Executive and Executive Director for Corporate Services posts, which have been vacant for periods of this financial year.

9.3 The *Financial Services* division is forecasting a £0.1m overspend primarily on the staffing budget. This partly relates to a delayed budget saving as per the savings tracker below this section. The overspend has reduced since October due to application of the Directorate contingency budget.

9.4 The *Organisational Development and HR* division is forecasting an underspend of £0.1m at year-end, primarily on staffing budgets.

9.5 The *Legal Services* division is currently forecasting a balanced budget position at year-end.

9.6 The *Strategy* division is forecasting an underspend of £0.2m at year-end. This is mainly against the Apprenticeship budget due to slippage in recruitment.

9.7 The *IT & Digital Services* division is currently forecast to end the year with an overspend of £1.2m due to anticipated additional costs of the Shared ICT Service (£1.0m). This is due to extended use of interim consultants whilst a new management team is recruited, as well as a number of “investment costs” to improve service levels, and some residual costs from the legacy print contract. The remaining £0.2m is due to previously unbudgeted software commitments being identified, and an extended use of contractor resource whilst the IT and Digital Services restructure is finalised. This is a worst case scenario, and the shared service are reviewing all purchases to identify any items currently classified as investments that have been procured against other cost centres.

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Public Services

- 9.8 The *Public Services* division is forecasting an overall overspend position of £0.1m at the year-end, an improvement on the £0.3m overspend forecast in October. The major changes in projection are an improved position in *Revenues Services*, mainly due to delays in recruiting to invest to save posts which has meant only part year costs are reflected in the 2019/20 budget. Also the *Parking Services* forecast underspend has improved, as a cautious approach was taken to forecasting income earlier in the financial year, but now an increased underspend is forecast.

Table 16 – Public Services

Service Area	Net budget	Forecast over/ (under) spend Jan 2020	Forecast over/ (under) spend Oct 2019
	£m	£m	£m
Revenue Services	2.0	0.0	(0.2)
Housing Benefits	11.1	0.3	0.2
Emergency Planning & Admin	0.9	0.1	0.2
Service Point	2.0	0.2	0.3
Parking Services	(5.8)	(0.5)	(0.2)
Director of Public Services	0.1	0.0	0.0
Total	10.3	0.1	0.3

- 9.9 For the *Revenue services* area, a balanced budget position is now being forecast. There is a pressure against the income budget for the Enforcement team, but this is offset due to recruitment to a number of invest to save posts part way through the financial year.
- 9.10 The *Housing Benefits* Service is projecting to overspend by £0.3m following budget realignment. The overall variance is net of a £0.1m forecast staffing underspend in the Housing benefit admin team and a £0.3m forecast underspend in concessionary fares; the latter is due to lower settlement figures from TfL based on the number of Freedom Pass holders. The local support scheme provides small loans and grants to at risk

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individuals in the case of a crisis or emergency. The service is funded from one off grant income received in previous years from the DWP. This funding is due to run out this year and officers are working to conclude the scheme. There is a risk that the funding will run out before the service has been concluded. This is offset by a forecast overspend on Housing Benefits Subsidy of £1.43m. The reductions in overpayment income and bad debt requirement are the main drivers for the ongoing budget pressure within Housing Benefit Subsidy. This budget pressure has been reduced by once-off corporate funding of £0.675m towards a structural shortfall in the budget. A full review of the budget related to housing benefits and universal credit will be undertaken once the announcement around funding arrangements are known.

- 9.11 An overspend of £0.1m is forecast for the *Emergency Planning & Administration* service, this is in the Complaints, Casework and Information Governance team. An overspend on agency staff of £0.2m is partially offset by schools buy back income £0.1m more than budgeted and small underspends on supplies and services.
- 9.12 *Service Point* is projecting a £0.2m overspend, mostly due to £0.3m staffing pressures in the Customer Service Centre team (partially offset by £0.2m overachievement on license and permit income) and £0.1m underachievement of recharge income in the in-house printing service.
- 9.13 The gross costs of the *Parking* service are forecast at £0.2m above budget, due to the increase in bank charges arising from the rise in cashless parking charge payments. Legal costs and business rates are also overspent by £0.1m, partially offset by a small staffing underspend in the team. This is expected to be offset by a favourable variance of £0.8m from fixed penalty notices and pay and display charges, creating a £0.5m surplus for the service.
- 9.14 The table below summarises the progress on delivering budget savings agreed for 2019/20:

Table 17 – Corporate Services Savings Tracker for 2019/20

Ref	Description	Division	£k	Comment
CUS01	Printing reduction	IT & Digital	100	Delayed - not being achieved in 19/20, expected to be delivered in 20/21
CUS10	Invest to save – create revenues protection team	Public Services	806	Work in progress
CUS12	Invest to save – Housing Benefit overpayment recovery improved	Public Services	480	Work in progress
CUS14	Parking Service revenue review	Public Services	500	On-track

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RES01	Benefits Realisation of Oracle Cloud	Finance	90	Delayed – nil savings
RES02	Legal fees increase	Legal	50	On-track
RES05	Withdrawal of Councillor Car Run Delivery Service	Policy & Governance	10	Car run ended – saving delivered. Alternative arrangements for those not signed up to electronic copies
RES06	Increase income supporting the Funding Officer post and review the Economy and Partnerships Function	Strategy	30	On-track
RES08	Insurance costs – premium reduction	Corporate Resources	30	On-track
RES09	Insurance costs – self-insurance reserves	Corporate Resources	200	On-track
RES10	Cease graduate programme	OD & HR	78	On-track
RES16	Commercial Property Investment Acquisitions	Corporate Provisions	140	On-track
Total			2,514	

10. DEDICATED SCHOOLS' GRANT

- 10.1 The Dedicated Schools Grant (DSG) for 2019/20 is £291.1m, and spend is expected to be within this level. A net change of £110k has occurred in September and this is due to a small decrease in the High Need Block of £108k and an increase of £322k in the Early Years amount. Of the early years figure £186k relates to last year's underpayment. It should be noted that the Early Years funding remains provisional until January 2020 pupil count.
- 10.2 Pupil Premium allocations show a net reduction of £700k comprising £900k reduction offset by £200k increase (£12.9m in 2018/19 to £12.2m for 2019/20). This will have implications for some schools who have factored in higher levels. During the autumn term Finance will be working closely with schools to revise this data for pupil premium, pupil number and any other changes. Further grants are given to schools and routed through the local authority. Post 16 funding (£5.7m) and the universal free school meals grant (£3.8m) making total funds of £312.3m. These figures are based on last year's allocation and have yet to be formally approved.

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Schools

- 10.3 Based on the Schools Budget plan November submissions, the general financial landscape remains challenging but now showing a more realistic position and schools balances have increased from £12.5m in June to £15.5m. It should be noted that, despite the increase in surpluses, 20 schools are reporting a deficit and many schools are only able to set a balanced budget by using reserves. The finance service is currently working with schools, providing support and training to enable the production of a 3 year budget strategy although this work is still in a transformation phase.
- 10.4 The Department for Education recently published a consultation document which proposed various changes aligning reporting requirements for maintained schools to academy schools. This could potentially change the light touch approach of LA with maintained schools to a more hands on support process. This was supported and evidenced in the DfE visits to Lewisham over the summer. Finance is currently developing reporting tools to assist schools in reviewing metric based information. Whilst the outcome of the consultation is awaited, the DfE has already progressed the implementation of some aspects of the new requirements.
- 10.5 The DfE has provided Lewisham with the partial settlement for 2020/21. This confirms an increase of £84 per primary age pupil to £5,125.27, an increase of £136 per secondary age pupil to £6,859.10. Whilst the increase in funding is welcomed, it has not been sufficient to fund the pay award requirements over the past two years and will continue to produce a downward pressure on schools.
- 10.6 With regards to funding to support pupils aged 0-5 (Early Years Block), the provisional figure for Lewisham has increased from £5.62 per hour to £5.70. It should be noted that Lewisham is one of the lowest funded Inner London Boroughs, for example Southwark are to receive £6.86 per hour and Greenwich are to receive £6.25 per hour.

High Needs Support

- 10.7 To date Lewisham has successfully managed to provide its High Needs Support within the allocated DSG high needs budget. This has been as a result of partnership working with Schools (and schools forum) and where possible Lewisham's approach to place pupils in our own provision.
- 10.8 The funding for High Needs is based on a baseline that was determined in 2012/13, which was prior to the changes established as part of the SEND reforms. For example the local authority's liability now covers the 0 to 25 age range. The baseline was determined when the scope was from age 5 to 19 years old. This is just an example. Overall the number of Education Health Care plans is continuing to increase coupled with increases in severity of cases and price. A paper was presented to the Schools Forum in January noting the potential pressures on the High Needs Block. Schools Forum has agreed to support the High Needs Block with funds of circa £1m for 2019/20.
- 10.9 It should also be noted that the increase in support staff costs, up to circa 8% and the biggest impact on cost of special provisions, has not been supported by additional funding, whereas teachers' pay has been funded at 2% by a direct grant leaving a pressure of circa 0.75% to be met from schools. The impact will vary school by school depending on their staff structure and pupil numbers.

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- 10.10 The partial settlement advised for the High Needs Block represents a £4.7m increase (offset by £0.7m reduction in the Central Block which also supports High Needs). The DfE has also confirmed that there will be a review of the High Needs national formula during 2020/21 therefore this increase is not guaranteed in future years.

11. HOUSING REVENUE ACCOUNT

- 11.1 The forecast position for January 2020, is an additional surplus of £110k. The HRA is budgeting for a surplus of £3.2m, which is contained within the current budget allocations. This would therefore result in a total HRA surplus for the year of £3.3m. The table below sets out the current budget for the Housing Revenue Account (HRA) in 2019/20, summarised at divisional level and major variances are shown and discussed below. A balanced position was reported in October 2019. There has been a major change to the income related to leasehold Major Works, which has been revised down from £7.0m to £4.0m – a change of £3.0m. The forecast surplus of £3.3m will be transferred to reserves at year end to fund the future HRA Programme as a part of the 30 year HRA business plan.
- 11.2 Repairs & Maintenance (R&M) is forecasting spend to budget. Current spend on repairs and maintenance to date appears low in comparison to budget allocations. Lewisham Homes are not reporting any current pressures in this area, and there may be a small under-spend by year end. Costs will be assessed as the year progresses and forecasts updated accordingly. There is the potential that energy costs and council tax charges on void properties may underspend against current budget allocations. An update will be provided next month. There was an overspend in this area in 2018/19 and will be closely monitored in 2019/20 to ensure that this does not re-occur and costs contained within overall allocations.
- 11.3 The monitoring currently assumes that the contingency budget (£250k) will not be allocated during the financial year as there are no calls against it. However, this could be held to cover any unforeseen over spends which may arise during the financial year. The monitoring currently shows a large under-spend against bad debt impairments (£1.4m) as a result of the phased implementation of universal credit in Lewisham and additional income from service charges (£1.0m) following on from completion of the service charge audit.
- 11.4 The current 30 year HRA financial model has been recently refreshed, with the final outturn for 2018/19 as well as the latest updates for the new build programme and general capital programme incorporated into the plans. Budgets will be updated to reflect starting stock numbers from 1st April 2019 to reflect the latest position.

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Table 18 – Housing Revenue Account

Service Area	Expenditure Budget	Income Budget	2019/20 budget	Forecast over/ (under) spend January 2020	Forecast over/ (under) spend October 2019
	£m	£m	£m	£m	£m
Customer Services – Housing	17.2	(3.5)	13.7	(0.2)	0
Lewisham Homes & R&M	37.9	0	37.9	0	0
Resources	1.5	0	1.5	0	0
Centrally Managed Budgets	43.3	(96.5)	(53.1)	0.1	0
Total	99.9	(99.9)	0	(0.1)	0

12. COLLECTION FUND

- 12.1 As at 31st January 2020, some £121,101,238 of council tax had been collected. This represents 82.7% of the total amount due for the year. This is below the profiled collection rate of 84.2% 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 82.4%.
- 12.2 Business rates collection is at 90.7%, a decrease of 2.7% compared to the same period last year, and 6.2% lower than the profiled collection rate if the overall target rate for the year of 99% is to be achieved.
- 12.3 The tables below shows the council tax and business rates collection rates and values for 2019/20:

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Table 19 Council Tax Collection 2019-20 (Actual against profiled)

	Cash Collected (cumulative)	Cash needed to meet 96% Profile	difference between collected and 96% profile	Current Year Collection Rate%	Previous Year Collection Rate (2018-2019)	difference	Required Collection Rate to reach 96%	difference
Apr-19	15,924,057.93	16,060,270.54	-136,212.61	10.94%	10.79%	0.14%	10.96%	-0.03%
May-19	27,849,341.80	28,272,760.36	-423,418.56	19.15%	19.10%	0.05%	19.30%	-0.15%
Jun-19	39,235,018.21	39,991,366.11	-756,347.90	26.91%	26.90%	0.01%	27.30%	-0.38%
Jul-19	51,343,745.90	52,057,865.16	-714,119.26	35.15%	35.05%	0.10%	35.53%	-0.39%
Aug-19	62,690,277.50	63,737,553.16	-1,047,275.66	42.89%	42.83%	0.06%	43.51%	-0.61%
Sep-19	74,271,040.71	75,545,345.53	-1,274,304.82	50.72%	50.54%	0.18%	51.57%	-0.84%
Oct-19	86,105,622.86	87,842,721.27	-1,737,098.41	58.83%	58.84%	-0.01%	59.96%	-1.12%
Nov-19	97,551,961.61	99,592,369.41	-2,040,407.80	66.59%	66.75%	-0.16%	67.98%	-1.39%
Dec-19	109,381,775.29	111,185,126.53	-1,803,351.24	74.66%	74.46%	0.20%	75.89%	-1.23%
Jan-20	121,101,237.60	123,180,664.77	-2,079,427.17	82.74%	82.41%	0.33%	84.16%	-1.42%

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Table 20 Business Rates Collection 2019-20

	Previous year (%)		Current year (%)			Difference from previous year (%)	
	Excluding Credits	Including Credits	Excluding Credits	Including Credits	Profile	Excluding Credits	Including Credits
April	18.85	18.91	22.35	22.39	11.87%	3.5	3.48
May	31.49	31.61	31	31.09	26.28%	-0.49	-0.52
June	40.31	40.47	37.82	37.96	36.54%	-2.49	-2.51
July	47.44	47.58	45.55	45.74	45.61%	-1.89	-1.84
August	55.69	55.96	53.97	54.39	53.97%	-1.72	-1.57
September	63.01	63.35	61.93	62.4	64.66%	-1.08	-0.95
October	71.06	71.59	68.66	69.18	73.18%	-2.4	-2.41
November	79.41	79.97	75.83	76.77	81.46%	-3.58	-3.2
December	86.82	87.71	83.87	84.96	89.89%	-2.95	-2.75
January	91.87	93.43	88.93	90.70	96.89%	-2.94	-2.73

13. CAPITAL EXPENDITURE

13.1 The overall spend this financial year to the end of January is £89.1m, which is 52% of the revised budget. The capital expenditure at this point in the last financial year was £53.5m, which was 61% of the revised budget of £87.3m. The final outturn for the 2018/19 capital programme was £71.1m expenditure, which was 82% of the revised budget of £87.0m.

13.2 The table below shows the current position on the major projects in the 2019/20 Capital Programme (i.e. those over £1m in 2019/20).

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Table 21 – Capital Programme

2019/20 Capital Programme	Budget Report (February 2019)	Revised Budget	Spend to 31 Oct 2019	Spent to Date (Revised Budget)
	£m	£m	£m	%
GENERAL FUND				
Schools - School Places Programme	11.0	7.0	5.5	79%
Schools - Other (inc. Minor) Capital Works	1.4	5.9	4.1	69%
Highways & Bridges - LBL	3.5	3.5	2.8	78%
Highways & Bridges - TfL	0.0	3.2	0.9	28%
Highways & Bridges - Others	0.0	1.4	0.9	64%
Catford town centre	5.5	2.3	1.6	70%
Asset Management Programme	2.5	2.4	2.0	83%
Smart Working Programme	0.9	2.7	2.4	89%
Beckenham Place Park	2.5	3.0	2.9	97%
Heathside & Lethbridge Regeneration	0.0	0.5	0.0	0%
Excalibur Regeneration	0.0	0.6	0.3	50%
Lewisham Homes – Property Acquisition	6.0	0.0	0.0	0%
Private Sector Grants and Loans (inc. DFG)	1.3	3.8	1.1	29%
Achilles St. Development	0.0	7.3	1.2	16%
Ladywell Leisure Centre Development Site	0.0	0.5	0.0	0%
Edward St. Development	9.1	0.1	0.1	100%
Residential Portfolio Acquisition – Hyde Housing Association	0.0	45.7	42.2	92%

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Travellers Site Relocation	1.1	0.0	0.0	0%
Fleet Replacement Programme	0.0	0.5	0.0	0%
Other General Fund schemes	2.2	4.1	1.1	27%
TOTAL GENERAL FUND	47.0	94.5	69.0	73%
HOUSING REVENUE ACCOUNT				
Building for Lewisham Programme	37.3	22.0	1.4	6%
HRA Capital Programme	57.1	52.0	18.4	35%
Other HRA schemes	0.8	1.6	0.3	19%
TOTAL HOUSING REVENUE ACCOUNT	95.2	75.6	20.1	27%
TOTAL CAPITAL PROGRAMME	142.2	170.1	89.1	52%

13.3 The main sources of financing the programme are Grants and contributions, and capital receipts from the sale of property assets. £40.1m has been received so far this year, £29.9m (net) from Housing Right to buy sales and Capital Receipts and £10.2m of Grants and Contributions.

13.4 The paragraphs below set out further detail regarding the major capital programmes:

13.5 **Schools – School Places Programme**

Primary place demand has levelled off recently across London and the priority for school place delivery has shifted mainly to Special Educational Need and Disability provision. Four schemes are currently in development and delivery over the next 3 years to 2021. They include:

- Works to Ashmead Primary in Brockley to expand from one to two forms of entry. Works commenced in April last year and are due to be completed by summer this year. The project will deliver a new standalone block adjacent to Lewisham Way, improved landscaping within the site and a new entrance and enhanced public realm area to the South of the site.

- Greenvale School, in Whitefoot ward, is Lewisham’s community special school for children and young people between the ages of 11 and 19 years who have significant learning difficulties. A new satellite facility to accommodate an additional 93 students will be constructed on the site of the former Brent Knoll building in Perry Vale. The

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design stage is currently underway, and works are expected to commence onsite later this year.

- New Woodlands, in Downham Ward, is a special school which supports children from 5 to 16 who have Social, Emotional and Mental Health (SEMH) special educational needs. The school recently began admitting Key Stage 4 students, and works to expand the facility took place over the summer holidays last year, ensuring that the school can provide a full curriculum. The works included minor remodelling and refurbishment of the existing building, provision of a new food technology practical room, and improvements to existing landscaping and external play areas. The final works to the boundary treatment will be carried out over the Easter holidays this year.

- Watergate is Lewisham's primary special school for children between the ages of three and eleven years who have severe learning difficulties, located in Bellingham Ward. Approval has been granted to expand the school by 59 places through the construction of a new teaching block on the existing site. A feasibility has been conducted and is currently being reviewed with a view to commencing design work this year.

13.6 **Schools – Minor Works Capital Programme**

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.

13.7 **Highways & Bridges**

The Council continues to invest resources in maintaining its 397km of highway borough roads, most notably through its annual programme of carriageway and footway resurfacing works. The budget for carriageways has allowed 70 roads (or part of a road) to be resurfaced each year. 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 2019/20 we carried out resurfacing to 72 roads (or part of road) to around 22km of roads funded from the Council's Capital programme and other external sources. As a result of this carriageway resurfacing programme, the focus has moved to works to roads classified with the Condition Index of “Amber” – lengths of road which, without a planned early intervention could result in further severe defects and move the Condition Index to “Red”. From a coarse visual inspection survey in April 2019 there are around 54km of roads where the condition of part of these roads are either classified as “Red” or “Amber” and therefore will require resurfacing works. There is also, however, an ongoing resurfacing maintenance commitment because the condition of the carriageway deteriorates through wear, age, excavations and failures.

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%.

13.8 **Catford Town Centre**

Architect's Studio Egret West is working with officers to develop a master plan to guide the regeneration of the Town Centre. The plan will be completed in spring 2020 and will form the basis of any future plan for the Town Centre along with input from Viability Assessors, Construction Programme Advisors and an independent Planning

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Consultant. The Masterplan will be used as an evidence base for the emerging Local Plan.

Work is also continuing with TfL on the agreed proposal to realign the South Circular A205 through the Town Centre. GLA Housing Infrastructure Funding (HIF) in the sum of £10m has been secured on condition that the road is delivered by TfL. Subject to an approved design, early work is expected to start by the last quarter of 2020/21.

Meanwhile, the engagement activity of Team Catford has continued to build on the programme of social engagement started in 2016. The Team's work is expected to continue through the development of the master plan and beyond.

It is expected that the draft Masterplan will be presented to M & C in early summer. Subject to this being endorsed the next step would involve public consultation with a return to M & C thereafter to seek approval to endorse the final version.

13.9 ***Asset Management Programme***

Funding from the Asset Management Programme (AMP) has continued to support reactive and much needed capital works across the operational corporate estate. This has included fabric works such as roof replacement and mechanical works including boiler replacements and lift repairs across the estate of approximately 90 buildings and sites. More recently, the programme has funded some works to the Civic Suite, Registry Office and some essential works as part of the main Laurence House refurbishment programme. A full condition survey of the corporate estate has recently been completed. The results will help define the future investment need of the estate and also underpin the use of the AMP capital programme funding for future years.

13.10 ***Smart Working Programme***

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 was refurbished last year to provide a modern, welcoming and better functioning reception for the council. Refurbishment work on floors 1 to 5 was completed in October. The works includes an improved welfare 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. Further work is now being scoped out to deliver similar improvements to the library, customer services centre and the civic suite. The proposed works will be delivered next year.

13.11 ***Beckenham Place Park***

The restoration of Beckenham Place Park (to the western side of the railway) has now been completed. The listed stable block is now home to the new park café and environmental education centre, and the long anticipated restored landscape, with its reinstated lake, is being enjoyed by thousands of local people.

The stable yard itself will become an arrival and visitor's hub, as new tenants take up occupation of the cottages over the next year.

The new play facilities are much loved, as part of the restored pleasure grounds, and the previously derelict Gardener's cottage is now fully restored and re-purposed as a hub for volunteer activity in the park, in the midst of the new community garden.

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Open water swimming now takes place on the lake, and visitors will be encouraged to explore the breadth and nature of Lewisham's largest park on new paths and trails.

13.12 **Lewisham Homes – Property Acquisition**

This funding supports the delivery of the Lewisham Homes acquisitions programme that secures properties for temporary accommodation for homeless households, making a saving on the Council's spend on bed & breakfast accommodation.

13.13 **Achilles Street**

Residents on the Achilles Street Estate have now voted for the redevelopment of the estate to go ahead. Work is underway to carry out due diligence ahead of appointing an architect with estate residents. The scheme will deliver new homes for all existing residents as well as a significant number of new council owned homes for social rent.

13.14 **Edward Street**

Edward St will provide 34 new high-quality temporary accommodation homes for local families in housing need. Start on site planned early 2020 following tender and contractor appointment.

13.15 **Residential Portfolio Acquisition – Hyde Housing Association**

The acquisition of a portfolio currently comprising 120 residential properties from Hyde Housing Association, as per a report to Mayor & Cabinet on 13 March 2019.

13.16 **Fleet vehicle replacement**

This budget will finance the replacement of 75 vehicles in the Council's fleet in order to meet the approaching Low Emissions Zone (LEZ) changes in October 2020.

13.17 **Building for Lewisham Programme**

The Building for Lewisham (BfL) supersedes the Housing Matters Programme. In January 2020, the Mayor and Cabinet approved recommendations to advance and expand the Council's housebuilding programme to meet the corporate objectives set for the period between 2018 and 2022. The M&C paper sets much of the context for the budget identified in this paper.

This Programme will deliver a significant proportion of new council housing for the borough. Funding has currently been agreed for the continuation of the former New Homes Better Places programme and for a series of additional infill sites. In addition, funding for feasibility and preparation of planning and tender information for major strategic projects at Ladywell, Achilles Street Estate and Catford has been allocated as well as funding for wider feasibility studies for sites across the borough.

The Council, via its development agent, Lewisham Homes, will also be investigating acquisition opportunities on land and sites from the market. These schemes offer an opportunity to deliver more homes on an expedited timescale and potentially can provide cross-subsidy for the directly delivered sites within the Building for Lewisham programme.

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The current consolidation of the BfL programme notes funding for 1,422 new homes across a mix of tenures. This has been modelled over a 40 year period and has been inflation-adjusted accordingly. However, the assumptions used in this report represent an over-programming of developments and not all developments modelled will necessarily come forward. Therefore, this represents the most budget-intensive scenario. The financial and programme risk associated the BfL will be monitored closely and mitigations implemented accordingly. However, should any significant changes to this budget be required, approval via Mayor and Cabinet will be duly sought.

The programme is supported by grant funding from the GLA via the Building Council Homes for London Programme. This provides £37.7m at a rate of around £100,000 per social unit. In addition to this, the Council will continue to subsidise the programme with the use of Right to Buy 1-4-1 receipts.

The majority of spend for the remainder of 2019/20 will relate to feasibility and planning application preparation for the new homes programme and delivery of a number of schemes by Lewisham Homes on site. Around 340 new social homes are forecast to achieve planning permission or start on site in 2020

13.18 ***HRA Capital Programme***

Lewisham Homes are responsible for ensuring council owned stock under their management is brought up to and maintained to a decent homes level, covering both internal and external enveloping works. Lewisham Homes are leading on the delivery of the decent homes programme (under delegated powers) in consultation / agreement with the Council.

14. Financial implications

- 14.1 This report concerns the financial forecasts for the 2019/20 financial year. However, there are no direct financial implications in noting these.

15. Legal implications

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

16. Equalities implications

- 16.1 There are no equalities implications directly arising from this report.

17. Climate change and environmental implications

- 17.1 There are no environmental implications directly arising from this report.

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18. Crime and disorder implications

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

19. Health and wellbeing implications

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

20. Conclusion

18.1 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 challenging. Strong management and fiscal discipline will be required to enable the council to meet its financial targets for 2019/20 and beyond.

20. Background papers

Short Title of Report	Date	Location	Contact
Financial Forecasts for 2019/20	10 th July 2019 (M&C)	1 st Floor Laurence House	Selwyn Thompson
Financial Outturn for 2018/19	26 th June 2019 (M&C)	1 st Floor Laurence House	Selwyn Thompson
2019/20 Budget	27 th February 2019 (Council)	1 st Floor Laurence House	David Austin

Report author and contact

For further information on this report, please contact:

Selwyn Thompson, Director of Financial Services on 020 8314 6932

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PROPOSED 19/20 CAPITAL PROGRAMME - APPROVED TO LATEST BUDGET

	Total	Total
	£'000	£'000
APPROVED CAPITAL PROGRAMME BUDGET		
Full Council – 10th July 2019		197,299
New Schemes		
9 -19 Rushey Green Project	250	
Acquisition of homes in inner LHA Area	225	
Freehold purchase of 8,Newquay Road	275	750
Approved variations on existing schemes (including re-profiling to later years)		
2019 School Minor Works Programme	(63)	
Catford Regeneration Programme	(2,817)	
Excalibur	(1,129)	
Heathside & Lethbridge	(55)	
Highways Schemes (Non TfL)	(777)	
Highways – TfL	1,009	
Watson Street Streetscape Improvements	(130)	
Pupil Places Programme	(4,125)	
Fleet Programme	(7,298)	
Edward St. Development	(9,033)	
Asset Management Programme	434	
Lewisham Homes Property Acquisition	(3,000)	
Traveller's site Relocation	(1,065)	
CCTV Modernisation Plan	(835)	
Pepys Environmental	(616)	
Ladywell Leisure Centre Development site	(505)	
Beckenham Place Park	600	
Other schemes	10	(29,395)
<u>Re- Phasing Budgets (Housing Revenue Account)</u>		
Housing Matters Programme – Unallocated Funds	920	
Decent Homes Programme – Unallocated Funds	578	
		1,498
Revised Capital Programme Budget 2019/20		170,152

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APPENDIX 2

Major Projects over £2m	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
GENERAL FUND				
Schools - School Places Programme	7.0	10.5	2.8	20.3
Schools – Minor Works Capital Programme	3.8	0.1		3.9
Schools - Other Capital Works	2.0			2.0
Highways & Bridges - TfL	3.2			3.2
Highways & Bridges - LBL	3.5	3.5	3.5	10.5
Highways – Others	1.4	1.4		2.8
Catford town centre	2.3	3.6	1.1	7.0
Asset Management Programme	2.4	2.0	2.5	6.9
Smart Working Programme	2.7			2.7
Beckenham Place Park	3.0	0.4		3.4
Lewisham Homes – Property Acquisition	0.0	3.0		3.0
Residential Portfolio Acquisition – Hyde Housing Association	45.7			45.7
Disabled Facilities Grant	2.1	0.7		2.8
Private Sector Grants and Loans	1.7	0.6	0.6	2.9
Edward St. Development	0.1	9.0		9.1
Achilles St. Development	7.3			7.3
Ladywell Leisure Centre Development Site	0.5	1.2	0.8	2.5
Fleet Replacement Programme	0.5	8.1	0.8	9.4
Other Schemes	5.4	5.5	0.9	11.8
	94.6	49.6	13.0	157.2
HOUSING REVENUE ACCOUNT				
Housing Matters Programme	22.0	46.0	86.1	154.1
Decent Homes Programme	52.0	37.2	30.6	119.8
Other Schemes	1.6	0.9	0.9	3.4
	75.6	84.1	117.6	277.3
TOTAL PROGRAMME	170.2	133.7	130.6	434.5

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