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MINUTES OF THE MAYOR AND CABINET

Wednesday, 3 February 2021 at 6.01 pm

PRESENT: Damien Egan (Mayor), Councillors Chris Best, Chris Barnham, Paul Bell, Kevin Bonavia, Andre Bourne, Brenda Dacres, Sophie McGeevor, Amanda De Ryk, Jonathan Slater and Joani Reid.

ALSO PRESENT: Councillor Bill Brown, Councillor Pat Codd, Councillor Liam Curran and Councillor Jacq Paschoud.

428. Declaration of Interests

Councillor Jacq Paschoud declared a personal interest in Item 5 as the mother of a child who had been in receipt of a number of Social Care packages.

429. Minutes

RESOLVED that the minutes of the meeting held on January 13 2021 be confirmed and signed as a correct record.

430. Matters Raised by Scrutiny and other Constitutional Bodies

Referral from the Sustainable Development Select Committee on Climate Change

The referral was presented by Councillor Liam Curran, the Chair of the Sustainable Development Select Committee.

RESOLVED that a response be considered at the March 10 meeting of Mayor & Cabinet.

Referral from the Public Accounts Select Committee on Budget Cuts

The Cabinet accepted a suggestion from the Mayor that this be considered in conjunction with Item 4.

RESOLVED that a response be considered as part of Item 4 on the agenda

Referral from the Public Accounts Select Committee on the Budget 2021-22

The Cabinet accepted a suggestion from the Mayor that this be considered in conjunction with Item 5 and a response be given then for reporting to the Select Committee.

RESOLVED that a response announced at the meeting be minuted and reported to the Select Committee.

431. Budget Cuts

The Mayor began by recounting that in every year since 2010 when he joined the Council cuts in services had been imposed. He observed the budget was about half of what it was ten years ago with 1000 fewer members of staff compared to 2010. In real terms, the budget had gone from just over £400 million to just over £240 million.

He said COVID-19 had only made the situation worse for local authorities. The Government's failure to provide Lewisham with the funding required, combined with the financial impact of COVID-19 forced further cuts. £40m worth of cuts were being imposed on Lewisham over the next three years. £28m of those cuts were required for the next year. As 71% of the budget was spent on social care and public health, the rest of our council's services were under severe financial strain.

The Mayor reminded the Cabinet that setting a legal budget was the first duty for public representatives. The alternative would be a budget set by Robert Jenrick and Boris Johnson in Westminster. Setting a balanced budget was seen as the only way to protect the Council's finances in the long-term.

The Mayor made a commitment to continue campaigning for an end to austerity and lobbying the Government to deliver the funding Lewisham needed, working with local MPs, other Labour local authorities, and the Labour Mayor of London, Sadiq Khan.

The Budget Cuts was then presented by Councillor Amanda De Ryk. She acknowledged framing a legal budget had been challenging given the level of cuts required. She confirmed the impact of austerity and the levels of cuts already made and still required.

The Chair of the Public Accounts Select Committee, Councillor Pat Codd next addressed the Cabinet. He outlined the considerations offered by all six Select Committees and concluded that he accepted the need for cuts in order to pass a balanced budget.

A response to the written comments of the Select Committees on Budget Cuts was tabled at the meeting. A proposal to report the response to the Select Committee was carried by 10 – 0 in a recorded vote under the provisions of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, with the following result:

In favour of reporting the response to the Select Committee – 10

Mayor Egan, Councillors Barnham, Bell, Best, Bonavia, Dacres, McGeevor, Reid, De Ryk, & Slater.

Against reporting the response to the Select Committee – nil

Abstaining in reporting the response to the Select Committee – nil

The Mayor next invited Dr Tony O'Sullivan, the Chair of the Save Lewisham Hospital Campaign, to address the Cabinet. Dr O'Sullivan made an impassioned plea for any cuts affecting CAMHS to be reconsidered. In response Councillor Barnham acknowledged good quality mental health services were vital and he pointed out funding had risen over the previous three years albeit from a historically low base. He reported a ring fenced £250,000 under Council control has been earmarked to underpin the SLAM contract should demand rise. The Mayor added that campaigning work on mental health issues would continue and that the Council shared campaigners concerns.

The Mayor concluded consideration of the item by laying out a series of proposals as reflected in the decisions below. The proposals were subject to a recorded vote under the provisions of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, with the following result:

In favour of the recommendations – 10

Mayor Egan, Councillors Barnham, Bell, Best, Bonavia, Dacres, McGeevor, Reid, De Ryk, & Slater.

Against the recommendations – nil

Abstaining on the recommendations – nil

Having considered an officer report, and presentations by the Cabinet Member for Finance and Resources, Councillor Amanda De Ryk, the Chair of the Public Accounts Select Committee, Councillor Pat Codd and by Dr Tony O'Sullivan of the Save Lewisham Hospital Campaign, the Mayor and Cabinet, for the reasons set out in the report and appendice, in a recorded vote of 10-0

RESOLVED that:

- (1) following a review the cuts proposals presented in Section 7 and Appendices 2 to 7, totalling £12.965m, the following proposals be approved;
- (2) Authorise officers to carry out consultations where staff consultation is necessary in relation to proposals: A-09, A-11, A-13, C-10, C-11, C-30, and F-15A and delegate the decision to the relevant Executive Director for the service concerned.
- (3) Authorise officers to carry out consultations where public consultation is necessary in relation to proposals:, B-11, C-12, C-13, C-15, C-22, C-26, C-28, F-20, F-22 and F-24, and ask officers to report back to the Mayor with the outcome, for a decision to be made. This includes the proposal on NHS CAMHS with work to be done on a contingency arrangement alongside the consultation, and brought forward in a future report to Mayor and Cabinet.

- (4) Agree that where no consultation is required, agree the following proposals: A-01A, A-10, A-12, A-14, A-16, A-17, A-18, B-12, B-13, C-09, C-14, C-16, C-17, C-21, C-23, C-24, C-29, D-09, E-01A, E-08A, E-11, F-19, F-21, and F-23

(2) the comments of the Public Accounts Select Committee of the 2 February 2021 incorporating the views of the respective select committees be received and the tabled response be endorsed for reporting to the Select Committee;

432. Budget 2021-2022

Councillor Amanda De Ryk presented the report and confirmed earlier discussion that this would be a cuts budget. She pointed out the Local Government Financial Settlement did not meet the known needs of Lewisham residents. The cuts she described would help set a balanced budget without any call being made on reserves. She praised Finance Officers for their efforts in constructing a workable budget.

Councillor Pat Codd, Chair of the Public Accounts Select Committee presented written comments prepared after the previous evening's meeting of his Committee. Councillor Codd explained his Committee acknowledged the difficult circumstances facing the Council and it commended the work of officers in responding to the pandemic while also managing critical services and identifying additional cuts to budgets. The Committee believed that the hard work and dedication of Council officers in developing the 2021-22 budget should be recognised and praised.

Councillor De Ryk responded formally by endorsing fully the comments made by the Select Committee. She praised the thematic approach taken in formulating cuts which reflected a one Council approach. She moved that her response be reported to the Select Committee. The A proposal to report the response to the Select Committee was carried by 10 – 0 in a recorded vote under the provisions of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, with the following result:

In favour of reporting the response to the Select Committee – 10

Mayor Egan, Councillors Barnham, Bell, Best, Bonavia, Dacres, McGeevor, Reid, De Ryk, & Slater.

Against reporting the response to the Select Committee – nil

Abstaining in reporting the response to the Select Committee – nil

RESOLVED that the response laid out in the minutes be reported to the Select Committee

The Cabinet was next addressed by Councillor Jacq Paschoud who highlighted the work of the People's Parliament. The actions she described were echoed by the Mayor who encouraged support for the ongoing activities

of the People's Parliament. The Executive Director for Community Services welcomed the feedback given as he believed the People's Parliament created an opportunity for vulnerable people to be heard.

The Mayor concluded by moving the recommendations stating that in difficult times a balanced budget was being presented which fully reflected Labour values.

Having considered an officer report, and presentations by the Cabinet Member for Finance and Resources, Councillor Amanda De Ryk, the Chair of the Public Accounts Select Committee, Councillor Pat Codd and by Councillor Jacq Paschoud, the Mayor and Cabinet agreed in a recorded vote carried by 10-0 under the provisions of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, with the following result

In favour of the recommendations – 10

Mayor Egan, Councillors Barnham, Bell, Best, Bonavia, Dacres, McGeevor, Reid, De Ryk, & Slater.

Against the recommendations – nil

Abstaining on recommendations - nil

RESOLVED that

(1) the comments of the Public Accounts Select Committee of 2 February 2021 be received and a minuted response be provided to the Select Committee and notes that Mayor and Cabinet decisions on the budget report will then be taken formally with the budget update report on the 10 February,

(2) having considered the views of those consulted on the budget, and subject to consideration of the outcome of consultation with business ratepayers and subject to proper process, as required, the Mayor and Cabinet approved the following budgetary decisions:

General Fund Revenue Budget

2.3 notes and asks Council to note the projected overall variance of £3.2m (or 1.3%) against the agreed 2020/21 revenue budget of £248.714m as set out in section 6 of this report and that any year-end overspend will be met from corporate reserves and provisions;

2.4 endorses and asks Council to endorse the budget cut proposals of £28.016m as per the Mayor and Cabinet meetings of the 9 December 2020 and 3 February 2020, as set out in section 6 of the report and summarised in Appendix Y1 and Y2;

2.5 agrees and asks Council to agree the allocation of £6.500m in 2021/22 be set aside and use of £1.500m reduced contribution for concessionary fares for corporate risks and pressures;

2.6 agrees and asks Council to agree the allocation of £19.685m of corporate risks and pressures, social care precept, new homes bonus, social care grant, lower tier grant and legacy s31 monies in 2021/22 to be invested in funding quantified budget pressures and opportunities, both recurring and once-off as set out in section 6;

2.7 agrees to recommend to Council that a General Fund Budget Requirement of £243.100m for 2021/22 be approved;

2.8 asks Council to agree to a 4.99% increase in Lewisham's Council Tax element. This will result in a Band D equivalent Council Tax level of £1,379.96 for Lewisham's services and £1,743.62 overall. This represents an overall increase in Council Tax for 2021/22 of 5.91% and is subject to the GLA precept for 2021/22 being increased by £31.59 (i.e. 9.5%) from £332.07 to £363.66, in line with the GLA's draft budget proposals;

2.9 notes and asks Council to note the Council Tax Ready Reckoner which for illustrative purposes sets out the Band D equivalent Council Tax at various levels of increase. This is explained in section 6 of the report and is set out in more detail in Appendix Y4;

2.10 asks that the Executive Director for Corporate Resources issues cash limits to all Directorates once the 2021/22 Revenue Budget is agreed;

2.11 notes that the Executive Director for Corporate Resources Section 25 Statement will be presented in the Budget Update Report on the 10 February 2021 for approval;

2.12 agrees and asks Council to agree the draft statutory calculations for 2021/22 as set out at Appendix Y6;

2.13 notes and asks Council to note the prospects for the revenue budget for 2021/22 and future years as set out in section 6;

2.14 agrees and asks officers to continue to develop firm proposals to redesign and transform services and bring them forward in good time to support the work towards a cuts round to help plan early and meet the future forecast budget shortfalls;

2.15 notes and endorses the Council's withdrawal from the discontinued London Business Rates Pool for 2021/22.

Other Grants (within the General Fund)

2.16 notes and asks Council to note the adjustments to and impact of various specific grants for 2021/22 on the General Fund as set out in section 7 of the report;

Fees and charges

2.17 approves and endorses the approach to setting 2021/22 fees and charges for chargeable services in section 8 of the report and attached at Appendix Y8;

Dedicated Schools Grant and Pupil Premium

Schools Block

2.18 notes and recommends that Council notes that the provisional Dedicated Schools Grant allocation of £222.769m be the Schools' Budget (Schools Block) for 2021/22;

2.19 notes that following the Schools Forum meeting on the 19 January, submission has been made to the Department for Education with regards to school funding formula, recommending the application of the National Funding Formula (including unit values) allowing for a 2% uplift in Minimum Funding Guarantee (MFG);

2.20 notes that after the funding allocation to schools there is a one-off remaining amount of Dedicated Schools Grant of £2.3m for 2021/22;

2.21 agrees and recommends that Council agrees, (as recommended by Schools Forum) the once-off transfer £1.068m of Dedicated Schools Grant to the High Needs Block and the set aside of £1.24m to support schools through measures such as the growth fund and the falling rolls fund;

Central Schools Services Block (CSSB)

2.22 notes, and asks Council to note, the construct and allocation of £4.261m for the CSSB block allocation for 2021/22;

2.23 notes an increase of £2.65 per pupil unit resulting in a net increase of £68.7k in the "pupil-led" funding element of the block;

High Needs Block (HNB)

2.24 notes, and asks Council to note, the provisional High Needs Block £62.4m to support the Council's statutory duty with regards Special Education Needs. This is a net increase of £5.99m relative to 2020/21;

2.25 notes that the HNB is expected to overspend by between £4-5m in 2020/21;

2.26 notes that the Schools Forum has agreed to transfer £1.068m to the block to support the Council to meet its statutory functions;

Early Years Block (EYB)

2.27 notes, and asks Council to note, the provisional Dedicated Schools Grant allocation of £24.17m to the block;

2.28 notes that the Department for Education increase in funding for "3 and 4 year old" from £5.70, to £5.76 (i.e. 6p per hour), and hourly rate for 2 year olds increase from £6.58 to £6.66 (i.e. 8p per hour) for 2021/22.

2.29 notes that the maintained nursery supplementary funding allocation for

September 2021 to March 2022 is subject to change and has not yet been finalised;

Pupil Premium

2.30 notes, and asks Council to note, that the pupil premium will continue in the 2021/22 financial year. The funding rates in the year will be same as 2020/21 but the census date has changed to January.

Housing Revenue Account

2.31 notes the consultation report on service charges to tenants' and leaseholders in the Brockley area, presented to area panel members on 16 December 2020, as attached at Appendix X2;

2.32 notes the consultation report on service charges to tenants' and leaseholders and the Lewisham Homes budget strategy presented to area panel members on 17 December 2020 as attached at Appendix X3;

2.33 sets an increase in dwelling rents of 1.5% (an average of £1.46 per week) – as per the formula rent calculations outlined in section 9 of this report;

2.34 sets an increase in the hostels accommodation charge by 1.5% (or £0.53 per week), in accordance with formula rent calculations;

2.35 approves the following average weekly increases/decreases for dwellings for:

2.35.1 service charges to non-Lewisham Homes managed dwellings (Brockley) to ensure full cost recovery and 2.1% inflationary uplift for 2021/22;

- caretaking 2.10% (£0.66)
- grounds 2.10% (£0.80)
- communal lighting 2.10% (£0.06)
- bulk waste collection 2.10% (£0.03)
- window cleaning 2.10% (£0.00)
- tenants' levy 0% (£0.00)

2.35.2 service charges to Lewisham Homes managed dwellings:

- caretaking 1.99% (£0.13)
- grounds 1.94% (£0.04)
- window cleaning 26.00% (£0.02)
- communal lighting 2.55% (£0.03)
- block pest control 2.20% (£0.04)
- waste collection 23.20% (£0.11)
- heating & hot water 1.62% (£0.17)
- tenants' levy 0% (£0.00)
- bulk waste disposal 0.00% (£0.00)
- sheltered housing 0.00% (£0.00)

2.36 approves the following average weekly percentage changes for hostels and shared temporary units for;

- service charges (hostels) – caretaking etc.; no change

- energy cost increases for heat, light & power; no change
- water charges increase; no change

2.37 approves an increase in garage rents by 1.1% (£0.17 per week) for Brockley and Lewisham Homes residents;

2.38 notes that the budgeted expenditure for the Housing Revenue Account (HRA) for 2021/22 is £226.1m, split £112.1m revenue and £114.0m capital, which includes the decent homes and new build programmes;

2.39 agrees the HRA budget strategy cut proposals in order to achieve a balanced budget in 2021/21, as attached at Appendix X1;

2.40 agrees to write off forty-one cases of Former Tenants' Arrears as set out in section 9 and Appendix X7, totalling £655,329.76;

Treasury Management Strategy

2.41 approves and recommends that Council approves the prudential indicators and treasury indicators, as set out in section 10 of this report;

2.42 approves and recommends that Council approves the Annual Investment Strategy and Creditworthiness Policy, set out in further detail at Appendix Z2;

2.43 approves and recommends that Council approves the update to the Investment Strategy as set out in section 10 of this report, namely to allow investment in UK building societies with a minimum credit rating of BBB- from Fitch (or equivalent) for up to 3 months, and no more than £10m per institution;

2.44 notes and asks Council to note that the Capital Strategy 2021/22 will be brought forward during the year;

2.45 approves and recommends that Council approves the Minimum Revenue Provision (MRP) policy as set out in section 10 of this report;

2.46 agrees and recommends that Council agrees to delegate to the Executive Director of Corporate Resources authority during 2021/22 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;

2.47 approves and recommends that Council approves the overall credit and counterparty risk management criteria, as set out at Appendix Z2, the proposed countries for investment at Appendix Z3, and that it formally delegates responsibility for managing transactions with those institutions which meet the criteria to the Executive Director for Corporate Resources;

2.48 approves and recommends that Council approves a minimum sovereign rating of AA-for non-UK investments;

Capital Programme

2.49 notes the 2020/21 Quarter 3 Capital Programme monitoring position and the Capital Programme potential future schemes and resources as set out in section 11 of this report;

2.50 notes the significant proposed rise in prudential borrowing of more than £275m by 2023/24, primarily to fund the Building for Lewisham programme capital plans;

2.51 recommends that Council approves the 2021/22 to 2023/24 Capital Programme of £517.5m, as set out in section 11 of this report and attached at Appendices W1 and W2.

The meeting closed at 7.16pm