



## Mayor & Cabinet

### Financial Monitoring 2021/22

**Date:** 6 October 2021

**Key decision:** No

**Class:** Part 1

**Ward(s) affected:** None Specific

**Contributors:** Executive Director for Corporate Resources

### Outline and recommendations

This report presents the financial monitoring position for the 2021/22 financial year. It sets out the position as at 31 July 2021, noting any exceptional items to the end of August 2021.

The report covers the position on the Council's General Fund, Dedicated Schools Grant, Housing Revenue Account, Collection Fund and Capital Programme. It provides an update on the work done to assess and monitor the financial implications of the Covid-19 response.

The Council-wide financial forecast for General Fund activities is an overspend of £33.2m. The overall position consists of Covid-19 related expenditure of some £23.9m which is met entirely by currently held Covid-19 government grant income. This means that the General Fund 'business as usual' expenditure is currently forecast to overspend by £9.3m. This is an early estimate of the Council's financial position and officers will continue with plans to reduce this overspend.

Financial monitoring will continue throughout the year, and Executive Directors will continue to manage down budget pressures within their directorates in a drive to bring spend back into line with cash-limited budgets.

## Timeline of engagement and decision-making

16 September 2021 – 2020/21 Progress Update on 2020/21 external audit process to Audit Panel

23 September 2021 – Period 4 (July) Financial Monitoring 2021/22 to Public Accounts Select Committee

6 October 2021 – Period 4 (July) Financial Monitoring 2021/22 to Mayor & Cabinet

### 1. Executive Summary

- 1.1. This report sets out the financial forecasts for 2021/22 as at 31 July 2021, noting any exceptional items to the end of August 2021. The key areas to note are as follows:
- i. There is a forecast overspend of £9.3m against the directorates' net general fund revenue budget, after the application of additional government funding to support the local authority's response to the Covid-19 pandemic. This is set out in more detail in sections 6 to 10 of this report
  - ii. The Dedicated Schools Grant (DSG) is currently forecasted to overspend by a cumulative £8.5m at the end of the financial year. There are 12 schools with deficits. This is set out in more detail in section 13 of this report.
  - iii. The Housing Revenue Account (HRA) is currently projecting a balanced budget position. This is set out in more detail in section 14 of this report.
  - iv. As at 31 July 2021, some 34.14% of council tax due and 32.06% of business rates due had been collected. At this point last year, 33.83% of council tax due and 46.35% of business rates due had been collected. This is set out in more detail in section 15 of this report.
  - v. The Capital Programme spend as at 31 July 2021 is £28.4m, which is 11% of the 2020/21 proposed revised capital budget of £252.4m. At this point last year, 10% of the revised budget had been spent, with the final outturn being 70% (£120.1m) of the revised budget of £171.6m. This has been set out in more detail in section 16 of this report and the appendices 3 to 5.

### 2. Purpose

- 2.0 The purpose of this report is to set out the financial forecasts for 2021/22 as at the end of July 2021, noting any exceptional items to the end of August 2021 and projected to the year-end, 31 March 2022.

### 3. Policy Context

- 3.0 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.
- 3.1 The Council's strategy and priorities drive the Budget with changes in resource allocation determined in accordance with policies and strategy. The Council launched its current Corporate Strategy in 2019, with seven corporate priorities as stated below:

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### 3.2 Corporate Priorities

- **Open Lewisham** - Lewisham will be a place where diversity and cultural heritage is recognised as a strength and is celebrated.
- **Tackling the housing crisis** - Everyone has a decent home that is secure and affordable.
- **Giving children and young people the best start in life** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
- **Building and inclusive local economy** - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- **Delivering and defending health, social care and support** - Ensuring everyone receives the health, mental health, social care and support services they need.
- **Making Lewisham greener** - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.
- **Building safer communities** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

3.3 Values are critical to the Council's role as an employer, regulator, and securer of services and steward of public funds. The Council's values shape interactions and behaviours across the organisational hierarchy, between officers, and members, between the council and partners and between the council and citizens. In delivering our duties, we are guided by the Council's four core values:

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

3.4 The Council's strong and resilient framework for prioritising action has served the organisation well in the face of austerity and on-going cuts to local government spending. This continues to mean, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone.

3.5 This joint endeavour helps work through complex challenges, such as the pressures faced by health and social care services, and to secure investment in the borough, for new homes, school improvements, regenerating town centres, renewed leisure opportunities and improvement in the wider environment. This work has and continues to contribute much to improve life chances and life opportunities across the borough through improved education opportunities, skills development and employment. There is still much more that can be done to realise our ambitions for the future of the borough; ranging from our work to support housing supply and business growth, through to our programmes of care and support to some of our most vulnerable and troubled families.

3.6 Over the course of the last 18 months, the Council's business, and the day to day lives of Lewisham's residents, has been turned on its head. In March 2020, Council activity simultaneously ground to a halt and ramped up in equal measure. With 'non-critical' services wound down almost overnight and a new, urgent focus on 'critical services', the Council's leadership team, members and vast range of services faced new demands, challenges, pressures and opportunities.

3.7 The pace, scope and scale of change has been immense: the pandemic has demanded agility, creativity, pace, leadership, organisational and personal resilience, strong

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communications and an unerring focus on the right priorities. Within the Council, the impact of the Covid-19 pandemic is felt acutely across all of our service areas and throughout the year we have been grappling with real challenges in how we keep services running for our residents and how we protect the most vulnerable. Across the borough, residents are looking afresh at our borough, their neighbourhoods, and seeing where they live through new eyes.

- 3.8 While we do not yet fully understand what all of the long-term implications of Covid-19 will mean for the borough, there have been many clear and visible impacts of the pandemic on our residents, Lewisham the place and also the Council. We know that coronavirus has disproportionately affected certain population groups in Lewisham, matching patterns that have been identified nationally and internationally: older residents, residents born in the Americas & the Caribbean, Africa or the Middle East & Asia, and residents in the most deprived areas of the borough have considerably higher death rates. We know that more Lewisham residents are claiming unemployment benefits compared to the beginning of this year and that food insecurity has increased in the borough.

#### 4. Recommendations

- 4.0 The Mayor is asked to:
- 4.1 Note the current financial forecasts for the year ending 31 March 2022 and request that Executive Directors continue to work in bringing forward action plans to manage down budget pressures within their directorates.
- 4.2 Agree that officers submit a bid for up to £3m from the Government’s Social Housing Decarbonisation Fund as set out in paragraphs 8.8 to 8.10 of this report; and
- 4.3 Delegate to the Executive Director for Housing, Regeneration and Public Realm the procurement and delivery of the works in consultation with the Executive Director for Corporate Resources.

#### 5. Directorate Forecast Outturn

- 5.0 The Council is reporting a net overspend for general fund activities of £33.2m. This consists of Covid related spend of £23.9m which is met by Covid-19 government grant income and a general fund ‘business as usual’ overspend of £9.3m.
- 5.1 The financial forecast position is predicated on the successful delivery of revenue budget savings of £7.5m which were not achieved last year, but will now need to be implemented in 2021/22. It also includes the outcome of delivered agreed savings of £22.6m for 2021/22, attached at Appendix 1 and agreed overspend reduction measures for 2021/22 of £5.4m set out in Appendix 2. The overall pressures are alleviated in part by additional government grant income which is being received to provide some financial support to councils to undertake additional activities in recognition of the unplanned costs which have been incurred in responding to Covid-19. The amount received by Lewisham and available for use in 2021/22 for such purposes, totals £26m. Of this sum of Covid-19 government grant income, some £23.9m is being applied to the related costs identified in 2021/22 to date. More detail on these grants have been set out in section 11 of this report.

**Table 1 – Overall Directorate Position for 2021/22**

Directorate	Net budget 2021/22	Forecast Outturn 2021/22	Forecast Variance 2021/22	Forecast Outturn Covid-19 related Variance 2021/22	Forecast Outturn Non Covid-19 related Variance	Forecast Outturn Non Covid-19 related Variance

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					July 2021/22	May 2021/22
	£m	£m	£m	£m		£m
Children & Young People	58.4	65.9	7.5	4.4	3.1	3.1
Community Services	81.1	99.0	17.9	12.3	5.6	5.1
Housing, Regeneration and Public Realm	21.9	26.7	4.8	4.8	0.0	0.0
Corporate Services	32.5	35.2	2.7	2.2	0.5	0.7
Chief Executives	11.2	11.5	0.3	0.2	0.1	0.0
<b>Directorate Totals</b>	<b>205.1</b>	<b>238.3</b>	<b>33.2</b>	<b>23.9</b>	<b>9.3</b>	<b>8.9</b>
Covid-19 Government Grant Income - Applied	N/A	(23.9)	(23.9)	(23.9)	0.0	0.0
Corporate Items	38.1	38.1	0.0	0.0	0.0	0.0
<b>Net Revenue Budget</b>	<b>243.2</b>	<b>252.5</b>	<b>9.3</b>	<b>0.0</b>	<b>9.3</b>	<b>8.9</b>

## 6. Children and Young People directorate

- 6.0 The Children and Young People Directorate is forecasting a year-end overspend of £3.1m for general fund services as at end of July and represents no change from the figure reported in May 2021. This is after the application and achievement of once-off in year measures of £4.3m, and £4.4m of the currently held grant income the Council received from central government to fully offset Covid-19 costs incurred by the directorate.
- 6.1 It can be seen from Appendices 1 and 2 that a number of risks have been identified to the achievement of the savings and the cost reduction measures. In addition to this there are further risks relating to changes in demand due to Covid, demographic changes and changes to the funding of asylum seekers. Work continues to manage those risks and find alternative ways of funding any pressures arising from them, including a potential underspend of £0.6m in the No Recourse to Public Funds budget however this could face pressure over the next few months depending on the placing of any refugee numbers in Lewisham.
- 6.2 The overall Directorate position is shown in the table below.

**Table 2 – Children & Young People Directorate**

Service Area	Net budget 2021/22	Forecast as at 31 July 2021	Forecast Variance (Under)/Over Spend 2021/22	Forecast Outturn Covid-19 related Variance 2021/22	Forecast Outturn Non Covid-19 related Variance July 2021/22	Forecast Outturn Non Covid-19 related Variance May 2021/22
	£m	£m	£m	£m	£m	£m
Children's Social Care	40.8	47.0	6.2	3.1	3.1	3.1
No Recourse to Public Funds	2.6	2.6	0.0	0	0	0
Education Services	11.0	12.3	1.3	1.3	0	0

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Joint Commissioning / Early Help	6.5	6.5	0.0	0.0	0	0
Schools	(2.5)	(2.5)	0	0	0	0
<b>Total</b>	<b>58.4</b>	<b>65.9</b>	<b>7.5</b>	<b>4.4</b>	<b>3.1</b>	<b>3.1</b>

6.3 The following sections provide a summary of the cost of Covid-19 and the revenue forecast by division, including a summary of directorate risks and pressures and any actions being taken by way of mitigation.

### Cost of Covid-19

6.4 The overall forecasted impact of Covid-19 on base budgets for expenditure and income in Children and Young People is £4.4m. The Covid-19 pressures are summarised as follows:

**Table 3 – Covid-19 Pressures for the CYP Directorate**

Service	Area	Forecast Outturn As at 31 July 2021 £m
Children's Social Care	Residential Placements/Care Leavers	1.4
	Other Children Social Care Support	0.4
	Unachieved savings	1.3
Education Services	SEND Salaries	0.7
	Home to School Transport	0.3
	Other	0.3
<b>Total</b>		<b>4.4</b>

## Children Social Care

6.5 The Children Social Care (CSC) division is forecasting an overall overspend of £6.2m. This includes Covid-19 related costs of £3.1m. The general fund related overspend is currently forecasted to be £3.1m. This general fund services overspend is expected to be solely against the placements budget based on the assumption that the delivery of £0.7m of savings and £2.9m of cost reductions as a part of the CYP recovery plan is fully met although it should be noted that an apparent change in demand, particularly in the number of 18 plus care leavers in Staying Put accommodation, presents a risk. Due to a recent system issue the service is undertaking data validation exercise which may impact on the forecasted position.

6.6 Progress on this position will be monitored closely throughout the year with a view to bringing spend more into line with budget. Should the overspend persists, there is an option to make a call against resources held corporately which have been specifically set aside for this service area.

6.7 The placements budget in 2021/22 is forecasted to overspend by £3.1m after adjusting for Covid-19 related costs of £1.4m. This compares to an overspend on placement of £4.8m at the end of 2020/21. The reduction in the overspend comes as a result of actions to manage demand and reduce costs as a part of the CSC recovery plan. As stated above, the forecast reported is pending validation of data and also assumes that

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all savings will be met or alternative savings will be presented.

- 6.8 The total number of Children Looked After (CLAs), i.e. those in residential, foster and semi-independent placements, at the end of July 2021, is 462, a reduction of 8 compared to the figure reported in May 2021.
- 6.9 Over the same period the number of care leavers over the age of 18 in Staying Put accommodation has increased from 64 to 71. The change in demand has dampened the impact of recovery plan measures intended to reduce the pressures on the placements budget.

### No Recourse to Public Funds

- 6.10 As at the end of July, some 55 cases being supported compared to 67 cases at the end of the last reporting period. During the month of July, the latest data available, five new cases were accepted for support and 12 closed. Based on the current data, there is the potential for a £0.6m underspend by the end of the financial year, however, potential increase in demand and risks to the delivery of savings and cost reduction measures mean that a balanced budget is currently being forecast.

### Education Services

- 6.11 The *Education Services* division budget is forecasted to end the year with a balanced budget after taking into account £1.3m of grant funding to cover Covid-19 related costs and cost reduction measures to the value of £0.3m. The position assumes that savings to the value of £1.3m are achieved. It should be noted that there is a risk to the savings proposed in the Special Educational Needs (SEN) transport service of £0.25m, but measures are being considered to mitigate this. A further risk is the increase in EHPC numbers which could potentially add pressure on the transport budget. A cross-Council transport review board has been established to consider the delivery of transport services, including the savings, mitigation plan and demand pressures.

### Joint Commissioning and Early Help

- 6.12 The *Joint Commissioning and Early Help* service budget is forecasted to end the year with a balanced budget after taking into account £0.1m of Covid-19 costs of £0.1m being covered by the currently held government grant income. This assumes the full delivery of savings to the value of £0.3m and cost reduction measures as a part of the CYP recovery plan of £1.1m.

## 7. Community Services Directorate

- 7.0 The Community Services Directorate is forecasting a year-end overspend of £5.6m for general fund services as at the end of July 2021. This is after the application of £12.3m of government grant income to fully offset Covid-19 costs incurred by the Directorate. This compares to an overspend of £5.3m overspend at the end of period 3. The overall Directorate position is shown in the table below.

**Table 4 – Community Services Directorate**

Service Area	Net budget 2021/22	Forecast as at 31-Jul 2021	Forecast Variance (Under)/Over Spend 2021/22	Forecast Outturn Covid-19 related Variance 2021/22	Forecast Outturn Non Covid-19 related Variance July 2021/22	Forecast Outturn Non Covid-19 related Variance May 2021/22

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	£m	£m	£m	£m	£m	£m
Adults' Social Care	59.8	72.8	13.0	7.1	5.9	5.4
Integrated Commissioning	7.7	7.7	0.0	0.0	0.0	0.0
Public Health	(0.8)	2	2.8	3.1	(0.3)	(0.3)
Communities, Partnerships and Leisure	9.9	11.8	1.9	1.9	0.0	0.0
Culture, Learning and Libraries	3.5	3.7	0.2	0.2	0.0	0.0
Strategy Partnership & Improvement	1.0	1.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>81.1</b>	<b>99</b>	<b>17.9</b>	<b>12.3</b>	<b>5.6</b>	<b>5.1</b>

7.1 The following sections provide a summary of the cost of Covid-19 and the revenue forecast by division, including a summary of directorate risks and pressures and any actions being taken by way of mitigation.

### Cost of Covid-19

7.2 The overall forecasted impact of Covid-19 on base budgets for expenditure and income in Community Services is £12.3m. The Covid-19 pressures are summarised as follows:

**Table 5 – Covid-19 Pressures for the Community Services Directorate**

Service	Area	Forecast
		Outturn 2021/22 £m
Adults' Social Care	ASC - workforce pressure	0.1
	Infection Control	1.4
	Lateral Flow Testing	1.1
	Market Support	0.1
	Loss of client contributions	1.2
	Unachieved Savings	3.2
	Public Health	Test and Trace
	PPE and Infection Control	0.9
Communities, Partnerships & Leisure	Community Centre Income & Parks Events Income	0.2
	Community Centres & Bereavement Services- Infection Control costs	0.1
	Leisure Management-GLL contract costs	1.2
	Bereavement Services-London Wide Mortality Management Scheme	0.4
Culture Learning and Libraries	Adult Learning-Student Fee Income and Infection Control costs	0.1
	Libraries Income and Infection Control costs	0.1
<b>Total</b>		<b>12.3</b>

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## Adults' Social Care Services

- 7.3 The *Adults' Social Care Services* division is forecasting an overspend of £5.9m for general fund services. This compares to a £5.6m overspend at end of the last reporting period. The movement from the previous period is due to an uplift that has been applied and backdated. There is an overall overspend of £13m, where £7.1m of these costs are attributable to Covid-19 activity and is covered by the government grant income. The general fund services overspend takes into account £10m savings that are anticipated on being delivered in full.
- 7.4 The movement from the close of last year to the beginning of this one, is significant. The Council is seeing increases in demand for community based services as the service users are being discharged from hospital which is an apparent trend across London and nationally. Service users being discharged out of hospital have increased complexity of care and often requiring step up in package support. Such risks manifest themselves in higher levels of care, increased use of 24-hour care at home, and increased use of double-handed care. Furthermore, the number of placements in residential care has increased and this pattern is expected to continue into 2022/23. These are just a few cost drivers that the service is seeing increases in. These costs were supported by the Covid-19 grant as well as the Clinical Commissioning Group (CCG) for discharges. Members should note, that whilst pressures for 2020/21 were managed, there is a risk that the Council will face increased costs and demands in 2021/22 without the funding support it received last year.
- 7.5 Furthermore, it should be noted that the costs of transitions from childrens' to adults will again be prevelant. This on-going pressure last year was in excess of £1m.

## Integrated Commissioning

- 7.6 The *Integrated Commissioning* division is forecasting a balanced budget position by the year-end. Last year, the division was underspent by £0.8m on general fund services which was offset by pressures related to Covid-19 temporary contract stabilisation payments of £0.2m. These payments were made to Supporting People and Substance Misuse providers and were fully funded from Covid-19 government grant income.
- 7.7 The Prevention and Inclusion element of Joint Commissioning covering Drug & Alcohol Services and Supporting People was underspent by £0.4m in 2020/21, primarily as a result of variations on activity based contracts. Savings of £0.3m have been taken in the 2021/22 financial year and these are expected to be fully achieved with no variance for the current financial year.
- 7.8 In 2020/21, the Adults Joint Commissioning budget underspent by £0.3m mainly as a result of a reduction in projected spend on a combination of section 75 payments made to the CCG and on block/spot purchase contractual arrangements with the voluntary sector. A number of these contracts are currently under review in 2021/22.

## Public Health

- 7.9 The *Public Health* division is forecasting an underspend is £0.3m for general fund services. There is an overall forecasted overspend of £2.8m, where £3.1m of these costs relate to Covid-19 activity. Within the overall position, the forecasted underspend of £0.3m is on sexual health services. This reflects reduced activity and lower payments to out-of-borough clinics. As lockdown eases, it is expected that activity levels will increase at which point the forecast will be reviewed.

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## Communities, Leisure and Partnerships

- 7.10 The *Communities, Leisure and Partnerships* service is forecasting a balanced budget position by the year-end for non covid activity. The estimated Covid-19 related costs of £2m is expected to be covered by the Covid-19 government grant income.
- 7.11 The Leisure Management budget was overspent by £1.9m last year which was all treated as Covid-19 related and therefore covered by government grant income. The pandemic led to the forced termination of the previous leisure contract and creation of a new contractual arrangement with Greenwich Leisure Ltd (GLL). The new contract is an open book arrangement with GLL taking a percentage on income for management and overheads and the net costs of the service being borne by the Council. The sum of £1.2m had originally been set aside in Corporate Provisions to cover the 2021/22 contract costs. However, it has now been decided that the costs of the GLL contract will be treated as a Covid-19 related cost pressure for 2021/22 and will therefore be offset against a combination of government grant funding and the remaining balance of Leisure Relief grant funding received from the Sports Council of £0.2m. Officers are in the process of agreeing first quarter profit & loss accounts with GLL, but are currently assuming that £1.2m will be sufficient to cover this year's contract costs.
- 7.12 Bereavement Services income for the cemeteries and crematorium in the 2020/21 financial year showed a significant income surplus against budget of £0.6m which resulted primarily from the excess deaths due to the coronavirus pandemic. The current year has seen mortality rates fall back to more normal levels as the impact of the pandemic has eased and despite charge the charge increases that were implemented on 1<sup>st</sup> April 2021 officers are currently projecting an income shortfall of £0.1m for 2021/22. In addition, there is a small staffing pressure in Bereavement Services resulting from the need to cover for a member of staff on long term absence and a further pressure on the projected contribution to London Borough of Southwark under the Coroners' Court Consortium. Overall, there is a £0.2m non covid pressure across the service.
- 7.13 This budget pressure on Bereavement Services is being offset by other service underspends across the Division. Additional income of £0.1m is projected to be generated by Greenscene at Beckenham Place Park from a combination of Car Parking charges and Events. In addition, there are staffing underspends totalling £0.1m across the Community Development and Community Safety Services as a result of staff vacancies.

## Culture, Learning and Libraries

- 7.14 The *Culture, Learning and Libraries* division is forecasting a balanced budget by the year-end on non covid activity. The estimated Covid-19 related costs of £0.2m is expected to be covered by the Covid-19 government grant income.
- 7.15 The delivery of the Borough of Culture Programme has been highlighted as an area of potential risk across both the 2021/22 and 2022/23 financial years. The Council has been awarded £1.35m from the Greater London Authority (GLA) to deliver the London Borough of Culture for 2022. The programme will be delivered across both the 2021/22 and 2022/23 financial years with full delivery commencing in January 2022. In addition to the GLA grant funding, the Council is expected to make a one-off contribution of £0.5m from earmarked reserves and is also aligning £0.2m of existing budgets to the delivery of the programme. In addition there is also a £1m fundraising target from other sponsors and funders – of this sum £0.1m has been secured and there have been applications submitted to strategic funders who supported previous boroughs of culture for £0.65m. There is an additional £0.2m of applications submitted pending decisions and other prospects in the pipeline. There will also be earned income from ticket and other sales that will contribute to the match funding of the programme. Despite the

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positive outlook, until all the match funding has been fully confirmed and agreed there remains a potential financial pressure for the council.

- 7.16 The Libraries Service was subject to staffing savings of over £0.3m for 2021/22 and a full reorganisation is currently being undertaken with a mid-year implementation date. Despite a delayed implementation, it is expected that the staffing saving will be fully achieved in 2021/22 due to the high level of vacancies currently being held within the service. There are potential redundancy costs arising from the restructure that may need to be covered from the service budget of up to £0.2m, but it is anticipated that these can if necessary be covered from managed underspends against operational budgets.

## Strategy and Performance

- 7.17 The Strategy, Partnership and Improvement division is forecasting a balanced budget position by the year-end.

## 8. Housing, Regeneration and Public Realm

- 8.0 The Housing, Regeneration and Public Realm Directorate is forecasting a year-end balanced budget position for general fund services as at the end of July 2021. This is after the application of £4.8m of government grant income which is currently held to fully offset Covid-19 costs incurred by the directorate. This is the same position as reported at the end of May with a £0.2m increase in covid related costs. The overall Directorate position is shown in the table below.

**Table 6 – Housing, Regeneration and Public Realm (HRPR) Directorate**

Service Area	Net budget 2021/22	Forecast as at 31 July 2021	Forecast Variance (Under)/ Over Spend 2021/22	Forecast Outturn Covid-19 related Variance 2021/22	Forecast Outturn Non Covid-19 related Variance July 2021/22	Forecast Outturn Non Covid-19 related Variance May 2021/22
	£m	£m	£m	£m		£m
Strategic Housing	3.5	5.4	1.9	1.9	0.0	0.0
Public Realm	17.7	19.9	2.2	2.6	(0.4)	(0.4)
Regeneration	0.0	0.6	0.6	0.2	0.4	0.4
Planning	0.7	0.8	0.1	0.1	0.0	0.0
Reserves and Provisions	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>21.9</b>	<b>26.7</b>	<b>4.8</b>	<b>4.8</b>	<b>0.0</b>	<b>0.0</b>

- 8.1 The following sections provide a summary of the cost of Covid-19 and the revenue forecast by division, including a summary of directorate risks and pressures and any actions being taken by way of mitigation.

### Cost of Covid-19

- 8.2 The overall forecasted impact of Covid-19 on base budgets for expenditure and income in Housing, Regeneration and Public Realm is £4.8m (£4.6m in May). The Covid-19 pressures are summarised as follows:

**Table 7 – Covid-19 Pressures for the HRPR Directorate**

Service	Area	Forecast Outturn As at 31 July 2021
		£m

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Strategic Housing	Housing Needs	1.9
Public Realm	Parking	1.9
	Refuse Collection	0.3
	Street Management	0.1
	Street Markets	0.3
Regeneration	Building Control	0.1
	Economy & Partnerships	0.1
Planning	Planning	0.1
<b>Total</b>		<b>4.8</b>

## Strategic Housing

- 8.3 The Strategic Housing division is forecasted to end the year with a balanced budget after applying government funding to cover the forecast overspend of £1.9m, entirely due to Covid-19.
- 8.4 There is an increase in the number of people in nightly paid accommodation, 745 at the start of April 2021 rising to 784 at the end of July. The increase in numbers has put additional pressure on the service in terms of landlord payments and HB limitation recharges, with a current potential overspend of £0.4m. The team is working to address any anomalies in recharges and rents and therefore no overspend is being reported. If numbers continue to rise however, a forecast overspend may become unavoidable.
- 8.5 The HB limitation recharge is set against the housing division where benefits paid to a recipient is in excess of the HB caps and limits. For the last few years, this recharge has been in the region of £4.5m to £5.0m or approximately 35% of HB paid. The Council covers some of this cost through the use of grants. It should be noted that the current limitation recharge forecast for 2021/22 is in the region of £7.2m, which is some £1.7m above the 2020/21 recharge levels. Whilst some of this increase was expected due to increased renal charges for PSL/PMA units it appears higher than originally forecasted or anticipated. This has not been fully brought into the forecast yet as the level of recharges are currently being investigated.
- 8.6 Pressures are continuing to be monitored within the service regarding incentive payments to landlords of circa £1.5m for which there is no budget, as well as bad debt for nightly paid accommodation, numbers of units acquired for Privately Managed Accommodation (PMA) which number 553 units as at 1st April 2021, with no subsequent reduction in numbers in nightly paid accommodation. This compares to 495 units at the start of last year.
- 8.7 There are still clients being accommodated where the Authority has no liability to house them. Move-on was limited by the eviction ban, which has now been lifted. However, whilst the service is starting to instigate evictions, it is creating additional pressure through challenges and judicial reviews, as well as an increase in clients re-presenting. This in turn is likely to increase the need for incentive payments to keep clients in the Private Rented Sector (PRS).

### Social Housing Decarbonisation Fund

- 8.8 In August 2021, the government launched Wave 1 of the Social Housing Decarbonisation Fund with a value of £160m. Bids are open to local authorities with their own housing stock and in partnership with other social housing providers. The deadline for applications is 15 October 2021 with works to be completed by 31 January 2023. The funding targets the least energy efficient properties (EPC E F and G) with Registered Providers expected to contribute a third of total eligible costs.
- 8.9 Only local authorities can apply, but the funding will be delivered by registered providers and they will be expected to meet the match funding requirements. Lewisham's bid is being developed with Lewisham Homes, Phoenix Community Housing, Hexagon and

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Peabody. Officers will put in place a legal agreement with each of the housing providers to cover any liabilities arising from delivery of the bid and enable the Council to enter into any grant agreement should the bid be successful. As such, there are no direct financial implications for Council budgets.

- 8.10. Lewisham's bid is being supported through the Social Housing Retrofit Accelerator managed by the Greater London Authority. The current scale of Lewisham's bid is for 120 properties at an average of £10,000 per property and a current total value of the bid of £1.2m. This figure is subject to adjustment up until the deadline of 15 October 2021 based on discussions with the Retrofit Accelerator and the registered provider partners.

## Public Realm

- 8.11. The *Public Realm* division is forecasted to end the year with a net underspend of £0.4m, after applying government funding to cover the forecast overspend of £2.6m, entirely due to Covid-19.
- 8.12. The Parking Service is forecasting a £1.9m end of year overspend entirely attributable to Covid-19 and covered by government grant which is being held by the Council. In addition to this activity, the service is expecting to generate £0.7m net income from moving traffic contraventions during the year and therefore this will leave the service with a £0.7m underspend. Ongoing discussions around moving traffic contraventions may have an impact on the income it generates. This will be closely monitored over the year.
- 8.13. The Highways & Transport Services is forecasting a balanced budget position for the year. There is, however, a risk that the service will not achieve the full income target associated with TfL LIP funding. This is due to the continued short-term funding agreements between Government and TfL and how this funding is then distributed to boroughs. There is currently no TfL LIP funding available beyond 11 December 2021. The continued short-term funding agreements make longer term resource, project and financial planning extremely challenging.
- 8.14. The Refuse Collection Service is forecasting an end of year overspend of £0.3m, after applying £0.3m of Covid-19 government grant to cover the loss of commercial waste income due to Covid-19, as some businesses are yet to resume trading. The £0.3m overspend is due to ongoing under achieved income targets in commercial waste. The service is developing an action plan to increase the take up of the service by local businesses, and as a result, has reduced the forecast under achievable income by 50% compared to the outturn 2020/21 position. The effect of the action plan will be closely monitored through the year.
- 8.12. The Street Management Service is currently reporting a balanced budget position after applying government grant to cover an overspend of £0.1m relating to staff costs attributable to Covid-19.
- 8.13. The *Street Markets Service* is currently reporting a loss of income of £0.3m entirely attributable to Covid-19 due to the reduction in service as a result of the social distancing measures still in place.
- 8.14. The *Strategic Waste Management and Environmental Health* services are currently forecasting a balanced budget.

## Regeneration

- 8.15. The *Regeneration Division* is forecasted to end of the year with a net overspend of £0.4m. This is after applying £0.2m of government grant to cover costs attributable to Covid-19.
- 8.16. The *Building Control Service* is forecasting a loss of income of £0.1m entirely attributable to Covid-19 through reduced demand.

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- 8.17 The *Economy and Partnerships Service* is reporting a balanced budget position after applying £0.1m of Covid-19 government grant to cover costs of staff working on Covid-19 related projects.
- 8.18 The *Capital Programme Delivery Service* is forecasting a £0.4m overspend this year. This pressure comes as a result of a change in the plans around what the Copperas Street project was due to deliver. The 2020/21 Copperas Street saving of £0.5m has been adversely affected by a change in corporate priorities. The estimated total income for this project is currently expected to be in the region of £0.2m in total, however only £0.1m is forecast to be delivered this year due to a delay in the start of the project.

## Planning Division

- 8.19 The *Planning Service* is currently forecasted to end the year with a net nil variance after Covid-19 costs of £0.1m due to staff continuing to work on Covid-19 projects. These costs have been covered by the government covid grant.
- 8.20 The service has seen an improvement in income generation compared to last year with a recovery in the number of planning applications and pre-application advice. If the current trend continues, the service is likely to end the year overachieving its income target resulting in an underspend. This is being closely monitored and improvements will be detailed in subsequent reports.
- 8.21 The Government is introducing changes to the planning system which requires the Council to undertake more up front work to prepare design codes. This additional work is likely to have resourcing and cost implications for the service over the coming months and into the next financial year.

## 9. Corporate Resources Directorate

- 9.0 The Corporate Resources Directorate is forecasting a year-end overspend of £0.5m as at the end of July 2021. This is after the application of £2.2m of government grant income to fully offset Covid-19 costs incurred by the directorate.

**Table 8 – Corporate Services Directorate**

Service Area	Net budget 2021/22	Forecast as at 31 July 2021	Forecast Variance (Under)/Over Spend 2021/22	Forecast Outturn Covid-19 related Variance 2021/22	Forecast Outturn Non Covid-19 related Variance July 2021/22	Forecast Outturn Non Covid-19 related Variance May 2021/22
	£m	£m	£m	£m	£m	£m
Assurance	2.7	2.6	(0.1)	0.0	(0.1)	(0.1)
Financial Services	4.7	4.6	(0.1)	0.0	(0.1)	(0.4)
Executive Office	0.5	0.4	(0.1)	0.0	(0.1)	0.0
Public Services	17.7	20.5	2.8	2.1	0.7	1.2
IT & Digital Services	7.6	7.8	0.2	0.1	0.1	0.0
Reserves	(0.7)	(0.7)	0.0	0.0	0.0	0.0
<b>Total</b>	<b>32.5</b>	<b>35.2</b>	<b>2.7</b>	<b>2.2</b>	<b>0.5</b>	<b>0.7</b>

- 9.1 The following sections provide a summary of the cost of Covid-19 and the revenue forecast by division, including a summary of directorate risks and pressures and any actions being taken by way of mitigation.

### Cost of Covid-19

- 9.2 The overall forecasted financial impact of Covid-19 on base budgets for income and expenditure in Corporate Resources is £2.2m. These Covid-19 related pressures are summarised in the following table.

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**Table 9– Covid-19 Pressures for the Corporate Services Directorate**

Service	Area	Forecast Outturn As at 31 July 2021  £m
Public Services	Sundry Debt – Delay in ‘Invest to Save’ to improve debt collection	0.5
Public Services	Revenues Services – Loss of income collected through enforcement and court fees	1.5
Public Services	Cleaning	0.1
IT	Miscellaneous	0.1
<b>Total</b>		<b>2.2</b>

### Financial Services Division

- 9.3 The *Financial Services* division is forecasting a net underspend of £0.1 m. This includes underspends forecast on Pensions and Payroll supplies and services budgets and additional income. In addition, the Finance Team is undergoing a major restructuring and the recruitment to a number vacant posts is yet to get underway.

### IT & Digital Service Division

- 9.4 The *IT & Digital Services* division is forecasting an overspend of £0.2m on miscellaneous software and licencing costs of which £0.1m are covid related.

### Public Services Division

- 9.5 The *Public Services* division is forecasting a net overspend of £2.8m. Of this sum £2.1m relates to Covid-19 related pressures arising from the closure of courts resulting in loss of income from court fees, enforcement action, and debt collection. There is also a non Covid-19 forecast pressure of £0.7m which partly relates to Housing Benefit overpayments where claimants have not promptly notified the Council of a change in circumstances, supported accommodation, and pressures arising from work undertaken into the feasibility of process automation that has indicated that savings may not be achievable.

### Assurance Division

- 9.6 The *Assurance* division is forecasting a net underspend of £0.1m mainly due to salaries underspend arising from a vacancy. The forecast currently assumes a balanced budget position on Insurance although premium renewal terms are due to be received from insurers that could result in a budget pressure.

## 10. Chief Executive Directorate

- 10.0 The Chief Executive’s Directorate is forecasting a £0.1m overspend by the year-end as at the end of July 2021. This is after the application of £0.2m of government grant income to fully offset Covid-19 costs incurred by the directorate.

**Table 10 – Chief Executive’s Directorate**

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Service Area	Net budget 2021/22	Forecast as at 31 July 2021	Forecast Variance (Under)/ Over Spend 2021/22	Forecast Outturn Covid-19 related Variance 2021/22	Forecast Outturn Non Covid-19 related Variance July 2021/22	Forecast Outturn Non Covid-19 related Variance May 2021/22
	£m	£m	£m	£m	£m	£m
Assistant Chief Executive	7.3	7.4	0.1	0.1	0.0	0.0
Law, Governance & Elections	3.9	4.1	0.2	0.1	0.1	(0.1)
<b>Total</b>	<b>11.2</b>	<b>11.5</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>(0.1)</b>

### Cost of Covid-19

- 10.1 The overall forecasted financial impact of Covid-19 on base budgets for income and expenditure in the Chief Executive Directorate is £0.2m. These Covid-19 related pressures are summarised in the following table.

**Table 11 – Covid-19 Pressures for the Chief Executive’s Directorate**

Service	Area	Forecast as at 31 July 2021 £m
Legal Services	Loss of income due to Covid-19	0.1
Communications	Communications support	0.1
<b>Total</b>		<b>0.2</b>

### Assistant Chief Executive’s Division

- 10.2 The *Assistant Chief Executive’s division* is forecasting covid expenditure of £0.1m in relation to communications support. There is a nil variance reported for non covid expenditure.

### Law, Governance and Elections Division

- 10.3 The *Law, Governance & Elections* division is forecasting a net overspend of £0.2m of which £0.1m is Covid-19 related and is due to loss of income. There is a £0.1m variance reported for non Covid-19 expenditure due to additional staffing costs, shortfalls in income and additional costs in relation to webcasting during the pandemic.

## 11. Covid-19 and Support received from central government

- 11.0 The Council has taken measures to support both businesses and residents who are facing financial hardship as a result of the Coronavirus (Covid-19) pandemic. The table below provides an overall summary of the additional resources which have been received by the Council to date to help with this support in 2021/22, as well as any unspent grant from 2020/21 which was able to be rolled forward for use in 2021/22 or which may be required to be returned to government in this year.

**Table 12 – Government Funding for Covid-19**

Funding Description	2020/21 Balance £m	2021/22 Allocation £m
<b>Unringfenced Funding</b>		
S31 Covid-19 Local Authority Support Grant (Tranches 1 to 5)	7.844	10.021
Sales, Fees and Charges Income – (Tranche 4)	0	0

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<b>Grand Total – for use in 2021/22</b>	<b>17.865</b>
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<b>Funding Description</b>	<b>2020/21 Balance £m</b>	<b>2021/22 Allocation £m</b>
<b><u>Ringfenced Funding</u></b>		
Section 31 – Test, Trace and Contain Grant (3 amounts)	2.263	0
Section 31 – Welfare Support Grant *	0.186	0
Community Champions Fund	0.276	0
Re-opening High Streets Safely	0.272	0
New Burdens Funding	0	0.291
Sport England Leisure Relief Funding	0.167	0.047
Contain Outbreak Management Fund	1.997	2.586
Practical Support for those Self Isolating	0	0.184
Local Elections Funding	0	0.105
<b>Total</b>	<b>5.161</b>	<b>3.213</b>
<b>Total – for use in 2021/22</b>		<b>8.374</b>

<b>Sub Total – Services Funding – attributable to BAU</b>	<b>13.005</b>	<b>13.234</b>
<b>Funding Description</b>	<b>2020/21 Balance £m</b>	<b>2021/22 Allocation £m</b>
<b><u>Ringfenced Funding Outside Of Service Expenditure e.g. DSG or Transfer Payment</u></b>		
Covid Winter Grant	0.149	1.019
Test and Trace Support Grants <sup>1</sup>	0.735	0
Rapid Test Fund *	0.224	0
Infection Control Fund	0	1.017
<b>Total</b>	<b>1.108</b>	<b>2.036</b>
<b>Total – for use in 2021/22</b>		<b>3.144</b>

<b>Grand Total</b>	<b>14.113</b>	<b>15.270</b>
<b>Grand Total – for use in 2021/22</b>		<b>29.383</b>

- Note: some of those grants rolled forward may have to be returned to Government in 2021/22
- Note 1: the support grants were shown as part of the main T&T grant in outturn, these are treated differently and so shown separately

## 12. Revenue Budget Savings for 2021/22

12.0 The financial forecast position is predicated on the successful delivery of savings which were not achieved last year. These savings, were agreed with a total of £7.5m and will now need to be implemented or substituted as appropriate in 2021/22. Furthermore, summary comments being made progress being made on the new 2021/22 agreed savings of £22.4m and agreed overspend reduction measures for 2021/22 of £5.4m, have been summarised at appendices 1 and 2, respectively.

## 13. Dedicated Schools' Grant

13.0 The Dedicated Schools Grant (DSG) is currently forecasting an in year overspend of £3m. After taking into account the £5m overspend brought forward from the previous financial year, the cumulative projection is £8m.

**Table 13 – DSG allocation and projection 2021/22**

Dedicated schools grant (DSG): 2021 to 2022	2021 to 2022 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA
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allocations					
	Schools block (£m)	Central school services block allocation (£m)	High needs block allocation (£m)	Early years block (£m)	Total DSG allocation (£m)
Lewisham – Cash Position	-183.55	-4.26	-61.78	-24.17	-273.76
Projected Spend	182.50	4.30	71.24	24.20	282.24
Forecast Overspend (Cumulative)	-1.05	0.04	9.46	0.03	8.48

## Notes

Schools Block underspend agreed with Schools Forum to Transfer to High Needs Block

Early Years Funding still pending data cleansing from DfE -delayed due to covid

- 13.1 Members are asked to note the following:
- 13.2 At the time of writing, the Early Years Block is provisional, but the Schools Block and Early Years Block are expected to operate within budget. Further delays have occurred due to further analysis requests from DfE on Early Years data relating to possible impact of Covid on January Data.
- 13.3 It should be noted that the Central Services Block (CSSB) faced a reduction of circa £0.6m for 2021/22, which supports statutory functions provided by the Local Authority. As a consequence of effective resource management, approximately £0.3m has been carried forward from 2020/21, and will largely support pressures from the service. Initial work is currently being undertaken by officers, which will be carried out with greater details as the requirements of the Covid-19 response reduce.
- 13.4 The key area of risk remains the High Needs Block. The Local Authority, in partnership with the Schools Forum High Needs Working Group, will continue to consider options to deliver our statutory requirements within this funding envelop level as best possible.
- 13.5 It should be noted that there has been an increase in funding in the High Needs Block of £6.8m, plus £1.068m from schools block. Based on the current data, and allowing for an increase of approximately 200 additional EHCP for the remaining year at £15k a place, it is anticipated that the overspend will be £3m for 2021/22. In addition to this there remains a £5m overspend brought forward from 2020/21, providing a revised cumulative overspend position of £8m. Firmer information on EHCP numbers will be available in late October following secondary transfer and Further Education applications. The table notes an increase of 110 EHCP since 1<sup>st</sup> April 2021.

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**Table 14 – Education Health and Care Plan (EHCP)**

Phase - EHCPs	Under 5s	Primary	Secondary	Post-secondary	Grand Total	Movement on year
FY17/18 Used As Base Line	42	831	769	537	2179	
FY18/19	24	889	821	626	2360	181
FY19/20	37	929	887	774	2627	267
FY20/21	74	1027	974	931	3006	379
FY21/22 -Current	80	1168	1002	866	3116	110
Increase on Baseline Numbers	38	337	233	329	937	
Increase on Baseline %	90%	41%	30%	61%	43%	

13.6 In addition to the overall increase and the clear pressure arising from 0-5 and post 16 phase, a further pressure is linked to the increase in number of placements that are placed out of borough. The following table shows the split between 'in-borough and 'out of borough' placements. There is clear shift in the proportion of placements being made out of borough which is a key element of pressure on the High Needs Block.

**Table 15 – In Borough and Out Borough EHCPs**

Borough - EHCPs	LBL	OOB	Grand Total
FY17/18 Used As Base Line	1559	620	2179
FY18/19	1653	707	2360
FY19/20	1789	838	2627
FY20/21	1953	1053	3006
FY21/22	2028	**1088	3116
Increase on Baseline Numbers	469	468	937

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Increase on Baseline %	30.1%	75.5%	43.0
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\*\*Includes 144 EHCPs not yet with confirmed placing

- 13.7 To support the pressure on High Needs, the SEN Service has been working closely with Schools and Schools' Forum. A mitigation plan has been developed which is progressing, but will take time to embed and for the benefits to be seen in full. Furthermore, service demands, in terms of increasing numbers of children with some complex needs and higher placement costs, continue to rise. Therefore, the current mitigation plan may reduce the pressure, but not eliminate it fully.
- 13.8 Lewisham has historically been one of very few local authorities which has underspent on the DSG – High Needs. With most local authorities overspending, the DfE has attempted to address the pressure with additional funding allocations in 2019/20, 2020/21 and 2021/22. However, it seems that demand is outstripping the cash available. It does however remain important that Lewisham continues to consider alternative ways of providing support to our most vulnerable children within the resources available.
- 13.9 Partial funding announcement has been made for 2022/23. This confirms a reduction of £500k in the CSSB. Alongside the partial settlement, the DfE has published a Consultation document on the National Funding Formula. The document considers the next steps towards a “hard formula” and the role of Local Authorities alongside the DfE’s preference of Schools moving to Academy Status. Further detailed work is progressing on this. However it is important to note that the funding currently received within the CSSB is at significant risk from 2023/24.

## Schools

- 13.10 With regards to schools, there are currently 12 schools in deficits. Schools are currently in the process of submitting their budget plans to the Local Authority including deficit recovery plans where they are not able to balance their budgets over a 3-year time horizon. The finance team is actively working with all schools to support the longer term sustainability. Some schools are also facing challenges arising from movement in pupil numbers. A further pressure on schools for 2021/22 will be supporting the cost of Term Time Only claims. Negotiations are still being finalised with Trade Unions. Mayor and Cabinet has agreed to support 50% of the liability, with further funding support of £1m from schools forum from 2021/22. In 2020/21, there was an underspend of £0.4m which as agreed with schools forum is intended to provide targeted support to the most vulnerable schools. A further report will be presented to schools forum later in the year to agree the principles for allocation.

## 14. Housing Revenue Account

- 14.0 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2021/22. At this stage of the financial year, the current forecast is for a small surplus of £700k. The balanced HRA budget seen in the table includes a budgeted contribution from reserves of £21.5m, which is to be used to fund the HRA major works and new supply programme and is included as a part of the 30 year HRA business plan.
- 14.1 Repairs & Maintenance (R&M) is currently forecast to budget. There was an overspend of £900k in this area for 2020/21. Lewisham Homes will provide regular updates in this area for 2021/22 to ensure that spend is close to budget for the financial year.
- 14.2 The current 30 year HRA financial model has been refreshed, with the final outturn for 2020/21 as well as the latest updates for the general capital programme, revised stock numbers and reserves allocations incorporated into the plans. Budgets will be updated in August 2021 to reflect starting stock numbers from 1 April 2021, as well as incorporating the latest consolidation update for the new supply programme to reflect the latest

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position. The revisions to the budgets will be agreed with Lewisham Homes and may push some of the planned capital and new supply expenditure into 2022/23 due to a re-programming of works and programme delays due to the ongoing Covid-19 pandemic.

- 14.3 It is likely that additional income will be recognised from tenants rents and service charges due to lower than budgeted void rates. This will be updated in the next monitoring report. In addition, bad debt impairments charge to the HRA is likely to be lower than budgeted, and is currently showing a similar pattern to 2020/21 values. It is too early in the financial year to establish if this will continue for a full year, so will be constantly monitored and updated next month. Any additional income or underspends in these areas will be used to compensate for the unexpected movement in other areas or R&M costs if necessary.
- 14.4 There is a significant major works income budget of £9.9m, which is based on the General Capital programme allocation of £70m. However, raising of bills is dependent on the Lewisham Homes Capital Programme undertaking works which can/are recharged to Leaseholders. As at 31 July 2021, a total of £81k has been charged to leaseholders. Further discussions with Lewisham homes indicate that the majority of these bills relating to prior year works are likely to be raised in the early part of financial year 2021/22.
- 14.5 Lewisham Homes are currently reporting a full forecast spend of £70m against the general capital allocations budget of £70m. The final position on the general capital programme in 2020/21 was and underspend of £9.8m. The unspent resources will be carried into 2021/22 and added to the £70m allocation. The development team are currently reporting spend close to budget for the Building for Lewisham (BfL) programme allocation .

**Table 16 – Housing Revenue Account**

Service Area	Expenditure Budget 2021/22	Income Budget 2021/22	Net Budget 2021/22	Final Outturn Variance for 2021/22
	£m	£m	£m	£m
Housing, Regen' and Public Realm–Housing	16.4	(3.6)	12.8	0.0
Lewisham Homes & Repairs & Maintenance	37.4	0	37.4	0.0
Resources	1.6	0	1.6	0.0
Centrally Managed Budgets	94.1	(145.9)	(51.8)	0.0
<b>Total</b>	<b>149.5</b>	<b>(149.5)</b>	<b>0</b>	<b>0</b>

## 15. Collection Fund

### Council Tax

- 15.0 As at 31 July 2021, some £55.35m of Council Tax has been collected representing 34.14% of the total amount due for the year. This is below the 35.32% target in order to reach 95% for the year. At this point last year 33.83% of the total amount due had been collected.

**Table 17 - Council Tax Collection Fund**

	Cash Collected (cumulative)	Cash needed to meet 95% Profile	difference between collected and 95% profile	Current Year Collection Rate%	Required Collection Rate to reach 95%	difference	Previous Year Collection Rate

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Apr-21	17,119,083	17,558,893	(439,810)	10.59%	10.87%	-0.27%	9.98%
May-21	29,752,772	30,943,951	(1,191,179)	18.41%	19.15%	-0.74%	17.49%
Jun-21	42,605,074	43,754,273	(1,149,199)	26.31%	27.02%	-0.71%	25.46%
Jul-21	55,350,944	57,265,698	(1,914,754)	34.14%	35.32%	-1.18%	33.83%

### Business Rates

- 15.1 As at 31 July 2021, some £18.18m of Business Rates has been collected representing 32.06% of the total amount due for the year. This is below the 45.61% target in order to reach 99% for the year. At this point last year 46.35% of the total amount due had been collected.

**Table 18 – Business Rate Collection**

	Cash Collected (cumulative)	Cash needed to meet 99% Profile	difference between collected and 99% profile	Current Year Collection Rate%	Required Collection Rate to reach 99%	difference	Previous Year Collection Rate
Apr-21	2,038,133	8,601,507	(6,563,372)	2.81%	11.87%	(9.06%)	20.40%
May-21	8,715,032	19,020,075	(10,305,243)	12.04%	26.28%	(14.24%)	33.44%
Jun-21	13,112,362	20,807,044	(7,694,682)	23.03%	36.54%	(13.51%)	37.56%
Jul-21	18,177,438	25,862,807	(7,685,370)	32.06%	45.61%	(13.55%)	46.35%

## 16. Capital Expenditure

- 16.0 The following table sets out the position on the Capital Programme as at the end of July 2021. It indicates an overall spend of £28.4m, which is 11% of the revised 2021/22 budget of £252.4m.
- 16.1 Members should note that in most cases the unspent budgets for ongoing capital projects and programmes will be rolled forward from 2021/22 to the following year, 2022/23. A summary of the major projects to 2023/24 is attached at Appendices 3 and 4. The Capital Programme budget reconciliation is attached at Appendix 5.

**Table 19 – Capital Programme 2020/21 (Major Projects)**

2021/22 Capital Programme	Revised Budget (M&C Feb 21)	Revised Budget Proposed July 2021	Spend to 31 July' 2021	Spent to Date (Revised Budget)
	£`m	£`m	£`m	%
<b>GENERAL FUND</b>				
Schools - School Places Programme	10.4	11.8	2.4	20%
Schools – Other (Inc. Minor) Capital Works	1.7	9.5	0.1	1%
Highways & Bridges – LBL	2.5	2.6	0.0	0%
Highways & Bridges – TfL and Others	0.8	2.4	0.0	0%
Catford Town Centre	0.3	1.3	0.1	8%
Asset Management Programme	2.8	3.9	0.1	3%
Other AMP Schemes	0.9	2.9	0.1	4%
Broadway Theatre	4.8	5.3	0.3	5%
CCTV Modernisation	0.5	1.1	0.0	0%
Beckenham Place Park ( Inc. Eastern Part)	1.7	1.9	0.1	5%
Catford Phase 1 – Thomas Lane Yard/ CCC	0.6	0.5	0.2	37%
Catford Station Improvements	0.3	0.4	0.0	0%

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Lewisham Gateway ( Phase 2)	3.5	3.5	0.6	17%
Disabled Facilities Grant	2.1	1.3	0.2	18%
Private Sector/Discretionary Grants and Loans	2.1	1.9	0.2	9%
Lewisham Homes – Property Acquisition	3.0	3.0	0.0	0%
Achilles St Development	1.0	1.0	0.0	0%
Edward St. Development	8.4	12.0	2.8	23%
Place Ladywell	2.7	2.6	0.0	0%
Deptford Southern Sites Regeneration	0.3	0.3	0.0	0%
Temporary Accommodation - Mayow Rd	6.6	7.0	1.4	20%
Temporary Accommodation - Canonbie Rd	1.4	1.8	0.3	15%
Temporary Accommodation - Sydney Arms	3.8	1.0	0.0	0%
Temporary Accommodation - Morton House	0.1	1.5	0.0	0%
Temporary Accommodation-Manor Avenue		1.2	0.0	0%
Fleet Replacement Programme	0.8	1.6	0.0	0%
Travellers Site Relocation	3.6	3.8	0.0	0%
Other Schemes	3.6	6.7	0.3	4%
<b>TOTAL GENERAL FUND</b>	<b>70.3</b>	<b>93.8</b>	<b>9.1</b>	<b>10%</b>
<b>HOUSING REVENUE ACCOUNT</b>				
Building for Lewisham Programme	48.3	41.4	6.5	16%
Creekside Acquisition	13.9	11.4	1.5	13%
HRA Capital Programme ( Decent works)	31.6	78.8	11.2	14%
Place Ladywell	15.4	1.5	0	0%
Achilles St. Development	0.4	2.8	0	0%
Mayow Rd Development	0.8	0.0	0	0%
Other HRA Schemes	3.6	22.7	0.1	0%
<b>TOTAL HOUSING REVENUE ACCOUNT</b>	<b>114</b>	<b>158.6</b>	<b>19.3</b>	<b>12%</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>184.3</b>	<b>252.4</b>	<b>28.4</b>	<b>11%</b>

## 17. Financial Implications

- 17.0 This report concerns the financial results for the 2021/22 financial year. Therefore, any financial implications are contained within the body of the report.

## 18. Legal Implications

- 18.0 The Council is under a duty to balance its budget and cannot knowingly budget for a deficit. It is imperative that there is diligent monitoring of the Council's spend and steps taken to bring it into balance.

## 19. Crime and Disorder, Climate and Environment Implications

- 19.0 There are no specific crime and disorder act or climate and environment implications directly arising from this report.

## 20. Equalities Implications

- 20.0 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

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

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## 21. Background Papers

Short Title of Report	Date	Location	Contact
Budget Report 2021/22	3 <sup>rd</sup> March 2021 (Council)	1 <sup>st</sup> Floor Laurence House	David Austin

## 22. Glossary

Term	Definition
<b>Clinical Commissioning Group (CCG)</b>	Clinical Commissioning Groups ( <b>CCGs</b> ) were created following the Health and Social Care Act in 2012, and replaced Primary Care Trusts on 1 April 2013. They are clinically-led statutory NHS bodies responsible for the planning and commissioning of health care services for their local area.
<b>Collection Fund</b>	A statutory account maintained by the Council recording the amounts collected from Council Tax and Business Rates and from which it pays the precept to the Greater London Authority.
<b>Collection Fund surplus (or deficit)</b>	If the Council collects more or less than it expected at the start of the financial year, the surplus or deficit is shared with the major precepting authority, in Lewisham's case this is the GLA, in proportion to the respective Council Taxes. These surpluses or deficits have to be returned to the Council taxpayer in the following year through lower or higher Council taxes. If, for example, the number of properties or the allowance for discounts, exemptions or appeals vary from those used in the Council Tax base, a surplus or deficit will arise.
<b>Contingency</b>	This is money set-aside centrally in the Council's base budget to meet the cost of unforeseen items of expenditure, such as higher than expected inflation or new responsibilities.
<b>Council Tax Base</b>	The Council Tax base for a Council is used in the calculation of Council Tax and is equal to the number of Band D equivalent properties. To work this out, the Council counts the number of properties in each band and works out an equivalent number of Band D equivalent properties. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard' Band D, and so on.
<b>Dedicated Schools' Grant (DSG)</b>	This is the ring-fenced specific grant that provides most of the government's funding for schools. This is distributed to schools by the Council using a formula agreed by the Schools' Forum.
<b>General Fund</b>	This is the main revenue fund of the local authority, day-to-day spending on services is met from the fund. Spending on the provision of housing however, must be charged to the separate Housing Revenue Account (HRA).
<b>Gross Expenditure</b>	The total cost of providing the Council's services, before deducting income from government grants, or fees and charges for services.

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<b>Term</b>	<b>Definition</b>
<b>Housing Revenue Account (HRA)</b>	A separate account of expenditure and income on housing that Lewisham must keep. The account is kept ring-fenced from other Council activities. The government introduced a new funding regime for social housing within the HRA from April 2012.
<b>Net Expenditure</b>	This is gross expenditure less services income, but before deduction of government grant.
<b>Revenue Expenditure</b>	The day-to-day running expenses on services provided by Council.

### **23. Report Author and Contact**

Selwyn Thompson, Director of Financial Services on 020 8314 6932,  
 selwyn.thompson@lewisham.gov.uk

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## 24. APPENDIX 1 – Summary of agreed revenue budget savings for 2021/22

Ref	Proposal	2021/22 Agreed Savings £'000	2021/22 Achieved £'000	2021/22 Gap £'000	Comment:
<b>CHIEF EXECUTIVE DIRECTORATE</b>					
A-01	Staff productivity - arising from new ways of working better collaboration and a return on IT investment (£3m split council wide)	243	243	0	Achieved
A-03	Corporate Transport arrangements (£100k split Council Wide) more use of electric bikes and less spend on public transport and cars	3	3	0	Achieved
A-10	Election services	55	55	0	Achieved
A-09	Support Leadership	105	105	0	Achieved
A-11	Legal, governance service and elections review.	340	73	267	In progress – likely gap being assessed
A-01a Round 2	Staff productivity - arising from new ways of working, better collaboration and a return on IT investment (£1m split Council Wide)	81	81	0	Achieved
<b>Total for Chief Executive Directorate</b>		<b>827</b>	<b>560</b>	<b>267</b>	
<b>CHILDREN &amp; YOUNG PEOPLE DIRECTORATE</b>					
E-05	Traded services with schools	50	0	50	At risk due to timing of traded service offer
F-12	Housing - No Recourse to Public Funds	300	600	-300	Achieved – potential to overachieve
A-12	Rationalising Central Education Services functions	150	150	0	Achieved
A-13	Children with complex needs (CWCN) revision	195	0	195	At risk
A-14	Replace Educational Psychologist locums through expanding the generic EP Team	200	200	0	In progress (Delivery Stage)
A-16	Reduction of workforce development budget	50	50	0	Expected to be achieved in full
B-13	Early Years Funding Block	54	54	0	Achieved
C-09	Youth Offending Service (YOS) redesign	152	152	0	Achieved
C-30	Rationalisation of Business support across Education services	70	70	0	Achieved
D-09	Educational Assets	300	300	0	Achieved
A-01 and A-01a	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	1,053	455	598	In progress – subject to some aspect of restructure
A-03	Corporate Transport arrangements	56	0	56	In progress

Ref	Proposal	2021/22 Agreed Savings £'000	2021/22 Achieved £'000	2021/22 Gap £'000	Comment:
E-03	Review discretionary sales, fees and charges and increase to the point of full cost recovery.	10	0	10	In progress and expected to be delivered in full
<b>Total for Children &amp; Young People Directorate</b>		<b>2,640</b>	<b>2,031</b>	<b>609</b>	
<b>COMMUNITY SERVICES DIRECTORATE</b>					
B-04	Smoking cessation service	221	221	0	Achieved
B-05	Recharge OT and housing officer costs to the Disabled Facilities Grant	250	250	0	Achieved
B-07	Review of Council run events	42	42	0	Achieved
B-10	Reduction in local assemblies service	45	45	0	Achieved
C-02	Adult Learning and Day Opportunities	50	50	0	Achieved
E-04	Introduce charging for certain elements of self-funded care packages	82	0	82	In progress and expected to be delivered in full
F-01	Adult Social Care Demand management	3,000	1,000	2,000	In progress – Likelihood of any shortfall towards the year end is being assessed
F-06	Adults with learning difficulties and 14 - 25yrs transitions costs	760	0	760	In progress
F-09	In house services reductions - adults passenger transport	600	0	600	At risk due to the overall position in relation to the funding of Passenger Services costs across the Council
A-18	Library and Information Service	300	300	0	In progress
B-11	Improved usage of BCF Funding across partners	1,000	1,000	0	Achieved
B-12	Adult Learning Lewisham - back office efficiencies	96	96	0	In progress-on track but with some potential redundancy costs of £20k
C-12	Weight management services	25	25	0	Achieved
C-13	Sexual and Reproductive Health Services in Primary Care	100	100	0	Achieved
C-14	Substance Misuse Cuts (Public Health Budget)	150	150	0	Achieved
C-15	Integrated Sexual and Reproductive Health Services	150	150	0	Achieved
C-16	Reduction of Management overheads for the Social Inclusion	50	50	0	

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Ref	Proposal	2021/22 Agreed Savings £'000	2021/22 Achieved £'000	2021/22 Gap £'000	Comment:
	and Recovery Service (SLaM Lewisham Community Services)				Achieved
C-17	Re-configuration of MH Supported Housing pay – Social Interest Group	100	0	100	In progress
C-24	Culture Team Salaries & Borough of Culture	60	60	0	Achieved
C-28	Supported Housing Services	169	169	0	Achieved
C-29	Crime, Enforcement & Regulation Service Restructure	50	50	0	In progress and expected to be delivered in full
F-24	Adult Social Care cost reduction and service improvement programme	3,849	0	3,849	In progress
A-01 and A-01a	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	1,027	1,027	0	In progress and expected to be delivered in full
A-03	Corporate Transport arrangements	23	23	0	Achieved
E-03	Review discretionary sales, fees and charges and increase to the point of full cost recovery.	72	0	72	In progress and expected to be delivered in full
<b>Total for Community Services Directorate</b>		<b>12,271</b>	<b>4,808</b>	<b>7,463</b>	
<b>CORPORATE RESOURCES DIRECTORATE</b>					
A-04	Process automation in Revs and Bens	60	40	20	Partly Achieved
A-05	Revs and Bens - additional process automation	400	0	400	In Progress
B-08	Review the Power of Attorney service	160	160	0	On Track
B-09	Reduction in the discretionary award of concessionary fares	300	300	0	Achieved
D-03	Facilities management general cost reduction	50	50	0	Achieved
D-04	Operational estate - security	100	100	0	Achieved
D-06	Catford Campus - Estate Consolidation	438	179	259	Partly Achieved
A-01 Round 1	Staff productivity - arising from new ways of working, better collaboration and a return on IT investment (£3m split council wide)	522	522	0	On Track
A-03 and E-	Corporate Transport arrangements AND Review	7	7	0	On Track

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Ref	Proposal	2021/22 Agreed Savings £'000	2021/22 Achieved £'000	2021/22 Gap £'000	Comment:
03 Round 1	discretionary sales, fees and charges and increase to the point of full cost recovery (£250k split Council Wide)				
A-01a Round 2	Staff productivity - arising from new ways of working, better collaboration and a return on IT investment (£1m split Council Wide)	174	174	0	On Track
<b>Total Corporate Resources Directorate</b>		<b>2,211</b>	<b>1,532</b>	<b>679</b>	
<b>HOUSING, REGENERATION &amp; PUBLIC REALM DIRECTORATE</b>					
A-07	Housing - Productivity gains	202	202	0	Achieved
B-05	Recharge OT and housing officer costs to the Disabled Facilities Grant	175	175	0	Achieved
C-05	Housing needs and procurement service review	50	50	0	Achieved
C-06	Housing needs and procurement service review	77	77	0	Achieved
D-02	Business Rates Revaluation for the estate	40	40	0	In progress – Valuation Office still has a backlog but if not achieved this will be covered by other funds in the service.
D-06	Catford Campus - Estate Consolidation	236	236	0	Achieved
D-07	Meanwhile use - Temporary Accommodation	25	25	0	In progress - Accommodation provided to be refurbished to suit TA needs. None are yet in use by Housing but savings may still be made if in use by August 2021
E-02	Income from building control	15	15	0	Achieved
E-07	Housing – Increased rent for Private Sector Lease (PSL) and Private Managed Accommodation (PMA)	300	300	0	Achieved
C-10	Housing Services Review	300		0	In progress - The reorganisation consultation has been completed & interviews are in progress. The reorganisation will identify the full two years savings requirement, but is

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Ref	Proposal	2021/22 Agreed Savings £'000	2021/22 Achieved £'000	2021/22 Gap £'000	Comment:
			300		not likely to be implemented until the end of the 3 <sup>rd</sup> Qtr of 2021/22. Any shortfall may be covered by use of additional grant
E-11	Environmental Enforcement – Use of Civil Enforcement Officers	100	100	0	In progress - The start of this saving has been delayed so a full year effect is unlikely, however any shortfall should be covered by income from Moving Traffic Contraventions
F-17	Road safety enforcement	250	250	0	In progress and expected to be delivered in full
F-20	Emission based charging for Short Stay Parking	120	120	0	In progress and expected to be delivered in full
F-21	Road Safety Enforcement	250	250	0	In progress and expected to be delivered in full
A-01 & A-01a	Productivity (Additional)	969	969	0	Achieved
<b>Total for Housing, Regeneration &amp; Public Realm Directorate</b>		<b>3,109</b>	<b>3,109</b>	<b>0</b>	
<b>Cross-Cutting</b>					
B-07	Review of Council run events	28	28	0	In progress and expected to be delivered in full
E-01 / E-01a	Improved Debt collection	750	750	0	In progress and expected to be delivered in full
E-08 / E-08a	Contract Efficiencies – inflation management	750	750	0	In progress and expected to be delivered in full
<b>Total for Cross-Cutting</b>		<b>1,528</b>	<b>1,528</b>	<b>0</b>	
<b>GRAND TOTAL</b>		<b>22,586</b>	<b>13,568</b>	<b>9,018</b>	

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## APPENDIX 2 – Summary of agreed overspend reduction measures for 2021/22

Ref	Proposal	2021/22 Agreed reduction £'000	2021/22 Achieved £'000	2021/22 Gap £'000	Comment:
<b>CHILDREN &amp; YOUNG PEOPLE DIRECTORATE</b>					
B-02	Strategic recharging	600	340	260	In progress - possible risk of achieving full saving in 2021/22
C-01	Redesign of the CYP Joint Commissioning service.	140	140	0	Achieved
C-03	Reduction in the use of agency social workers.	215	35	180	Potential risk to delivery. This is currently being assessed
C-07	Review Short breaks provision.	65	65	0	Expected to achieve in 2021/22, however potential future risk from contract awards
E-06	Reduce care leaver costs	200	587	(387)	Over achieved
F-02	Children Social Care Demand management	500	770	(270)	Over Achieved
F-04	Special Guardianship Order payments	60	0	60	At risk –savings supporting future demand management
F-05	VfM commissioning and contract management - CSC	250	0	250	At risk
F-10	In house Early Help service	200	200	0	Achieved
F-11	Front door arrangements in CYP	50	0	50	In progress - but has risk
A-17	Care leaver accommodation / housing costs	500	398	102	In progress
C-21	Early Help and Prevention Recommissioning	170	170	0	Achieved
C-22	Reduction in LBL contribution to CAMHS service	250	146	104	In progress - Part complete. Alternative options being developed (part-year effect will be achieved in 2022/23)
C-23	Reduction in the Health Visiting contract	350	350	0	Achieved

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Ref	Proposal	2021/22 Agreed reduction £'000	2021/22 Achieved £'000	2021/22 Gap £'000	Comment:
F-19	Reduction in specialist legal advocacy and assessments for CYP proceedings	500	485	15	In progress- under review as demand led
F-23	Home to school transport	250	0	250	Transport Board – undertaking review. Actions will take time to embed, also risk of demand pressure
<b>Total for Children &amp; Young People Directorate</b>		<b>4,300</b>	<b>3,686</b>	<b>614</b>	
<b>COMMUNITY SERVICES DIRECTORATE</b>					
E-10	Increase funeral charges	250	120	130	In progress - Achievement is partly dependent on death rate in 21-22 and the impact on income levels. Will be reviewed during the financial year.
C-26	Reducing leisure spend – temporary closure of the Bridge	355	355	0	Achieved - The Bridge LC currently closed with no plan to reopen in 21-22.
<b>Total for Community Services Directorate</b>		<b>605</b>	<b>475</b>	<b>130</b>	
<b>CORPORATE RESOURCES DIRECTORATE</b>					
A-08	Reduction in paper usage	35	35	0	Achieved
C-08	IT - mobile telephony review	80	80	0	Achieved
E-09	Realising further benefits from the Oracle Cloud Solution and exploiting its functionality as a fully integrated enterprise resource planning solution.	100	0	100	Not Achieved – currently under review, and potential risk to delivery
<b>Total Corporate Resources Directorate</b>		<b>215</b>	<b>115</b>	<b>100</b>	
<b>HOUSING, REGENERATION &amp; PUBLIC REALM DIRECTORATE</b>					
C-11	Reduced dependency on agency staff within Highways and Transportation Services	300	300	0	Achieved
<b>Total for Housing, Regeneration &amp; Public Realm Directorate</b>		<b>300</b>	<b>300</b>	<b>0</b>	
<b>GRAND TOTAL</b>		<b>5,420</b>	<b>4,576</b>	<b>844</b>	

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## APPENDIX 3 – Update on Capital Projects and Programmes

### Schools

#### 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, to conclude in 2024. They include:
  - Works to Ashmead Primary in Brockley to expand from one to two forms of entry. Works commenced in April 2019 and were substantially completed in March 2021, with the handover of the new building. The project delivered 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. Final refurbishment and remodelling works within the existing school building are due to be completed over the summer holidays this year.
  - 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. Construction works began earlier this year, and are due to be completed in February 2022.
  - 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 2019, ensuring that the school could 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 including boundary treatment were completed in October 2020, and the final account has recently been agreed.
  - 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 through the construction of a new teaching block on the existing site, and a new set of feasibility studies are due to be commissioned this year.

#### 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.

#### 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. In previous years the budget for highways has allowed 70 roads (or part of a road) to be resurfaced each year. Works are usually directed to those roads 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.

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The 2021/22 carriageway and footway programme is being planned to ensure that it is being spent in the most effective way and addresses the most pressing issues. Full expenditure will be achieved.

The Council also carries out ongoing responsive carriageway maintenance works that remedies localised hazards and defects caused through accidents and deterioration of the asset from wear, age, excavations and failures.

The replacement of the span for the Sydenham Park footbridge continues to be planned and designed and active discussions are being held about the footbridge's span structural design, access arrangements, method of construction, risk management and approvals with key stakeholders, such as Network Rail, underway. The Council in its client capacity, is working closely with its principal consultant to secure a delivery plan agreement with Network Rail. Subject to a Network Rail track possession agreement, the earliest that the replacement span could be delivered is September 2022.

## **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. A full condition survey of the corporate estate was completed in 2020 and is helping define the future investment need of the estate, the Asset Review, and underpin the use of the AMP capital programme funding for future years. A comprehensive Corporate Estate Maintenance Programme starts in 2021-22 (with some urgent health and safety works already underway).

## **Broadway Theatre**

Investment in the Broadway Theatre in Catford will address the urgent health and safety, mechanical and electrical, DDA and compliance requirements within the building, along with the overdue upgrade/refurbishment of identified areas throughout the building. The works will ensure the building is fit for purpose, meets current regulations and is compliant to function as a public venue. Improvements will also enable the Theatre to attract wider audiences and hirers and expand its delivery of events and shows.

The theatre plays an important part in the Catford Town Centre Masterplan which seeks to regenerate the town centre including providing housing, retail, open space and a civic heart for the town centre, with the theatre, a crucial part of that. Investment in the theatre takes forward the commitments given in the Capital Programme to invest in key parts of the Council estate in Catford as an early and certain commitment to the emerging Catford Masterplan.

The project is in design stage with works due to start in late 2021, with a view to completing in late 2022 and re-opening for a grand finale for the Borough of Culture year.

## **CCTV Modernisation**

This project involves updating the Council's CCTV infrastructure. Progress this year includes updating control room equipment that has now been changed out for new control systems, workstations and monitors.

Eurovia are now in the process of installing new IP cameras on our private fibre network and to date they have installed 19 IP cameras and connected them to the system.

Once this is complete they will start work on upgrading the analogue microwave network over to the new IP wireless network. This involves installing new transmitters

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and receivers, network switches, cabling etc and then connecting the new cameras on this network and link back to the control team.

## **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.

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.

Early consultation and design work has now started on the eastern side of the park. An options appraisal is also being prepared for M&C to try and secure a future for the Mansion.

## **Catford Town Centre**

Architect's Studio Egret West have now completed work with officers to develop a framework plan to help guide the regeneration of the Town Centre. The framework aims to form the basis of any future developments for the Town Centre and involved input from Viability Assessors, Construction Programme Advisors and an independent Planning Consultant. The Masterplan will be used as an evidence base for the emerging Local Plan.

Work is also continuing with TfL on the 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 with officers currently seeking an extension due to the impact of Covid19 upon the programme resulting from the furlough of staff in 2020. Subject to an approved design, early work is expected to start in the first quarter of 2023/24. Meanwhile, the engagement activity of Team Catford has continued to build on the programme of social engagement started in 2016. The Team is expected to continue to support projects currently being delivered in Catford and beyond.

The draft Framework plan was presented to Mayor & Cabinet in September 2020. Approval was obtained to enter into a process of non-statutory public consultation that took place between November 2020 and February 2021.

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. A programme of work has now been compiled to help address the investment needs of the estate.

## **Lewisham Gateway**

Lewisham Gateway Phase 2 is a major £252m regeneration project, located between Lewisham Town Centre and the DLR, rail station and bus interchange. It has been designed as a high-density mixed use development representing contemporary sustainable urban living.

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This project is the second phase of the development with Phase 1 already having delivered 362 new homes, alongside new shops and restaurants, a public park with children's play space and access to the rivers, plus major infrastructure improvements which include the removal of the Lewisham northern roundabout and the implementation of a new highways system.

Phase 2 has secured £13.5m in GLA Housing Infrastructure Funding and a further £9,558m in S.106 contributions to secure 106 affordable homes. Overall the scheme will provide 530 PRS units, 119 co-living units, a cinema, gym, retail and co-working space.

### **Disabled Facilities Grant**

This grants assists the boroughs disabled residents by funding essential adaptations which enable them to remain independent in their own home.

In addition to the spend to date, there is further committed expenditure that has been approved by the s75 board to cover the project staffing costs of the Occupational Therapists, Housing Assistance Team, Health and Housing Coordinator as well as help with the cost of hoarding clearance/treatment of residents within the borough, who are found to be suffering with hoarding issues.

The team have 220 open DFG cases of which 86 are approved and with surveyors, representing a committed value of approximately £314,000. The remainder are at application stage. The total of spent and committed DFG funds currently totals almost 1.1m.

### **Private Sector Grants And Loans**

Discretionary grants assist the boroughs vulnerable residents to maintain their properties. The grants also assists landlords and potential landlords in bringing their properties up to an acceptable rentable standard on condition they grant 5 year nomination rights to the Council.

There are currently 184 open discretionary cases in the pipeline, 80 of which are approved, with surveyors and have a committed value of approximately £360,000, in addition to the reported spend to date. A further £160,000 will be earmarked towards discretionary project staffing costs.

The team are exploring ways to shorten the lengthy process times and working collaboratively with partners and internal teams to ensure the allocated 21/22 budgets are spent and fully committed by the end of this financial year.

### **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.

### **Achilles Street**

Residents on the Achilles Street Estate have voted for the redevelopment of the estate to go ahead. Work is underway to carry out due diligence and the procurement of the design team has completed 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.

### **Edward Street**

Edward St will provide 34 new high-quality temporary accommodation homes for local families in housing need. The tender and contractor appointment has been completed following Mayor and Cabinet approval. The manufacturing of the homes is ongoing in the factory.

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## Place Ladywell

Following the M&C approval for PLACE Ladywell to remain in situ, the next step is to carry out the required refurbishment works to ensure the building is compliant with current fire safety standards in conjunction with the LH SLAM team.

PLACE refurbishment Project meetings are taking place fortnightly. The programme for the high risk balcony and walkways works has been received and the feasibility fee proposal has been received for the installation of the PV panels.

## Deptford Southern Sites

The three Deptford Southern Sites – Frankham Phases 1 and 2, Frankham Phase 3 and Amersham Vale form an estate regeneration scheme being delivered in partnership with Peabody. Good progress is being made.

Frankham Phase 1 and 2 is under construction and will deliver 79 social homes. Frankham Phase 3 which is due to start construction in 2023 will deliver 38 social rent homes. Residents from Phase 3 are able to move into the Phase 1 and 2 homes where they wish to. Amersham Vale is also under construction and will deliver 24 social homes. The homes at Amersham Vale are due to be completed this year.

## Temporary Accommodation - Mayow Rd

To deliver at pace new temporary accommodation (TA) and supported living (SL) accommodation in Lewisham through the demolition and re-development of Mayow Road Warehouse. This will deliver 32 Units (6 SL Units & 26 TA Units). TA will be self contained family sized units for homeless families occupying poor quality B&B/nightly paid 6 of the 32 units are for supported living and these units need input during design, construction and pre-occupation from LBLs ASC commissioning team and the NHS - meetings and dialogue ongoing. Osborne are delivering a schools project for LBL across the road from the LH site - both site teams are in communication and there are weekly meetings arranged which are attended by both contractors, LH and LBL. Site is located close to an occupied LH block (Heathwood Point) and the disruption/nuisance caused by day to day activity on site will need to be managed. s105 consultation will be required to allow Higgins to increase their site compound area accommodation (to be located behind works site adjacent to fence with Mayow Park). The SL units will be for residents with challenging learning difficulties and /or autism. This is being delivered in partnership with NHS and colleagues in ASC.

## Temporary Accommodation - Canonbie Rd

To deliver at pace new temporary accommodation (TA) in Lewisham through the demolition and re-development of 118 Canonbie Road. This will deliver 6 Units. TA will be self contained family sized units for homeless families occupying poor quality B&B/nightly paid accommodation.

Programme is currently 6 weeks in delay. 4 week delay due to boundary issues which have now been resolved and a further 2 week delay as LH would not be able to take handover close to Christmas. This means the completion date has slipped to early January 2022. Other than these delays the project is progressing well.

## Temporary Accommodation - Sydney Arms

The Sydney Arms site is up and running. The site has capacity for 16 low-medium support homeless individuals and we currently accommodate 16 rough sleepers there. The first individuals moved on to the site in March 2021

We received £2.3m in funding for the site, consisting of £2.1m in capital funding for refurbishment of the site. This funding has been fully drawn down.

We also received £200,000 for recruitment of a Rough Sleeper Navigator to assist the cohort by developing bespoke support programmes for each individual housed at the

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accommodation. That position has been appointed and is anticipated to be in post in July 2021. Funding for this post will be drawn down quarterly until Q3 2024-25.

### **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. The Council completed on the acquisition of a portfolio of homes from Hyde Housing Association earlier this financial year. Hyde Housing Association have offered the option of further acquisitions. The Council are currently considering this option and carrying out due diligence in relation to this.

### **Temporary Accommodation Conversions – Morton House**

Morton House was, until recently, let to the Salvation Army. The property became surplus to requirements and was offered to the Council to purchase, as it was considered highly suitable to meet the Council's temporary housing accommodation need. The site was acquired by the Council in July 2020 for circa £3.5m

Refurbishment works to the building are expected to cost around £1.2m in total. The project is due to be tendered in June with works commencing in August and completing by the end of March 2022

### **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.

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 Lady well, Achilles Street Estate and Catford has been allocated as well as funding for design and planning stage work for sites across the borough.

The Council, via its development agent, Lewisham Homes, is also investigating acquisition opportunities on land and sites from the market. These schemes may offer an opportunity to deliver more homes on an expedited timescale.

The current consolidation of the BfL programme notes funding for over 1,500 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 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 with the BfL programme 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 £100k per social unit. In addition to this the Council have secured funding from the GLA through their Small Sites Small Builders Fund, Housing Capacity Fund and Accelerated Construction Fund. The NHS have also provide grant support for Supported Housing. In addition to this, the Council will continue to subsidise the programme with the use of Right to Buy 1-4-1 receipts. The Council have also bid for further grant funding from the GLA and are waiting for the outcome of the negotiated bidding round at present.

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## **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.

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## APPENDIX 4 – Capital Programme Major Projects 2021 / 2024

Major Projects over £1m	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m
<b>GENERAL FUND</b>				
Schools - School Places Programme	11.8	2.4		14.2
Schools – Other (Inc. Minor) Capital Works	9.5	0.2		9.5
Highways & Bridges – LBL	2.6	2.5		5.1
Highways & Bridges – TfL and Others	2.4	0.1		2.5
Catford Town Centre	1.3	0.3	3.4	5.0
Asset Management Programme	3.9	2.5		6.4
Other AMP Schemes	2.9			2.9
Broadway Theatre	5.3	1.7		7.0
CCTV Modernisation	1.1			1.1
Beckenham Place Park ( Inc. Eastern Part)	1.9			1.9
Catford Phase 1 – Thomas Lane Yard/ CCC	0.5	2.6		3.1
Catford Station Improvements	0.4	1	0.1	1.5
Lewisham Gateway ( Phase 2)	3.5		4.8	8.3
Disabled Facilities Grant	1.3			1.3
Private Sector Grants and Loans	1.9			1.9
Lewisham Homes – Property Acquisition	3.0			3.0
Achilles St Development	1.0		3.6	4.6
Edward St. Development	12.0			12.0
Place Ladywell	2.6			2.6
Deptford Southern Sites Regeneration	0.3	0	2.1	2.4
Temporary Accomodation - Mayow Rd	7.0	1.1	0.1	8.2
Temporary Accomodation - Canonbie Rd	1.8	0.3		2.1
Temporary Accomodation - Sydney Arms	1.0			1.0
Temporary Accomodation - Morton House	1.5	0.1		1.5
Temporary Accomodation - Manor Avenue	1.2			1.2
Fleet Replacement Programme	1.6	0.8	0.8	3.2
Travellers Site Relocation	3.8			3.8
Other Schemes	6.7	1.3		8.0
<b>TOTAL GENERAL FUND</b>	<b>93.8</b>	<b>16.9</b>	<b>14.9</b>	<b>125.3</b>
<b>HOUSING REVENUE ACCOUNT</b>				
Building for Lewisham Programme	41.4	56.4	57.2	155.0
Creekside Acquisition	11.4	2.0		13.4
HRA Capital Programme ( Decent works)	78.8	42.7	41.8	163.3
Place Ladywell Development	1.5	43.4	27.7	72.6
Achilles St. Development	2.8	1.0	21.6	25.4
Mayow Rd Development	0.0			0.0
Other HRA Schemes	22.7	4.0	4.0	30.7
	<b>158.6</b>	<b>149.5</b>	<b>152.3</b>	<b>460.4</b>
<b>TOTAL PROGRAMME</b>	<b>252.4</b>	<b>166.4</b>	<b>167.2</b>	<b>586.0</b>

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## APPENDIX 5 – Capital Programme Revised 2021/22 budget

<b>APPROVED CAPITAL PROGRAMME BUDGET- 21/22</b>	<b>£`m</b>
M&C – February, 2021 as per Budget Report	<b>184.3</b>
Underspends carried-forward from 20/21	<u>6.1</u>
	190.4
<b>New Schemes Post Budget Report</b>	
Schools Minor Works Programme 2021	4.2
TfL Programme 21-22	0.4
Riverside Youth Club Development Project	1.3
Temporary Accomodation- Manor Conversion	1.2
Asset Review - development and site appraisals	0.1
Asset Review - miscellaneous assets	0.1
CYP - CSC Young Supported Housing	0.9
Leisure strategy and associated sites - The Bridge Leisure Centre / Bellingham Leisure centre	0.6
Commercial Estate Investment	<u>0.1</u>
	8.9
<b>Increase in HR- Schemes Post Budget Report</b>	
General Capital & Decent Homes Programme	38.8
<b>Reprofiled Schemes</b>	
Reprofiled HR Schemes	9.60
Holbeach Road Improvement Works	-0.30
Achilles Street - Development ( Design Work)	2.40
Aids & Adaptations	-0.10
Old Town Hall - Repairs & Refurb.	0.80
Edward Street Development (PLACE / Deptford )	0.30
Catford Town Centre - Phase 1	0.90
Laurence House Customer Service Centre and Library Refurbishment	0.50
Broadway Theatre - Works	<u>0.20</u>
	<u>14.30</u>
<b>Revised Capital Programme Budget 21/22</b>	<b><u><u>252.4</u></u></b>

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